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

*Financial Statements, Supplemental Information
and
Independent Auditor's Report
June 30, 2015 and 2014*

REDW^{LLC}
CPAs | Business & Financial Advisors

New Mexico Finance Authority

Table of Contents

	<u>Page</u>
Official Roster	1
Independent Auditor’s Report	2-4
Management’s Discussion and Analysis	5-15
Financial Statements	
Statement of Net Position	16
Statement of Revenues, Expenses and Changes in Net Position	17
Statement of Cash Flows	18-19
Agency Funds — Statement of Assets and Liabilities	20
Notes to the Financial Statements	21-48
Supplementary Schedules	
Combining Statements of Net Position—2015	49-50
Combining Statements of Net Position—2014	51-52
Combining Statements of Revenues, Expenses, and Changes in Net Position—2015	53-54
Combining Statements of Revenues, Expenses, and Changes in Net Position—2014	55-56
Combining Statements of Cash Flows—2015	57-58
Combining Statements of Cash Flows—2014	59-60
Agency Funds — Statement of Changes in Assets and Liabilities—2015	61-62
Agency Funds — Statement of Changes in Assets and Liabilities—2014	63-64
Schedule of Pledged Collateral	65
Schedule of Vendor Information	66
Single Audit	
Schedule of Expenditures of Federal Awards	67
Notes to Schedule of Expenditures of Federal Awards	68

New Mexico Finance Authority

Table of Contents — continued

	<u>Page</u>
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69-70
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	71-72
Schedule of Findings and Questioned Costs	73-74
Schedule of Prior Year Findings	75
Corrective Action Plan	76
Exit Conference	77

New Mexico Finance Authority

Official Roster

Year Ended June 30, 2015

Governing Board

John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Tom Clifford, Member
Jon Barela, Member
Jerry L. Jones, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer

Robert P. Coalter

Chief Financial Officer

Robert Brannon

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

REDW LLC

Albuquerque, New Mexico
October 30, 2015

New Mexico Finance Authority

Management's Discussion and Analysis

June 30, 2015 and 2014

Introduction

This section of the New Mexico Finance Authority's (the "Authority") annual financial statements presents management's discussion and analysis of the Authority's financial position at June 30, 2015 and its financial performance during the fiscal year then ended. This section should be read together with the Authority's financial statements and accompanying notes.

The New Mexico Finance Authority

The Authority was created by the New Mexico State Legislature in 1992 to finance infrastructure projects for the state's counties, cities, school districts and certain departments of the state government. The objective was to provide low-cost financing for borrowers who might not otherwise be able to access the tax-exempt bond market on a cost-effective basis. The 1992 statute created the Public Project Revolving Fund (PPRF) as the vehicle to accomplish this financing objective. As authorized by the statute, the Authority issues tax-exempt PPRF bonds to obtain the funds in which it loans to New Mexico governmental entities. The statute created the Governmental Gross Receipts Tax as a source of funding for Authority operations and to serve as a credit enhancement for the Authority's bonds. Although the legislature has created additional program responsibilities for the Authority, the PPRF remains the core of its activities.

Overview of the Financial Statements

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

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

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

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Financial Highlights

- ◆ The Authority's overall financial improved slightly in the past year. The key indicator is total net position which increased by \$40.7 million or 8.9%.
- ◆ During the fiscal year, unrestricted cash increased 9.4% or \$1.9 million. Restricted cash increased by .4% or \$.4 million. Restricted investments increased by 52.5% or \$96.5 million.
- ◆ Loans receivable remained consistent from previous year.
- ◆ Intergovernmental receivables decreased by \$12.1 million or 10.2%, primarily as a result of payments received in fiscal year 2015 and restructuring of the Administrative Office of the Courts intergovernmental receivable.
- ◆ Bonds payable increased by \$8.7 million or 0.8% in 2015, the result of issuing of \$166.9 million of new bonds, principal payments on outstanding bonds of \$162.3 million, and amortization of bond premium of \$4.1 million.
- ◆ Undisbursed loan proceeds increased by \$43.2 million or 150.3% during 2015 due to the timing of a bond issuance at the end of the fiscal year.
- ◆ Appropriation revenue decreased by \$5.9 million in fiscal year 2015, representing a 13.8% decrease from fiscal year 2014. The reduction reflects the closing out of all tranches from the appropriation for the State Small Business Credit Initiative program.
- ◆ The Authority experienced a \$1.4 million or 31.0% decrease in administrative fees revenue from \$4.6 million in 2014 to \$3.2 million in 2015. This drop in revenue was in direct relation to the decreased number of loans in 2015 compared to 2014.
- ◆ Expenses decreased 5.4% from \$114.9 million in 2014 to \$108.7 million in 2015, representing an expected decrease of \$6.2 million.
- ◆ Grant revenue and corresponding activity increased 15.9% or \$8.8 million as the Authority experienced increased grant activity within the Colonias and Drinking Water programs during the year.
- ◆ There was one reversion to the State General Fund for fiscal year 2015 of \$500 thousand related to the close out of a loan in the Behavioral Health program.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2015, 2014, and 2013, with the dollar and percentage change:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	\$ 21,656,317	\$ 19,792,613	\$ 116,073,324	\$ 1,863,704	9.4%
Restricted	113,366,876	112,880,142	109,965,262	486,734	0.4%
Investments – restricted	280,161,230	183,692,467	131,565,455	96,468,763	52.5%
Loans receivable, net of allowance	1,178,795,528	1,179,166,365	1,231,232,043	(370,837)	0.0%
Intergovernmental receivables	106,092,483	118,148,921	125,274,549	(12,056,438)	-10.2%
Other receivables	7,798,937	10,258,000	10,960,455	(2,459,063)	-24.0%
Capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Other assets	19,500	19,500	118,630	-	0.0%
Total assets	\$ 1,707,895,738	\$ 1,624,062,386	\$ 1,725,410,490	\$ 83,833,352	5.2%
Deferred Outflows of Resources					
Deferred charge on refunding	\$ 184,242	\$ 1,191,181	\$ -	\$ (1,006,939)	-84.5%
Total deferred outflows of resources	\$ 184,242	\$ 1,191,181	\$ -	\$ (1,006,939)	-84.5%
Liabilities					
Bonds payable, net	\$ 1,056,903,674	\$ 1,048,141,351	\$ 1,180,405,517	\$ 8,762,323	0.8%
Undisbursed loan proceeds	71,940,001	28,744,630	45,485,533	43,195,371	150.3%
Advanced loan payments	74,332,049	72,189,707	68,380,111	2,142,342	3.0%
Accounts payable, accrued payroll and compensated absences	643,540	657,934	831,236	(14,394)	-2.2%
Line of credit	-	12,006,298	-	(12,006,298)	-100.0%
Other liabilities	4,254,194	4,200,346	4,998,215	53,848	1.3%
Total liabilities	1,208,073,458	1,165,940,266	1,300,100,612	42,133,192	3.6%
Net Position					
Invested in capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Restricted for program commitments	483,282,743	445,061,112	211,361,534	38,221,631	8.6%
Unrestricted	16,718,912	14,147,811	213,727,572	2,571,101	18.2%
Total net position	500,006,522	459,313,301	425,309,878	40,693,221	8.9%
Total liabilities and net position	\$ 1,708,079,980	\$ 1,625,253,567	\$ 1,725,410,490	\$ 82,826,413	5.1%

The Authority's overall financial position increased slightly in the past year. The key indicator is total net position which increased by \$40.7 million or 8.9%.

The 2013 net position was not reclassified as its inclusion in the financials is limited to the MD&A. Please see Note 2 Summary of Significant Accounting Policies – Net Position.

Assets

Loans receivable decreased by \$0.4 million or 0.1% in 2015. New loans made during the year totaled \$149.6 million while loan payments received were \$152.3 million.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

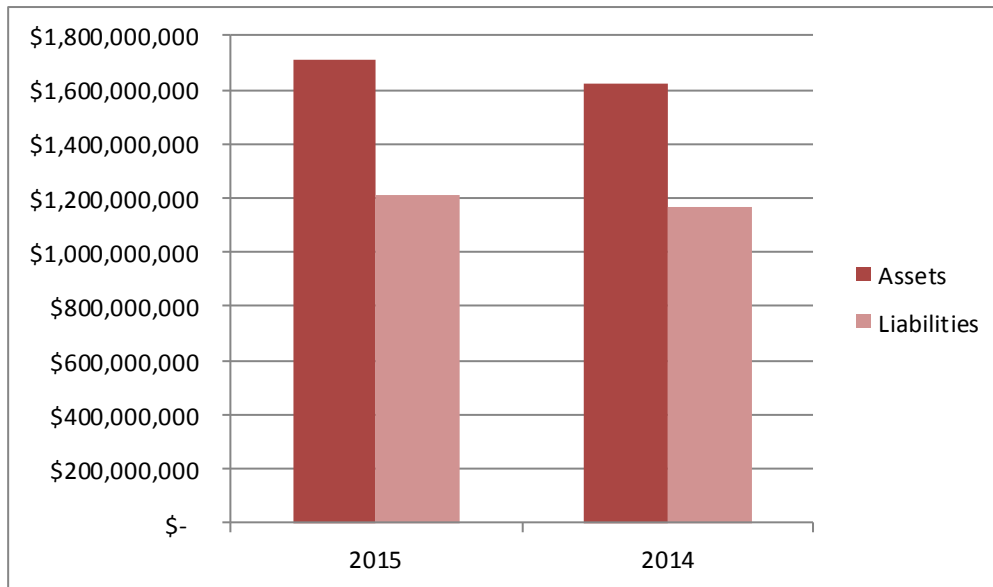
The allowance for uncollectible loans decreased \$2.4 million due to changes in estimated losses based on the risk evaluations performed by a third party. The number and amount of early loan payoffs increased significantly from 2014 as interest rates began to fall.

Total cash and investments increased 31.2% from \$316.4 million in 2014 to \$415.2 million in 2015 due primarily to the closing of the 2015B bonds at the end of the fiscal year.

Liabilities

Bonds payable increased by \$8.7 million in 2015 resulting from the issuance of \$166.9 million of new bonds, principal payments and defeasances on outstanding bonds of \$162.3 million, and amortization of bond premium of \$4.1 million. Undisbursed loan proceeds increased by \$43.2 million during 2015 due to a bond issuance occurring close to fiscal year-end. Advanced loan payments experienced a \$2.1 million or 3.0% increase from 2014.

The following chart indicates the ratio of assets to liabilities:



New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Statement of Revenue, Expenses and Changes in Net Position

The following table presents the condensed combined statement of revenue, expenses and changes in net position for 2015, 2014, and 2013 fiscal years:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Operating Revenues					
Administrative and processing fees	\$ 3,197,684	\$ 4,631,509	\$ 3,395,491	\$ (1,433,825)	-31.0%
Interest on loans	48,645,757	48,723,703	52,942,880	(77,946)	-0.2%
Interest on investments	<u>925,910</u>	<u>488,741</u>	<u>139,403</u>	<u>437,169</u>	<u>89.4%</u>
Total operating revenues	<u>52,769,351</u>	<u>53,843,953</u>	<u>56,477,774</u>	<u>(1,074,602)</u>	<u>-2.0%</u>
Expenses					
Grants to local governments	54,240,349	50,824,441	48,828,884	3,415,908	6.7%
Bond issuance costs	1,243,632	674,398	10,918,272	569,234	84.4%
Professional services	2,146,157	2,189,377	2,651,079	(43,220)	-2.0%
Salaries and benefits	4,361,363	4,284,392	3,926,740	76,971	1.8%
Debt service – interest expense	46,707,522	54,319,247	53,026,726	(7,611,725)	-14.0%
Other expense	<u>(11,884)</u>	<u>2,580,937</u>	<u>4,636,406</u>	<u>(2,592,821)</u>	<u>-100.5%</u>
Total operating expenses	<u>108,687,139</u>	<u>114,872,792</u>	<u>123,988,107</u>	<u>(6,185,653)</u>	<u>-5.4%</u>
Net operating loss	<u>(55,917,788)</u>	<u>(61,028,839)</u>	<u>(67,510,333)</u>	<u>5,111,051</u>	<u>-8.4%</u>
Nonoperating Revenues (Expenses)					
Appropriation revenue	37,157,026	43,086,860	34,033,130	(5,929,834)	-13.8%
Grant revenue	64,031,220	55,224,996	48,692,048	8,806,224	15.9%
Reversions and transfers	<u>(4,577,237)</u>	<u>(3,931,693)</u>	<u>(2,953,157)</u>	<u>(645,544)</u>	<u>16.4%</u>
	<u>96,611,009</u>	<u>94,380,163</u>	<u>79,772,021</u>	<u>2,230,846</u>	<u>2.4%</u>
Increase in net position	40,693,221	33,351,324	12,261,688	7,341,897	22.0%
Net position, beginning of year, as restated	<u>459,313,301</u>	<u>425,961,977</u>	<u>413,048,190</u>	<u>33,351,324</u>	
Net position, end of year	<u>\$ 500,006,522</u>	<u>\$ 459,313,301</u>	<u>\$ 425,309,878</u>	<u>\$ 40,693,221</u>	<u>8.9%</u>

Operating revenue decreased 2.0% to \$52.8 million in 2015. Interest on investments increased, experiencing 89.4% incline compared to 2014 due to a larger portion of cash being invested in long-term investments. Appropriation revenue decreased 13.8% while grant revenue increased 15.9%. The loan interest decline directly relates to lower outstanding loans receivable.

Overall operating costs decreased 5.4% due to increased grant expenses of \$3.4 million and a decrease of interest expense of \$7.6 million. The decrease in interest expense was due to recognition of amortized bond premium expense for 2004 and 2005 called bonds. Grant expense increased in 2015 after grant activity recovery efforts in fiscal years 2013 and 2014.

Long-Term Debt

The Authority's long-term debt consists of outstanding bond issues related to the various programs administered by the Authority. At the end of fiscal year 2015, the total amount outstanding was \$1.1 billion (excluding the \$1.4 billion in GRIP bonds which are administered

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

by, but are not a direct liability of the Authority). More detailed information about the Authority's long-term debt is presented in Note 7 to the financial statements.

During the fiscal year, the Authority issued \$166.9 million in PPRF bonds, primarily to directly fund loans and to reimburse the PPRF loan fund for loans already made.

Programs

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

Public Project Revolving Fund

The Authority began its existence in 1992 to administer the PPRF. The mission of the PPRF is to coordinate the planning and financing of state and local public projects with borrowers who could not, on their own, access the bond market on a cost-effective basis. Qualified entity's, including without limitation counties, municipalities and school districts, are eligible to borrow from the PPRF. Since 1993, the PPRF has made 1,228 loans totaling \$2.6 billion.

The PPRF makes loans of less than \$5 million from its own funds on hand. It then replenishes its cash balance at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans for amounts larger than \$5 million are funded by closing the loans at the same time a reimbursement bond issue closes, thus ensuring a precise matching of loan and bond interest rates.

The PPRF operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the PPRF 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.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Public Project Revolving Fund
Statements of Net Position
June 30

	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	\$ 21,129,169	\$ 18,662,427	\$ 79,007,637	\$ 2,466,742	13.2%
Restricted	74,239,292	86,535,872	79,173,378	(12,296,580)	-14.2%
Restricted investments	231,414,125	122,591,262	130,787,736	108,822,863	88.8%
Accounts receivable and other	6,462,198	8,794,009	10,367,285	(2,331,811)	-26.5%
Loans receivable, net of allowance	1,058,275,504	1,081,631,189	1,138,450,511	(23,355,685)	-2.2%
Due from the State of New Mexico	96,135,000	104,525,000	108,025,000	(8,390,000)	-8.0%
Capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Other assets	7,824,918	9,353,716	13,073,586	(1,528,798)	-16.3%
Total assets	\$ 1,495,450,997	\$ 1,432,163,777	\$ 1,559,071,829	\$ 63,287,220	4.4%
Deferred Outflows of Resources					
Deferred charge on refunding	\$ 184,242	\$ 1,191,181	\$ -	\$ (1,006,939)	-84.5%
Total deferred outflows of resources	\$ 184,242	\$ 1,191,181	\$ -	\$ (1,006,939)	-84.5%
Liabilities					
Accounts payable and accrued payroll liabilities	\$ 1,445,741	\$ 2,751,301	\$ 6,202,814	\$ (1,305,560)	-47.5%
Undisbursed loan proceeds	71,877,909	28,682,538	45,423,441	43,195,371	150.6%
Borrowers' debt service and reserve deposits	77,563,762	86,969,969	72,016,499	(9,406,207)	-10.8%
Bonds payable, net	1,048,093,351	1,036,144,409	1,165,236,955	11,948,942	1.2%
Total liabilities	1,198,980,763	1,154,548,217	1,288,879,709	44,432,546	3.8%
Net Position					
Invested in capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Restricted for program commitments	276,556,622	262,175,614	103,752,754	14,381,008	5.5%
Unrestricted	20,127,063	16,560,825	166,252,670	3,566,238	21.5%
Total net position	296,654,476	278,806,741	270,192,120	17,847,735	6.4%
Total liabilities and net position	\$ 1,495,635,239	\$ 1,433,354,958	\$ 1,559,071,829	\$ 62,280,281	4.3%

Loan Volume

	2015	2014	Since Inception
Amount of loans made	\$149.2 million	\$104.0 million	\$2.51 billion
Number of loans made	49	63	1,228
Average loan size	\$3.01 million	\$1.63 million	\$2.1 million

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

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

	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Interest Income					
Loans	\$ 46,430,667	\$ 46,548,780	\$ 50,708,332	\$ (118,113)	-0.3%
Investments	504,597	245,422	127,387	259,175	105.6%
Total interest income	<u>46,935,264</u>	<u>46,794,202</u>	<u>50,835,719</u>	<u>141,062</u>	<u>0.3%</u>
Interest Expense					
Bonds	46,321,567	53,772,342	52,317,500	(7,450,775)	-13.9%
Short-term borrowing	359,592	144,082	94,931	215,510	149.6%
Total interest expense	<u>46,681,159</u>	<u>53,916,424</u>	<u>52,412,431</u>	<u>(7,235,265)</u>	<u>-13.4%</u>
Net Interest Income (Loss)					
Interest income (loss) less interest expense	254,105	(7,122,222)	(1,576,712)	7,376,327	-103.6%
Provision for loan losses	62,215	1,900,656	(699,842)	(1,838,441)	-96.7%
Net interest loss after provision for loan losses	<u>316,320</u>	<u>(5,221,566)</u>	<u>(2,276,554)</u>	<u>5,537,886</u>	<u>-106.1%</u>
Noninterest Income					
Loan administration fees	1,819,441	1,451,116	1,659,473	368,325	25.4%
Appropriation revenues	24,267,401	29,091,277	26,585,797	(4,823,876)	-16.6%
Total noninterest income	<u>26,086,842</u>	<u>30,542,393</u>	<u>28,245,270</u>	<u>(4,455,551)</u>	<u>-14.6%</u>
Noninterest Expense					
Salaries and benefits	2,322,032	2,179,170	2,507,794	142,862	6.6%
Professional services	1,048,599	970,669	874,564	77,930	8.0%
Bond issuance costs	1,243,632	674,398	674,703	569,234	84.4%
Other	908,102	1,561,926	10,808,047	(653,824)	-41.9%
Total noninterest expense	<u>5,522,365</u>	<u>5,386,163</u>	<u>14,865,108</u>	<u>136,202</u>	<u>2.5%</u>
Excess of revenues over expenditures	20,880,797	19,934,664	11,103,608	946,133	4.7%
Transfers to other funds or agencies	(3,033,062)	(11,320,043)	(7,490,781)	8,286,981	-73.2%
Increase (decrease) in net position	17,847,735	8,614,621	3,612,827	9,233,114	107.2%
Net position, beginning of year, as restated	278,806,741	270,192,120	266,579,293	8,614,621	3.2%
Net position, end of year	\$ 296,654,476	\$ 278,806,741	\$ 270,192,120	\$ 17,847,735	6.4%

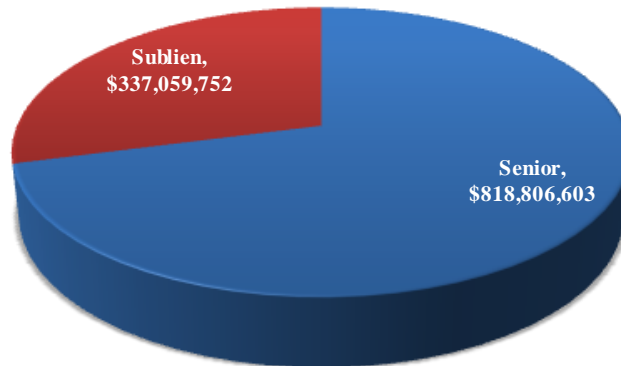
Net Interest Income

As a not-for profit lender, the Authority attempts to pass on to its borrowers the same rates it pays on the bonds it issues to provide the funds it loans. Therefore, in its planning and management processes, the Authority attempts to achieve approximately zero net interest income in the PPRF. In 2015, the PPRF had net interest income of \$0.3 million, compared to a \$7.1 million loss in 2014. This is a result of market conditions in which \$87.9 million in PPRF loans exercised their early call provisions in 2014 and 2015 and the Authority relent those loan repayments at moderately lower interest rates. See Note 14 Contingencies – Loan Prepayment and Bond Call Provisions.

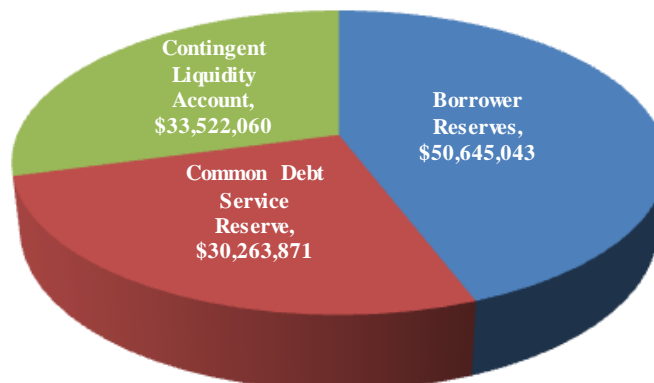
New Mexico Finance Authority Management's Discussion and Analysis June 30, 2015 and 2014

PPRF Indentures

The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Sub Lien). At the end of the fiscal year there were 651 loans including intergovernmental totaling \$1.2 billion outstanding; 71% in the Senior and 29% in the Subordinate. This is an increase of 2.64% from \$1.19 billion in 2014 primarily as a result of increased loan prepayments, payoffs, and natural maturities. In turn this has increased cash which will be used to call and defease bonds in 2016.



Currently the Senior Lien has a AAA rating from Standard & Poors and a Aa2 from Moodys and the Subordinate Lien a AA and Aa1 respectively. In order to maintain such a rating the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve, Contingent Liquidity Account, and pooled borrower debt service reserve. The Common Debt Service Reserve is subject to the General indenture of Trust for the Senior Lien, borrower reserves are pledged to the individual loans within their respective liens, and the Contingent Liquidity Account is considered to be held outside the General and Subordinated Indentures of Trust.



New Mexico Finance Authority
Management’s Discussion and Analysis
June 30, 2015 and 2014

Governmental Gross Receipts Tax

The Governmental Gross Receipts Tax (GGRT) is a tax imposed on the gross receipts of municipalities for services rendered to customers such as water, sewer, and solid waste collection. 75% of GGRT collections are appropriated to the PPRF. The Authority’s share of GGRT collections was \$26.5 million in 2015, a \$0.8 million decrease from the \$27.3 million received in 2014. The GGRT funds are used as follows:

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

Other Programs

The PPRF accounts for a large portion of total Authority activity. At June 30, 2015, and for the year then ended, the relationships were as follows:

	<u>PPRF</u>	<u>Total Authority</u>	<u>% PPRF</u>
Total assets	\$1.5 billion	\$1.7 billion	88%
Net assets	\$296.7 million	\$500.0 million	59%
Revenues	\$73.0 million	\$90.2 million	81%

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs.

A rise occurred in grant volume for the Drinking Water Revolving Loan Fund program because of increased grant subsidies being awarded for qualifying drinking water facilities projects in New Mexico. The cause was due to various larger projects being approved during the fiscal year.

Similar to the Drinking Water Revolving Loan Fund program, an increase in the Colonias Infrastructure program grant activity reflects the fact that the program saw an increased number of projects being approved during 2015. This is the result of the Colonias Infrastructure Act taking effect July 1, 2011 and the number of approved projects increasing as more funding is available.

A for profit limited liability company operated by the Authority has been awarded a total of \$201 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority can provide federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the state. Prior to 2015, the Authority made twelve awards totaling \$151.3 million. During 2015, the Authority made no

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

additional awards. The tax credits have no impact on the financial statements of the Authority beyond the expenses incurred to administer the program and the fees charged to applicants and recipients of the credits, which are minimal.

Contacting the Authority's Financial Management

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

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

Financial Statements

NEW MEXICO FINANCE AUTHORITY
Statements of Net Position
June 30, 2015 and 2014

	2015	2014, restated (Note 16)
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	\$ 21,656,317	\$ 19,792,613
Restricted	113,366,876	112,880,142
Interest receivable	6,657,501	7,431,412
Grants and other receivable	950,402	2,640,545
Prepaid rent	19,500	19,500
Administrative fees receivable	191,034	186,043
Loans receivable, net of allowance	96,135,492	93,384,387
Intergovernmental receivables	6,499,184	7,341,438
Total current assets	245,476,306	243,676,080
Noncurrent assets		
Restricted investments	280,161,230	183,692,467
Loans receivable, net of allowance	1,082,660,036	1,085,781,978
Intergovernmental receivables	99,593,299	110,807,483
Capital assets, net of accumulated depreciation	4,867	104,378
Total assets	\$ 1,707,895,738	\$ 1,624,062,386
Deferred Outflows of Resources		
Deferred charge on refunding	\$ 184,242	\$ 1,191,181
Total deferred outflows of resources	\$ 184,242	\$ 1,191,181
Liabilities		
Current liabilities		
Accounts payable	\$ 244,901	\$ 292,954
Accrued payroll	112,716	91,540
Compensated absences	285,923	273,440
Bond interest payable	3,482,270	3,625,714
Undisbursed loan proceeds	71,940,001	28,744,630
Advanced loan payments	74,332,049	72,189,707
Line of credit	-	12,006,298
Bonds payable, net	75,943,000	70,430,000
Other liabilities	771,924	574,632
Total current liabilities	227,112,784	188,228,915
Noncurrent liabilities		
Bonds payable	980,960,674	977,711,351
Total liabilities	1,208,073,458	1,165,940,266
Net Position		
Net investment in capital assets	4,867	104,378
Restricted for program commitments	483,282,743	445,061,112
Unrestricted	16,718,912	14,147,811
Total net position	500,006,522	459,313,301
Total liabilities and net position	\$ 1,708,079,980	\$ 1,625,253,567

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

	2015	2014, restated (Note 16)
Operating Revenues		
Administrative fees revenue	\$ 2,385,583	\$ 3,199,839
Processing fee	812,101	390,004
Interest on loans	48,645,757	48,723,703
Interest on investments	925,910	488,741
Total operating revenues	<u>52,769,351</u>	<u>52,802,287</u>
Operating Expenses		
Grants to others	54,240,349	50,824,441
Bond issuance costs	1,243,632	674,398
Administrative fees	134,365	189,383
Professional services	2,146,157	2,189,377
Salaries and benefits	4,361,363	4,284,392
Other operating costs	1,632,550	1,757,243
Depreciation expense	102,187	116,394
Bond interest expense	46,707,522	54,319,247
Provision for loan losses	(2,370,845)	(822,108)
Interest expense	489,859	298,359
Total operating expenses	<u>108,687,139</u>	<u>113,831,126</u>
Net operating loss	<u>(55,917,788)</u>	<u>(61,028,839)</u>
Nonoperating Revenues (Expenses)		
Appropriation revenue	37,157,026	43,086,860
Grant revenue	64,031,220	55,224,996
Transfers to the State of New Mexico	(4,577,237)	(3,931,693)
Increase in net position	40,693,221	33,351,324
Net position, beginning of year, as restated (Note 16)	<u>459,313,301</u>	<u>425,961,977</u>
Net position, end of year	<u>\$ 500,006,522</u>	<u>\$ 459,313,301</u>

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

	2015	2014, restated (Note 16)
Cash flows from operating activities		
Cash paid for employee services	\$ (4,327,704)	\$ (4,277,609)
Cash paid to vendors for services	(3,221,411)	(4,879,471)
Intergovernmental payments received	12,056,839	7,125,630
Loans payments received	154,100,150	156,697,761
Loans funded	(104,764,054)	(116,741,280)
Grants to local governments	(54,240,349)	(50,824,441)
Cash received from federal government for revolving loan funds	24,735,441	12,448,854
Interest on loans	49,419,453	49,600,877
Proceeds from line of credit	30,573,802	17,536,712
Payments of line of credit	(42,580,100)	(5,530,414)
Administrative fees received	3,083,524	4,268,188
Net cash provided by operating activities	<u>64,835,591</u>	<u>65,424,807</u>
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	37,157,026	43,086,860
Cash transfers from the State of New Mexico	39,356,801	42,775,670
Cash transfers to the State of New Mexico	(4,638,259)	(3,931,221)
Proceeds from the sale of bonds, including premiums	186,584,472	62,595,000
Payment of bonds	(162,345,000)	(197,526,239)
Bond issuance costs	(1,243,632)	(674,398)
Bond interest expense paid	(61,811,035)	(53,477,874)
Net cash provided by (used in) noncapital financing activities	<u>33,060,373</u>	<u>(107,152,202)</u>
Cash flows from investing activities		
Purchase of investments	(113,028,816)	(60,323,486)
Sale of investments	16,557,380	8,196,474
Interest received on investments	925,910	488,576
Net cash used in investing activities	<u>(95,545,526)</u>	<u>(51,638,436)</u>
Net increase (decrease) in cash and cash equivalents	2,350,438	(93,365,831)
Cash and cash equivalents, beginning of year	<u>132,672,755</u>	<u>226,038,586</u>
Cash and cash equivalents, end of year	<u>\$ 135,023,193</u>	<u>\$ 132,672,755</u>

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

	2015	2014, restated (Note 16)
Reconciliation of net operating loss to net cash provided by (used in) operating activities		
Net operating loss	\$ (55,917,788)	\$ (61,028,839)
Adjustments to change in net position		
Depreciation	102,187	116,394
Amortization on bond premiums	(15,203,907)	(2,298,264)
Provision for loan losses	(62,215)	(1,238,151)
Interest on investments	(925,909)	(488,741)
Bond interest paid	62,039,377	56,766,702
Bond issuance costs	1,243,632	674,398
Cash received from federal grants	24,735,441	12,448,854
Interest expense	361,913	149,168
Changes in assets and liabilities		
Interest receivable	773,911	876,416
Grants and other receivable	1,698,434	652,045
Due from other funds	1,279,769	2,752,121
Administrative fees receivable	(13,282)	26,300
Notes receivable	-	967,099
Loans receivable, net of allowance	433,052	53,303,831
Intergovernmental receivables	12,056,438	7,125,628
Accounts payable	(48,053)	(210,841)
Accrued payroll	21,176	7,420
Compensated absences	12,483	(637)
Due to other funds	(930,230)	(2,328,339)
Funds held for others	-	(80,263)
Undisbursed loan proceeds	43,195,373	(16,740,903)
Advanced loan payments	2,142,342	3,809,596
Notes payable	(349,547)	(967,099)
Line of credit	(12,006,298)	12,006,298
Other liabilities	197,292	(875,386)
Net cash provided by operating activities	<u>\$ 64,835,591</u>	<u>\$ 65,424,807</u>

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

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

	2015	2014
Assets		
Cash held by Trustee		
Program funds	\$ 88,409,455	\$ 97,782,134
Expense funds	85,820	171,363
Revenue funds	474,191	7,135,444
Rebate fund	1,540,906	3,126,037
Bond reserve funds	506,879	824,863
Total assets	<u>\$ 91,017,251</u>	<u>\$ 109,039,841</u>
Liabilities		
Accounts payable	\$ 1,626,726	\$ 1,712,100
Debt service payable	981,070	9,545,607
Program funds held for the NM Department of Transportation	88,409,455	97,782,134
Total liabilities	<u>\$ 91,017,251</u>	<u>\$ 109,039,841</u>

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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

1) Nature of Organization

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

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

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

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

The DWSRF provides low cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is primarily funded through a federal capitalization grant which the State is required to match by 20 percent.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

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

Other significant programs administered by the Authority include:

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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

capital to small businesses by mitigating bank risk. The Authority uses the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation.

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

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

2) Summary of Significant Accounting Policies

Accounting Principles

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

Basis of Presentation

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

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

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

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. When restricted resources meet the

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

criteria to be available for use and unrestricted resources are also available, it is the Authority's policy to use restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

Agency Funds

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

Cash, Cash Equivalents and Investments

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

Accounts Receivable

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

Loans Receivable

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

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

Intergovernmental Receivables

Intergovernmental receivables consist of amounts due from the State based on legislated appropriation of specified taxes for repayment of certain bonds issued by the Authority on behalf of State entities. The related statute directs the Authority to issue bonds and make proceeds available to specified State entities to fund various projects. The statute

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

appropriates a portion of existing taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered collectable.

Capital Assets

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

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

Deferred Outflows/Inflows of Resources

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

Bond Discounts and Premiums

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

Compensated Absences

Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' vacation leave. Employees with more than ten years' service receive twenty days. 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 300 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.

Undisbursed Loan Proceeds

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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

Net Position

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

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

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

Management modified the net position presentation of the restricted and unrestricted categories. Comparative amounts in the fiscal year 2014 net position balances were reclassified for consistency with the fiscal year 2015 presentation. These reclassifications had no effect on the reported change in net position.

Program Restricting Statute, bond covenant or granting agency

PPRF	6-21-6 NMSA 1978; General and Subordinated Indentures of Trust
Child Care	24-24-4.0 NMSA 1978
Cig Tax	6-21-6.10 NMSA 1978; Bond Purchase Agreement
DWSRF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
Primary Care	24-1C-4 NMSA 1978
Local Road	6-21-6.8 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
UNM Health	6-21-6.7 NMSA 1978
State Capitol	Laws 1997, Ch. 178; Bond Resolution
State Office	6-21C-5, NMSA 1978; Bond Resolution
Equipment Loan	6-21-6 NMSA 1978
Water Trust Board	72-4A-9 NMSA 1978
WWWGF	6-21-6.3 NMSA 1978
Emerg Drought	Executive Order 2002-19, Executive Order 2012-006
LGPF	6-21-6.4 NMSA 1978
Econ Development	6-25-1 NMSA 1978
Local Transport	6-21-6.12 NMSA 1978
SSBCI	6-25-13 NMSA 1978; SSBCI Allocation Agreement
Colonias	6-30-1.0 NMSA 1978
Bio Mass	Laws 2006, Ch. 111, Sec. 55(2)

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

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

Income Taxes

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

Use of Estimates

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

Budget

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

Recently Issued Accounting Standards

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The objective of this Statement is to improve the information provided in government financial reports about pension related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 68 did not impact the Authority's financial statements.

In October 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 71 did not impact the Authority's financial statements.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The objective is to establish general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. The provisions of this Statement are effective for financial

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 72 on its financial statements.

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

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

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

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

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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

3) Cash and Cash Equivalents and Investments

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

Investments conform to the provisions of the Statements of Investment Policies, Objectives and Guidelines adopted by the Board on March 26, 2008, as revised. The investment policy applies to all of the Authority's funds; including funds the Authority may manage for others, except for those funds where trust indentures, bond resolutions, or other documents or agreements control the investment of funds. This policy is the Authority 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 the Authority funds.

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

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

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

Credit Risk

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

The New Mexico State Treasurer pools are not rated.

Finance NM LLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, Finance NM LLC 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, 2015 and 2014.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

Interest Rate Risk

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

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

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal years ended June 30, 2015 and 2014.

State General Fund Investment Pool

The Authority, as required by Section 24-1C-4, NMSA 1978, administers the Primary Care Capital Fund (PCC Fund), which was created as a revolving fund in the State Treasurer's Office (STO). PCC Funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of state agencies, and as of the end of fiscal year 2015 totaled \$529,786, representing less than 1% of total Authority funds.

During the period from July 2006 – January 2013, draws by agencies, including the Authority, against the SGFIP were not reconciled by the STO against the State's centralized accounting system (SHARE), causing uncertainty as to the validity of the draws and the ability of the STO to fulfill the withdrawals. The State has pledged that any draws will be honored in their entirety.

It is important to note that all other funds of the Authority, including Public Project Revolving Funds that are subject to the General and Subordinated Indentures of Trust, are held outside of the STO with a Trustee and are secured in accordance with the Authority's Investment Policy. Furthermore, the Authority operates an independent accounting system separate from SHARE. The PCC Funds are the only Authority funds entered as transaction entries into SHARE.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

Permitted Investments

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

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

Investment of Bond Proceeds

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

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

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

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

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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

Cash and equivalents at June 30, 2015 and 2014 were as follows:

Description	Balance at June 30, 2015	Rated	Percentage of Authority Funds ¹
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	\$ -	N/A	<1%
Finance NM LLC cash accounts	657,456	N/A	<1%
Wells Fargo deposit account	307,072	N/A	<1%
Wells Fargo Repurchase agreement -fully secured ²	374,361	N/A	<1%
Government money market funds	<u>133,684,304</u>	AAA	32%
Total cash and equivalents	<u>\$ 135,023,193</u>		
Cash held in agency fund	<u>\$ 91,017,251³</u>		

Description	Balance at June 30, 2014	Rated	Percentage of Authority Funds
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	\$ 1,023	N/A	<1%
Finance NM LLC cash accounts	532,300	N/A	<1%
Wells Fargo deposit account	213,482	N/A	<1%
Wells Fargo Repurchase agreement -fully secured ⁴	248,028	N/A	<1%
Government money market funds	<u>131,677,922</u>	AAA	42%
Total cash and equivalents	<u>\$ 132,672,755</u>		
Cash held in agency fund	<u>\$ 109,039,841</u>		

Maturity Restrictions

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

Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2015 and 2014 are comprised of the following:

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

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

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

⁴ Wells Fargo accounts FDIC insured for \$250,000. Remaining \$308,490 as of June 30, 2014 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer’s Office.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

Description	Fair Value at June 30, 2015	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	\$ 224,598,139	1.36	54%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	529,786	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	<u>55,033,304</u>	0.50	13%
Total restricted investments	<u>\$ 280,161,229</u>		

Description	Fair Value at June 30, 2014	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	\$ 120,084,268	.98	38%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	1,407,522	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	<u>62,200,677</u>	1.33	20%
Total restricted investments	<u>\$ 183,692,467</u>		

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2015 and 2014, respectively, were as follows:

Program Description	Term (Years)	Rates	2014	Increases	Decreases	2015
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	\$ 1,082,705,619	\$ 120,023,720	\$ 143,441,622	\$ 1,059,287,717
Drinking Water State Revolving Loans	1 to 30	0% to 4%	64,933,358	20,656,717	3,962,953	81,627,122
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,305,678	-	1,070,063	1,235,615
Primary Care Capital Fund Loans	10 to 20	3%	3,584,307	600,000	304,529	3,879,778
Water Projects Fund Loan Grants	10 to 20	0%	21,222,996	5,808,843	2,101,398	24,930,441
Smart Money Participation Loans	3 to 20	2% to 5%	4,681,764	38,133	867,086	3,852,811
Behavioral Health Care Loan	15	3%	174,605	-	174,605	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	993,698	32,770	53,159	973,309
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	53,000	-	25,000	28,000
Colinias Infrastructure Fund Loans	10 to 20	3%	661,350	1,046,924	157,468	1,550,806
SSBCI Loans	10 to 20	3%	3,312,527	1,346,316	130,872	4,527,971
Child Care Revolving Loans	8	3%	19,810	-	6,350	13,460
			<u>1,184,648,712</u>	<u>149,553,423</u>	<u>152,295,105</u>	<u>1,181,907,030</u>
Less allowance for loan losses			<u>(5,482,347)</u>	-	<u>2,370,845</u>	<u>(3,111,502)</u>
Totals			<u>\$ 1,179,166,365</u>	<u>\$ 149,553,423</u>	<u>\$ 154,665,950</u>	<u>\$ 1,178,795,528</u>

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

Program Description	Term (Years)	Rates	2013	Increases	Decreases	2014
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	\$ 1,140,530,507	\$ 104,821,188	\$ 162,646,076	\$ 1,082,705,619
Drinking Water State Revolving Loans	1 to 30	0% to 4%	63,341,227	5,662,622	4,070,491	64,933,358
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,616,809	-	311,131	2,305,678
Primary Care Capital Fund Loans	10 to 20	3%	4,216,376	-	632,069	3,584,307
Water Projects Fund Loan Grants	10 to 20	0%	18,336,546	7,301,228	4,414,778	21,222,996
Smart Money Participation Loans	3 to 20	2% to 5%	4,161,711	576,000	55,947	4,681,764
Behavioral Health Care Loan	15	3%	198,512	-	23,907	174,605
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	441,272	587,230	34,804	993,698
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	108,000	-	55,000	53,000
Colinias Infrastructure Fund Loans	10 to 20	3%	202,731	546,253	87,634	661,350
SSBCI Loans	10 to 20	3%	2,461,746	2,127,931	1,277,150	3,312,527
Child Care Revolving Loans	8	3%	25,970	-	6,160	19,810
			1,236,641,407	121,622,452	173,615,147	1,184,648,712
Less allowance for loan losses			(5,409,364)	(895,092)	822,109	(5,482,347)
Totals			<u>\$ 1,231,232,043</u>	<u>\$ 120,727,360</u>	<u>\$ 174,437,256</u>	<u>\$ 1,179,166,365</u>

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	\$ 96,135,492	\$ 40,173,592	\$ 136,309,084
2017	90,097,345	37,936,651	128,033,996
2018	88,522,295	35,519,614	124,041,909
2019	87,765,040	32,902,304	120,667,344
2020	78,548,431	30,221,993	108,770,424
2021 – 2025	344,927,763	115,904,758	460,832,521
2026 – 2030	236,181,161	57,324,074	293,505,235
2031 – 2035	128,283,537	21,402,520	149,686,057
2036 – 2040	27,449,687	2,899,196	30,348,883
2041 – 2045	3,996,279	422,892	4,419,171
Subtotals	1,181,907,030	\$ 374,707,594	\$ 1,556,614,624
Less allowance for loan losses	(3,111,502)		
Loans receivable net	<u>\$ 1,178,795,528</u>		

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

5) Intergovernmental Receivables

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

Intergovernmental receivables activity during the year ended June 30, 2015 and 2014, respectively, were as follows:

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

State Entity	Revenue Pledge	Rates	Maturity	2013	Increases	Decreases	2014	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	\$ 40,085,000	\$ -	\$ 2,525,000	\$ 37,560,000	\$ 2,650,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,565,000	-	120,000	23,445,000	125,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	44,375,000	-	855,000	43,520,000	900,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	10,825,000	-	1,975,000	8,850,000	1,955,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	4,599,549	-	770,628	3,828,921	766,438
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	1,825,000	-	880,000	945,000	945,000
	Totals			<u>\$ 125,274,549</u>	<u>\$ -</u>	<u>\$ 7,125,628</u>	<u>\$ 118,148,921</u>	<u>\$ 7,341,438</u>

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	\$ 6,499,184	\$ 5,227,638	\$ 11,726,822
2017	6,668,814	4,941,892	11,610,706
2018	6,855,443	4,622,647	11,478,090
2019	7,159,042	4,293,575	11,452,617
2020	7,385,000	3,953,945	11,338,945
2021-2025	41,845,000	13,906,005	55,751,005
2026-2030	11,505,000	6,290,750	17,795,750
2031-2035	14,755,000	3,142,500	17,897,500
2036-2040	3,420,000	171,000	3,591,000
Intergovernmental receivables	<u>\$ 106,092,483</u>	<u>\$ 46,549,952</u>	<u>\$ 152,642,435</u>

6) Capital Assets

A summary of changes in capital assets during the fiscal year 2015 and 2014, respectively, was as follows:

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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
Depreciable assets				
Furniture and fixtures	\$ 28,665	\$ -	\$ -	\$ 28,665
Computer hardware and software	731,618	-	-	731,618
Leasehold improvement	<u>8,241</u>	<u>-</u>	<u>-</u>	<u>8,241</u>
	<u>768,524</u>	<u>-</u>	<u>-</u>	<u>768,524</u>
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(510,846)	(116,394)	-	(627,240)
Leasehold improvement	<u>(8,241)</u>	<u>-</u>	<u>-</u>	<u>(8,241)</u>
	<u>(547,752)</u>	<u>(116,394)</u>	<u>-</u>	<u>(664,146)</u>
Net total	<u>\$ 220,772</u>	<u>\$ (116,394)</u>	<u>\$ -</u>	<u>\$ 104,378</u>

Depreciation expense for the fiscal year ending June 30, 2015 and 2014, respectively, was \$102,187 and \$116,394.

7) Bonds Payable

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

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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

Bonds payable consist of the following at June 30, 2015 and 2014:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount	
				June 30, 2015	June 30, 2014
Public Project Revolving Fund Revenue Bonds - Senior Lien Debt					
2005 A	3.750% to 5.000%	June 1, 2013 to June 1, 2025	\$ 19,015,000	\$ 5,795,000	\$ 6,980,000
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	3,490,000	4,365,000
2006 B	4.250% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	24,440,000	26,265,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	44,975,000	46,015,000
2007 E	4.250% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	37,085,000	40,030,000
2008 A	3.000% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	124,400,000	129,605,000
2008 B	4.000% to 5.250%	June 1, 2013 to June 1, 2035	36,545,000	24,195,000	25,780,000
2008 C	4.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	19,385,000	21,150,000
2009 A	2.250% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	13,265,000	14,230,000
2009 C	2.500% to 5.250%	June 1, 2013 to June 1, 2029	55,810,000	43,630,000	45,795,000
2009 D-1	3.000% to 4.500%	June 1, 2013 to June 1, 2030	13,570,000	8,385,000	9,370,000
2009 D-2	2.320% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	35,605,000	36,290,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	16,480,000	19,945,000
2010 A-1	3.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	13,795,000	7,555,000
2010 A-2	3.777% to 6.406%	June 1, 2016 to June 1, 2039	15,170,000	6,110,000	13,795,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	26,035,000	28,450,000
2010 B-2	2.236% to 6.230%	June 1, 2013 to June 1, 2035	17,600,000	17,120,000	17,285,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	3,270,000	6,425,000
2011 B-1	2.000% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	28,850,000	32,500,000
2011 B-2	2.000% to 4.950%	June 1, 2013 to June 1, 2031	14,545,000	11,435,000	12,225,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	42,800,000	46,025,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	21,265,000	22,445,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	37,910,000	41,245,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	14,175,000	15,455,000
2014 B	2.000% to 5.000%	June 1, 2016 to June 1, 2035	58,235,000	54,970,000	-
2015 B	2.250% to 5.000%	June 1, 2016 to June 1, 2045	45,325,000	45,325,000	-
			975,350,000	724,190,000	669,225,000
Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt					
2005 C	3.625% to 5.000%	June 15, 2013 to June 15, 2025	50,395,000	-	36,410,000
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,320,000	23,320,000	23,445,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	-	16,245,000
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	2,040,000	42,525,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	26,135,000	27,845,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	15,680,000	18,260,000
2007 B	4.250% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	22,340,000	24,050,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	89,445,000	96,700,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	3,050,000	3,325,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	8,520,000	9,350,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	14,605,000	15,135,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	15,295,000	16,805,000
2015 A	3.000% to 5.000%	June 15, 2016 to June 15, 2035	63,390,000	62,355,000	-
			499,040,000	282,785,000	330,095,000
		Subtotal - PPRF Bonds	1,474,390,000	1,006,975,000	999,320,000

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount	
				June 30, 2015	June 30, 2014
Pooled Equipment Certificates of Participants					
1995 A	6.30%	October 1, 2015	4,288,000	19,000	36,000
1996 A	5.80%	April 1, 2016	1,458,000	9,000	17,000
			<u>5,746,000</u>	<u>28,000</u>	<u>53,000</u>
State Capitol Building Improvement Revenue Bonds					
1996	7.0%	Sept. 15, 2012 to Mar. 15, 2015	9,315,000	-	945,000
Cigarette Tax Revenue Bonds - UNM Health Sciences Center Project					
2004A	4.0% to 5.0%	April 1, 2012 to April 1, 2019	39,035,000	6,895,000	8,850,000
Cigarette Tax Revenue Bonds - Behavioral Health Projects					
2006	5.51%	May 1, 2012 to May 1, 2026	2,500,000	1,375,000	1,500,000
	Total bonds outstanding		<u>\$ 1,530,986,000</u>	<u>1,015,273,000</u>	<u>1,010,668,000</u>
	Add net unamortized premium			41,630,674	37,473,351
	Total bonds payable, net			1,056,903,674	1,048,141,351
	Less current portion of bonds payable			(75,943,000)	(70,430,000)
	Noncurrent portion of bonds payable			<u>\$ 980,960,674</u>	<u>\$ 977,711,351</u>

Maturities of bonds payable and interest are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2016	\$ 75,943,000	\$ 48,997,460	\$ 124,940,460
2017	74,440,000	43,923,067	118,363,067
2018	76,025,000	40,617,409	116,642,409
2019	77,580,000	37,234,823	114,814,823
2020	67,495,000	33,823,636	101,318,636
2021-2025	332,345,000	120,955,873	453,300,873
2026-2030	179,355,000	54,570,990	233,925,990
2031-2035	107,390,000	20,508,143	127,898,143
2036-2040	21,140,000	2,351,709	23,491,709
2041-2045	<u>3,560,000</u>	<u>426,600</u>	<u>3,986,600</u>
	1,015,273,000	<u>\$ 403,409,710</u>	<u>\$ 1,418,682,710</u>
Add unamortized premium	41,630,674		
Bonds payable, net	<u>\$ 1,056,903,674</u>		

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

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

Activity for Fiscal Year 2015

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

Activity for Fiscal Year 2014

	Balance at June 30, 2013, as restated	Increases	Decreases	Balance at June 30, 2014	Due within One Year
Bonds payable	\$ 1,145,326,000	\$ 62,595,000	\$ (197,253,000)	\$ 1,010,668,000	\$ 70,430,000
Add unamortized premium	36,378,109	3,666,745	(2,571,503)	37,473,351	-
Total	<u>\$ 1,181,704,109</u>	<u>\$ 66,261,745</u>	<u>\$ (199,824,503)</u>	<u>\$ 1,048,141,351</u>	<u>\$ 70,430,000</u>

Current and Advance Refunding of Debt

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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

8) Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients which have not been applied as a payment against their loan as well as debt service reserve accounts funded from the loan proceeds. The Authority applies loan payments semi-annually, therefore, any payments received prior to being applied to the loan are held in an account which earns interest and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's office. The balance of advanced loan payments was \$74,332,049 and \$72,189,707 at June 30, 2015 and 2014.

9) Line of Credit

The Authority maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to \$100,000,000 for the purpose of obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain Public Project Revolving Fund Revenue Bonds and to reimburse the Authority for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance, and accrues at 70% of U.S. dollar monthly LIBOR plus 75 basis points. The LIBOR rate at June 30, 2015, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. A summary of changes in the line of credit follows:

Activity for Fiscal Year 2015

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

Activity for Fiscal Year 2014

	Balance June 30, 2013	Increases	Decreases	Balance, June 30, 2014	Due within One Year
PPRF line of credit	\$ -	\$ 17,536,712	\$ (5,530,414)	\$ 12,006,298	\$ 12,006,298
Total	<u>\$ -</u>	<u>\$ 17,536,712</u>	<u>\$ (5,530,414)</u>	<u>\$ 12,006,298</u>	<u>\$ 12,006,298</u>

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

10) Operating Lease Commitment

The Authority is committed under various lease agreements for office space, a vehicle, and office equipment. These leases are classified as operating leases. Lease expenditures for the years ended June 30, 2015 and 2014, were \$316,250 and \$362,044. Future minimum lease payments are as follows:

Fiscal year ending June 30	
2016	\$ 361,663
2017	368,896
2018	376,274
2019	383,800
2020	<u>259,255</u>
Total	<u>\$ 1,749,888</u>

11) Retirement Plans

The Authority’s retirement plan was organized under Section 408(k) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of the Authority. Each eligible employee participating in the plan must contribute 3% of their compensation. The Authority makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. The Authority also makes a 50% matching contribution on voluntary contributions. Employee contributions are 100% vested, and the Authority contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. The Authority’s contributions for this retirement plan for the year ended June 30, 2015 and 2014, respectively, were \$484,916 and \$479,948. Additionally, employee contributions for the retirement plan for the year ended June 30, 2015 and 2014, respectively, were \$149,634 and \$148,347. Substantially all full-time employees participate in this plan.

The Authority maintains a retirement plan in accordance with an “eligible deferred compensation plan” pursuant to Section 457 of the Internal Revenue Code for its Executive Director and its Chief Operating Officer. The contributions are made regardless of the number of hours worked or the employment status on the last day of the plan year. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee is fully vested at all times. The executive plan was in effect for the years ended June 30, 2015 and 2014.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

12) Compensated Absences

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

Balance at June 30, 2014	\$ 273,440
Additions	201,740
Deletions	<u>(189,257)</u>
Balance at June 30, 2015	<u>\$ 285,923</u>
Due within one year	<u>\$ 285,923</u>
Balance at June 30, 2013	\$ 274,077
Additions	193,745
Deletions	<u>(194,382)</u>
Balance at June 30, 2014	<u>\$ 273,440</u>
Due within one year	<u>\$ 273,440</u>

13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately \$1.4 billion of such bonds are outstanding at June 30, 2015 and 2014.

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

14) Contingencies

Litigation

In the normal course of operations, the Authority is involved in certain litigation and arbitration proceedings involving former employee complaints and subcontractor claims.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

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

Loan Prepayment and Bond Call Provisions

Certain loans included in loans receivable contain provisions that allow for prepayment of the loan after one year whereas the related bonds used to fund the loans cannot be called for up to 10 years. In the event of a loan prepayment prior to the tenth year, the Authority's bond indentures require the substitution of a loan with similar cash flow characteristics or the defeasance of the related bond.

If interest rates at the time of prepayment are lower than the rates on the related bonds, as is currently the case, both loan substitution and defeasance will result in the Authority earning less on the substituted loan or the defeasance escrow than it will pay on the related bond, resulting in a negative cash flow. The Authority has other funding sources available to pay the shortfall, including the proceeds of 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 loans containing the shortened call provision total approximately \$349 million and the related bonds total approximately \$419 million at June 30, 2015. Loans exercising this call provision consisted of \$83.8 million and \$63.8 million in FY 2015 and FY 2014, respectively.

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

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

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

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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

15) Related Party Transactions

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

16) Finance New Mexico, LLC and Restatement

The Authority 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 the Authority, the managing member, and 1% to New Mexico Community Capital, the nonmanaging member.

In 2015, management re-evaluated how to report the Authority's interest in FNMLLC for financial statement purposes. Management evaluated a number of criteria as stated in GASB Statements Number 39 and 61, amendments of GASB Statement Number 14. The basic, but not the only criterion, is FNMLLC's financial accountability to the Authority. Financial accountability is measured through the degree to which the Authority can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with regard to the potential component unit. Based on the above criterion, it was determined that the FNMLLC is a blended component unit of the Authority. As such, the Authority has consolidated the FNMLLC's financial statement amounts within the Authority's New Market Tax Credit program. The condensed component unit information for FNMLLC and subsidiaries, for the year ended June 30, 2015 and 2014 were as follows:

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Statements of Net Position</u>		
Assets		
Cash	\$ 657,456	\$ 532,300
Due from affiliates	935,345	838,737
Investment in limited liability companies	<u>13,506</u>	<u>13,569</u>
Total assets	<u>\$ 1,606,307</u>	<u>\$ 1,384,606</u>
Liabilities		
Accounts payable	\$ 59,078	\$ 30,756
Due to affiliate	<u>647,193</u>	<u>493,938</u>
Total liabilities	<u>706,271</u>	524,694
Net Position		
Restricted	<u>900,036</u>	<u>859,912</u>
Total liabilities and net position	<u>\$ 1,606,307</u>	<u>\$ 1,384,606</u>
 <u>Statements Revenues, Expenses and Changes in Net Position</u>		
Operating Income		
Interest income	\$ 114	\$ 597
Sponsor fee income	-	810,000
Asset management fee income	<u>629,603</u>	<u>612,203</u>
Total operating income	<u>629,717</u>	<u>1,422,800</u>
Operating Expense		
Sponsor fee expense	-	743,681
Management fee expense	372,729	377,035
Professional fees	162,460	80,835
Gross receipt tax	45,555	110,104
Miscellaneous administrative expenses	<u>8,972</u>	<u>2,506</u>
Total operating expenses	<u>589,716</u>	<u>1,314,161</u>
Net operating income	<u>40,001</u>	108,639
Nonoperating Income		
Share of income from investment in limited liability companies	<u>123</u>	<u>64</u>
Increase in net position	<u>\$ 40,124</u>	<u>\$ 108,703</u>

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

<u>Statement of Cash Flows</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Increase in net position	\$ 40,124	\$ 108,703
Adjustments to reconcile net income to net cash provided by operating activities		
Share of income from investment in limited liability companies	(123)	(64)
Increase in assets		
Due from affiliate	(96,608)	(115,716)
Increase in liabilities		
Accounts payable	28,322	3,002
Due to affiliate	153,255	78,155
Net cash provided by operating activities	<u>124,970</u>	<u>74,080</u>
Cash flows from investing activities		
Investment in limited liability companies	-	(145)
Return of capital from limited liability companies	-	155
Distributions from limited liability companies	186	190
Net cash provided by investing activities	<u>186</u>	<u>200</u>
Net increase in cash	125,156	74,280
Cash, beginning of year	<u>532,300</u>	458,020
Cash, end of year	<u>\$ 657,456</u>	<u>\$ 532,300</u>

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

In previous years, the Authority reported its interest in FNMLLC as an investment in the Statement of Net Position. The financial statements for the fiscal year ending June 30, 2014 have been restated as follows:

	June 30, 2014 Amounts		
	Previously Reported	Restatement	June 30, 2014 as Restated
<i>Statement of Net Position</i>			
Current assets			
Restricted cash and equivalents	\$ 51,834,915	\$ 532,300	\$ 52,367,215
Grants and other receivable	1,788,239	852,306	2,640,545
Investment in Finance NM LLC	99,110	(99,110)	-
Current liabilities			
Accounts payable	262,198	30,756	292,954
Other liabilities	80,694	493,938	574,632
Net position	458,552,499	760,802	459,313,301
<i>Statement of Revenues, Expenses and Changes in Net Position</i>			
Operating revenues			
Administrative fees revenue	2,819,302	380,537	3,199,839
Interest on investments	488,080	661	488,741
Operating expenses			
Other operating costs	1,484,748	272,495	1,757,243
Increase in net position	33,242,621	108,703	33,351,324
Net position, beginning of year	425,309,878	652,099	425,961,977
Net position, end of year	<u>458,552,499</u>	<u>760,802</u>	<u>459,313,301</u>

Supplementary Schedules

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

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Net Position
June 30, 2015

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

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

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Net Position — continued
June 30, 2015

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

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Assets					
Current assets					
Cash and equivalents					
Unrestricted	\$ 18,662,427	\$ 230,014	\$ 418,167	\$ -	\$ 436,584
Restricted	86,535,872	-	-	34,568	-
Interest receivable	7,050,093	-	4,253	-	-
Grants and other receivable	1,597,955	188,734	-	-	-
Due from other funds	4,855,596	-	-	-	-
Prepaid rent	19,500	-	-	-	-
Administrative fees receivable	145,961	-	-	-	-
Notes receivable	4,478,620	-	-	-	-
Loans receivable, net of allowance	87,245,431	-	36,200	6,326	38,510
Intergovernmental receivables	3,675,000	-	-	-	-
Total current assets	<u>214,266,455</u>	<u>418,748</u>	<u>458,620</u>	<u>40,894</u>	<u>475,094</u>
Noncurrent assets					
Restricted investments	122,591,262	-	-	-	1,180,392
Loans receivable, net of allowance	994,385,758	-	138,405	13,484	955,188
Intergovernmental receivables	100,850,000	-	-	-	-
Capital assets, net of accumulated depreciation	70,302	34,076	-	-	-
Total assets	<u>\$ 1,432,163,777</u>	<u>\$ 452,824</u>	<u>\$ 597,025</u>	<u>\$ 54,378</u>	<u>\$ 2,610,674</u>
Deferred Outflows of Resources					
Deferred charge on refunding	\$ 1,191,181	\$ -	\$ -	\$ -	\$ -
Total deferred outflows of resources	<u>\$ 1,191,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 262,198	\$ -	\$ -	\$ -	\$ -
Accrued payroll	91,540	-	-	-	-
Compensated absences	273,440	-	-	-	-
Due to other funds	1,474,424	106,101	13,515	116,764	-
Bond interest payable	3,455,768	-	-	-	13,775
Undisbursed loan proceeds	28,682,538	-	-	62,092	-
Advanced loan payments	71,462,270	-	-	-	-
Notes payable	649,699	-	-	-	-
Line of credit	12,006,298	-	-	-	-
Bonds payable, net	67,380,000	-	-	-	125,000
Other liabilities	45,633	-	-	-	-
Total current liabilities	<u>185,783,808</u>	<u>106,101</u>	<u>13,515</u>	<u>178,856</u>	<u>138,775</u>
Noncurrent liabilities					
Bonds payable	968,764,409	-	-	-	1,375,000
Total liabilities	<u>1,154,548,217</u>	<u>106,101</u>	<u>13,515</u>	<u>178,856</u>	<u>1,513,775</u>
Net Position					
Invested in capital assets	70,302	34,076	-	-	-
Restricted for program commitments	262,175,614	188,734	597,025	19,810	1,096,899
Unrestricted	16,560,825	123,913	(13,515)	(144,288)	-
Total net position	<u>278,806,741</u>	<u>346,723</u>	<u>583,510</u>	<u>(124,478)</u>	<u>1,096,899</u>
Total liabilities and net position	<u>\$ 1,433,354,958</u>	<u>\$ 452,824</u>	<u>\$ 597,025</u>	<u>\$ 54,378</u>	<u>\$ 2,610,674</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Net Position
June 30, 2014

DWSRF	Primary Care	Local Road Program	New Market Tax Credits, as restated (Note 16)	Energy Efficiency	UNM Health Sciences	Worker's Comp Financing Program	State Capitol Imprv Financing
\$ -	\$ 53	\$ -	\$ -	\$ -	\$ 45,368	\$ -	\$ -
12,789,370	33,946	765,634	583,130	-	1,051,274	(231)	409,805
187,816	10,612	-	-	-	121,465	-	55,023
-	-	-	853,856	-	-	-	-
-	-	401	867,191	-	-	-	-
-	-	-	-	-	-	-	-
25,192	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,774,993	381,144	-	-	-	-	-	-
-	-	-	-	-	2,721,438	-	945,000
<u>16,777,371</u>	<u>425,755</u>	<u>766,035</u>	<u>2,304,177</u>	<u>-</u>	<u>3,939,545</u>	<u>(231)</u>	<u>1,409,828</u>
34,483,874	1,407,522	-	-	-	-	-	-
63,464,043	3,203,163	-	-	-	-	-	-
-	-	-	-	-	9,957,483	-	-
-	-	-	-	-	-	-	-
<u>\$ 114,725,288</u>	<u>\$ 5,036,440</u>	<u>\$ 766,035</u>	<u>\$ 2,304,177</u>	<u>\$ -</u>	<u>\$ 13,897,028</u>	<u>\$ (231)</u>	<u>\$ 1,409,828</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 30,756	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
195,013	386,324	-	-	1,093	-	-	-
-	-	-	-	-	140,944	-	14,547
-	-	-	-	-	-	-	-
708,751	17,190	-	-	-	-	-	-
-	-	-	-	-	3,828,921	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,955,000	-	945,000
35,061	-	-	493,938	-	-	-	-
<u>938,825</u>	<u>403,514</u>	<u>-</u>	<u>524,694</u>	<u>1,093</u>	<u>5,924,865</u>	<u>-</u>	<u>959,547</u>
-	-	-	-	-	7,543,942	-	-
<u>938,825</u>	<u>403,514</u>	<u>-</u>	<u>524,694</u>	<u>1,093</u>	<u>13,468,807</u>	<u>-</u>	<u>959,547</u>
-	-	-	-	-	-	-	-
113,786,463	5,019,197	765,634	943,048	-	428,221	-	450,281
-	(386,271)	401	836,435	(1,093)	-	(231)	-
<u>113,786,463</u>	<u>4,632,926</u>	<u>766,035</u>	<u>1,779,483</u>	<u>(1,093)</u>	<u>428,221</u>	<u>(231)</u>	<u>450,281</u>
<u>\$ 114,725,288</u>	<u>\$ 5,036,440</u>	<u>\$ 766,035</u>	<u>\$ 2,304,177</u>	<u>\$ -</u>	<u>\$ 13,897,028</u>	<u>\$ (231)</u>	<u>\$ 1,409,828</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	2,300,834	1,496	4,584,639	539,467	25
Interest receivable	-	2,150	-	-	-
Grants and other receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid rent	-	-	-	-	-
Administrative fees receivable	-	-	14,890	-	-
Notes receivable	-	-	-	-	-
Loans receivable, net of allowance	-	-	1,901,783	-	-
Intergovernmental receivables	-	-	-	-	-
Total current assets	<u>2,300,834</u>	<u>3,646</u>	<u>6,501,312</u>	<u>539,467</u>	<u>25</u>
Noncurrent assets					
Restricted investments	6,220,774	-	12,395,505	-	-
Loans receivable, net of allowance	-	53,000	19,321,213	-	-
Intergovernmental receivables	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-
Total assets	<u>\$ 8,521,608</u>	<u>56,646</u>	<u>\$ 38,218,030</u>	<u>\$ 539,467</u>	<u>\$ 25</u>
Deferred Outflows of Resources					
Deferred charge on refunding	\$ -	\$ -	\$ -	\$ -	\$ -
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities					
Current liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Compensated absences	-	-	-	-	-
Due to other funds	-	-	497,039	-	-
Bond interest payable	-	680	-	-	-
Undisbursed loan proceeds	-	-	-	-	-
Advanced loan payments	-	1,496	-	-	-
Notes payable	-	-	-	-	-
Line of credit	-	-	-	-	-
Bonds payable, net	-	25,000	-	-	-
Other liabilities	-	-	-	-	-
Total current liabilities	<u>-</u>	<u>27,176</u>	<u>497,039</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities					
Bonds payable	-	28,000	-	-	-
Total liabilities	<u>-</u>	<u>55,176</u>	<u>497,039</u>	<u>-</u>	<u>-</u>
Net Position					
Invested in capital assets	-	-	-	-	-
Restricted for program commitments	8,521,608	1,470	37,720,991	539,467	25
Unrestricted	-	-	-	-	-
Total net position	<u>8,521,608</u>	<u>1,470</u>	<u>37,720,991</u>	<u>539,467</u>	<u>25</u>
Total liabilities and net position	<u>\$ 8,521,608</u>	<u>\$ 56,646</u>	<u>\$ 38,218,030</u>	<u>\$ 539,467</u>	<u>\$ 25</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Net Position — continued
June 30, 2014

Local Government Planning Fund	Economic Development Program	Local Transportation Program	SSBCI	Colonias	BioMass Dairy	Intra Program Eliminations	Total 2014, restated (Note 16)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,792,613
570,500	548,235	572,619	1,431,619	87,634	39,706	-	112,880,142
-	-	-	-	-	-	-	7,431,412
-	-	-	-	-	-	-	2,640,545
-	-	2,557	-	-	-	(5,725,745)	-
-	-	-	-	-	-	-	19,500
-	-	-	-	-	-	-	186,043
-	-	-	-	-	-	(4,478,620)	-
-	-	-	-	-	-	-	93,384,387
-	-	-	-	-	-	-	7,341,438
<u>570,500</u>	<u>548,235</u>	<u>575,176</u>	<u>1,431,619</u>	<u>87,634</u>	<u>39,706</u>	<u>(10,204,365)</u>	<u>243,676,080</u>
1,542,464	-	-	3,870,674	-	-	-	183,692,467
-	936,352	-	2,650,022	661,350	-	-	1,085,781,978
-	-	-	-	-	-	-	110,807,483
-	-	-	-	-	-	-	104,378
<u>\$ 2,112,964</u>	<u>\$ 1,484,587</u>	<u>\$ 575,176</u>	<u>\$ 7,952,315</u>	<u>\$ 748,984</u>	<u>\$ 39,706</u>	<u>\$ (10,204,365)</u>	<u>\$ 1,624,062,386</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,191,181</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,191,181</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 292,954
-	-	-	-	-	-	-	91,540
-	-	-	-	-	-	-	273,440
104,550	1,152,754	-	545,545	1,132,623	-	(5,725,745)	-
-	-	-	-	-	-	-	3,625,714
-	-	-	-	-	-	-	28,744,630
-	-	-	-	-	-	-	72,189,707
-	-	-	-	-	-	(4,478,620)	-
-	-	-	-	-	-	-	12,006,298
-	-	-	-	-	-	-	70,430,000
-	-	-	-	-	-	-	574,632
<u>104,550</u>	<u>1,152,754</u>	<u>-</u>	<u>545,545</u>	<u>1,132,623</u>	<u>-</u>	<u>(10,204,365)</u>	<u>188,228,915</u>
-	-	-	-	-	-	-	977,711,351
<u>104,550</u>	<u>1,152,754</u>	<u>-</u>	<u>545,545</u>	<u>1,132,623</u>	<u>-</u>	<u>(10,204,365)</u>	<u>1,165,940,266</u>
-	-	-	-	-	-	-	104,378
2,008,414	1,484,587	572,619	7,952,315	748,984	39,706	-	445,061,112
-	(1,152,754)	2,557	(545,545)	(1,132,623)	-	-	14,147,811
<u>2,008,414</u>	<u>331,833</u>	<u>575,176</u>	<u>7,406,770</u>	<u>(383,639)</u>	<u>39,706</u>	<u>-</u>	<u>459,313,301</u>
<u>\$ 2,112,964</u>	<u>\$ 1,484,587</u>	<u>\$ 575,176</u>	<u>\$ 7,952,315</u>	<u>\$ 748,984</u>	<u>\$ 39,706</u>	<u>\$ (10,204,365)</u>	<u>\$ 1,625,253,567</u>

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Operating Revenues					
Administrative fees revenue	\$ 1,007,340	\$ 483,659	\$ -	\$ -	\$ -
Processing fee	812,101	-	-	-	-
Interest on loans	46,430,667	-	3,781	502	33,167
Interest on investments	504,597	126	2,131	185	8,255
Total operating revenues	<u>48,754,705</u>	<u>483,785</u>	<u>5,912</u>	<u>687</u>	<u>41,422</u>
Operating Expenses					
Grants to others	5,670	-	-	-	-
Bond issuance costs	1,243,632	-	-	-	-
Administrative fees	52,661	-	-	-	-
Professional services	1,048,599	155,068	(611)	42	-
Salaries and benefits	2,322,032	160,811	18,073	2,790	-
Other operating costs	747,584	73,769	481	541	15,799
Depreciation expense	102,187	-	-	-	-
Bond interest expense	46,321,567	-	-	-	81,502
Provision for loan losses	(62,215)	-	-	-	-
Interest expense	359,592	-	-	-	-
Total operating expenses	<u>52,141,309</u>	<u>389,648</u>	<u>17,943</u>	<u>3,373</u>	<u>97,301</u>
Net operating income (loss)	(3,386,604)	94,137	(12,031)	(2,686)	(55,879)
Nonoperating Revenues (Expenses)					
Appropriation revenue	24,267,401	-	-	-	-
Grant revenue	-	-	-	-	-
Inter-fund transfers	(2,739,687)	(285,846)	(341,844)	-	447,370
Transfers to the State of New Mexico	(293,375)	(188,733)	(500,000)	-	58
Increase (decrease) in net position	17,847,735	(380,442)	(853,875)	(2,686)	391,549
Net position, beginning of year, as restated (Note 16)	278,806,741	346,723	583,510	(124,478)	1,096,899
Net position, end of year	<u>\$ 296,654,476</u>	<u>\$ (33,719)</u>	<u>\$ (270,365)</u>	<u>\$ (127,164)</u>	<u>\$ 1,488,448</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

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

	State Capitol Imprv Financing	State Office Building Bonding Program	Equipment Loan Program	Water Trust Board	Water/Waste Water
Operating Revenues					
Administrative fees revenue	\$ -	\$ -	\$ -	\$ 71,700	\$ -
Processing fee	-	-	-	-	-
Interest on loans	(5,148)	-	1,285	-	-
Interest on investments	<u>1,512</u>	<u>44,794</u>	<u>-</u>	<u>74,736</u>	<u>2,591</u>
Total operating revenues	<u>(3,636)</u>	<u>44,794</u>	<u>1,285</u>	<u>146,436</u>	<u>2,591</u>
Operating Expenses					
Grants to others	-	-	-	32,657,717	-
Bond issuance costs	-	-	-	-	-
Administrative fees	1,781	-	-	-	-
Professional services	-	-	-	390,243	-
Salaries and benefits	-	-	-	482,726	-
Other operating costs	-	-	-	137,724	-
Depreciation expense	-	-	-	-	-
Bond interest expense	35,328	-	2,319	-	-
Provision for loan losses	-	-	-	-	-
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>37,109</u>	<u>-</u>	<u>2,319</u>	<u>33,668,410</u>	<u>-</u>
Net operating income (loss)	(40,745)	44,794	(1,034)	(33,521,974)	2,591
Nonoperating Revenues (Expenses)					
Appropriation revenue	(247,847)	1,493,112	-	4,000,000	-
Grant revenue	-	-	-	29,284,340	-
Inter-fund transfers	-	(1,082,250)	-	-	-
Transfers to the State of New Mexico	<u>-</u>	<u>(468,456)</u>	<u>-</u>	<u>1,966</u>	<u>964</u>
Increase (decrease) in net position	(288,592)	(12,800)	(1,034)	(235,668)	3,555
Net position, beginning of year, as restated (Note 16)	<u>450,281</u>	<u>8,521,608</u>	<u>1,470</u>	<u>37,720,991</u>	<u>539,467</u>
Net position, end of year	<u>\$ 161,689</u>	<u>\$ 8,508,808</u>	<u>\$ 436</u>	<u>\$ 37,485,323</u>	<u>\$ 543,022</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements Revenues, Expenses and Changes in Net Position - continued
For the Year Ended June 30, 2015

Emergency Drought Water Program	Local Government Planning Fund	Economic Development Program	Local Transportation Program	SSBCI	Colonias	BioMass Dairy	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,385,583
-	-	-	-	-	-	-	812,101
-	-	136,843	-	139,796	-	-	48,645,757
-	<u>13,302</u>	<u>6,686</u>	<u>2,908</u>	<u>41,313</u>	<u>6</u>	<u>168</u>	<u>925,910</u>
-	<u>13,302</u>	<u>143,529</u>	<u>2,908</u>	<u>181,109</u>	<u>6</u>	<u>168</u>	<u>52,769,351</u>
-	1,934,582	-	-	-	8,964,515	-	54,240,349
-	-	-	-	-	-	-	1,243,632
-	-	-	-	-	-	-	134,365
-	79,787	5,448	-	49,284	244,638	-	2,146,157
-	187,496	35,694	-	302,951	206,230	-	4,361,363
-	47,162	10,063	-	77,728	53,688	-	1,632,550
-	-	-	-	-	-	-	102,187
-	-	-	-	-	-	-	46,707,522
-	-	(1,872,524)	-	(436,106)	-	-	(2,370,845)
-	-	-	-	-	-	-	489,859
-	<u>2,249,027</u>	<u>(1,821,319)</u>	<u>-</u>	<u>(6,143)</u>	<u>9,469,071</u>	<u>-</u>	<u>108,687,139</u>
-	(2,235,725)	1,964,848	2,908	187,252	(9,469,065)	168	(55,917,788)
-	-	-	-	4,477,239	-	-	37,157,026
-	-	-	-	-	10,011,439	-	64,031,220
-	4,000,000	-	-	-	-	-	-
<u>84</u>	<u>-</u>	<u>3,062</u>	<u>49,293</u>	<u>-</u>	<u>-</u>	<u>587</u>	<u>(4,577,237)</u>
84	1,764,275	1,967,910	52,201	4,664,491	542,374	755	40,693,221
25	2,008,414	331,833	575,176	7,406,770	(383,639)	39,706	459,313,301
<u>\$ 109</u>	<u>\$ 3,772,689</u>	<u>\$ 2,299,743</u>	<u>\$ 627,377</u>	<u>\$ 12,071,261</u>	<u>\$ 158,735</u>	<u>\$ 40,461</u>	<u>\$ 500,006,522</u>

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Operating Revenues					
Administrative fees revenue	\$ 1,061,112	\$ 475,387	\$ 166	\$ -	\$ -
Processing fee	390,004	-	-	-	-
Interest on loans	46,548,780	-	(2,932)	689	22,510
Interest on investments	<u>245,422</u>	<u>681</u>	<u>1,131</u>	<u>95</u>	<u>5,572</u>
Total operating revenues	<u>48,245,318</u>	<u>476,068</u>	<u>(1,635)</u>	<u>784</u>	<u>28,082</u>
Operating Expenses					
Grants to others	608,803	-	-	-	-
Bond issuance costs	674,398	-	-	-	-
Administrative fees	100,213	-	-	-	-
Professional services	970,669	154,723	16,306	74	-
Salaries and benefits	2,179,170	155,396	10,085	46	-
Other operating costs	736,516	102,029	5,675	120	9,475
Depreciation expense	116,394	-	-	-	-
Bond interest expense	53,772,342	-	-	-	88,389
Provision for loan losses	(1,900,656)	-	-	-	-
Interest expense	<u>144,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>57,401,931</u>	<u>412,148</u>	<u>32,066</u>	<u>240</u>	<u>97,864</u>
Net operating income (loss)	(9,156,613)	63,920	(33,701)	544	(69,782)
Nonoperating Revenues (Expenses)					
Appropriation revenue	29,091,277	-	-	-	-
Grant revenue	-	-	-	-	-
Inter-fund transfers	(10,832,068)	-	25,124	-	189,414
Transfers to the State of New Mexico	<u>(487,975)</u>	<u>(882)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	8,614,621	63,038	(8,577)	544	119,632
Net position, beginning of year, as restated (Note 16)	<u>270,192,120</u>	<u>283,685</u>	<u>592,087</u>	<u>(125,022)</u>	<u>977,267</u>
Net position, end of year	<u>\$ 278,806,741</u>	<u>\$ 346,723</u>	<u>\$ 583,510</u>	<u>\$ (124,478)</u>	<u>\$ 1,096,899</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014

DWSRF	Primary Care	Local Road Program	New Market Tax Credits, as restated (Note 16)	Energy Efficiency	UNM Health Sciences	Worker's Comp Financing Program
\$ 162,581	\$ -	\$ -	\$ 1,422,203	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,088,616	102,497	212	-	-	672,321	-
131,145	852	2,307	800	-	399	-
<u>1,382,342</u>	<u>103,349</u>	<u>2,519</u>	<u>1,423,003</u>	<u>-</u>	<u>672,720</u>	<u>-</u>
8,586,162	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	85,150	-
150,257	5,706	9	165,652	-	-	-
409,746	35,188	63	335,333	-	-	-
117,601	114,515	10	364,184	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	363,619	-
-	-	-	-	-	-	-
-	-	-	-	-	154,277	-
<u>9,263,766</u>	<u>155,409</u>	<u>82</u>	<u>865,169</u>	<u>-</u>	<u>603,046</u>	<u>-</u>
(7,881,424)	(52,060)	2,437	557,834	-	69,674	-
-	-	-	-	-	3,332,525	-
12,448,854	-	-	-	-	-	-
8,199,645	-	-	(20)	-	(77,778)	-
-	-	-	(1,010)	-	(3,053,177)	-
<u>12,767,075</u>	<u>(52,060)</u>	<u>2,437</u>	<u>556,804</u>	<u>-</u>	<u>271,244</u>	<u>-</u>
101,019,388	4,684,986	763,598	1,222,679	(1,093)	156,977	(231)
<u>\$ 113,786,463</u>	<u>\$ 4,632,926</u>	<u>\$ 766,035</u>	<u>\$ 1,779,483</u>	<u>\$ (1,093)</u>	<u>\$ 428,221</u>	<u>\$ (231)</u>

	State Capitol Imprv Financing	State Office Building Bonding Program	Equipment Loan Program	Water Trust Board	Water/Waste Water
Operating Revenues					
Administrative fees revenue	\$ -	\$ -	\$ -	\$ 76,722	\$ -
Processing fee	-	-	-	-	-
Interest on loans	112,525	-	6,556	-	-
Interest on investments	<u>1,043</u>	<u>24,765</u>	<u>-</u>	<u>56,516</u>	<u>1,630</u>
Total operating revenues	<u>113,568</u>	<u>24,765</u>	<u>6,556</u>	<u>133,238</u>	<u>1,630</u>
Operating Expenses					
Grants to others	-	-	-	37,186,647	-
Bond issuance costs	-	-	-	-	-
Administrative fees	4,020	-	-	-	-
Professional services	-	-	-	359,999	213
Salaries and benefits	-	-	-	518,940	2,591
Other operating costs	-	-	-	143,841	549
Depreciation expense	-	-	-	-	-
Bond interest expense	89,811	-	5,086	-	-
Provision for loan losses	-	-	-	-	-
Interest expense	-	-	-	-	-
Total operating expenses	<u>93,831</u>	<u>-</u>	<u>5,086</u>	<u>38,209,427</u>	<u>3,353</u>
Net operating income (loss)	19,737	24,765	1,470	(38,076,189)	(1,723)
Nonoperating Revenues (Expenses)					
Appropriation revenue	(1,931)	2,319,434	-	4,000,000	-
Grant revenue	-	-	-	39,206,563	-
Inter-fund transfers	-	-	-	-	-
Transfers to the State of New Mexico	<u>80,263</u>	<u>(468,428)</u>	<u>-</u>	<u>(472)</u>	<u>-</u>
Increase (decrease) in net position	98,069	1,875,771	1,470	5,129,902	(1,723)
Net position, beginning of year, as restated (Note 16)	<u>352,212</u>	<u>6,645,837</u>	<u>-</u>	<u>32,591,089</u>	<u>541,190</u>
Net position, end of year	<u>\$ 450,281</u>	<u>\$ 8,521,608</u>	<u>\$ 1,470</u>	<u>\$ 37,720,991</u>	<u>\$ 539,467</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements Revenues, Expenses and Changes in Net Position - continued
For the Year Ended June 30, 2014

Emergency Drought Water Program	Local Government Planning Fund	Economic Development Program	Local Transportation Program	SSBCI	Colonias	BioMass Dairy	Total 2014, restated (Note 16)
\$ -	\$ -	\$ -	\$ 1,668	\$ -	\$ -	\$ -	\$ 3,199,839
-	-	-	-	-	-	-	390,004
-	-	60,549	-	111,380	-	-	48,723,703
-	<u>2,242</u>	<u>1,490</u>	<u>4,074</u>	<u>8,472</u>	<u>-</u>	<u>105</u>	<u>488,741</u>
-	<u>2,242</u>	<u>62,039</u>	<u>5,742</u>	<u>119,852</u>	<u>-</u>	<u>105</u>	<u>52,802,287</u>
-	571,377	-	848,126	-	3,023,326	-	50,824,441
-	-	-	-	-	-	-	674,398
-	-	-	-	-	-	-	189,383
-	55,068	1,626	-	48,437	260,638	-	2,189,377
-	168,192	31,838	-	272,429	165,375	-	4,284,392
-	36,861	8,617	-	66,019	51,231	-	1,757,243
-	-	-	-	-	-	-	116,394
-	-	-	-	-	-	-	54,319,247
-	-	416,043	-	662,505	-	-	(822,108)
-	-	-	-	-	-	-	298,359
-	<u>831,498</u>	<u>458,124</u>	<u>848,126</u>	<u>1,049,390</u>	<u>3,500,570</u>	<u>-</u>	<u>113,831,126</u>
-	(829,256)	(396,085)	(842,384)	(929,538)	(3,500,570)	105	(61,028,839)
-	-	-	-	4,345,555	-	-	43,086,860
-	-	-	-	-	3,569,579	-	55,224,996
-	2,495,683	-	-	-	-	-	-
-	-	-	-	(12)	-	-	(3,931,693)
-	<u>1,666,427</u>	<u>(396,085)</u>	<u>(842,384)</u>	<u>3,416,005</u>	<u>69,009</u>	<u>105</u>	<u>33,351,324</u>
<u>25</u>	<u>341,987</u>	<u>727,918</u>	<u>1,417,560</u>	<u>3,990,765</u>	<u>(452,648)</u>	<u>39,601</u>	<u>425,961,977</u>
<u>\$ 25</u>	<u>\$ 2,008,414</u>	<u>\$ 331,833</u>	<u>\$ 575,176</u>	<u>\$ 7,406,770</u>	<u>\$ (383,639)</u>	<u>\$ 39,706</u>	<u>\$ 459,313,301</u>

	PPRF	GRIP	Behavioral Health	Child Care
Cash flows from operating activities				
Cash paid for employee services	\$ (2,288,373)	\$ (160,811)	\$ (18,073)	\$ (2,790)
Cash paid to vendors for services	(1,944,155)	(267,143)	256,980	2,789
Intergovernmental payments received	8,390,000	-	-	-
Loans payments received	146,006,974	-	174,605	6,351
Loans funded	(75,571,650)	-	-	-
Grants to local governments	(5,670)	-	-	-
Cash received from federal government for revolving loan funds	-	-	-	-
Interest on loans	47,170,052	-	8,034	502
Proceeds from line of credit	30,573,802	-	-	-
Payments of line of credit	(42,580,100)	-	-	-
Administrative fees received	1,805,621	672,393	-	-
Net cash provided by (used in) operating activities	<u>111,556,501</u>	<u>244,439</u>	<u>421,546</u>	<u>6,852</u>
Cash flows from noncapital financing activities				
Appropriations received from the State of New Mexico	24,267,401	-	-	-
Cash transfers from the State of New Mexico	-	-	-	-
Cash transfers to the State of New Mexico	(293,375)	(188,733)	(500,000)	-
Interfund transfers	(1,973,249)	(285,846)	(341,844)	-
Proceeds from the sale of bonds	186,584,472	-	-	-
Payment of bonds	(159,295,000)	-	-	-
Bond issuance costs	(1,243,632)	-	-	-
Bond interest expense paid	(61,112,017)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(13,065,400)</u>	<u>(474,579)</u>	<u>(841,844)</u>	<u>-</u>
Cash flows from investing activities				
Purchase of investments	(108,822,861)	-	-	-
Sale of investments	(2,675)	-	-	-
Interest received on investments	504,597	126	2,131	185
Net cash provided by (used in) investing activities	<u>(108,320,939)</u>	<u>126</u>	<u>2,131</u>	<u>185</u>
Net increase (decrease) in cash and cash equivalents	(9,829,838)	(230,014)	(418,167)	7,037
Cash and cash equivalents, beginning of year	105,198,299	230,014	418,167	34,568
Cash and cash equivalents, end of year	<u>\$ 95,368,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,605</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities				
Net operating income (loss)	\$ (3,386,604)	\$ 94,137	\$ (12,031)	\$ (2,686)
Adjustments to change in net position				
Depreciation	102,187	-	-	-
Amortization on bond premiums	(15,340,526)	-	-	-
Provision for loan losses	(62,215)	-	-	-
Interest on investments	(504,597)	(126)	(2,131)	(185)
Bond interest paid	61,662,093	-	-	-
Bond issuance costs	1,243,632	-	-	-
Cash received from federal grants	-	-	-	-
Interest expense	359,594	-	-	-
Changes in assets and liabilities				
Interest receivable	739,385	-	4,253	-
Grants and other receivable	1,606,246	188,734	-	-
Due from other funds	1,323,482	-	-	-
Administrative fees receivable	(13,820)	-	-	-
Notes receivable	-	-	-	-
Loans receivable, net of allowance	23,417,900	-	174,605	6,351
Intergovernmental receivables	8,390,000	-	-	-
Accounts payable	(76,375)	-	-	-
Accrued payroll	21,176	-	-	-
Compensated absences	12,483	-	-	-
Due to other funds	(1,474,426)	(38,306)	256,850	3,372
Funds held for others	-	-	-	-
Undisbursed loan proceeds	43,195,373	-	-	-
Advanced loan payments	2,565,352	-	-	-
Notes payable	(349,547)	-	-	-
Line of credit	(12,006,298)	-	-	-
Other liabilities	132,006	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 111,556,501</u>	<u>\$ 244,439</u>	<u>\$ 421,546</u>	<u>\$ 6,852</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Cash Flows
For the Year Ended June 30, 2015

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

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

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Cash Flows — continued
For the Year Ended June 30, 2015

Emergency Drought	Local Government Planning Fund	Economic Development Program	Local Government Transportation	SSBCI	Colonias	BioMass Dairy	Total
\$ -	\$ (187,496)	\$ (35,694)	\$ -	\$ (302,951)	\$ (206,230)	\$ -	\$ (4,327,704)
-	(199,638)	35,692	-	38,269	206,233	-	(3,221,411)
-	-	-	-	-	-	-	12,056,839
-	-	867,086	-	130,872	157,468	-	154,100,150
-	-	(38,132)	-	(1,346,316)	(1,046,924)	-	(104,764,054)
-	(1,934,582)	-	-	-	(8,964,515)	-	(54,240,349)
-	-	-	-	-	-	-	24,735,441
-	-	136,843	-	139,796	-	-	49,419,453
-	-	-	-	-	-	-	30,573,802
-	-	-	-	-	-	-	(42,580,100)
-	-	-	-	-	-	-	3,083,524
-	(2,321,716)	965,795	-	(1,340,330)	(9,853,968)	-	64,835,591
-	-	-	-	4,477,239	-	-	37,157,026
84	-	3,062	49,293	-	10,011,439	587	39,356,801
-	-	-	-	-	-	-	(4,638,259)
-	4,000,000	-	-	-	-	-	-
-	-	-	-	-	-	-	186,584,472
-	-	-	-	-	-	-	(162,345,000)
-	-	-	-	-	-	-	(1,243,632)
-	-	-	-	-	-	-	(61,811,035)
84	4,000,000	3,062	49,293	4,477,239	10,011,439	587	33,060,373
-	-	(1,138,274)	-	(2,469,261)	-	-	(113,028,816)
-	1,542,464	-	-	-	-	-	16,557,380
-	13,302	6,686	2,908	41,313	6	168	925,910
-	1,555,766	(1,131,588)	2,908	(2,427,948)	6	168	(95,545,526)
84	3,234,050	(162,731)	52,201	708,961	157,477	755	2,350,438
25	570,500	548,235	572,619	1,431,619	87,634	39,706	132,672,755
\$ 109	\$ 3,804,550	\$ 385,504	\$ 624,820	\$ 2,140,580	\$ 245,111	\$ 40,461	\$ 135,023,193
\$ -	\$ (2,235,725)	\$ 1,964,848	\$ 2,908	\$ 187,252	\$ (9,469,065)	\$ 168	\$ (55,917,788)
-	-	-	-	-	-	-	102,187
-	-	-	-	-	-	-	(15,203,907)
-	-	-	-	-	-	-	(62,215)
-	(13,302)	(6,686)	(2,908)	(41,313)	(6)	(168)	(925,909)
-	-	-	-	-	-	-	62,039,377
-	-	-	-	-	-	-	1,243,632
-	-	-	-	-	-	-	24,735,441
-	-	-	-	-	-	-	361,913
-	-	-	-	-	-	-	773,911
-	-	-	-	-	-	-	1,698,434
-	-	-	-	-	-	-	1,279,769
-	-	-	-	-	-	-	(13,282)
-	-	-	-	-	-	-	-
-	-	(1,043,570)	-	(1,651,550)	(889,456)	-	433,052
-	-	-	-	-	-	-	12,056,438
-	-	-	-	-	-	-	(48,053)
-	-	-	-	-	-	-	21,176
-	-	-	-	-	-	-	12,483
-	(72,689)	51,203	-	165,281	504,559	-	(930,230)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	43,195,373
-	-	-	-	-	-	-	2,142,342
-	-	-	-	-	-	-	(349,547)
-	-	-	-	-	-	-	(12,006,298)
-	-	-	-	-	-	-	197,292
\$ -	\$ (2,321,716)	\$ 965,795	\$ -	\$ (1,340,330)	\$ (9,853,968)	\$ -	\$ 64,835,591

	PPRF	GRIP	Behavioral Health	Child Care
Cash flows from operating activities				
Cash paid for employee services	\$ (2,172,387)	\$ (155,396)	\$ (10,085)	\$ (46)
Cash paid to vendors for services	(2,481,238)	(319,109)	(15,038)	46
Intergovernmental payments received	4,270,630	-	-	-
Loans payments received	145,964,374	-	12,159	6,163
Loans funded	(100,592,280)	-	-	-
Grants to local governments	(608,803)	-	-	-
Cash received from federal government for revolving loan funds	-	-	-	-
Interest on loans	47,434,880	-	(5,158)	689
Proceeds from line of credit	17,536,712	-	-	-
Payments of line of credit	(5,530,414)	-	-	-
Administrative fees received	2,138,292	475,387	248	-
Net cash provided by (used in) operating activities	<u>105,959,766</u>	<u>882</u>	<u>(17,874)</u>	<u>6,852</u>
Cash flows from noncapital financing activities				
Appropriations received from the State of New Mexico	29,091,277	-	-	-
Cash transfers from the State of New Mexico	-	-	-	-
Cash transfers to the State of New Mexico	(487,975)	(882)	-	-
Interfund transfers	(10,832,068)	-	25,124	-
Proceeds from the sale of bonds	62,595,000	-	-	-
Payment of bonds	(194,218,000)	-	-	-
Bond issuance costs	(674,398)	-	-	-
Bond interest expense paid	(52,858,214)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(167,384,378)</u>	<u>(882)</u>	<u>25,124</u>	<u>-</u>
Cash flows from investing activities				
Purchase of investments	-	-	-	-
Sale of investments	8,196,474	-	-	-
Interest received on investments	245,422	681	1,131	95
Net cash provided by (used in) investing activities	<u>8,441,896</u>	<u>681</u>	<u>1,131</u>	<u>95</u>
Net increase (decrease) in cash and cash equivalents	(52,982,716)	681	8,381	6,947
Cash and cash equivalents, beginning of year	158,181,015	229,333	409,786	27,621
Cash and cash equivalents, end of year	\$ 105,198,299	\$ 230,014	\$ 418,167	\$ 34,568
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities				
Net operating income (loss)	\$ (9,156,613)	\$ 63,920	\$ (33,701)	\$ 544
Adjustments to change in net position				
Depreciation	116,394	-	-	-
Amortization on bond premiums	(2,434,883)	-	-	-
Provision for loan losses	(1,900,656)	-	-	-
Interest on investments	(245,422)	(681)	(1,131)	(95)
Bond interest paid	56,207,225	-	-	-
Bond issuance costs	674,398	-	-	-
Cash received from federal grants	-	-	-	-
Interest expense	144,082	-	-	-
Changes in assets and liabilities				
Interest receivable	886,100	-	(2,226)	-
Grants and other receivable	652,045	-	-	-
Due from other funds	2,752,771	-	-	-
Administrative fees receivable	35,131	-	82	-
Notes receivable	967,099	-	-	-
Loans receivable, net of allowance	58,719,980	-	23,909	6,163
Intergovernmental receivables	3,500,000	-	-	-
Accounts payable	(210,841)	-	-	-
Accrued payroll	7,420	-	-	-
Compensated absences	(637)	-	-	-
Due to other funds	(3,050,984)	(62,357)	6,943	240
Funds held for others	(80,263)	-	-	-
Undisbursed loan proceeds	(16,740,903)	-	-	-
Advanced loan payments	3,393,017	-	(11,750)	-
Notes payable	(196,471)	-	-	-
Line of credit	12,006,298	-	-	-
Other liabilities	(84,521)	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 105,959,766</u>	<u>\$ 882</u>	<u>\$ (17,874)</u>	<u>\$ 6,852</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Cash Flows
For the Year Ended June 30, 2014

Cigarette Tax	DWSRF	Primary Care	Local Road Fund	New Market Tax Credits, as restated (Note 16)	Energy Efficiency	UNM Health Sciences	Worker's Comp Financing Program	State Capitol Imprv Financing
\$ -	\$ (409,746)	\$ (35,188)	\$ (63)	\$ (335,333)	\$ -	\$ -	\$ -	\$ -
(9,475)	(943,949)	(70,822)	(19)	(529,036)	-	(85,150)	-	(79,283)
-	-	-	-	-	-	1,975,000	-	880,000
(552,423)	4,742,409	634,567	-	-	-	-	-	-
-	(5,597,588)	-	-	-	-	-	-	-
-	(8,586,162)	-	-	-	-	-	-	-
-	12,448,854	-	-	-	-	-	-	-
22,510	1,068,704	102,990	82	-	-	684,762	-	112,525
-	-	-	-	-	-	-	-	-
-	165,450	-	-	1,422,203	-	-	-	-
<u>(539,388)</u>	<u>2,887,972</u>	<u>631,547</u>	<u>-</u>	<u>557,834</u>	<u>-</u>	<u>2,574,612</u>	<u>-</u>	<u>913,242</u>
-	-	-	-	-	-	3,332,525	-	(1,931)
-	-	-	-	-	-	-	-	-
-	-	-	-	(1,010)	-	(3,053,177)	-	80,263
189,414	8,199,645	-	-	(20)	-	(77,778)	-	-
-	-	-	-	-	-	-	-	-
(125,000)	-	-	-	-	-	(2,248,239)	-	(880,000)
-	-	-	-	-	-	-	-	-
(89,537)	-	-	-	-	-	(411,523)	-	(112,524)
<u>(25,123)</u>	<u>8,199,645</u>	<u>-</u>	<u>-</u>	<u>(1,030)</u>	<u>-</u>	<u>(2,458,192)</u>	<u>-</u>	<u>(914,192)</u>
(1,180,392)	(34,483,874)	(629,803)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,572	131,145	852	2,307	635	-	399	-	1,043
<u>(1,174,820)</u>	<u>(34,352,729)</u>	<u>(628,951)</u>	<u>2,307</u>	<u>635</u>	<u>-</u>	<u>399</u>	<u>-</u>	<u>1,043</u>
(1,739,331)	(23,265,112)	2,596	2,307	557,439	-	116,819	-	93
2,175,915	36,054,482	31,403	763,327	25,691	-	979,823	(231)	409,712
<u>\$ 436,584</u>	<u>\$ 12,789,370</u>	<u>\$ 33,999</u>	<u>\$ 765,634</u>	<u>\$ 583,130</u>	<u>\$ -</u>	<u>\$ 1,096,642</u>	<u>\$ (231)</u>	<u>\$ 409,805</u>
\$ (69,782)	\$ (7,881,424)	\$ (52,060)	\$ 2,437	\$ 557,834	\$ -	\$ 69,674	\$ -	\$ 19,737
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	136,619	-	-
-	-	-	-	-	-	-	-	-
(5,572)	(131,145)	(852)	(2,307)	(800)	-	(399)	-	(1,043)
88,389	-	-	-	-	-	381,277	-	89,811
-	-	-	-	-	-	-	-	-
-	12,448,854	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(19,912)	493	-	-	-	12,441	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(130)	800	-	-	-	-
-	2,869	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(552,423)	(1,281,007)	632,069	-	-	-	-	-	-
-	-	-	-	-	-	2,745,628	-	880,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	39,511	49,399	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	425,828	2,498	-	-	-	-	-	-
-	-	-	-	-	-	(770,628)	-	-
-	-	-	-	-	-	-	-	-
-	(715,602)	-	-	-	-	-	-	(75,263)
<u>\$ (539,388)</u>	<u>\$ 2,887,972</u>	<u>\$ 631,547</u>	<u>\$ -</u>	<u>\$ 557,834</u>	<u>\$ -</u>	<u>\$ 2,574,612</u>	<u>\$ -</u>	<u>\$ 913,242</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	\$ -	\$ -	\$ (518,940)	\$ (2,591)
Cash paid to vendors for services	-	-	(744,895)	(413)
Intergovernmental payments received	-	-	-	-
Loans payments received	-	55,003	4,414,778	-
Loans funded	-	-	(7,301,228)	-
Grants to local governments	-	-	(37,186,647)	-
Cash received from federal government for revolving loan funds	-	-	-	-
Interest on loans	-	6,076	-	-
Proceeds from line of credit	-	-	-	-
Payments of line of credit	-	-	-	-
Administrative fees received	-	-	64,940	-
Net cash provided by (used in) operating activities	-	61,079	(41,271,992)	(3,004)
Cash flows from noncapital financing activities				
Appropriations received from the State of New Mexico	2,319,434	-	4,000,000	-
Cash transfers from the State of New Mexico	-	-	39,206,091	-
Cash transfers to the State of New Mexico	(468,428)	-	-	-
Interfund transfers	-	-	-	-
Proceeds from the sale of bonds	-	-	-	-
Payment of bonds	-	(55,000)	-	-
Bond issuance costs	-	-	-	-
Bond interest expense paid	-	(6,076)	-	-
Net cash provided by (used in) noncapital financing activities	1,851,006	(61,076)	43,206,091	-
Cash flows from investing activities				
Purchase of investments	(6,220,774)	-	(12,395,505)	-
Sale of investments	-	-	-	-
Interest received on investments	24,765	-	56,516	1,630
Net cash provided by (used in) investing activities	(6,196,009)	-	(12,338,989)	1,630
Net increase (decrease) in cash and cash equivalents	(4,345,003)	3	(10,404,890)	(1,374)
Cash and cash equivalents, beginning of year	6,645,837	1,493	14,989,529	540,841
Cash and cash equivalents, end of year	\$ 2,300,834	\$ 1,496	\$ 4,584,639	\$ 539,467
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities				
Net operating income (loss)	\$ 24,765	\$ 1,470	\$ (38,076,189)	\$ (1,723)
Adjustments to change in net assets				
Depreciation	-	-	-	-
Amortization on bond premiums	-	-	-	-
Provision for loan losses	-	-	-	-
Interest on investments	(24,765)	-	(56,516)	(1,630)
Bond interest paid	-	-	-	-
Bond issuance costs	-	-	-	-
Cash received from federal grants	-	-	-	-
Interest expense	-	5,086	-	-
Changes in assets and liabilities				
Interest receivable	-	(480)	-	-
Grants and other receivable	-	-	-	-
Due from other funds	-	-	-	349
Administrative fees receivable	-	-	(11,782)	-
Notes receivable	-	-	-	-
Loans receivable, net of allowance	-	55,000	(2,886,450)	-
Intergovernmental receivables	-	-	-	-
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Compensated absences	-	-	-	-
Due to other funds	-	-	(241,055)	-
Funds held for others	-	-	-	-
Undisbursed loan proceeds	-	-	-	-
Advanced loan payments	-	3	-	-
Notes payable	-	-	-	-
Line of credit	-	-	-	-
Other liabilities	-	-	-	-
	\$ -	\$ 61,079	\$ (41,271,992)	\$ (3,004)

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Cash Flows — continued
For the Year Ended June 30, 2014

Emergency Drought	Local Government Planning Fund	Economic Development Program	Local Government Transportation	SSBCI	Colonias	BioMass Dairy	Total 2014, restated (Note 16)
\$ -	\$ (168,192)	\$ (31,838)	\$ -	\$ (272,429)	\$ (165,375)	\$ -	\$ (4,277,609)
-	(68,186)	31,837	(2,557)	272,441	165,375	-	(4,879,471)
-	-	-	-	-	-	-	7,125,630
-	-	55,947	-	1,277,150	87,634	-	156,697,761
-	-	(576,000)	-	(2,127,931)	(546,253)	-	(116,741,280)
-	(571,377)	-	(848,126)	-	(3,023,326)	-	(50,824,441)
-	-	-	-	-	-	-	12,448,854
-	-	60,549	888	111,380	-	-	49,600,877
-	-	-	-	-	-	-	17,536,712
-	-	-	-	-	-	-	(5,530,414)
-	-	-	1,668	-	-	-	4,268,188
-	(807,755)	(459,505)	(848,127)	(739,389)	(3,481,945)	-	65,424,807
-	-	-	-	4,345,555	-	-	43,086,860
-	-	-	-	-	3,569,579	-	42,775,670
-	-	-	-	(12)	-	-	(3,931,221)
-	2,495,683	-	-	-	-	-	-
-	-	-	-	-	-	-	62,595,000
-	-	-	-	-	-	-	(197,526,239)
-	-	-	-	-	-	-	(674,398)
-	-	-	-	-	-	-	(53,477,874)
-	2,495,683	-	-	4,345,543	3,569,579	-	(107,152,202)
-	(1,542,464)	-	-	(3,870,674)	-	-	(60,323,486)
-	-	-	-	-	-	-	8,196,474
-	2,242	1,490	4,074	8,472	-	105	488,576
-	(1,540,222)	1,490	4,074	(3,862,202)	-	105	(51,638,436)
-	147,706	(458,015)	(844,053)	(256,048)	87,634	105	(93,365,831)
25	422,794	1,006,250	1,416,672	1,687,667	-	39,601	226,038,586
\$ 25	\$ 570,500	\$ 548,235	\$ 572,619	\$ 1,431,619	\$ 87,634	\$ 39,706	\$ 132,672,755
\$ -	\$ (829,256)	\$ (396,085)	\$ (842,384)	\$ (929,538)	\$ (3,500,570)	\$ 105	\$ (61,028,839)
-	-	-	-	-	-	-	116,394
-	-	-	-	-	-	-	(2,298,264)
-	-	-	-	662,505	-	-	(1,238,151)
-	(2,242)	(1,490)	(4,074)	(8,472)	-	(105)	(488,741)
-	-	-	-	-	-	-	56,766,702
-	-	-	-	-	-	-	674,398
-	-	-	-	-	-	-	12,448,854
-	-	-	-	-	-	-	149,168
-	-	-	-	-	-	-	876,416
-	-	-	-	-	-	-	652,045
-	-	-	(1,669)	-	-	-	2,752,121
-	-	-	-	-	-	-	26,300
-	-	-	-	-	-	-	967,099
-	-	(104,010)	-	(850,781)	(458,619)	-	53,303,831
-	-	-	-	-	-	-	7,125,628
-	-	-	-	-	-	-	(210,841)
-	-	-	-	-	-	-	7,420
-	-	-	-	-	-	-	(637)
-	23,743	42,080	-	386,897	477,244	-	(2,328,339)
-	-	-	-	-	-	-	(80,263)
-	-	-	-	-	-	-	(16,740,903)
-	-	-	-	-	-	-	3,809,596
-	-	-	-	-	-	-	(967,099)
-	-	-	-	-	-	-	12,006,298
-	-	-	-	-	-	-	(875,386)
\$ -	\$ (807,755)	\$ (459,505)	\$ (848,127)	\$ (739,389)	\$ (3,481,945)	\$ -	\$ 65,424,807

NEW MEXICO FINANCE AUTHORITY
Agency Funds - Statement of Changes Assets and Liabilities
For the Year Ended June 30, 2015

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

NEW MEXICO FINANCE AUTHORITY
Agency Funds - Statement of Changes Assets and Liabilities — continued
For the Year Ended June 30, 2015

	Balance July 1, 2014	Increase	Decrease	Balance July 1, 2015
Fund 330 Department of Transportation Refunding Revenue Bonds, Series 2011A				
Assets				
Cash and investments	\$ 3,884,308	\$ 7,724,201	\$ 11,267,391	\$ 341,118
Total assets	<u>\$ 3,884,308</u>	<u>\$ 7,724,201</u>	<u>\$ 11,267,391</u>	<u>\$ 341,118</u>
Liabilities				
Deposit held in trust for others	\$ 3,884,308	\$ 7,724,201	\$ 11,267,391	\$ 341,118
Total liabilities	<u>\$ 3,884,308</u>	<u>\$ 7,724,201</u>	<u>\$ 11,267,391</u>	<u>\$ 341,118</u>
Fund 332 Department of Transportation Refunding Revenue Bonds, Series 2012				
Assets				
Cash and investments	\$ 65,718	\$ 8,750,129	\$ 8,810,468	\$ 5,379
Total assets	<u>\$ 65,718</u>	<u>\$ 8,750,129</u>	<u>\$ 8,810,468</u>	<u>\$ 5,379</u>
Liabilities				
Deposit held in trust for others	\$ 65,718	\$ 8,750,129	\$ 8,810,468	\$ 5,379
Total liabilities	<u>\$ 65,718</u>	<u>\$ 8,750,129</u>	<u>\$ 8,810,468</u>	<u>\$ 5,379</u>
Fund 333 Department of Transportation Refunding Revenue Bonds, Series 2014				
Assets				
Cash and investments	\$ 80,173,118	\$ 5,217,812	\$ 5,289,625	\$ 80,101,305
Total assets	<u>\$ 80,173,118</u>	<u>\$ 5,217,812</u>	<u>\$ 5,289,625</u>	<u>\$ 80,101,305</u>
Liabilities				
Deposit held in trust for others	\$ 80,173,118	\$ 5,217,812	\$ 5,289,625	\$ 80,101,305
Total liabilities	<u>\$ 80,173,118</u>	<u>\$ 5,217,812</u>	<u>\$ 5,289,625</u>	<u>\$ 80,101,305</u>

NEW MEXICO FINANCE AUTHORITY
Agency Funds - Statement of Changes Assets and Liabilities
For the Year Ended June 30, 2014

	Balance July 1, 2013	Increase	Decrease	Balance July 1, 2014
Fund 315 Department of Transportation Revenue Bonds, Series 2004				
Assets				
Cash and investments	\$ 34,692,711	\$ 22,564,436	\$ 53,497,505	\$ 3,759,642
Total assets	<u>\$ 34,692,711</u>	<u>\$ 22,564,436</u>	<u>\$ 53,497,505</u>	<u>\$ 3,759,642</u>
Liabilities				
Deposit held in trust for others	\$ 34,692,711	\$ 22,564,436	\$ 53,497,505	\$ 3,759,642
Total liabilities	<u>\$ 34,692,711</u>	<u>\$ 22,564,436</u>	<u>\$ 53,497,505</u>	<u>\$ 3,759,642</u>
Fund 322 Department of Transportation Revenue Bonds, Series 2006				
Assets				
Cash and investments	\$ 2,346,154	\$ 3,862,720	\$ 6,167,582	\$ 41,292
Total assets	<u>\$ 2,346,154</u>	<u>\$ 3,862,720</u>	<u>\$ 6,167,582</u>	<u>\$ 41,292</u>
Liabilities				
Deposit held in trust for others	\$ 2,346,154	\$ 3,862,720	\$ 6,167,582	\$ 41,292
Total liabilities	<u>\$ 2,346,154</u>	<u>\$ 3,862,720</u>	<u>\$ 6,167,582</u>	<u>\$ 41,292</u>
Fund 326 Department of Transportation Refunding Revenue Bonds, Series 2008				
Assets				
Cash and investments	\$ 3,135,772	\$ 5,991,834	\$ 6,223,518	\$ 2,904,088
Total assets	<u>\$ 3,135,772</u>	<u>\$ 5,991,834</u>	<u>\$ 6,223,518</u>	<u>\$ 2,904,088</u>
Liabilities				
Deposit held in trust for others	\$ 3,135,772	\$ 5,991,834	\$ 6,223,518	\$ 2,904,088
Total liabilities	<u>\$ 3,135,772</u>	<u>\$ 5,991,834</u>	<u>\$ 6,223,518</u>	<u>\$ 2,904,088</u>
Fund 327 Department of Transportation Refunding Revenue Bonds, Series 2009				
Assets				
Cash and investments	\$ 49,143	\$ 11,623,080	\$ 11,622,106	\$ 50,117
Total assets	<u>\$ 49,143</u>	<u>\$ 11,623,080</u>	<u>\$ 11,622,106</u>	<u>\$ 50,117</u>
Liabilities				
Deposit held in trust for others	\$ 49,143	\$ 11,623,080	\$ 11,622,106	\$ 50,117
Total liabilities	<u>\$ 49,143</u>	<u>\$ 11,623,080</u>	<u>\$ 11,622,106</u>	<u>\$ 50,117</u>
Fund 328 Department of Transportation Refunding Revenue Bonds, Series 2010A				
Assets				
Cash and investments	\$ 44,801,661	\$ 22,343,230	\$ 49,187,403	\$ 17,957,488
Total assets	<u>\$ 44,801,661</u>	<u>\$ 22,343,230</u>	<u>\$ 49,187,403</u>	<u>\$ 17,957,488</u>
Liabilities				
Deposit held in trust for others	\$ 44,801,661	\$ 22,343,230	\$ 49,187,403	\$ 17,957,488
Total liabilities	<u>\$ 44,801,661</u>	<u>\$ 22,343,230</u>	<u>\$ 49,187,403</u>	<u>\$ 17,957,488</u>
Fund 329 Department of Transportation Refunding Revenue Bonds, Series 2010B				
Assets				
Cash and investments	\$ 202,746	\$ 26,094,171	\$ 26,092,847	\$ 204,070
Total assets	<u>\$ 202,746</u>	<u>\$ 26,094,171</u>	<u>\$ 26,092,847</u>	<u>\$ 204,070</u>
Liabilities				
Deposit held in trust for others	\$ 202,746	\$ 26,094,171	\$ 26,092,847	\$ 204,070
Total liabilities	<u>\$ 202,746</u>	<u>\$ 26,094,171</u>	<u>\$ 26,092,847</u>	<u>\$ 204,070</u>

NEW MEXICO FINANCE AUTHORITY
Agency Funds - Statement of Changes Assets and Liabilities — continued
For the Year Ended June 30, 2014

	Balance July 1, 2013	Increase	Decrease	Balance July 1, 2014
Fund 330 Department of Transportation Refunding Revenue Bonds, Series 2011A				
Assets				
Cash and investments	\$ 3,936,868	\$ 12,804,370	\$ 12,856,930	\$ 3,884,308
Total assets	<u>\$ 3,936,868</u>	<u>\$ 12,804,370</u>	<u>\$ 12,856,930</u>	<u>\$ 3,884,308</u>
Liabilities				
Deposit held in trust for others	\$ 3,936,868	\$ 12,804,370	\$ 12,856,930	\$ 3,884,308
Total liabilities	<u>\$ 3,936,868</u>	<u>\$ 12,804,370</u>	<u>\$ 12,856,930</u>	<u>\$ 3,884,308</u>
Fund 332 Department of Transportation Refunding Revenue Bonds, Series 2012				
Assets				
Cash and investments	\$ 65,346	\$ 7,992,699	\$ 7,992,327	\$ 65,718
Total assets	<u>\$ 65,346</u>	<u>\$ 7,992,699</u>	<u>\$ 7,992,327</u>	<u>\$ 65,718</u>
Liabilities				
Deposit held in trust for others	\$ 65,346	\$ 7,992,699	\$ 7,992,327	\$ 65,718
Total liabilities	<u>\$ 65,346</u>	<u>\$ 7,992,699</u>	<u>\$ 7,992,327</u>	<u>\$ 65,718</u>
Fund 333 Department of Transportation Refunding Revenue Bonds, Series 2014				
Assets				
Cash and investments	\$ -	\$ 81,078,030	\$ 904,912	\$ 80,173,118
Total assets	<u>\$ -</u>	<u>\$ 81,078,030</u>	<u>\$ 904,912</u>	<u>\$ 80,173,118</u>
Liabilities				
Deposit held in trust for others	\$ -	\$ 81,078,030	\$ 904,912	\$ 80,173,118
Total liabilities	<u>\$ -</u>	<u>\$ 81,078,030</u>	<u>\$ 904,912</u>	<u>\$ 80,173,118</u>

NEW MEXICO FINANCE AUTHORITY
Schedule of Pledged Collateral
For the Years Ended June 30, 2015

2015		
Bank Accounts	Wells Fargo	Wells Fargo
Deposit account	\$ 486,678	\$ -
Repurchase agreements	-	81,189
Total amount of deposits (bank balances)	<u>486,678</u>	<u>81,189</u>
FDIC Coverage	(250,000)	-
Total uninsured public funds	<u>\$ 236,678</u>	<u>\$ 81,189</u>
Collateral requirement @ 50%	<u>\$ 118,339</u>	<u>\$ -</u>
Collateral requirement @ 102%	<u>\$ -</u>	<u>\$ 82,813</u>
2014		
Bank Accounts	Wells Fargo	Wells Fargo
Deposit account	\$ 310,462	\$ -
Repurchase agreements	-	248,028
Total amount of deposits (bank balances)	<u>310,462</u>	<u>248,028</u>
FDIC Coverage	(250,000)	-
Total uninsured public funds	<u>\$ 60,462</u>	<u>\$ 248,028</u>
Collateral Requirement @ 50%	<u>\$ 30,231</u>	<u>\$ -</u>
Collateral Requirement @ 102%	<u>\$ -</u>	<u>\$ 252,989</u>

Additional deposits not covered by the FDIC including those of the New Mexico Finance Authority are collateralized along with the deposits of the State of New Mexico in accordance with applicable New Mexico State Statutes. As of June 30, 2015 and 2014, the value of collateral pledged on behalf of the State of New Mexico held at Wells Fargo was compliant with state statute.

NEW MEXICO FINANCE AUTHORITY
Schedule of Vendor Information
For the Years Ended June 30, 2015

s	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
1	Request for Proposal	McGladrey, LLP	\$ 800,000		McGladrey, LLP One South Wacker Drive, Suite 800 Chicago, IL 60606 Ernst & Young, LLP Two North Central Ave., Suite 2300 Phoenix, AZ 85004	No	N/A ¹	Internal Audit
2	Request for Proposal	Government Portfolio Advisors	\$ 540,000		Government Portfolio Advisors 2188 SW Park Place, Suite 100 Portland, OR 97205 First Southwest 300 West 6th Street, Suite 1940 Austin, TX 78701 Bank of Albuquerque 201 Third Street, Suite 1400 Albuquerque, NM 87102	No No Yes	N/A ¹	Investment Advisors
3	Request for Proposal	PFM Asset Management	\$ 150,000		PFM Asset Management LLC One Keystone Plaza Suite 300 Harrisburg, PA 17101 Avant Strategic Partners, LP 222 Fashion Lane Suite 101 Tustin, CA 92780 Bank of NY Mellon Trust Co. 2001 Bryan St, 10th Floor Dallas, TX 75201 AMTEC 90 Avon Meadow Lane Avon, CT 06001	No No No No	N/A ¹	Arbitrage Rebate Compliance/Calculation
4	Request for Proposal	Kemtah	\$ 160,000		Kemtah Group, Inc. 7601 Jefferson St NE Suite 120 Albuquerque, NM 87109 Sabio Systems 4520 Montgomery NE, Suite 7 Albuquerque, NM 87109 CSW Enterprises, LLC 5415 La Colonia Drive NW Albuquerque, NM 87120-2491	Yes Yes Yes	N/A ¹	Technical Writers
5	Amendment/ Scope	Kemtah		\$200,000	Kemtah Group, Inc. 7601 Jefferson St NE Suite 120 Albuquerque, NM 87109	Yes	N/A ¹	Technical Writers/RFP Development
6	Amendment/ Extension	REDW, LLC		\$ 132,701	REDW, LLC 7425 Jefferson St NE Albuquerque, NM 87109	Yes	N/A ¹	External Audit - NMFA (2nd year of 3 year award)
7	Amendment/ Extension	Ballard Spahr	N/A ²		Ballard Spahr, LLP One Utah Center, Suite 800 201 South Main Street Salt Lake City, UT 84111-2221	No	N/A ¹	1 Year Term Extension - Legal Services: New Markets Tax; Disclosure; Tax
8	Amendment/ Extension	Sutin Thayer & Browne, PC	N/A ²		Sutin Thayer & Browne, PC Two Park Square, Suite 1000 6565 Americas Parkway NE Albuquerque, NM 87110	Yes	N/A ¹	1 Year Term Extension - Legal Services: PPRF Loan; GRIP Bond; Other/Special-in-state
9	Amendment/ Extension	Sherman & Howard	N/A ²		Sherman & Howard, LLC 500 Marquette Ave., Suite 1203 Albuquerque, NM 87102	Yes	N/A ¹	1 Year Term Extension - Legal Services: PPRF Bond; Private Loan; New Markets Tax Lending
10	Amendment/ Extension	Virtue & Najjar	N/A ²		Virtue & Najjar PC 2200 Brothers Rd Santa Fe, NM 87502-2249	No	N/A ¹	1 Year Term Extension - Legal Services: WTB/DW Loan; Colonias; New Markets Tax Special
11	Amendment/ Extension	CohnReznick	N/A ²		Cohn Reznick 500 East Pratt St. Suite 200 Baltimore, MD 21202	No	N/A ¹	1 Year Term Extension - External Audit of FNM, LLC
12	Amendment/ Extension	Sonny & Lorraine Otero		\$29,939.00/yr for 5 years	Sonny & Lorraine Otero P.O. Box 524 Santa Fe, NM 87504	Yes	N/A ¹	Building Lease extension

N/A¹ The Authority is not subject to the State of New Mexico Procurement Code, where both the In-State/Out-of-State and Veteran's preferences are located. The Finance Authority follows its Board adopted Procurement Policy

N/A² These vendors were paid hourly. As such, there was no set dollar amount for these agreements.

Single Audit

New Mexico Finance Authority
Schedule of Expenditures of Federal Awards
June 30, 2015

Grantor / Program Title	Federal Catalog Number	Federal Expenditures FY 2015
Environmental Protection Agency		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 24,735,441
Total expenditures of federal awards		<u>\$ 24,735,441</u>

New Mexico Finance Authority
Notes to Schedule of Expenditures of Federal Awards
June 30, 2015

1) General

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

Basis of Accounting

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

The Authority administers loans under the DWSRF Program (Federal Catalog Number 66.468). The outstanding balances on the loans at June 30, 2015 are \$82,862,737. Only the value of new loans disbursed during the fiscal year is included in the accompanying schedule.

2) Subrecipients

Subrecipient Name	Pass-Through Funds
Carlsbad, City of	\$ 13,791,551
Farmington, City of	3,102,890
Deming, City of	1,485,358
Las Vegas, City of	1,261,647
Santa Fe, City of	656,321
Socorro, City of	644,052
Alamogordo, City of	326,414
Pecos, Village of	306,766
Bosque Farms, Village of	289,213
Moriarity, City of	229,735
Tucumcari, City of	210,063
El Valle Water Alliance	130,389
Anthony Water & Sanitation District	98,230
Dona Ana MDWCA	86,151
Southside MDWA	27,863
Lordsburg, City of	24,364
Clayton, Town of	15,836
Estancia, Town of	9,747
Ojo Caliente MDWCA	1,538
NMED Drinking Water Bureau	1,559,919
NMFA Other	477,394
Total DWSRF subrecipients	<u>\$ 24,735,441</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New Mexico Finance Authority (the "Authority"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 30, 2015.

Internal Control Over Financial Reporting

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

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

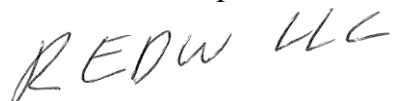
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, our tests disclosed an instance of noncompliance as required by Section 2.42.2 NMAC which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

Purpose of this Report

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



Albuquerque, New Mexico
October 30, 2015

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the New Mexico Finance Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2015. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority'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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Major Federal Program

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose



Albuquerque, New Mexico
October 30, 2015

New Mexico Finance Authority
Schedule of Findings and Questioned Costs
June 30, 2015

Section I — Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reported:	
Material weaknesses identified?	No
Significant deficiencies reported?	No
Noncompliance material to financial statements noted?	No
Any audit findings, disclosed that are required to be reported in accordance with Section 2.2.2 NMAC?	Yes

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies reported?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

Name of Federal Program	CFDA Number	Expenditures
Capitalization Grant for Drinking Water State Revolving Funds	66.468	\$ 24,735,441

Dollar threshold used to distinguish between type A and type B programs:	\$742,063
Auditee qualified as low-risk auditee?	Yes

New Mexico Finance Authority
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Schedule of Findings and Questioned Costs — continued

2015-001 (SA) Reimbursement of Travel Expenditures

Criteria: Title 2 Chapter 42 Part 2 of the New Mexico Administrative Code (Travel and Per Diem Act) provides that reimbursement of expenses for mileage traveled require that the mileage be based on travel from the public officer's legal residence to their post of duty. An agency head or designee may authorize by memorandum reimbursement for mileage from a point of origin farther from the destination than the designated post of duty in appropriate circumstances. The memorandum must accompany the payment voucher.

Condition: One of nine reimbursements tested found that the mileage reimbursed was based on a point of origin farther than the public officer's legal residence and a memorandum did not accompany the payment voucher showing that the Authority authorized the reimbursement for the additional mileage and that the circumstance was appropriate. Management provided a memorandum after the exception was found, stating that this occurrence is an unusual situation with extenuating circumstances.

Effect: At the time of testing, the Authority was not in compliance with the Travel and Per Diem Act.

Cause: The Authority's documentation and follow up procedures were not effectively implemented for this particular reimbursement.

Auditor's Recommendations: Ensure documentation and follow up procedures are effectively implemented to ensure reimbursements for additional mileage are authorized by memorandum, which should describe the appropriate circumstance.

Management's Response: Management agrees with this finding and has reviewed procedures to ensure compliance with mileage substantiation with the Travel and Per Diem Act. The Authority now requires actual mileage to be recalculated and substantiated for all payments and for that calculation to be signed off on by management.

New Mexico Finance Authority
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2015

Prior Audit Findings	Current Status
Not reported	

New Mexico Finance Authority
Corrective Action Plan
June 30, 2015

Audit Finding	Management's Corrective Action Plan	Employee Position Responsible	Timeline and Estimated Completion Date
2015-001 (SA) Reimbursement of Travel Expenditures	See management's response to 2015-001	Chief Financial Officer	Corrected

New Mexico Finance Authority
Exit Conference
June 30, 2015

An exit conference was held on October 29, 2015, with the Authority. The conference was held at the Authority's offices in Santa Fe, New Mexico. In attendance were:

New Mexico Finance Authority

Robert Coalter	Chief Executive Officer
Robert Brannon	Chief Financial Officer
Dan Opperman	General Counsel
Bryan Otero	Assistant General Counsel
Bob Spradley	Senior Accountant II
Joanne Johnson	Senior Accountant I
Emily Oster	Audit Committee Chair
Katherine Ulibarri	Board Member
Brett Woods	Board Member
Tom Clifford	Board Member
Santiago Chavez	Audit Committee Member

REDW_{LLC}

Tom Friend	Principal
Javier Machuca	Senior Manager
Stephen Montoya	Senior Manager
Richard Gillespie	Senior Audit Associate II

New Mexico Office of the State Auditor

Sunalei Stewart	Chief of Staff
-----------------	----------------