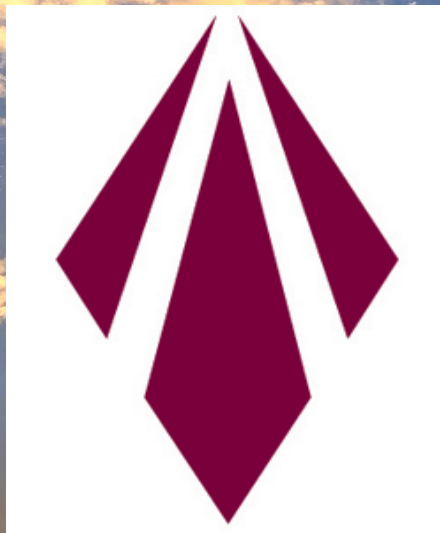




NEW MEXICO  
**FINANCE AUTHORITY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
Fiscal Year Ended June 30, 2023



**SANTA FE, NEW MEXICO**  
**PREPARED BY THE NMFA ACCOUNTING DEPARTMENT**

**NEW MEXICO FINANCE AUTHORITY**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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# Introduction

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Government Finance Officers Association

Certificate of  
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**New Mexico Finance Authority**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



# NEW MEXICO FINANCE AUTHORITY

October 6, 2023

Hon. Joseph M. Maestas, PE, State Auditor  
Office of the State Auditor  
2540 Camino Edward Ortiz, Suite A  
Santa Fe, NM 87507

We are pleased to submit the New Mexico Finance Authority's (NMFA) annual audit report for the fiscal year ended June 30, 2023. We are presenting it as an Annual Comprehensive Financial Report (ACFR) in pursuit of excellence in financial reporting, our fourth year presenting it in this format.

## ***Introduction***

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

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

Moss Adams LLP, an independent public auditor approved by the New Mexico Office of the State Auditor, audited our financial statements. The audit includes a federally mandated "Single Audit" of the federal grant program operated as the Drinking Water State Revolving Loan Fund (DWSRLF), covering the internal controls and compliance with legal requirements involving the administration of federal funds received, as well as the fair presentation of the associated financial statements. Moss Adams rendered an unmodified opinion as to the material accuracy and fairness of the financial statements featured in the Annual Comprehensive Financial Report. Their report appears in the financial information following this introduction.

## ***Profile of the Organization***

NMFA is a governmental instrumentality formed in 1992 by the New Mexico State Legislature. It operates separate and apart from New Mexico State government (State). It is presented as a blended component unit in the State's annual audit report.

The NMFA Board of Directors (Board) approves NMFA's annual budget and bond issuances and authorizes all loan and grant awards. At the close of fiscal year 2023, total staff size increased to 71 positions after the Board authorized as part of the fiscal year 2024 budget five new positions as part of a total expenditure budget of \$189.5 million, including \$19.8 million and \$5.1 million for operations and capital improvement respectively. The Board also appoints the CEO, who in turn hires the rest of the staff and directs the business and affairs of the organization, subject to the direction and policies set by the Board. In 2019, Board appointed Marquita Russel as CEO, who had been working for NMFA since 2000, with the majority of her tenure as part of the senior management team serving as Chief of Programs.

NMFA has established itself as a capable partner in capital project planning and financing in New Mexico. In fiscal year 2023, NMFA saw activity in 19 public and private lending and grant programs:

### Public Lending and Grant Programs

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

### Private Lending Programs

- ◆ Behavioral Health Capital Fund (BHCF)
- ◆ Economic Development Revolving Fund (ED), Smart Money (SM)
- ◆ Essential Services Working Capital Fund (ESWCF)
- ◆ Primary Care Capital Fund (PCCF)
- ◆ State Small Business Credit Initiative (SSBCI)
- ◆ New Markets Tax Credits Program (NMTC)
- ◆ Cannabis Microbusiness Program (CMP)
- ◆ Charter Schools Facility Revolving Fund (CSFRF)<sup>1</sup>
- ◆ Opportunity Enterprise Revolving Fund (OERF) through the Opportunity Enterprise Act (OEA)<sup>1</sup>

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<sup>1</sup> Operations in fiscal year 2023 consisted of setting up the program rules, policies, and procedures. No applications were accepted.

- ◆ Venture Capital Program (VCP)<sup>1</sup>

#### Other Grants

- ◆ Early Childhood Education and Care Department Stabilization Grants (ECECDS)
- ◆ Early Childhood Education and Care Department Supply Building Grants (ECECDB)

#### COVID-19 Emergency Economic Recovery Programs

- ◆ Local Economic Development Act Business Recovery Grant Program (LEDA)
- ◆ Small Business Recovery Loan Fund (SBRLF)

#### Agency

- ◆ New Mexico Department of Transportation (NMDOT) bond program, Custodial Funds

Except for when the SBRLF program was in operation during the COVID-19 pandemic from August 2020 to December 2022, the PPRF has been NMFA's largest program in terms of loan receivables generated per year. It offers borrowers lower interest rates leveraged by the fund's bond ratings of AAA by S & P Global Ratings and Aa1/Aa2 by Moody's Investor Services. It is NMFA's only bond-backed program. At year end, it accounted for 84.6% (\$1,658.5 million) of total net loan receivables in fiscal year 2023 and 82.0% (\$55.6 million) of total operating revenue.

SBRLF and LEDA were the only economic recovery programs launched during the COVID-19 pandemic that were still operating in fiscal year 2023. Neither one used all the funds the State appropriated to them. By the time the \$500.0 million SBRLF program closed on December 31, 2022, it had generated a net of \$188.0 million in loan receivables after having drawn down only \$187.0 million from the total appropriation. By the time the \$200.0 million LEDA program closed for new applications on December 31, 2021, it had awarded \$85.3 million in grants. The grants are disbursed as reimbursements in up to four tranches for job creation and retention during the pandemic. The deadline for the final reimbursement request is September 15, 2023. The State re-appropriated \$70.0 million from this fund to capitalize the OERF. After all eligible reimbursement requests are paid, the balance in the LEDA fund will be remitted back to the State.

#### ***Demographic and Economic Setting***

NMFA's programs distribute financing throughout New Mexico. The market it serves consists of 33 counties, 106 municipalities, 23 tribes and pueblos, 89 school districts and more than 1,500 water districts and associations that operate in New Mexico.<sup>2</sup> While not all these entities are active borrowers or grantees at any given time, many are either currently or have been clients at one point in NMFA's 31-year history.

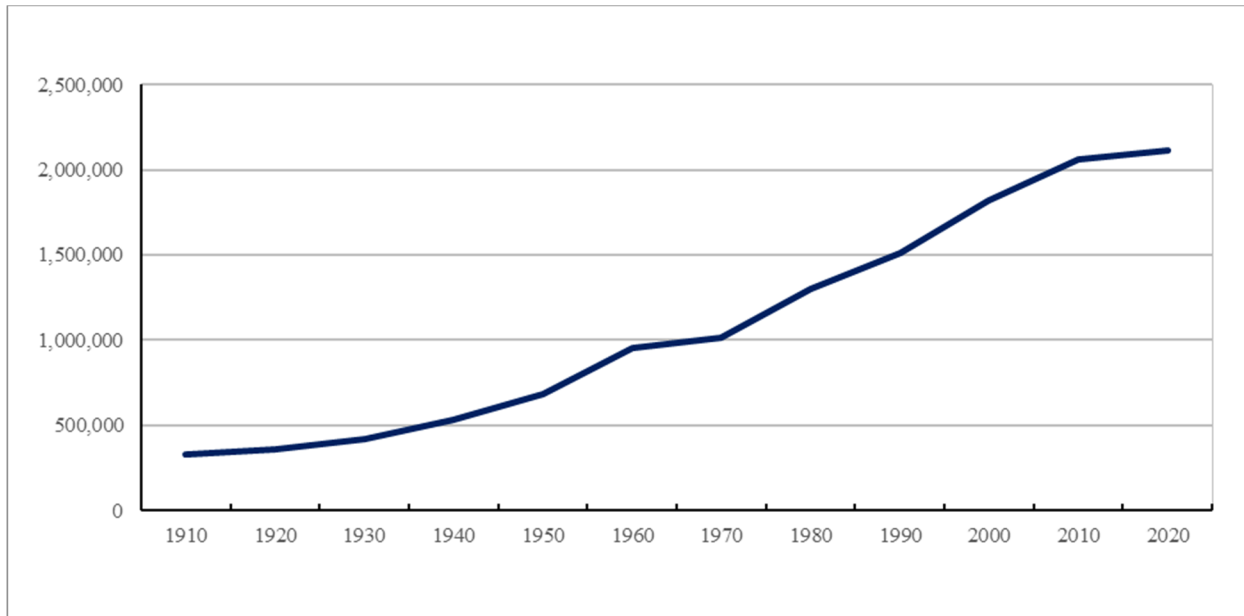
New Mexico is a predominantly rural state. It is the 5th largest in terms of land mass yet 37th in population. It has grown slowly but steadily since it became the 47th state in the Union in 1912:

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<sup>2</sup> [https://webnew.ped.state.nm.us/information/school-district-websites/http://nmdfa.state.nm.us/uploads/FileLinks/ff1373ca37bb4c4f800f868687821827/Property\\_Tax\\_Facts\\_2018\\_2.pdf](https://webnew.ped.state.nm.us/information/school-district-websites/http://nmdfa.state.nm.us/uploads/FileLinks/ff1373ca37bb4c4f800f868687821827/Property_Tax_Facts_2018_2.pdf)



## New Mexico Population Growth: 1910-2020



The population of the state grew 2.8% from 2010 to 2020, less than half the 7.4% growth rate for the entire country during the same period.<sup>3</sup>

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

### Metropolitan Population Growth: 2020-2010<sup>4</sup>

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

New Mexico’s economy ranks 39<sup>th</sup> among all the states. As of the first quarter of 2021, New Mexico’s Gross Domestic Product (GDP) stood at \$106.4 billion, equivalent to 0.5% of the total US economy.<sup>5</sup>

New Mexico’s civilian labor force (16 years and older) was estimated to be 949,565 individuals as of August 2022. This total is 2.2% lower than the peak just before the start of the COVID-19 health emergency (December 2019) but 5.4% higher than the bottom of the pandemic (April 2020).<sup>6</sup>

<sup>3</sup> US Census Bureau: [Historical Population Change Data \(1910-2020\)](https://www.census.gov/historical-data/population-change) (census.gov)

<sup>4</sup> US Census Bureau: [NEW MEXICO: 2020 Census](https://www.census.gov/data/tables/2020/census/2020-census)

<sup>5</sup> US Bureau of Economic Analysis, <https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1#reqid=70&step=1&isuri=1&acrdn=1>

<sup>6</sup> U.S. Bureau of Labor Statistics, Civilian Labor Force in New Mexico [NMLF], retrieved from FRED, Federal Reserve Bank of St. Louis; [Civilian Labor Force in New Mexico | ALFRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/NMLF), updated August 22, 2022

In terms of non-farm employment, New Mexico’s economy is led by Government and Education and Health Services:

**New Mexico Non-Farm Employment by Sector Ranked as of July 2023<sup>7</sup>**

<b>Sector</b>	<b>12-month % Change</b>	<b>1,000s Employed</b>	<b>% of Total Employment</b>
Government	4.2%	186.9	21.5
Education & Health Services	4.2%	147.4	16.9
Trade, Transportation, & Utilities	-0.8%	141.3	16.2
Professional & Business Services	-1.3%	114.6	13.2
Leisure & Hospitality	4.8%	100.1	11.5
Construction	4.9%	51.8	5.9
Financial Activities	0.6%	35.2	4.0
Manufacturing	2.8%	29.8	3.4
Other Services	0.4%	28.5	3.3
Mining & Logging	14.6%	24.4	2.8
Information	-1.9%	10.6	1.2

Reflecting at least in part the upturn in the economy after the COVID-19 health emergency, Mining & Logging, Construction and Leisure & Hospitality saw the most change from 2022, 14.6%, 4.9% and 4.8% respectively.

In 2021, the ten largest employers in New Mexico employed more than 10% of the total state workforce. Three of these large employers, including Los Alamos and Sandia National Laboratories, are funded by the federal government.

<sup>7</sup> U.S. Bureau of Labor Statistics: [New Mexico Economy at a Glance \(bls.gov\)](https://www.bls.gov/news.release/mex20230701.pdf)

## 20 Largest Employers in New Mexico<sup>8</sup>

Employer	# Employees	Location	Description
New Mexico State Government	31,100	Statewide	Government
US Federal Government	28,900	Statewide	Government
Sandia National Laboratories	15,100	Albuquerque	Research & Dev.
Walmart	14,725	Statewide	Retail
Los Alamos National Laboratory	14,150	Los Alamos	Research & Dev.
University of New Mexico	11,875	Albuquerque	Education
Presbyterian Healthcare Services	11,575	Statewide	Health Care
Albuquerque Public Schools	10,150	Albuquerque	Education
City of Albuquerque	5,800	Albuquerque	Government
McDonalds	4,675	Statewide	Food Service
New Mexico State University	3,800	Las Cruces	Education
Lovelace Hospitals	3,650	Albuquerque	Health Care
Amazon	3,500	Albuquerque	Retail
Allsup's Convenience Stores	3,000	Statewide	Retail
Albertsons Market	2,750	Statewide	Retail
Lowes Home Improvement	2,600	Statewide	Retail/Call Center
Las Cruces Schools	2,500	Las Cruces	Education
Bernalillo County	2,375	Albuquerque	Government
Christus St. Vincent Hospital	2,375	Santa Fe	Health Care
Smith's Food	2,350	Statewide	Retail

### ***Key Initiatives***

#### Accommodating growth

Returning to normalcy after the COVID-19 health emergency and growth of NMFA staff were major foci in fiscal year 2023.

Like many of its cohort organizations in New Mexico, NMFA moved to a three-day in-office work week, with staff working online from home on secure NMFA-issued equipment two days per week. Until this change, staff was required to come into the office at least two days per week. Along with coming into the office more often, staff also began to travel and engage clients face-to-face, as both NMFA and local governments began to ease their travel and visitation restrictions.

Consolidating organizational growth and change continued as an ongoing initiative in fiscal year 2023. Along with staff coming into the office more days per week, NMFA also had to assimilate another significant increase in staff size in fiscal year 2023. Having started out at 44 before the pandemic, the addition of several new economic recovery programs pushed the staff count to 59 by the end of fiscal year 2022. Five more new positions were added at the start of fiscal year 2023. The Board approved seven more positions for fiscal year 2024 to accommodate even more new programs, bringing the count to 71.

To accommodate the increase in staff, NMFA launched a capital project to relocate to a larger and more accommodating office. The Board authorized the purchase and renovation of an existing

<sup>8</sup> New Mexico Partnership: [New Mexico Largest Employers - 2021 NMPartnership](#)

building at 810 San Mateo Road in mid-town Santa Fe. At the end of 2022, the purchase had been executed and final plans and drawings were near completion for an office that can house up to 84 staff members and a board room. Construction is expected to start in the 2<sup>nd</sup> quarter of fiscal year 2024. Relocation is planned for January 2025.

To better assimilate the change, it has seen over the past three years and to be ready for more change in the future, NMFA initiated two organizational improvement efforts: 1) documentation and updating of its policies and procedures and 2) re-organization of its document and records management system. Both efforts moved forward significantly in fiscal year 2023 and are expected to be completed in fiscal year 2024.

### Post Pandemic

Before, during and now after the COVID-19 health emergency, NMFA pursues its strategic vision of being New Mexico's partner in building economic prosperity and stronger communities. NMFA initiated two major new economic development programs in fiscal year 2023 that were recently approved by the State. Although neither program will begin accepting applications until fiscal year 2024, significant amounts of staff time and outside consultant services were used to set them up in fiscal year 2023.

The Opportunity Enterprise Revolving Fund was created by the State in 2022 to provide loans to finance building or renovation projects to increase the inventory of commercial space that will attract businesses to New Mexico, allow existing businesses to expand their operations, and achieve economic benefits for the state. \$70.0 million was appropriated for this program.

The Venture Capital Program was created by the New Mexico Legislature in 2022 to enhance economic development and create new jobs by investing in venture private equity funds targeting New Mexico business start-ups, expansions, product or market developments, early-stage developments, or recapitalizations. \$35.0 million was appropriated for this program in 2022. In 2023, the State made key statutory changes to this program that made it accessible to more businesses. The State also appropriated \$15.0 million in 2023 to provide for a similar effort through the SSBCI program operated by the State. NMFA anticipates approving its initial investments in venture private equity funds the 1st quarter of fiscal year 2024.

### ***Operating in a recovering economy***

NMFA's public loan and grant programs are experiencing the same turbulence confronting similar programs throughout the country as the economy recovers from the pandemic. This turbulence is driven primarily by supply chain disruptions, workforce shortages, bond interest rate hikes and the massive inflow—actual and expected—of federal funds.

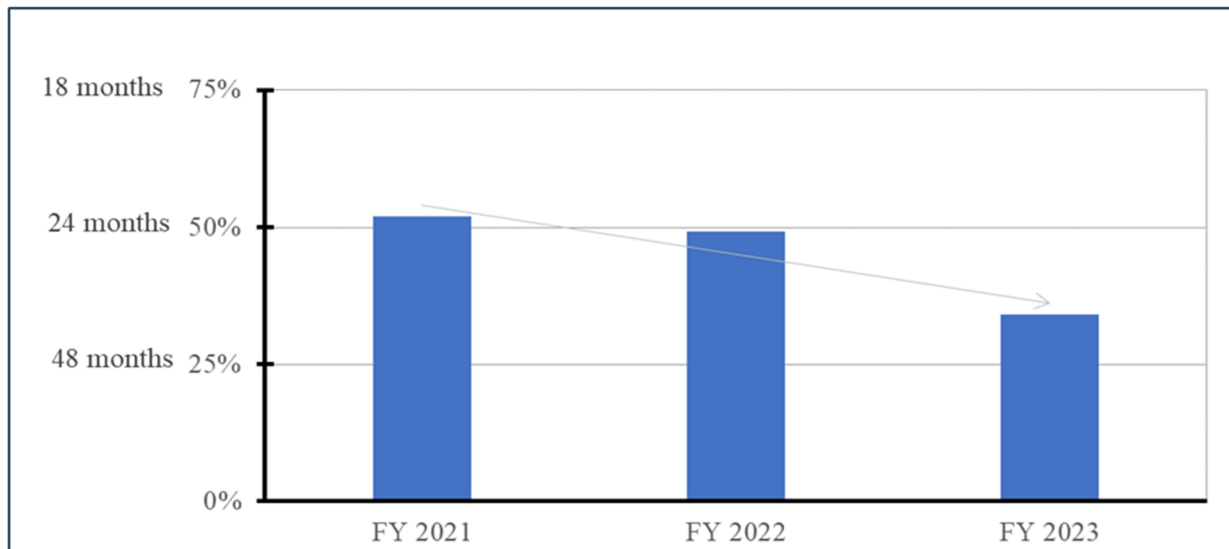
Inflation caused by scarcity of both materials and contractors has caused local financial planners to re-think, re-size and reschedule infrastructure projects eligible for financing under the PPRF, CIF, DWSRLF, and WPF Programs. Even projects that have already been submitted to and approved by the Board are likewise being affected, as bids come in over budget and/or with longer-than-expected delivery times. This is reflected in longer project completion times and a spike in number of requests for time extension and increased funding.

The charts below show how program activity slowed in fiscal year 2023. Measured in terms of disbursement vs. cash held in the project funds, project completion in the PPRF as a whole has

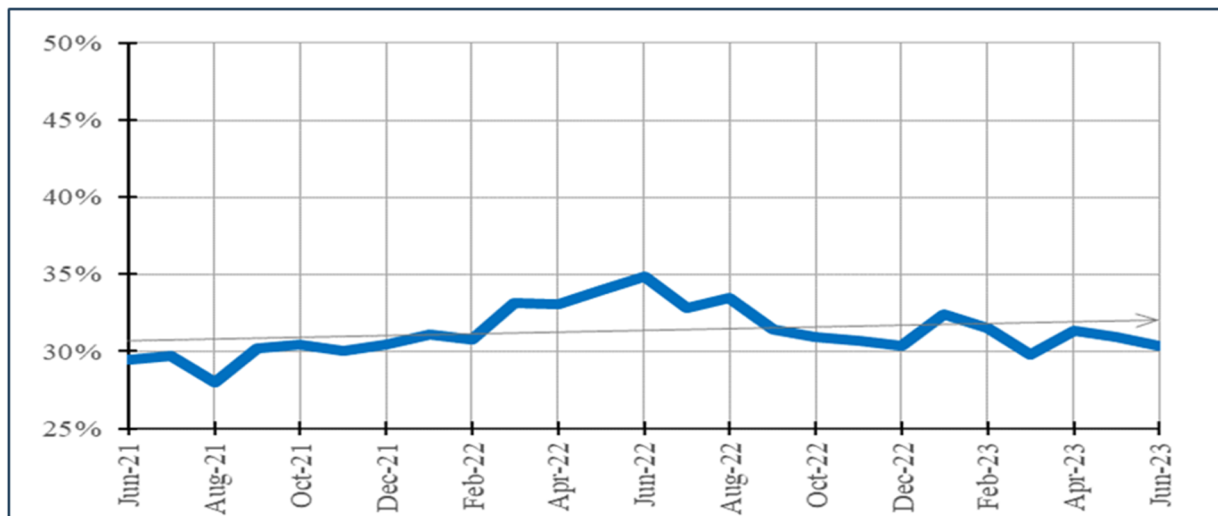


fallen from two-years (52%) in fiscal year 2021 to three years (34%) in fiscal year 2023. A similar slow-down occurred with the water programs. Turnover in cash in these programs improved briefly after falling during the height of the pandemic but then declined in fiscal year 2023.

**PPRF Project Cash Turnover (Annual Disbursements/Cash)**



**Combined Water Projects Cash Turnover (Average Disbursements/Cash)**



(Drinking Water, Colonias, Water Project Fund, and Local Govt Planning)

The PPRF was affected by added elements of rising capital borrowing rates starting in the middle of fiscal year 2023 and by actual and anticipated inflow of federal and state grants. Higher interest rates combined with the promise of grants from the Federal Infrastructure Investment and Jobs Act and from the State’s marked increase in capital outlay appropriations drove down the demand for PPRF loans. Applications for loans and refinancings came in well below the average of recent years:

### PPRF Loan Applications and Volume

	FY 2020-2022 Average	FY 2023
Number of loans funded	139	62
Total loan volume	260,319,661	180,090,727

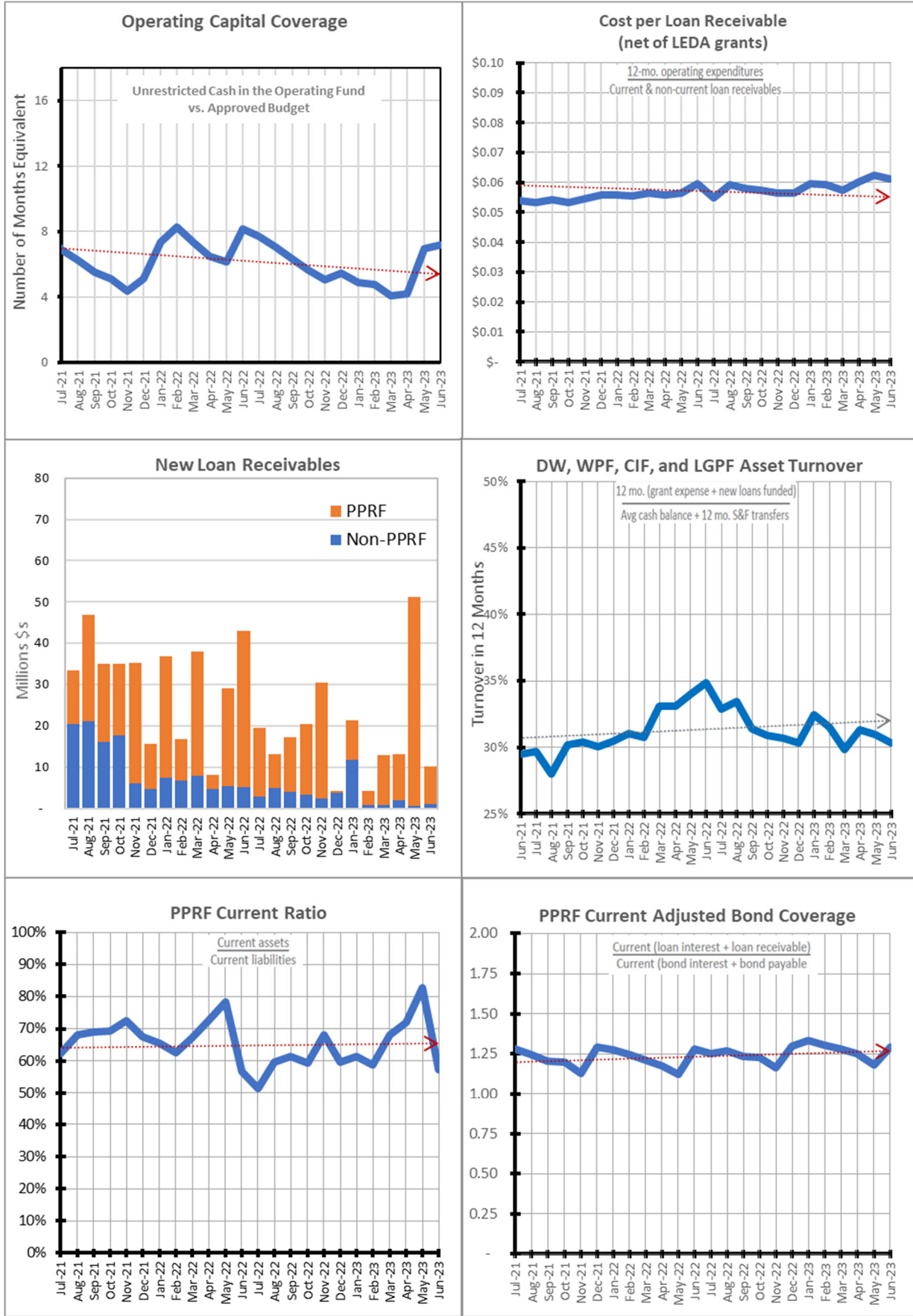
### PPRF Loan/Debt Re-financings

FY 2020	FY 2021	FY2022	FY 2023
11	18	13	1

NMFA's key financial performance indicators otherwise reflect that NMFA is in a strong financial position as of June 30, 2023, despite the effects of the recovering economy. See the dashboard of financial performance indicators on page 11.

The cash in the NMFA Operating Fund (Operating Fund) has remained at almost eight months since the start of fiscal year 2023. PPRF remained the dominant program in terms of loan receivables after having been matched by the SBRLF at the start of fiscal year 2021. As already noted, asset turnover in the water programs (DW, CIF, WTB, and LGPF) turned downward slightly. Cost per loan receivable increased slightly as NMFA invested heavily in major new programs that are not expected to generate receivables until fiscal year 2024. Both key PPRF financial indicators, current ratio and adjusted bond coverage, remained stable and within their respective target zones.

# NMFA Key Financial Performance Indicators



## ***Budget Performance***

Total actual net revenues were 33.6% higher than the Board-approved fiscal year 2023 budget, as revenue exceeded expectations and expenditures came in significantly under budget.

### Total Revenue

Total actual revenues came in \$10.2 million (3.4%) above budget.

	<b>Budgeted</b>	<b>Actual</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>Revenue</b>	\$ 301,914,118	\$ 312,143,351	\$ 10,229,233	3.4
<b>Expenditures</b>	189,474,930	161,949,080	27,525,850	14.5
<b>Net</b>	<u>\$ 112,439,188</u>	<u>\$ 150,194,271</u>	<u>\$ 37,755,083</u>	33.6

As shown in the Total NMFA Budget Performance Report below, Appropriation revenue, Grant revenue, and Interest income varied significantly from the budget targets.

Appropriation revenue exceeded expectations by \$15.7 million (10.2%). Almost all of this was because the Legislature added \$15.0 million more to the Venture Capital Fund Program, even as NMFA was already expecting to receive \$35.0 million for this program from prior legislation.

Grant revenue came in \$16.6 million under budget primarily as the result of a smaller-than-expected federal and state funding in the water programs and slower project completion (draws grant awards). A total of \$94.4 million was projected, but only \$44.6 million came in:

<b>Program</b>	<b>Budgeted</b>	<b>Actual</b>	<b>\$ Difference</b>	<b>% Difference</b>
Drinking Water	\$ 34,400,700	\$ 5,494,800	\$ 28,905,900	(84.0)
Colonias	20,000,000	14,192,614	5,807,386	(29.0)
Water Projects	\$ 40,000,000	\$ 24,926,661	\$ 15,073,339	(37.7)

The shortfall would have been \$49.8 million but only amounted to \$16.6 million due to \$12.2 million of unbudgeted grants from the Early Childhood Education & Care Department (ECECD) Grant Programs and \$21.0 million from the Local Economic Development Act (LEDA) Grant Program.

*Interest income* exceeded budget by more than three times (361.7%) the budget of \$2.7 million as constantly rising interest rates during the year ensured that maturing cash positions poured into higher rate investments.

### Total Expenditures

Total expenditures came in \$27.5 million (14.5%) below budget. The main reason for this was much less-than-projected (\$2.0 million vs. \$20.0 million) simultaneous bond-loan activity, where the premium paid by bond buyers is passed-through to the borrower. Only two such bond-loans were closed in FY 2023. Bond activity in general was lower than anticipated. For budget purposes, we estimated four bond sales totaling \$200.0 million would occur in FY 2023, but there were only two sales totaling \$143.3 million.



The other expenditure categories that varied significantly were, in descending order, grant expense, capital expenditures, and operating expenses.

*Actual grant expenditures* diverged from budget projections the same way as actual *grant revenue*. Expectations were that the top grants programs, which are usually the water programs, would receive more than double the normal funding and LEDA would slow down substantially. Although the net variance was only 4.9%, each sub-category varied significantly:

Program	Budgeted	Actual	\$ Difference	% Difference
Drinking Water	\$ 24,518,659	\$ 5,506,252	\$ 19,012,407	77.5
Colonias	18,000,000	12,567,065	5,432,935	30.2
Water Projects	31,600,000	21,052,530	10,547,470	33.4
Local Govt Planning	\$ 1,500,000	\$ 865,638	\$ 634,362	42.3

As a result, what otherwise would have been a variance of \$35.6 million was limited to a net of \$3.7 million by unbudgeted grant expenses of \$12.1 million for the ECECD Grant Program and \$20.5 million from the LEDA Grant Program.

*Capital expenditures* came in \$2.8 million below the approved budget of \$7.0 million (40.7%). The entire variance was driven by the new office building project. The expectation was that this project would have passed the demolition stage by year-end, but it got no further than 90% architectural design at that point, ensuring a lower-than-budget expenditure.

### Total NMFA Budget Performance Report Year ended June 30, 2023

	Actual FY 2022	Approved and Amended FY 2023	Actual FY 2023	\$ Variance	% Variance
<b>Revenues</b>					
Interest income from loans	\$ 48,094,417	\$ 46,095,702	\$ 48,032,102	\$ 1,936,400	4.2%
Appropriation revenue	41,396,672	154,000,000	169,671,017	15,671,017	10.2%
Grant revenue	84,323,735	95,150,700	78,582,340	(16,568,360)	-17.4%
Interest income from investments	2,362,652	2,753,253	12,710,883	9,957,630	361.7%
Administrative fees revenue and reimbursements	26,639,870	3,914,463	3,147,009	(767,454)	-19.6%
<b>Total Revenues</b>	<b>202,817,346</b>	<b>301,914,118</b>	<b>312,143,351</b>	<b>10,229,233</b>	<b>3.4%</b>
<b>Operating Expenses</b>					
Salaries and benefits	6,967,226	8,484,919	8,465,869	19,050	0.2%
Contractual services	7,511,277	5,277,091	3,808,914	1,468,177	27.8%
Other operating costs	1,610,227	2,427,671	2,085,781	341,890	14.1%
<b>Total Operating Expenses</b>	<b>16,088,730</b>	<b>16,189,681</b>	<b>14,360,564</b>	<b>1,829,117</b>	<b>11.3%</b>
<b>Non-operating Expenses</b>					
Bond interest expense	57,029,581	58,916,590	58,734,184	182,406	0.3%
Bond issuance costs	1,109,926	2,200,000	1,135,857	1,064,143	48.4%
Loan financing pass-through	10,396,391	20,000,000	1,997,079	18,002,921	90.0%
Grant Expense	78,473,940	76,368,659	72,623,125	3,745,534	4.9%
Other Expense (GASB 87 & 96 principle)	113,000	-	-	-	0.0%
Interest expense - Loan & LOC	42,190	795,000	643,449	151,551	19.1%
Transfers to Other Agencies	7,388,955	8,025,000	8,316,747	(291,747)	-3.6%
Capital Expenditures	140,649	6,980,000	4,138,075	2,841,925	40.7%
<b>Total Non-operating Expenses</b>	<b>154,694,632</b>	<b>173,285,249</b>	<b>147,588,516</b>	<b>25,696,733</b>	<b>14.8%</b>
<b>Total Expenses</b>	<b>170,783,362</b>	<b>189,474,930</b>	<b>161,949,080</b>	<b>27,525,850</b>	<b>14.5%</b>
<b>Revenue Over Expenses</b>	<b>\$ 32,033,984</b>	<b>\$ 112,439,188</b>	<b>\$ 150,194,271</b>	<b>\$ 37,755,083</b>	<b>33.6%</b>

### Operating Expenditures

Operating expenditures came in \$1.8 million (11.3%) below the Approved Budget of \$16.2 million. Almost all this variance corresponds to the significantly lower-than-expected activity in the PPRF.

Personnel varied only \$19,050 (0.2%) from the budget target. This was achieved despite a round of salary market adjustments in the 3rd quarter equivalent to 6% of payroll, which was covered by savings in total personnel costs projected at that time.

Contractual services accounts for \$1.4 million of the \$1.8 million variance in operating expenditures. Program activity drives expenditures in this rubric. As the PPRF saw fewer than expected loan applications, there was less need for outside legal counsel services for the PPRF. Also a later than anticipated and a more efficient set up of the new economic development programs resulted in lower legal and expert consulting services costs in the fiscal year.

Other operating expenses came in under budget \$0.3 million (14.1%). The biggest variances within this category generally correspond to the newly added burden of maintaining 810 San Mateo Road and to the effort to stand up the three new programs passed by the Legislature, like Opportunity Enterprise Revolving Fund and Venture Capital. For example, repairs and maintenance exceed the target by \$51,808 (237%), and technology expenditures (hardware and software) incurred primarily for the benefit of these programs exceeded their respective targets by a combined \$0.3 million (72.2%). All the other line items in operating expenses came in under budget.

Readers are specifically directed to Management Discussion & Analysis beginning on page 21.

Respectfully submitted,



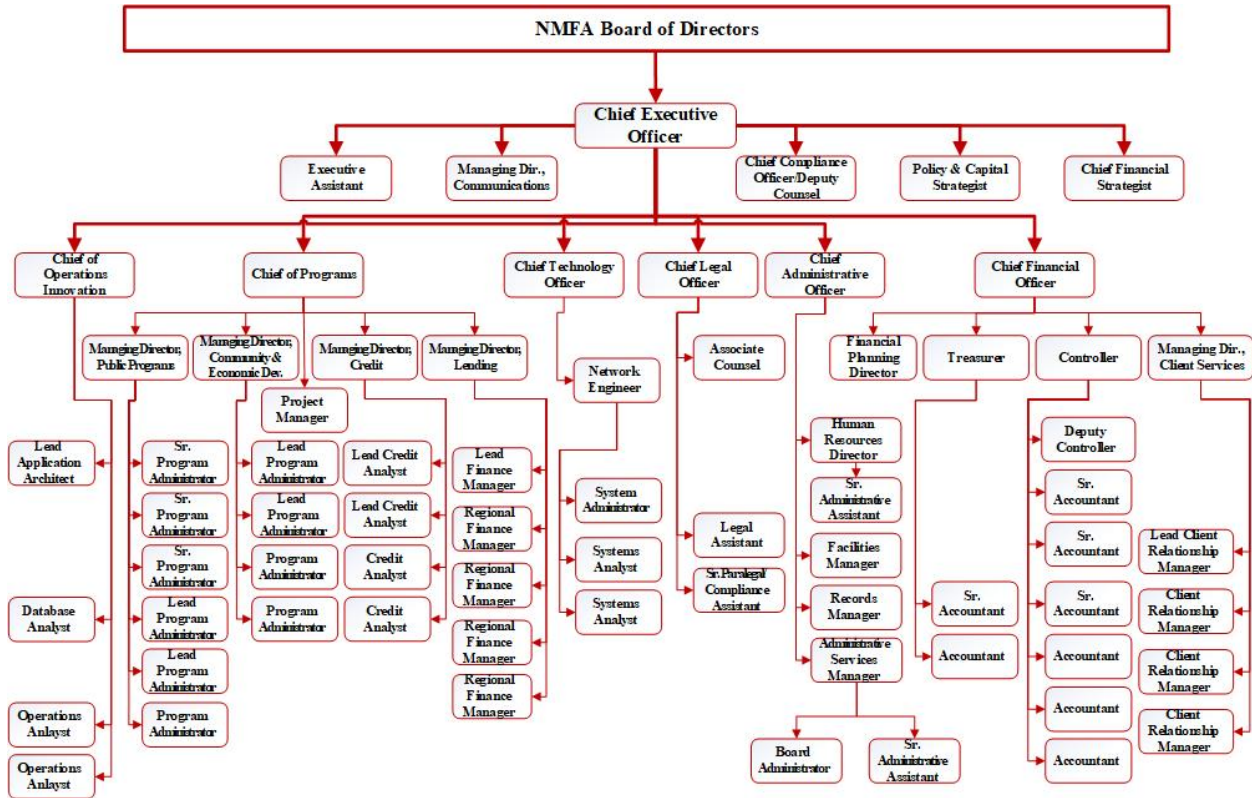
Marquita D. Russel  
Chief Executive Officer



Oscar S. Rodriguez  
Chief Financial Officer

# ORGANIZATIONAL CHART

## Effective July 1, 2023



# NMFA LEADERSHIP

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## Board of Directors

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**Kathy Keith, *Chair***  
Director of Community Partnerships  
Los Alamos National Laboratory

**Martin Abran Suazo, *Vice Chair***  
Member

**A. J. Forte, *Secretary***  
Executive Director  
New Mexico Municipal League

**Andrew J. Burke**  
Member

**Jon Clark**  
Deputy Secretary  
New Mexico Economic Development  
Department

**Ronald J. Lovato**  
Member

**Sarah Cottrell Propst**  
Cabinet Secretary  
New Mexico Energy, Minerals &  
Natural Resources Department

**Joy Esparsen**  
Executive Director  
New Mexico Counties

**Wayne Propst**  
Cabinet Secretary  
Department of Finance &  
Administration

**James Kenney**  
Cabinet Secretary  
New Mexico Environment  
Department

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## Management

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**Marquita D. Russel**  
Chief Executive Officer

**Oscar S. Rodriguez**  
Chief Financial Officer

**John Brooks**  
Chief of Programs

**Dora Mae Cde Baca**  
Chief Administrative Officer

**Adam Johnson**  
Chief of Operations Innovator

**Daniel C. Opperman**  
Chief Legal Officer

**Bryan Otero**  
Chief Compliance Officer/  
Deputy Counsel

**Paul Romero**  
Chief Technology Officer



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# Financial Information

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## Report of Independent Auditors

Governing Board  
New Mexico Finance Authority  
and  
Mr. Joseph M. Maestas, P.E.  
New Mexico State Auditor

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the enterprise and fiduciary fund for New Mexico Finance Authority (NMFA), a component unit of the State of New Mexico, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise NMFA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund and fiduciary fund of New Mexico Finance Authority as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NMFA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NMFA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NMFA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NMFA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### ***Emphasis of Matter***

#### ***Reporting Entity***

As discussed in Note 1, the financial statements of NMFA are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of NMFA. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2023, the change in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Mexico Finance Authority's basic financial statements. The supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory, statistical, and other information sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023 on our consideration of New Mexico Finance 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Mexico Finance Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Mexico Finance Authority's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
October 6, 2023

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

The New Mexico Finance Authority (NMFA) pursues the mission of *advancing New Mexico by financing impactful, well-planned projects*. The customers it serves are the State of New Mexico, regional public utility systems, municipalities, counties, Native American tribes, for-profit businesses, and non-profit organizations. The information presented in this section reflects, in part, NMFA's financial performance in this pursuit.

Generally accepted accounting principles (GAAP) require that management provide an overview and analysis of the Basic Financial Statements. As management of NMFA, we offer this narrative of NMFA's financial activities for fiscal year 2023. We encourage readers to consider the information presented here in conjunction with the additional information provided in our Introduction, Statistical Information and Other Information sections of this report.

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

- ◆ The ***Statement of Net Position*** presents information on the assets and liabilities of NMFA, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.
- ◆ The ***Statement of Revenues, Expenses and Changes in Net Position*** presents information reflecting changes in the net position of NMFA resulting from net income during fiscal year 2023. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- ◆ The ***Statement of Cash Flows*** reports the cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities, and the resulting change in cash and cash equivalents during fiscal year 2023.

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

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

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Financial Overview and Analysis**

All Funds Combined

The balance sheet (Statement of Net Position) for the entire enterprise reflects positive results in fiscal year 2023. Assets exceeded liabilities by more than 9.7%. Total Net Position increased by \$170.6 million (27.6%) to \$789.5 million.

Total cash increased \$35.5 million (8.5%) to \$452.7 million, mostly because of a \$33.9 million (8.3%) increase in restricted cash, even as unrestricted cash increased \$1.6 million (20.0%) at year-end. The increase in unrestricted cash was offset by unrestricted investments of \$5.8 million. Total cash and investments increased 8.9%, going from \$943.7 million to \$1.0 billion. Restricted cash, which accounts for 43.1% of all cash, was the fastest growing component of this total, increasing by \$33.9 million (8.3%).

Total assets increased by \$135.2 million (4.7%), ending the year at \$3.0 billion, primarily as the result of a \$45.2 million increase in new loans issued (current and non-current), and \$48.7 million increase in investments.

For fiscal year 2023, total bonds payable remained stable, increasing by \$1.2 million (0.1%). Three new bond series were issued (2022 C, 2023 A-1, and 2023 A-2), totaling \$143.3 million. Bond debt service, NMFA's biggest liability, remained stable. Current bonds payable increased by \$7.8 million (6.5%). Non-current bonds payable decreased by \$6.6 million (0.5%) due to the redemption of 2013A and 2013B bonds.

Beginning fiscal year 2023 (July 1, 2022), NMFA adopted Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations* and No. 96, *Subscription-based Information Technology Arrangements (SBITA)*.

The table on the following page presents, in a condensed fashion, the Combined Statements of Net Position as of June 30, 2023, and 2022 and the corresponding dollar amount and percentage changes.

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Condensed Statements of Net Position – NMFA Combined**

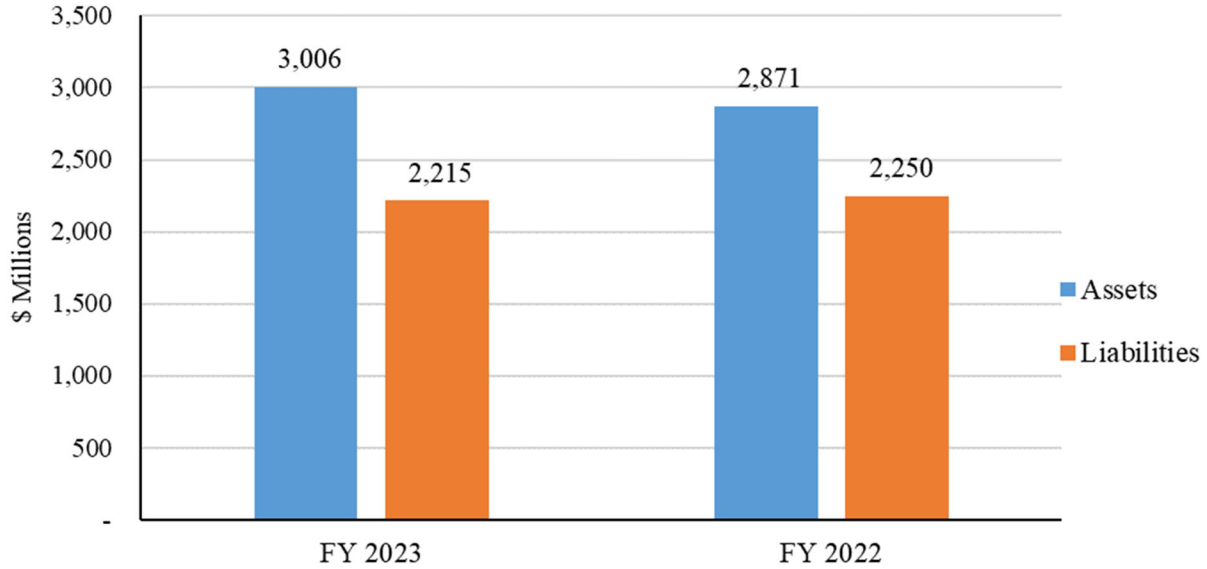
	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Assets</b>				
Cash and cash equivalents				
Unrestricted cash - unassigned	\$ 9,702,573	\$ 2,204,745	\$ 7,497,828	340.1%
Unrestricted cash - assigned	-	5,882,939	(5,882,939)	-100.0%
Restricted Cash	443,017,120	409,083,722	33,933,398	8.3%
Loans receivable, net of allowance	1,959,968,481	1,914,748,494	45,219,987	2.4%
Investments - restricted and unrestricted	575,245,571	526,516,294	48,729,277	9.3%
Other Receivables	12,198,095	9,654,780	2,543,315	26.3%
Capital Assets, net of accumulated depreciation and amortization	6,158,593	2,881,807	3,276,786	113.7%
Other Assets	-	129,929	(129,929)	-100.0%
<b>Total Assets</b>	<b>3,006,290,433</b>	<b>2,871,102,710</b>	<b>135,187,723</b>	<b>4.7%</b>
<b>Deferred Outflows of Resources</b>				
Deferred loss on refunding, non-capital assets	543,598	593,621	(50,023)	-8.4%
<b>Total Deferred Outflows of Resources</b>	<b>543,598</b>	<b>593,621</b>	<b>(50,023)</b>	<b>-8.4%</b>
<b>Liabilities</b>				
Bonds payable	1,486,867,803	1,485,712,432	1,155,371	0.1%
Undisbursed loan proceeds	392,847,578	347,723,364	45,124,214	13.0%
Advanced loan payments	93,771,569	91,620,716	2,150,853	2.3%
Accounts payable, accrued payroll and compensated absences	1,564,605	1,115,628	448,977	40.2%
Other liabilities	240,316,220	324,089,244	(83,773,024)	-25.8%
<b>Total Liabilities</b>	<b>2,215,367,775</b>	<b>2,250,261,384</b>	<b>(34,893,609)</b>	<b>-1.6%</b>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding, non-capital assets	1,978,762	2,554,035	(575,273)	-22.5%
<b>Deferred Inflows of Resources</b>	<b>1,978,762</b>	<b>2,554,035</b>	<b>(575,273)</b>	<b>-22.5%</b>
<b>Net Position</b>				
Net investment in capital assets	5,142,965	2,881,807	2,261,158	78.5%
Restricted for program commitments	768,225,537	598,476,868	169,748,669	28.4%
Unrestricted	16,118,992	17,502,239	(1,383,247)	-7.9%
<b>Total Net Position</b>	<b>\$ 789,487,494</b>	<b>\$ 618,860,914</b>	<b>\$ 170,626,580</b>	<b>27.6%</b>

\* Unrestricted cash – unassigned is held in the Operating Fund as an operating reserve



**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Assets vs. Liabilities**



The Statement of Revenues, Expenses and Changes in Net Position provides context for the result in the Statement of Net Position. Total revenue exceeded total expenses, and the change in net position increased by \$170.6 million (27.6%) from fiscal year 2022. This occurred primarily because of an increase in appropriations for Opportunity Enterprise Revolving Fund (\$70.0 million), Venture Capital Program (\$50.0 million), and Charter Schools Facility Revolving Fund (\$10.0 million).

Interest income on loans, which accounts for 77.2% of all operating income, remained stable, increasing \$2.6 million (5.3%).

The following table presents, in a condensed fashion, the Combined Statement of Revenues, Expenses and Changes in Net Position for fiscal years 2023 and 2022 and the corresponding net dollar amount and percentage changes.

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

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

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Operating Revenue</b>				
Interest on loans	\$ 50,401,598	\$ 47,851,592	\$ 2,550,006	5.3%
Administrative fees revenue	3,147,009	7,975,365	(4,828,356)	-60.5%
Interest on investments	11,778,537	(2,213,157)	13,991,694	632.2%
<b>Total Operating Revenues</b>	<b>65,327,144</b>	<b>53,613,800</b>	<b>11,713,344</b>	<b>21.8%</b>
<b>Operating Expenses</b>				
Bond interest expense	41,695,594	43,634,059	(1,938,465)	-4.4%
Grants expense	72,623,125	78,473,940	(5,850,815)	-7.5%
Loan financing pass-through	1,997,079	10,396,391	(8,399,312)	-80.8%
Salaries and benefits	8,569,515	6,903,037	1,666,478	24.1%
Bond issuance costs	1,135,857	1,109,926	25,931	2.3%
Professional services	3,808,914	7,511,275	(3,702,361)	-49.3%
Other operating costs	1,605,911	1,804,768	(198,857)	-11.0%
Provision for loan losses	249,039	(233,644)	482,683	206.6%
Interest expense	1,887,273	488,063	1,399,210	286.7%
Depreciation and amortization expense	1,064,867	970,882	93,985	9.7%
<b>Total Operating Expenses</b>	<b>134,637,174</b>	<b>151,058,697</b>	<b>(16,421,523)</b>	<b>-10.9%</b>
<b>Net Operating Loss</b>	<b>(69,310,030)</b>	<b>(97,444,897)</b>	<b>28,134,867</b>	<b>28.9%</b>
<b>Non-operating Revenue (Expenses)</b>				
Appropriation revenue	169,671,017	41,396,672	128,274,345	309.9%
Grants revenue and transfers from State	78,582,340	88,468,565	(9,886,225)	-11.2%
Reversions and transfers to State	(8,316,747)	(7,388,955)	(927,792)	-12.6%
<b>Net Non-Operating Revenue</b>	<b>239,936,610</b>	<b>122,476,282</b>	<b>117,460,328</b>	<b>95.9%</b>
Increase in Net Position	170,626,580	25,031,385	145,595,195	581.7%
Net Position, Beginning of Period	618,860,914	593,829,529	25,031,385	4.2%
<b>Net Position, End of Period</b>	<b>\$ 789,487,494</b>	<b>\$ 618,860,914</b>	<b>\$ 170,626,580</b>	<b>27.6%</b>

The Statement of Cash Flows reflects NMFA's financial performance in the context of the State extraordinary measures to bolster New Mexico's economy in the aftermath of COVID-19. The flow of cash from the State to public and private recipients through NMFA, which shows up as grant expense and transfers from the State, although still quite salient in fiscal year 2023, fell by more than 50%.

Net cash used in operating activities decreased \$93.2 million (75.9%), as \$50.5 million fewer grants were disbursed than last fiscal year. Non-capital financing activities decreased by 24.4%. The proceeds from the sale of bonds and payment of bonds normally stands out as the largest line item in this section. Last year transfers from the State exceeded the total of these two line items. In

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

fiscal year 2023, these transfers decreased markedly, but the \$63.1 million in transfers still came in a close third place compared to the \$154.1 million in bond proceeds and \$136.3 million in payment and redemption of bonds.

Total net cash inflows exceeded outflows by \$35.5 million (8.5%) in fiscal year 2023. This is \$31.7 million (818.7%) more than last year. This occurred because cash flows from non-capital financing of \$106.8 million, where the State transfers occurred, were greater than the combined net of operating, investing and capital financing activities of \$35.5 million.

The following table presents, in a condensed fashion, the Combined Statements of Cash Flows for fiscal years 2023 and 2022 and the corresponding net percentage changes.

**Condensed Statements of Cash Flows – NMFA Combined**

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Net cash used in operating activities	\$ (29,576,634)	\$ (122,824,911)	\$ 93,248,277	75.9%
Net cash provided by non-capital financing activities	106,771,820	141,226,970	(34,455,150)	-24.4%
Net cash used in investing activities	(36,950,740)	(13,424,608)	(23,526,132)	-175.2%
Net cash used in capital financing activities	(4,696,159)	(1,107,912)	(3,588,247)	-323.9%
Net increase in cash and cash equivalents	<u>35,548,287</u>	<u>3,869,539</u>	<u>31,678,748</u>	<u>818.7%</u>
Cash and cash equivalents, beginning of year	<u>417,171,406</u>	<u>413,301,867</u>	<u>3,869,539</u>	<u>0.9%</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 452,719,693</u></b>	<b><u>\$ 417,171,406</u></b>	<b><u>\$ 35,548,287</u></b>	<b><u>8.5%</u></b>

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

***Long-term Debt Activity***

NMFA carries three types of long-term debt: payable to the New Mexico State Investment Council (SIC), lease and SBITA liabilities, and PPRF bonds.

The payable to SIC is the result of legislation which directed the SIC to invest up to \$500.0 million for loans made by the SBRLF, with the SIC receiving loan repayments. At fiscal year-end, SIC had invested a total of \$187.0 million since the program began. The program had, at that point, funded \$178.0 million in loans and was holding \$20.0 million in restricted cash to make more loans through the mandated reversion date of December 31, 2022. As the loans are made and receivables created, NMFA recognizes a non-current payable to SIC for the same amount, less an allowance for bad debt.

As of June 30, 2022, NMFA had recognized a net of \$168.8 million in loan receivables in the SBRLF, including an allowance of \$20.1 million for loan losses. Given the maximum repayment term of ten years for these loans, NMFA will carry this payable as long-term debt until either SIC has been completely repaid or until ten years after the last loan is made before the program expired December 31, 2022.

Long-term debt for bonds is entirely a function of the PPRF, which issues bonds and uses the proceeds to originate loans that, in turn, pay the debt service on the bonds. Demand for PPRF loans remained stable throughout the fiscal year. To meet this demand, NMFA issued three new bond series for a total of \$143.3 million in new debt to replenish the PPRF loan fund.

Leasing activity for the fiscal year included an adjustment for an increase in rent for its office space of \$120,685 with reduction in principal of \$611,471 and interest expense of \$44,240. See Note 5 on pages 70 and 71.

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements (SBITA)* as implemented in fiscal year 2023 created a liability of \$59,251, reduction in principal of \$23,643 and interest expense of \$223. See Note 5 on pages 70 and 71.

Total actual proceeds from these bond issues totaled \$154.1 million. This includes \$10.8 million in bond premiums, of which \$2.0 million was passed through to borrowers who participated in the bond packages as simultaneous loan closings and bond issuances. Detailed information about NMFA's long-term debt is presented in Notes 6 and 10 to the Financial Statements.

The table on the following page summarizes the source and uses for the bond series issued in fiscal year 2023.

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Issue Date	Series	Source/Uses	Amount	Uses other than Loans
November 30, 2022	2022 C	PAR	\$67,500,000	
		Premium	5,390,903	
		Borrower Premium Pass-through		946,309
May 31, 2023	2023 A-1	PAR	36,655,000	
		Premium	4,391,857	
May 31, 2023	2023 A-2	PAR	39,120,000	
		Premium	1,050,769	
		Borrower Premium Pass-through		1,050,769
<b>TOTALS:</b>		PAR	\$143,275,000	
		Premium	10,833,529	
		Borrower Premium Pass-through		1,997,078

**NEW MEXICO FINANCE AUTHORITY**  
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**Public Project Revolving Fund**

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

The PPRF accounts for more than half of NMFA’s assets and operations. The PPRF made up 28.5% of NMFA’s total revenue, including appropriations from the State, in fiscal year 2023.

**PPRF Share of NMFA**

	PPRF	NMFA	%
	PPRF	NMFA	PPRF
Total Assets	\$2.3 billion	\$3.0 billion	77.0%
Net Position	\$336.2 million	\$789.5 million	42.6%
Operating Revenue	\$53.6 million	\$65.3 million	82.0%
Total Gross Revenue	\$89.2 million	\$313.6 million	28.5%

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

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

Infrastructure finance agencies similar to NMFA are often called “bond banks.” Financial statements for the PPRF are presented in the following pages in a format similar to that employed by commercial banking organizations.

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

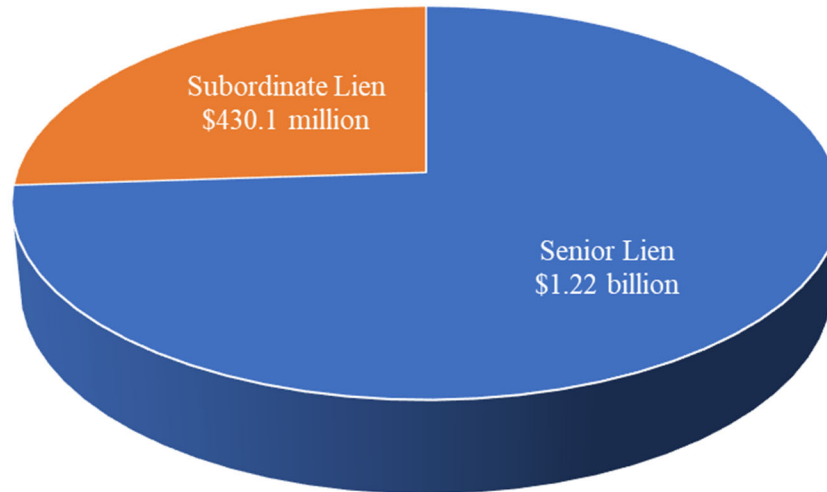
From inception in 1992 through June 30, 2023, the PPRF funded \$4.7 billion in loans.

**PPRF Project Volume**

	FY 2023	FY 2022	Since Inception
Amount of projects funded	\$180.1 million	\$249.6 million	\$4.7 billion
Number of projects funded	62	92	2,160
Refunding loans (included above)	\$1.9 million	\$37.9 million	---
Average project size	\$2.9 million	\$2.7 million	\$2.3 million

The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Subordinate Lien). At the end of fiscal year 2023, there were 779 active loans totaling \$1.7 billion outstanding. This represents an increase of \$28.8 million (1.8%) from last year. Most (70.7%) of the revenues from the PPRF loans are pledged to the Senior Lien Indenture, with the balance (29.3%) pledged to the Subordinate Lien Indenture. In terms of outstanding principal, the Senior Lien Indenture loans comprise 84.6% of the total.

**PPRF Outstanding Loan Principal: Senior Lien vs. Subordinate Lien**



S&P Global Ratings (formerly known as Standard & Poor’s) has assigned its AAA rating to both the Senior Lien (since April 2011) and Subordinate Lien (since July 2017). Moody’s Investor Services has assigned the Senior Lien with its Aa1 rating to both the Senior Lien (since July 2010) and Subordinate Lien (since March 2022). To maintain these ratings, the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve fund, Supplemental Credit Reserve Fund (SCRF), and pooled borrower debt service reserves. The Common Debt Service Reserve is subject to the General Indenture of Trust and Pledge for the Senior Lien, and the SCRF is

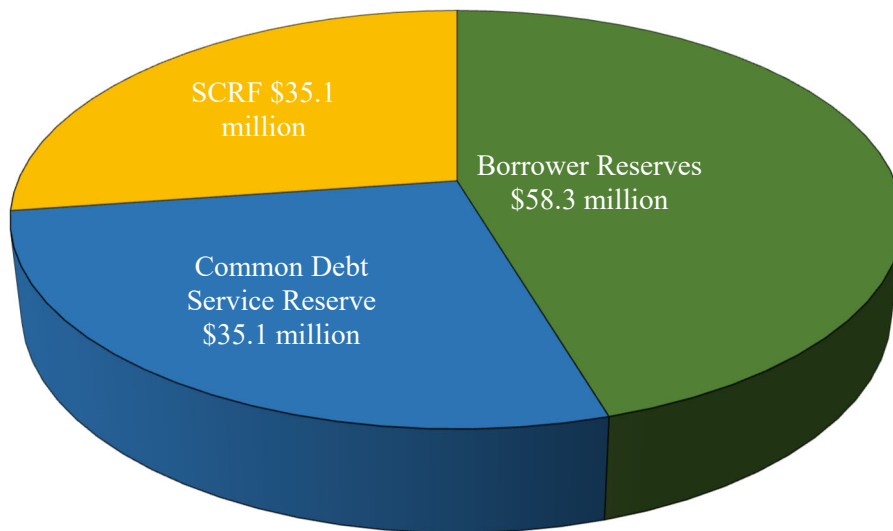


**NEW MEXICO FINANCE AUTHORITY**  
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subject to the Subordinated General Indenture of Trust and Pledge governing the subordinate lien. Borrower reserves are pledged to the individual loans.

During fiscal year 2023, NMFA issued \$143.3 million in PPRF bonds, which were used to directly fund loans and to reimburse the PPRF loan fund for loans already made.

**Debt Service Reserves**



***Governmental Gross Receipts Tax***

The GGRT is a tax imposed on the gross receipts of state and local governments for services rendered to customers such as water, sewer and solid waste collection. Three quarters (75%) of GGRT collections are appropriated to the PPRF by statute. NMFA’s share of GGRT collections was \$35.5 million in fiscal year 2023, down \$1.8 million (5.1%) from fiscal year 2022. This total includes amounts that are not needed for payments under the General Indenture of Trust and Subordinated Indenture of Trust and are appropriated from the PPRF by the Legislature to fund various legislative initiatives. The GGRT funds serve several functions:

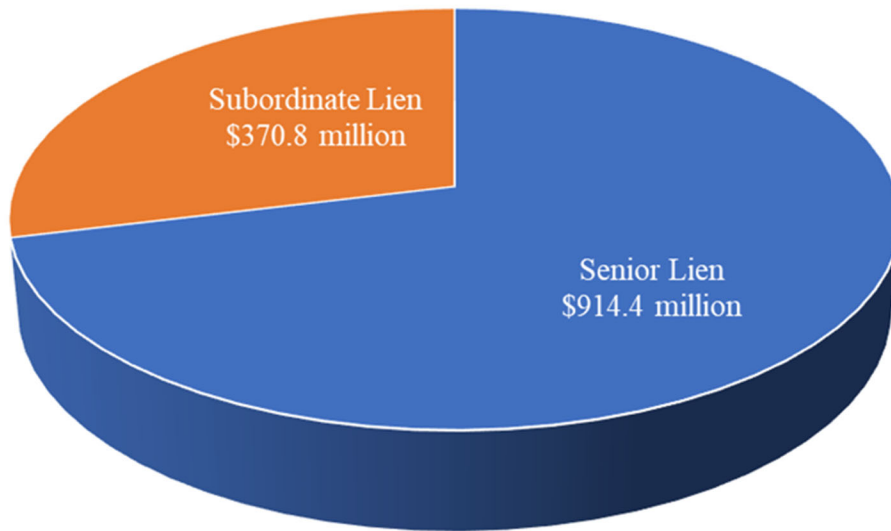
- ◆ Credit enhancement for the PPRF bonds such that GGRT funds can be used to make up for any shortfall in funds available for bond payments in the event of a default by any of the loans in the portfolio
- ◆ Fund loans to borrowers, especially smaller loans that may not be cost-effective to reimburse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

**NEW MEXICO FINANCE AUTHORITY**  
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As a mission-based lender, NMFA attempts to pass on to its borrowers the same rates paid on the bonds issued to provide loaned funds. In fiscal year 2023, the PPRF had net interest income of \$46.7 million, ending up at a net operating loss of \$2.3 million compared to the net loss of \$16.0 million in fiscal year 2022. This is mostly a result of a \$9.3 million (21.1%) increase in operating revenues offset by a \$1.9 million (4.4%) decrease in bond interest expense and a \$8.4 million (80.8%) decrease in loan financing pass-through expense.

PPRF's long-term debt consists entirely of bond issues. At the end of fiscal year 2023, the total bond principal outstanding was \$1.5 billion. More detailed information about PPRF's long-term debt is presented in Note 6 to the Financial Statements.

**PPRF Outstanding Bond Principal: Senior Lien vs. Subordinate Lien**



**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Condensed Statements of Net Position – PPRF**

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Assets</b>				
Restricted Cash	\$ 184,755,573	\$ 165,626,328	\$ 19,129,245	11.5%
Loans receivable, net of allowance	1,658,533,321	1,629,998,516	28,534,805	1.8%
Restricted investments	464,943,028	439,806,497	25,136,531	5.7%
Other Receivables	7,857,009	7,147,363	709,646	9.9%
<b>Total Assets</b>	<b>2,316,088,931</b>	<b>2,242,578,704</b>	<b>73,510,227</b>	<b>3.3%</b>
<b>Deferred Outflows of Resources</b>				
Deferred loss on refunding	543,598	593,621	(50,023)	-8.4%
<b>Total Deferred Outflows of Resources</b>	<b>543,598</b>	<b>593,621</b>	<b>(50,023)</b>	<b>-8.4%</b>
<b>Liabilities</b>				
Bonds payable	1,486,867,803	1,485,712,432	1,155,371	0.1%
Undisbursed loan proceeds	392,847,578	347,723,364	45,124,214	13.0%
Advanced loan payments	91,832,655	90,306,898	1,525,757	1.7%
Due to other funds	2,591,776	170,013	2,421,763	1424.5%
Other liabilities	84,722	4,153,136	(4,068,414)	-98.0%
<b>Total Liabilities</b>	<b>1,974,224,534</b>	<b>1,928,065,843</b>	<b>46,158,691</b>	<b>2.4%</b>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding	1,978,762	2,554,033	(575,271)	-22.5%
<b>Deferred Inflows of Resources</b>	<b>1,978,762</b>	<b>2,554,033</b>	<b>(575,271)</b>	<b>-22.5%</b>
<b>Net Position</b>				
Restricted for program commitments	335,856,450	312,097,596	23,758,854	7.6%
Unrestricted	328,302	454,853	(126,551)	-27.8%
<b>Total Net Position</b>	<b>\$ 336,184,752</b>	<b>\$ 312,552,449</b>	<b>\$ 23,632,303</b>	<b>7.6%</b>

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Condensed Statement of Revenues, Expenses & Changes in Net Position – PPRF**

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Operating Revenue</b>				
Interest on loans	\$ 46,662,512	\$ 45,376,065	\$ 1,286,447	2.8%
Administrative fees revenue	1,028,121	1,740,323	(712,202)	-40.9%
Interest on investments	5,865,806	(2,886,835)	8,752,641	303.2%
<b>Total Operating Revenues</b>	<b>53,556,439</b>	<b>44,229,553</b>	<b>9,326,886</b>	<b>21.1%</b>
<b>Operating Expenses</b>				
Bond interest expense	41,695,594	43,634,059	(1,938,465)	-4.4%
Loan financing pass-through	1,997,079	10,396,391	(8,399,312)	-80.8%
Salaries and benefits	3,826,010	2,954,705	871,305	29.5%
Professional services	1,672,950	1,881,342	(208,392)	-11.1%
Bond issuance costs	1,135,857	1,063,926	71,931	6.8%
Other operating costs	627,395	586,879	40,516	6.9%
Provision for loan losses	273,747	(345,786)	619,533	179.2%
Interest expense	-	42,190	(42,190)	-100.0%
<b>Total Operating Expenses</b>	<b>51,228,632</b>	<b>60,213,706</b>	<b>(8,985,074)</b>	<b>-14.9%</b>
<b>Net Operating Loss</b>	<b>2,327,807</b>	<b>(15,984,153)</b>	<b>18,311,960</b>	<b>114.6%</b>
<b>Non-operating Revenue (Expenses)</b>				
Appropriation revenue	35,671,017	37,396,672	(1,725,655)	-4.6%
Transfers to State and intra-fund	(14,366,521)	(11,484,503)	(2,882,018)	-25.1%
<b>Net Non-Operating Revenue</b>	<b>21,304,496</b>	<b>25,912,169</b>	<b>(4,607,673)</b>	<b>-17.8%</b>
<b>Increase in Net Position</b>	<b>23,632,303</b>	<b>9,928,016</b>	<b>13,704,287</b>	<b>138.0%</b>
Net Position, Beginning of Period	312,552,449	302,624,433	9,928,016	3.3%
<b>Net Position, End of Period</b>	<b>\$ 336,184,752</b>	<b>\$ 312,552,449</b>	<b>\$ 23,632,303</b>	<b>7.6%</b>

**Condensed Statements of Cash Flows – PPRF**

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Net cash used in operating activities	\$ 64,461,850	\$ 51,917,372	\$ 12,544,478	24.2%
Net cash (used) provided by noncapital financing activities	(26,061,880)	20,858,584	(46,920,464)	-224.9%
Net cash (used) provided by investing activities	(19,270,725)	44,515,929	(63,786,654)	-143.3%
Net increase in cash and cash equivalents	19,129,245	117,291,885	(98,162,640)	-83.7%
Cash and cash equivalents, beginning of year	165,626,328	48,334,443	117,291,885	242.7%
<b>Cash and cash equivalents, end of year</b>	<b>\$ 184,755,573</b>	<b>\$ 165,626,328</b>	<b>\$ 19,129,245</b>	<b>11.5%</b>

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Small Business Recovery Loan Fund**

The SBRLF is the second-largest program NMFA operates in terms of loan receivables, debt (payables), and operational activity. It was launched at the start of fiscal year 2021 as part of a State economic recovery package that included two major separate grants programs. It was capitalized by a \$500.0 million appropriation by the Legislature from the SIC to NMFA. To date, \$187.0 million has been transferred to NMFA's coffers from this appropriation. From inception, \$178.0 million in loans have been funded.

The targeted borrowers were small businesses and non-profit organizations that had been harmed economically by the pandemic. SBRLF borrowers did not go through an underwriting process as they would with NMFA's other loan programs. They only had to show they met the requirements called for by the enabling legislation, like state residency, adverse economic impact from the pandemic, and maximum revenue requirements. Depending on the size of their enterprise, a borrower was qualified for up to a \$150,000 fixed ten-year low interest loan (50% of the prime rate, with no debt service due the first year and interest only due the second and third year. The SBRLF was mandated to expire on December 31, 2022.

NMFA funded SBRLF \$118.3 million in loans in fiscal year 2023. In terms of number of loans, the SBRLF is NMFA's most demanding program. In fiscal year 2023, 191 loans were disbursed under this program. In comparison, NMFA's most active program until the pandemic, the PPRF, funded 62 loans (\$180.1 million) and disbursed \$37.9 million for new and ongoing projects.

NMFA has drawn from the \$187.0 million invested by the SIC in the SBRLF fund as needed on a month-to-month basis. At year-end, there was only \$2.0 million in cash in the SBRLF Fund, although \$187.0 million has been drawn down since the start of the program. This capital underwrote \$178.0 million in loan receivables, net of \$20.1 million in allowance for bad debt. Since almost all the loans in this program are still in either their interest-free or interest-only stage of their ten-year term, interest receivable is only \$1.6 million.

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

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Condensed Statements of Net Position – SBRLF**

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Assets</b>				
Restricted cash	\$ 2,013,628	\$ 11,954,196	\$ (9,940,568)	-83.2%
Loans receivable	168,626,031	155,721,711	12,904,320	8.3%
Allowance for doubtful loans	(20,058,149)	(17,730,661)	(2,327,488)	-13.1%
Due from other funds	-	627,543	(627,543)	-100.0%
Other receivables	1,640,295	440,941	1,199,354	272.0%
<b>Total Assets</b>	<b>152,221,805</b>	<b>151,013,730</b>	<b>1,208,075</b>	<b>0.8%</b>
<b>Current Liabilities</b>				
Other liabilities	23,097,190	18,285,556	4,811,634	26.3%
<b>Total Current Liabilities</b>	<b>23,097,190</b>	<b>18,285,556</b>	<b>4,811,634</b>	<b>26.3%</b>
<b>Non-Current Liabilities</b>				
Non-current SIC payable	134,987,581	-	134,987,581	0.0%
<b>Total Non-Current Liabilities</b>	<b>134,987,581</b>	<b>-</b>	<b>134,987,581</b>	<b>0.0%</b>
<b>Total Liabilities</b>	<b>158,084,771</b>	<b>18,285,556</b>	<b>139,799,215</b>	<b>764.5%</b>
<b>Net Position</b>				
Restricted for program commitments	(5,862,966)	(5,255,372)	(607,594)	-11.6%
<b>Total Net Position</b>	<b>\$ (5,862,966)</b>	<b>\$ (5,255,372)</b>	<b>\$ (607,594)</b>	<b>-11.6%</b>

Operating revenue for the SBRLF increased \$1.5 million (371.9%) from last year as a result of the need to transfer \$5.9 million to the NMFA Operating Fund for start-up and on-going administrative costs of the SBRLF.

See the Condensed Statement of Revenues, Expenses and Changes in Net Position for the SBRLF on the following page.

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Condensed Statement of Revenues, Expenses & Changes in Net Position – SBRLF**

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Operating Revenue</b>				
Interest on loans	\$ 1,768,533	\$ 341,743	\$ 1,426,790	417.5%
Administrative fees revenue	-	-	-	0.0%
Interest on investments	74,277	48,787	25,490	52.2%
<b>Total Operating Revenues</b>	<b>1,842,810</b>	<b>390,530</b>	<b>1,452,280</b>	<b>371.9%</b>
<b>Operating Expenses</b>				
Salaries and benefits	448,621	620,921	(172,300)	-27.7%
Professional services	115,684	1,030,164	(914,480)	-88.8%
Other operating costs	83,189	171,092	(87,903)	-51.4%
Interest expense	1,842,810	390,530	1,452,280	371.9%
<b>Total Operating Expenses</b>	<b>2,490,304</b>	<b>2,212,707</b>	<b>277,597</b>	<b>12.5%</b>
<b>Net Operating Loss</b>	<b>(647,494)</b>	<b>(1,822,177)</b>	<b>1,174,683</b>	<b>64.5%</b>
<b>Non-operating Revenue (Expenses)</b>				
Transfers to State and intra-fund	39,900	(2,435,444)	2,475,344	101.6%
<b>Net Non-Operating Revenue</b>	<b>39,900</b>	<b>(2,435,444)</b>	<b>2,475,344</b>	<b>101.6%</b>
Increase in Net Position	(607,594)	(4,257,621)	3,650,027	85.7%
Net Position, Beginning of Period	(5,255,372)	(997,751)	(4,257,621)	-426.7%
<b>Net Position, End of Period</b>	<b>\$ (5,862,966)</b>	<b>\$ (5,255,372)</b>	<b>\$ (607,594)</b>	<b>-11.6%</b>

The cash flows for the SBRLF reflect the program's nature as that of a conduit for transfers of state (SIC) cash to small businesses and non-profits. At year end, a net positive result of \$2.0 million occurred after \$6.0 million in capital was transferred from the SIC and \$3.6 million in loans payoffs had been received to cover \$18.3 million in new loans funded and \$3.7 million in repayments to the state and transfers to the Operating Fund for current and future operating costs.

See the Condensed Statements of Cash Flows for the SBRLF on the following page.



**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Condensed Statements of Cash Flows – SBRLF**

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Net cash used in operating activities	\$ (12,335,142)	\$ (103,625,466)	\$ 91,290,324	88.1%
Net cash provided by non-capital financing activities	2,320,297	67,330,541	(65,010,244)	-96.6%
Net cash provided by investing activities	74,277	48,787	25,490	52.2%
Net decrease in cash and cash equivalents	<u>(9,940,568)</u>	<u>(36,246,138)</u>	<u>26,305,570</u>	<u>72.6%</u>
Cash and cash equivalents, beginning of year	11,954,196	48,200,334	(36,246,138)	-75.2%
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,013,628</b>	<b>\$ 11,954,196</b>	<b>\$ (9,940,568)</b>	<b>-83.2%</b>

### Drinking Water State Revolving Loan Fund

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

The process for funding new loans begins with NMED publishing a Fundable Priority List. NMFA accepts applications from the list, which are then underwritten. The projects are funded in the order of priority until all available funds are used. The State match to the EPA capitalization grant is funded by periodic appropriations made by the Legislature from the PPRF. As of June 30, 2023, NMFA was servicing 193 DWSRLF loans totaling \$92.6 million.

Total cash and investments and loans receivable remained stable from last year. Cash and investments together rose \$11.2 million (11.5%) and stood at \$108.8 million at fiscal year-end. Net loan receivables decreased \$1.2 million (1.3%). Advanced loan payments increased from last year by \$0.6 million (47.6%). This change occurred primarily because more borrowers began making monthly payments in advance of their semi-annual debt service dates instead of paying only twice annually.

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Condensed Statement of Net Position – DWSRLF**

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Assets</b>				
Cash and cash equivalents				
Restricted cash	\$ 66,972,431	\$ 43,001,322	\$ 23,971,109	55.7%
Loans receivable, net of allowance	92,570,897	93,775,511	(1,204,614)	-1.3%
Restricted investments	41,782,727	54,541,950	(12,759,223)	-23.4%
Other receivables	38,534	458,226	(419,692)	-91.6%
<b>Total Assets</b>	<b>201,364,589</b>	<b>191,777,009</b>	<b>9,587,580</b>	<b>5.0%</b>
<b>Liabilities</b>				
Advanced loan payments	1,938,914	1,313,818	625,096	47.6%
Due to other funds	422,868	467,132	(44,264)	-9.5%
Other liabilities	1,063,253	777,673	285,580	36.7%
<b>Total Liabilities</b>	<b>3,425,035</b>	<b>2,558,623</b>	<b>866,412</b>	<b>33.9%</b>
<b>Net Position</b>				
Restricted for program commitments	198,246,441	189,160,867	9,085,574	4.8%
Unrestricted	38,534	57,519	(18,985)	-33.0%
<b>Total Net Position</b>	<b>\$198,284,975</b>	<b>\$189,218,386</b>	<b>\$ 9,066,589</b>	<b>4.8%</b>

Operating revenue for the DWSRLF increased \$1.6 million (78.7%) from last year, almost entirely due to an increase in investment income resulting from favorable investment market conditions.

Grant expenses decreased markedly by \$3.3 million (37.3%). This result was driven by a decrease in project reimbursement requests due to ongoing supply chain issues, labor shortages and increased construction costs relative to market conditions.

Federal grant revenue for the year, driven largely by requisitions for reimbursement for construction projects, fell \$8.6 million (61.1%), reaching only \$5.5 million by fiscal year-end. This occurred because many communities paused to rethink their projects in the face of higher materials prices, a workforce shortage, and an exodus of contractors from the field during the pandemic.

See the Condensed Statement of Revenues, Expenses and Changes in Net Position for the DWSRLF on the following page.

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

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

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Operating Revenue</b>				
Interest on loans	\$ 1,403,344	\$ 1,640,408	\$ (237,064)	-14.5%
Administrative fees revenue	218,356	257,735	(39,379)	-15.3%
Interest on investments	2,106,328	188,138	1,918,190	1019.6%
<b>Total Operating Revenues</b>	<b>3,728,028</b>	<b>2,086,281</b>	<b>1,641,747</b>	<b>78.7%</b>
<b>Operating Expenses</b>				
Grants expense	5,506,252	8,782,357	(3,276,105)	-37.3%
Salaries and benefits	694,012	563,639	130,373	23.1%
Professional services	348,276	284,073	64,203	22.6%
Other operating costs	89,780	122,570	(32,790)	-26.8%
<b>Total Operating Expenses</b>	<b>6,638,320</b>	<b>9,752,639</b>	<b>(3,114,319)</b>	<b>-31.9%</b>
<b>Net Operating Loss</b>	<b>(2,910,292)</b>	<b>(7,666,358)</b>	<b>4,756,066</b>	<b>62.0%</b>
<b>Non-operating Revenue (Expenses)</b>				
Grants revenue and transfers from State	5,494,800	14,128,407	(8,633,607)	-61.1%
Transfers to State and intra-fund	6,482,081	2,256,134	4,225,947	187.3%
<b>Net Non-Operating Revenue</b>	<b>11,976,881</b>	<b>16,384,541</b>	<b>(4,407,660)</b>	<b>-26.9%</b>
Increase in Net Position	9,066,589	8,718,183	348,406	4.0%
Net Position, Beginning of Period	189,218,386	180,500,203	8,718,183	4.8%
<b>Net Position, End of Period</b>	<b>\$198,284,975</b>	<b>\$189,218,386</b>	<b>\$ 9,066,589</b>	<b>4.8%</b>

The cash flows for the DWSRLF reflect the Federal program restrictions, with outflows closely matching inflows, except for transactions that occurred at the end of the fiscal year. Operating expenses are reimbursed to the NMFA Operating Fund from cash received for administrative and cost of issuance fees and interest earned on investments. During fiscal year 2023, all disbursements to borrowers for their construction projects, which equal the grant and loan principal, were made from cash requisitioned and received from the EPA and the State's match, which is transferred into the fund at the start of the fiscal year from the PPRF. As a result, cash flows from all activities were positive. Operating activities netted \$3.5 million. Financing activities netted \$14.9 million, an increase of \$48.0 million (144.9%).

See the Condensed Statements of Cash Flows for the DWSRLF on the following page.

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Condensed Statements of Cash Flows – DWSRLF**

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Net cash provided by operating activities	\$ 3,514,229	\$ 4,068,276	\$ (554,047)	-13.6%
Net cash provided by noncapital financing activities	5,591,329	1,821,676	3,769,653	206.9%
Net cash provided by (used in) investing activities	<u>14,865,551</u>	<u>(33,107,625)</u>	<u>47,973,176</u>	<u>144.9%</u>
Net increase (decrease) in cash and cash equivalents	<u>23,971,109</u>	<u>(27,217,673)</u>	<u>51,188,782</u>	<u>188.1%</u>
Cash and cash equivalents, beginning of year	<u>43,001,322</u>	<u>70,218,995</u>	<u>(27,217,673)</u>	<u>-38.8%</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 66,972,431</b></u>	<u><b>\$ 43,001,322</b></u>	<u><b>\$ 23,971,109</b></u>	<u><b>55.7%</b></u>

### NMFA Operating Fund

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

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

The total fund balance (net position) in the Operating Fund at the end of fiscal year 2023 was \$32.0 million, of which \$9.7 million was unrestricted cash and \$5.8 million was unrestricted investments. Included in this total was \$5.9 million assigned to SBRLF for operating expenses for the life of that program. Due from other funds increased by \$3.6 million (63.5%) from fiscal year 2022, as other funds had to tap the cash in this fund to make up liquidity shortfalls. Total owed to the Operating Fund at fiscal year-end was \$9.2 million, with the biggest debtor fund, the Colonias Infrastructure Fund (CIF), responsible for a third of this amount (\$3.0 million).

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

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Condensed Statements of Net Position – Operating Fund**

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Assets</b>				
Cash and cash equivalents				
Unrestricted cash - unassigned	\$ 9,702,573	\$ 2,204,745	\$ 7,497,828	340.1%
Unrestricted cash - assigned	-	5,882,939	(5,882,939)	-100.0%
Unrestricted investments - assigned	5,772,694	9,316,714	(3,544,020)	-38.0%
Due from other funds	9,151,081	5,597,266	3,553,815	63.5%
Other receivables	3,930,373	534,229	3,396,144	635.7%
Capital assets, net of accumulated depreciation	6,158,593	2,881,807	3,276,786	113.7%
Other assets	-	129,929	(129,929)	-100.0%
<b>Total Assets</b>	<b>34,715,314</b>	<b>26,547,629</b>	<b>8,167,685</b>	<b>30.8%</b>
<b>Liabilities</b>				
Accounts payable, accrued payroll and compensated absences	1,564,605	1,115,628	448,977	40.2%
Due to other funds	37,753	686,519	(648,766)	-94.5%
Capitalized Lease and SBITA	1,015,627	880,946	134,681	15.3%
Other liabilities	50,000	539,187	(489,187)	-90.7%
<b>Total Liabilities</b>	<b>2,667,985</b>	<b>3,222,280</b>	<b>(554,295)</b>	<b>-17.2%</b>
<b>Net Position</b>				
Net investment in capital assets	5,142,965	2,881,807	2,261,158	78.5%
Restricted for program commitments	11,717,812	4,011,899	7,705,913	192.1%
Unrestricted	15,186,552	16,431,643	(1,245,091)	-7.6%
<b>Total Net Position</b>	<b>\$ 32,047,329</b>	<b>\$ 23,325,349</b>	<b>\$ 8,721,980</b>	<b>37.4%</b>

Revenues exceeded expenditures by \$8.7 million, an improvement of \$9.2 million (1997.0%) from last year when expenses exceeded revenues by \$0.5 million. The increase is driven by recovering principal funded from ESWCF (\$1.7 million) and CMP (\$1.3 million) reimbursement from programs.

See the Condensed Statement of Revenues, Expenses and Changes in Net Position on the following page.

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

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

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Operating Revenue</b>				
Administrative fees revenue	\$ 521,670	\$ 3,430,821	\$ (2,909,151)	-84.8%
Interest on investments	332,258	22,430	309,828	1381.3%
<b>Total Operating Revenues</b>	<b>853,928</b>	<b>3,453,251</b>	<b>(2,599,323)</b>	<b>-75.3%</b>
<b>Operating Expenses</b>				
Salaries and benefits	270,222	212,405	57,817	27.2%
Professional services	126,862	46,000	80,862	175.8%
Bond issuance costs	-	17,032	(17,032)	-100.0%
Other operating costs	98,462	(361,671)	460,133	127.2%
Interest expense	44,463	55,343	(10,880)	-19.7%
Depreciation and amortization expenses	1,064,867	970,882	93,985	9.7%
<b>Total Operating Expenses</b>	<b>1,604,876</b>	<b>939,991</b>	<b>664,885</b>	<b>70.7%</b>
<b>Net Operating Gain (Loss)</b>	<b>(750,948)</b>	<b>2,513,260</b>	<b>(3,264,208)</b>	<b>-129.9%</b>
<b>Non-operating Revenue (Expenses)</b>				
Transfers to State and intra-fund	9,472,928	(2,973,049)	12,445,977	418.6%
<b>Net Non-Operating Revenue</b>	<b>9,472,928</b>	<b>(2,973,049)</b>	<b>12,445,977</b>	<b>418.6%</b>
<b>Increase in Net Position</b>	<b>8,721,980</b>	<b>(459,789)</b>	<b>9,181,769</b>	<b>1997.0%</b>
Net Position, Beginning of Period	23,325,349	23,785,138	(459,789)	-1.9%
<b>Net Position, End of Period</b>	<b>\$ 32,047,329</b>	<b>\$ 23,325,349</b>	<b>\$ 8,721,980</b>	<b>37.4%</b>

The Operating Fund saw a net inflow of almost \$1.6 million at year-end. A surplus between operating expenses versus revenues of \$12.5 million in operating activities and the net sale/purchase of \$3.8 million in investments and \$4.7 million in capital assets exceeded the inflow of \$14.9 million generated by non-capital financing activities. This inflow from non-capital financing represents an improvement of \$2.6 million from last year.

See the Condensed Statements of Cash Flows on the following page.



**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023 AND 2022**

**Condensed Statements of Cash Flows – Operating Fund**

	2023	2022	\$ Change	Percentag e Increase / (Decrease)
Net Cash Used By Operating Activities	(12,513,446)	(9,619,490)	(2,893,956)	-30.1%
Net Cash Provided (Used) by Non-capital Financing Activities	14,948,216	12,389,902	2,558,314	20.6%
Net Cash (Used) Provided by Investing Activities	3,876,278	(9,294,284)	13,170,562	141.7%
Net Cash Used in Capital Financing Activities	(4,696,159)	(1,107,912)	(3,588,247)	-323.9%
Net Decrease in Cash and Cash Equivalents	1,614,889	(7,631,784)	9,246,673	121.2%
Cash and Cash Equivalents, Beginning of Year	8,087,684	15,719,468	(7,631,784)	-48.5%
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 9,702,573</b>	<b>\$ 8,087,684</b>	<b>\$ 1,614,889</b>	<b>20.0%</b>

***Capital Asset Activity***

NMFA acquired capital assets during the fiscal year to support improving technology, utilizing new hardware to replace older, outdated products. The cost of new technology hardware and software was \$204,496. Additional costs include acquisition and architect’s design for a building renovation of \$3,933,578 and recognition of SBITA right to use asset as mandated by GASB 96.

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

**Contacting NMFA’s Financial Management**

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

Substantial additional information is available on NMFA’s website at [www.nmfinance.com](http://www.nmfinance.com), on NMFA’s PPRF investor relations website at [www.nmbondfinance.com](http://www.nmbondfinance.com) and on NMFA’s NMDOT investor relations website at [www.nmdotbonds.com](http://www.nmdotbonds.com). If you have any questions about this report or need additional financial information, contact:

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

# **FINANCIAL STATEMENTS**

**NEW MEXICO FINANCE AUTHORITY**  
**Statement of Net Position**  
**June 30, 2023**

<b>Assets</b>	
Current Assets	
Cash and cash equivalents	
Unrestricted cash - unassigned	\$ 9,702,573
Restricted cash - unassigned	442,051,426
Restricted cash - assigned	965,694
Interest receivable on loans	9,854,087
Grants and other receivables	1,151,306
Administrative fees receivable	1,192,702
Loans receivable, current	186,470,632
	<b>Total Current Assets 651,388,420</b>
Non-current assets	
Unrestricted investments - assigned	5,772,694
Restricted investments - unassigned	568,882,575
Restricted investments - assigned	590,302
Loans receivable	1,795,323,451
Allowance for loan losses	(21,825,602)
Capital assets, net of accumulated depreciation and amortization	6,158,593
	<b>Total Non-current Assets 2,354,902,013</b>
	<b>Total Assets 3,006,290,433</b>
 <b>Deferred Outflows of Resources</b>	
Deferred loss on refunding	543,598
	<b>Total Deferred Outflows of Resources 543,598</b>
 <b>Liabilities</b>	
Current Liabilities	
Accounts payable	516,975
Accrued payroll	215,128
Compensated absences	832,502
Bond interest payable	4,244,481
Undisbursed loan proceeds	392,847,578
Advanced loan payments	93,771,569
Bonds payable, current	123,425,000
Other liabilities	100,672,119
	<b>Total Current Liabilities 716,525,352</b>
Non-Current Liabilities	
Bonds payable	1,363,442,803
Lease and SBITA liabilities	412,039
Non-current SIC payable	134,987,581
	<b>Total Non-Current Liabilities 1,498,842,423</b>
	<b>Total Liabilities 2,215,367,775</b>
 <b>Deferred Inflows of Resources</b>	
Deferred gain on refunding, non-capital assets	1,978,762
	<b>Deferred Inflows of Resources 1,978,762</b>
 <b>Net Position</b>	
Net investment in capital assets	5,142,965
Restricted for program commitments	768,225,537
Unrestricted	16,118,992
	<b>Total Net Position 789,487,494</b>

The accompanying Notes are an integral part of these Financial Statements

**NEW MEXICO FINANCE AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Fiscal Year Ended June 30, 2023**

<b>Operating Revenue</b>	
Interest on loans	\$ 50,401,598
Administrative fee revenue	3,147,009
Interest on investments	12,710,883
Unrealized loss	(932,346)
<b>Total Operating Revenues</b>	<u>65,327,144</u>
<b>Operating Expenses</b>	
<b>Direct</b>	
Bond interest expense	41,695,594
Grant expense	72,623,125
Loan financing pass-through	1,997,079
Bond issuance costs	1,135,857
Provision for loan losses	249,039
Interest expense	1,887,273
<b>Total Operating Expenses - Direct</b>	<u>119,587,967</u>
<b>Indirect</b>	
Salaries and benefits expense	8,569,515
Contractual services expense	3,808,914
Operating expense	1,605,911
Depreciation and amortization expense	1,064,867
<b>Total Operating Expenses - Indirect</b>	<u>15,049,207</u>
<b>Total Operating Expenses</b>	<u>134,637,174</u>
<b>Net Operating Loss</b>	<u>(69,310,030)</u>
<b>Non-operating Revenue (Transfers)</b>	
Appropriation revenue	169,671,017
Federal grant revenue	5,494,800
Transfers from the State	73,087,540
Transfers to the State	(8,316,747)
<b>Net Non-operating Revenue (Transfers)</b>	<u>239,936,610</u>
<b>Increase in Net Position</b>	<u>170,626,580</u>
Net Position, Beginning of Period	618,860,914
<b>Net Position, End of Period</b>	<u>\$ 789,487,494</u>

The accompanying Notes are an integral part of these Financial Statements

# NEW MEXICO FINANCE AUTHORITY

## Statement of Cash Flows

Fiscal Year Ended June 30, 2023

<b>Cash flows from operating activities</b>	
Cash paid for employee services	\$ (8,964,219)
Cash paid to vendors for services	(5,632,529)
Loan payments received	217,000,968
Loans funded	(217,522,415)
Grants expense	(72,623,125)
Cash received from federal government capitalization grant	5,494,800
Interest on loans, net of interest expense	48,252,976
Administrative fees received	4,416,910
<b>Net cash used in operating activities</b>	<u>(29,576,634)</u>
<b>Cash flows from noncapital financing activities</b>	
Appropriations received from the State of New Mexico	169,671,017
Cash transfers from the State of New Mexico	63,115,843
Cash transfers to the State of New Mexico	(81,996,450)
Intra-program transfers	-
Proceeds from the sale of bonds	154,108,530
Payment of bonds	(136,260,000)
Bond issuance costs	(1,135,857)
Bond interest expense paid	(58,734,184)
Loan financing pass-through to borrower	(1,997,079)
<b>Net cash provided by noncapital financing activities</b>	<u>106,771,820</u>
<b>Cash flows from investing activities</b>	
Purchase of investments	(443,015,219)
Sale of investments	394,285,942
Interest received on investments	11,778,537
<b>Net cash used in investing activities</b>	<u>(36,950,740)</u>
<b>Cash flows from capital financing activities</b>	
Capital assets	(4,696,159)
<b>Net cash used in capital financing activities</b>	<u>(4,696,159)</u>
Net increase in cash and cash equivalents	35,548,287
Cash and cash equivalents, beginning of year	417,171,406
<b>Cash and cash equivalents, end of year</b>	<u>\$ 452,719,693</u>

The accompanying Notes are an integral part of these Financial Statements

**NEW MEXICO FINANCE AUTHORITY**  
**Statement of Cash Flows, Continued**  
**Fiscal Year Ended June 30, 2023**

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**Reconciliation of cash and cash equivalents**

Unrestricted cash - unassigned	\$	9,702,573
Restricted cash - unassigned		442,051,426
Restricted cash - assigned		965,694
<b>Total cash and cash equivalents</b>	<b>\$</b>	<b>452,719,693</b>

**Reconciliation of net operating loss to net cash used in operating activities**

Net operating loss		(69,310,030)
Adjustments to change in net position		
Depreciation		1,064,867
Amortization on bond premiums		(17,218,407)
Provision for loan losses		(249,039)
Interest on investments		(11,778,537)
Bond interest paid		58,914,000
Loan financing pass-through to borrowers		1,997,079
Bond issuance costs		1,135,857
Cash received from federal grants		5,494,800
Interest expense		(1,887,273)
Changes in assets and liabilities		
Interest receivable		(2,148,620)
Grants, prepaids and other assets		(4,548,001)
Administrative fees receivable		7,303
Loans receivable, net of allowance		(47,403,652)
Accounts payable		340,888
Accrued payroll		51,109
Accrued compensated absences		56,980
Undisbursed loan proceeds		45,124,214
Advanced loan payments		2,150,853
Other liabilities		8,628,975
<b>Net cash used in operating activities</b>	<b>\$</b>	<b>(29,576,634)</b>

The accompanying Notes are an integral part of these Financial Statements

**NEW MEXICO FINANCE AUTHORITY**  
**Custodial Fund – Statement of Fiduciary Net Position**  
**June 30, 2023**

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**Assets**

Cash and cash equivalents		<u>\$ 233,820,619</u>
	<b>Total Assets</b>	<u>233,820,619</u>

**Liabilities**

Debt service payable		<u>837,263</u>
	<b>Total Liabilities</b>	<u>837,263</u>

**Net Position**

Restricted for other government		<u>232,983,356</u>
	<b>Total Net Position</b>	<u><u>\$ 232,983,356</u></u>

The accompanying Notes are an integral part of these Financial Statements

**NEW MEXICO FINANCE AUTHORITY**  
**Custodial Fund – Statement of Changes in Fiduciary Net Position**  
**Fiscal Year Ended June 30, 2023**

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**Additions**

Debt service collections	\$	167,938,155
Interest income		12,572,878
		180,511,033
<b>Total Additions</b>		<b>180,511,033</b>

**Deductions**

Debt service payments		170,951,750
Project expenditures		86,018,528
		256,970,278
<b>Total Deductions</b>		<b>256,970,278</b>

		<b>(76,459,245)</b>
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**Net Position**

Net position-beginning of year		309,442,601
<b>Net position-end of year</b>	<b>\$</b>	<b>232,983,356</b>



**NEW MEXICO FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1) Nature of Organization**

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

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

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

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

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

The DWSRLF provides low-cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is primarily funded through a federal capitalization grant where the Environmental Protection Agency (EPA) and the State 20% cost share.

The WPF program provides grants and interest-free loans to water projects supporting water use efficiency, resource conservation and protection, and fair distribution and allocation of

**NEW MEXICO FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

water. In the accompanying statements, the receipt of funds for the WPF program is reflected as Transfers from the State in the amount of \$24,926,661 at June 30, 2023.

Other significant programs and financing administered by NMFA include:

- ◆ The New Markets Tax Credits Program (NMTC), whereby NMFA is the managing member in Finance New Mexico, LLC (FNMLLC), a subsidiary for-profit company that has received \$321 million in total allocations of federal tax credits under the NMTC Program.
- ◆ The Economic Development Revolving Fund (ED) is comprised of Smart Money (SM), which is a loan participation program that allows NMFA to buy interests in loans made by New Mexico banks and financial institutions.
- ◆ The Essential Services Working Capital Fund (ESWCF) was established as a stand-alone economic development program in FY 2022. It is an emergency working capital program established by the NMFA Board in April 2020 to help community service providers and other essential businesses operating during the emergency health order. The ESWCF had outstanding loan receivables of \$1.6 million on June 30, 2023.
- ◆ The Primary Care Capital Fund (PCCF) is a revolving loan program that provides low-interest rate loans to non-profit and government-owned primary care health clinics for infrastructure, construction, capital equipment purchases and for working capital. These loans can provide up to 20% annual loan forgiveness should the borrower meet certain requirements in providing free or reduced-cost medical care to sick and indigent clients.
- ◆ The Behavioral Health Capital Fund (BHCF) is a revolving loan program that provides low-interest rate loans to government owned and non-profit behavioral health providers for infrastructure, construction, capital equipment purchases and for working capital. These loans can provide up to 20% annual loan forgiveness should the borrower meet certain requirements in providing free or reduced-cost medical care to sick and indigent clients.
- ◆ The Local Government Planning Fund Program (LGPF) provides grants to qualified local government entities on a per-project basis for infrastructure planning projects.
- ◆ The Colonias Infrastructure Fund (CIF) consists, of proceeds from severance tax bonds authorized in Section 7-27-12.5 NMSA 1978. It provides loans and grants to certain communities located within 150 miles of the Mexican border in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, and roads. In the accompanying statements, the receipt of funds for the CIF is reflected as Transfers from the State in the amount of \$14,192,614 at June 30, 2023.
- ◆ Through a Memorandum of Agreement entered into with NMEDD in 2011, NMFA received federal State Small Business Credit Initiative (SSBCI) funds to help increase the flow of capital to small businesses by mitigating bank risk. NMFA used the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation Program. NMFA is no longer

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making loans from this program and is transferring the repaid principal to NMEDD quarterly.

- ◆ New State Economic Recovery Programs – In response to the effect the COVID-19 pandemic was having on New Mexico’s economy, the State Legislature enacted six new small business assistance programs for NMFA to administer:
  - Small Business Recovery Loan Fund (SBRLF) was passed in a special session called by the Governor in June 2020 and expanded during the 2021 regular session. It appropriated up to \$500.0 million for loans to be made by NMFA to qualifying New Mexico small businesses and non-profits affected by the health emergency.
  - Local Economic Development Act Recovery Grant Program (LEDA) was created when the Legislature amended the Local Economic Development Act in April 2021 to mandate that NMFA administer a \$200.0 million grant program to assist qualifying small businesses struggling with lease and mortgage payments on account of the health emergency. This program closed for new applications on December 31, 2021, but continued disbursing subsequent grants into fiscal year 2024 to recipients whose applications were approved until then.
  - The Microbusiness Program (CMP) was created by NMFA as a pilot program in fiscal year 2022 after the State law legalized the sale of recreational cannabis effective April 1, 2022. The program was capitalized by \$5.0 million transferred from the ending fund balance of the ESWCF. It offered 2% or 3% interest loans of up to \$250,000 to small businesses entering this new industry. All loans were collateralized and/or guaranteed by the borrower for a term of up to 5 years. NMFA stopped accepting new applications on May 9, 2023.
- ◆ The Charter School Facility Revolving Fund (CSFRF) was created by the Legislature in 2022, effective July 1, 2022. It was capitalized by a State appropriation of \$10.0 million. When it opens for applications in fiscal year 2024, it will offer low interest loans to charter schools in the state in the same way that public school districts receive loans from the PPRF.
- ◆ The Opportunity Enterprise Revolving Fund (OERF) was created by the Legislature in 2022, effective July 1, 2022. It was capitalized by a State appropriation of \$70.0 million to support economic development in New Mexico. The program opened for applications in fiscal year 2024. Projects selected by the Opportunity Enterprises Review Board, the advisory board appointed by the Opportunity Enterprise Act, will be considered for low interest loans to commercial real estate development ventures in New Mexico.
- ◆ The Early Childhood Education and Care Department Child Care Supply Building Grant Program (ECECDB) was executed by NMFA on behalf of ECECD through a memorandum of understanding effective July 28, 2022.

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Its purpose was to disburse grants to existing licensed or registered childcare providers and employers that intend to create or expand childcare for their employees in New Mexico designated by ECECD with NMFA serving as its agent. ECECD transferred \$13.9 million in federal government under the American Rescue Plan Act to fund this activity, including the reimbursement of costs by NMFA.

- ◆ ECECD Child Care Stabilization Grant (ECECDS) Program was executed by NMFA on behalf of ECECD through a memorandum of understanding effective October 27, 2022. Its purpose was to disburse grants to licensed centers, group homes, and family childcare homes designated by ECECD with NMFA serving as its agent to ensure childcare providers are economically stable and that safe, high quality, and affordable. ECECD transferred a total of \$12.3 million it received from the Federal government under the American Rescue Plan Act to fund this activity, including the reimbursement of costs by NMFA.
- ◆ The Venture Capital Program (VCP) was created by the Legislature in 2022, effective July 1, 2022. It was capitalized by a State appropriation of \$35.0 million to promote economic growth in New Mexico. An additional \$15.0 million was approved in FY 2023. The program will offer equity loans to established businesses with significant growth potential in the state.
- ◆ The New Mexico Growth Fund (NMGF) has a signed (June 2023) Memorandum of Agreement with the New Mexico Economic Development Department (NMEDD) to partner on the administration of the State Small Business Credit Initiative (SSBCI) in New Mexico. SSBCI is a federally funded program operated by the U.S. Department of Treasury seeking to increase access to capital to small businesses and entrepreneurship. NMFA has incurred minimal staff time cost preparing for implementation in FY 2024.

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

NMFA's component unit note disclosures over significant account balances are located on page 62 and page 77 of the ACFR. The paragraph and table indicated FNM or FNMLLC to clearly distinguish them from the general government's note disclosures. The financial statements include the accounts of NMFA and its blended component unit, FNMLLC. All intercompany transactions and balances are eliminated. The condensed financial statements of FNMLLC are disclosed in Note 13.

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## **2) Summary of Significant Accounting Policies**

### Accounting Principles

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

### Basis of Presentation

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

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

Non-operating items consist of State appropriations for GGRT revenue and statute-directed Water Trust Fund distributions. Grant revenue and transfers to and from the State consist of excess distributions and reversions of prior-year appropriated revenue.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. When restricted resources meet the criteria to be available for use and unrestricted resources are also available, NMFA uses restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

### Change in Accounting Principles

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (SBITA)*

NMFA recognizes SBITA that have a term exceeding one year that meet the definition of anything other than short-term SBITA. NMFA uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using NMFA's incremental borrowing rate at start of the arrangement for a similar asset type and term length to the contract. Short-term subscription payments are expensed when incurred.

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New Accounting Pronouncements

NMFA adopted GASB No. 96, as of June 30, 2023. NMFA evaluated subscription-based information technology contracts that were formerly expensed as incurred. NMFA determined whether these contracts meet the definition of a SBITA as defined in GASB 96. Management evaluated and noted an adjustment as of July 1, 2022, to right of use SBITA assets of \$59,251 and SBITA liabilities of \$23,160.

NMFA adopted GASB No. 91 - *Conduit Debt Obligations* as of June 30, 2023. In preparation for incorporating the reporting requirements for this new standard, NMFA reviewed its debt obligations and determined that none of them met the standards to be deemed conduit debt as set out in GASB 91, including loan agreements and bonds issued for the State of New Mexico and other major public entity borrowers. For this reason, no conduit debt obligations are disclosed in its financial statements.

Custodial Funds

Custodial Funds are used to report resources held by NMFA in a custodial capacity and are subject to GASB Statement No. 91 - *Conduit Debt Obligations*. These funds result from bond transactions in which NMFA acts as fiscal agent for the New Mexico Department of Transportation (NMDOT). The amounts reported as custodial funds do not belong to NMFA, are held in separate accounts on NMFA's books in the name of NMDOT and are not included in NMFA's financial statements. Total bonds outstanding for totaled \$742.8 million and cash of \$233.8 million held in trust for benefit of NMDOT. See pages 50 and 51 for Custodial Funds detail.

Cash, Cash Equivalents and Investments

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

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

Restricted vs. Unrestricted Cash

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

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Current Receivables

Current receivables comprise interest receivable, administrative fees receivable, grants and other receivables arising from the normal course of operations.

Loans Receivable

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

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

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

State Loans Receivable

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

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated acquisition 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 at acquisition value.

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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.

In fiscal year 2023, NMFA acquired a new building and began design renovations. Construction activities should begin in second quarter of fiscal year 2024 with anticipated completion in second quarter 2025, to allow NMFA to occupy the new building no later than February 2025. All costs will be capitalized, and depreciation will begin thereafter with a life of 30 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 a consumption of net assets that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will be recognized as revenues in future periods. Both Deferred Loss and Gain on refunding are for non-capital assets.

Bond Discounts and Premiums

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

Loan Financing Pass-Through

Loan financing pass-through expenses are bond premiums associated with certain loans passed through by NMFA to the respective borrowers. The refinanced loans were associated with certain bond premiums, which reduced the outstanding principal of the associated loans. The reductions represent a loan financing pass-through expense to NMFA. For fiscal year 2023, loan financing pass-through expenses were \$1,997,079.

Compensated Absences

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

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



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

Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients that have not been applied as a payment against their loan, as well as debt service reserve accounts funded from the loan proceeds. NMFA applies individual loan payments semi-annually. Any payments received prior to being applied to the loan are held in an account that earns interest, and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's Office (STO). The balance of advanced loan payments was \$93,771,569 on June 30, 2023.

Net Position

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

*Net investment in capital assets* is intended to reflect the portion of net position associated with capital assets less outstanding capital asset related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The only debt associated with capital assets is the lease liability.

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

The following lists significant programs and the associated enabling statutes, bond covenants, and/or memorandums of understanding:

PPRF	6-21-6 NMSA 1978; General and Subordinated Indentures of Trust
DWSRLF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
WPF	72-4A-9 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
ED	6-25-6 NMSA 1978 (ESWCP 6-25-6 NMFA 1978; Rules adopted by NMFA Board and NMFA Oversight Committee)
PCCF	24-1C-4 NMSA 1978
BHCF	6-26-4 NMSA 1978
LGPF	6-21-6.4 NMSA 1978
CIF	6-30-8 NMSA 1978
SSBCI	6-25-1 et. seq. NMSA 1978; SSBCI Allocation Agreement

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SBRLF	6-32-3 NMSA 1978
LEDA	5-10-16 NMSA 1978
CMP	6-25-1 et. seq. NMSA 1978 (SWEDFA 6-25-3; Rules adopted by NMFA Board)
CSFRF	6-21-6.16 NMSA 1978
VCP	6-33-3 NMSA 1978
OEA	6-34-12 NMSA 1978
ECECD	Memorandum of Agreement with ECECD
ECECDB	Memorandum of Agreement with ECECD
NMGF	Memorandum of Agreement with the NMEDD

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

Income Taxes

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

Use of Estimates

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

Budget

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

**3) Investments**

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

NMFA's investments conform to the provisions of the Amended and Restated Investment Policy (Investment Policy) dated October 28, 2021, the provisions of the General Indenture of

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Trust and Subordinated Indenture of Trust applicable to NMFA's bond issuances, bond resolutions and other documents or agreements that control the investment of funds.

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

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

Credit Risk

NMFA minimizes credit risk (the risk of loss due to the failure of securities issuer or backer) by limiting investments; prequalifying financial institutions, broker/dealers, intermediaries, and advisors with which NMFA does business; and diversifying the investment portfolio to minimize the impact of potential losses from any one type of security or from any one individual issuer.

FNMLLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, FNMLLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2023.

Interest Rate Risk

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

For additional deposit and investment risk disclosure information regarding cash held by the STO, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for June 30, 2023.

State General Fund Investment Pool

NMFA, as required by Section 24-1C-4 NMSA 1978, administers the PCCF, which was created as a revolving fund in the STO. PCCF funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of State agencies. Pursuant to SB423, NMFA

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will transfer all funds from the STO to NMFA controlled funds in fiscal year 2024. In fiscal year 2023, PCCF funds totaled \$1,216,056, representing less than 1% of total NMFA funds.

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

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Permitted Investments

As provided in Sections 6-21-6 and 6-21-5 of the Act, money pledged for or securing payment of bonds issued by NMFA is deposited and invested as provided in the bond resolution, trust indenture or other instrument under which the bonds were issued. The following table identifies the investment types permitted by the Investment Policy:

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

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of NMFA may be invested in a guaranteed investment contract (GIC) or flexible repurchase agreement without regard to the investment allocation constraints set forth in the Investment Policy, if the GIC or repurchase agreement provides for disbursement upon request of NMFA in amounts necessary to meet expense requirements for the bonds or other obligations.

<sup>1</sup> Limits do not apply to cash invested by trustee per bond indenture.

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

<sup>3</sup> Interest bearing certificates of deposit or bank deposits must be in banks having a branch location in New Mexico, and all principal and interest must be fully insured by the Federal Deposit Insurance Corporation or secured by obligations described above, registered in the name of NMFA and held by a third party safe-keeping agent, or collateralized as required by 6-10-16 NMSA 1978 at 102% of the value of the deposit that is not FDIC insured.

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

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Cash and equivalents at June 30, 2023 are as follows:

Description	Balance at June 30, 2023	Interest Bearing	Rated	Percentage of NMFA Funds
FNMLLC Cash equivalents	\$ 9,448,806	Yes	N/A	<1%
Wells Fargo Deposit account book balance	142,862	No	N/A	<1%
Wells Fargo Repurchase agreement - fully secured <sup>2</sup>	303,053	Yes	N/A	<1%
Wells Fargo Small Business Relief Fund	2,013,628	Yes	N/A	<1%
Wells Fargo LEDA Grants	71,682,617	Yes	N/A	7%
Wells Fargo ECECD - Stabilization Grants	98,387	Yes	N/A	<1%
Wells Fargo ECECD - Supply Building Grants	5,671,710	Yes	N/A	1%
Government Money Market Funds	311,827,563	Yes	AAA	30%
US Treasury Notes less than 91 days to maturity	40,046,691	Yes	AAA	4%
US Government Agencies less than 91 days to maturity	10,139,690	Yes	0	1%
US Eagle	128,630	Yes	N/A	<1%
PCCF funds held with the SGFIP	1,216,056	Yes	N/A	<1%
Total Cash and Equivalents	<u>\$ 452,719,693</u>			44%
Cash held in custodial fund	233,820,619			
 Total Cash and Equivalents	 <u><u>\$ 686,540,312</u></u>			

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Maturity Restrictions

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

Investments consist of bond proceeds, which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2023 are comprised of the following:

<u>Description</u>	<u>Fair Value as of June 30, 2023</u>	<u>Average Years to Maturity</u>	<u>Percentage of NMFA Funds</u>
US Treasury Notes	\$ 560,711,871	1.12	55%
US Government Agencies	<u>14,533,700</u>	0.46	1%
Total	<u>\$ 575,245,571</u>		

Fair Value Measurement

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

Level 1 – Investments reflect prices quoted in active markets.

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

Level 3 – Investments reflect prices based upon unobservable sources.

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

At June 30, 2023, NMFA's investments are classified as Level 1.

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**4) Loans Receivable**

Loans receivable activity for fiscal year ending June 30, 2023, was as follows:

Program	Term (Years)	Rates	2022	Increases	Decreases	2023
PPRF	1 to 30	0.00% to 6.00%	\$ 1,631,080,443	\$ 179,961,727	\$ 151,153,175	\$ 1,659,888,995
Small Business Recovery	1 to 10	1.625% to 3.750%	155,721,711	18,319,968	5,415,648	168,626,031
Drinking Water	1 to 30	0.00% to 4.00%	93,775,511	5,371,396	6,576,010	92,570,897
Water Trust Board	10 to 20	0.00%	31,777,831	5,429,359	3,056,926	34,150,264
NMTC - FNM	7	4.25%	6,487,626	5,512,475	42,651	11,957,450
Colonias	10 to 20	0.00%	6,508,083	1,625,549	463,071	7,670,561
SSBCI	10 to 12	1.00% to 6.00%	2,007,014	-	378,721	1,628,293
Economic Development	5 to 10	2.00% to 4.00%	1,857,901	-	64,598	1,793,303
Essential Services	5	1.00%	2,274,621	-	674,591	1,600,030
Behavioral Health	15	3.00%	1,853,789	-	1,218,169	635,620
Cannabis Microloans	5	2.00% to 3.00%	-	876,798	-	876,798
Primary Care	10 to 20	2.00% to 3.00%	653,038	-	257,197	395,841
			<u>1,933,997,568</u>	<u>217,097,272</u>	<u>169,300,757</u>	<u>1,981,794,083</u>
		Less allowance for loan losses	<u>19,249,074</u>	<u>2,706,451</u>	<u>129,923</u>	<u>21,825,602</u>
		Net Total	<u>\$ 1,914,748,494</u>	<u>\$ 214,390,821</u>	<u>\$ 169,170,834</u>	<u>\$ 1,959,968,481</u>

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2023:

Fiscal Year ending June 30, 2023	Principal	Interest	Total
2024	\$ 185,516,092	\$ 51,554,737	\$ 237,070,829
2025	173,507,051	49,726,180	223,233,231
2026	171,382,417	44,822,783	216,205,200
2027	165,266,271	40,731,554	205,997,825
2028	163,466,442	36,725,887	200,192,329
2029-2033	630,499,138	129,209,812	759,708,950
2034-2038	273,201,721	50,646,019	323,847,740
2039-2043	154,087,724	27,494,754	181,582,478
2044-2048	39,333,376	6,727,733	46,061,109
2049-2053	25,475,489	3,383,709	28,859,198
2054-2058	58,362	3,383,709	3,442,071
Sub-totals	<u>1,981,794,083</u>	<u>\$ 444,406,877</u>	<u>\$ 2,426,200,960</u>
Less allowance for loan loss	<u>21,825,602</u>		
Net loans receivable	<u>\$ 1,959,968,481</u>		



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In the summary below, scheduled payments to be collected on loans receivable at June 30, 2023, for SBRLF are loan principal payments totaling \$168.6 million and interest of \$15.6 million. Upon receipt, SBRLF scheduled payments are due to the New Mexico State Investment Council (SIC) for deposit in the New Mexico Severance Tax Permanent Fund. The following details the future cash flows for SBRLF loans included above and due to the SIC:

<u>Fiscal Year ending June 30, 2023</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 13,580,301	\$ 2,420,206	\$ 16,000,507
2025	13,337,298	4,019,658	17,356,956
2026	21,324,314	2,794,019	24,118,333
2027	21,792,081	2,039,641	23,831,722
2028	21,811,923	1,646,208	23,458,131
<u>2029-2033</u>	<u>76,780,114</u>	<u>2,680,494</u>	<u>79,460,608</u>
Sub-totals	168,626,031	<u>\$ 15,600,226</u>	<u>\$ 184,226,257</u>
Less Allowance for loan loss	<u>20,058,149</u>		
Net loans receivable	<u>\$ 148,567,882</u>		

State Loans Receivable

NMFA has agreements with various state entities relating to the issuance of bonds. Pursuant to the underlying legislation and resolutions, the bond proceeds financed various State projects in the PPRF. Pursuant to the legislation, the debt service on these bonds is payable solely from pledged future revenues from the State and state entities. The following activity represents amounts due to NMFA under these agreements as of June 30, 2023. These loans are included in the PPRF loans above.

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Loan Number	State Entity	Balance at June 30, 2023
PPRF-3268	Administrative Office of the Court	7,320,000.00
PPRF-5365	Administrative Office of the Court	5,225,000.00
PPRF-5696	Administrative Office of the Court	7,555,000.00
PPRF-5697	Administrative Office of the Court	8,085,331.00
PPRF-5698	Administrative Office of the Court	1,075,000.00
PPRF-2668	Department of Health	7,568,800.00
PPRF-4432	Department of Health	2,580,000.00
PPRF-3283	Eastern New Mexico University	11,870,000.00
PPRF-3797	Eastern New Mexico University	4,490,229.00
PPRF-5127	Eastern New Mexico University	19,255,000.00
PPRF-5248	Eastern New Mexico University	720,000.00
PPRF-3445	General Services Department	28,895,000.00
PPRF-4431	General Services Department	22,765,000.00
PPRF-4717	General Services Department	18,420,000.00
PPRF-4769	General Services Department	41,450,000.00
PPRF-4955	General Services Department (Energy Efficiency)	10,165,000.00
PPRF-2345	New Mexico Highlands University	8,185,000.00
PPRF-2702	New Mexico Highlands University	10,825,000.00
PPRF-5561	New Mexico Institute of Mining and Technology	6,785,000.00
PPRF-5008	New Mexico Military Institute	4,469,000.00
PPRF-5009	New Mexico Military Institute	6,413,000.00
PPRF-5464	New Mexico Spaceport Authority	26,950,671.00
PPRF-2661	State of New Mexico (Energy Efficiency)	141,670.00
PPRF-2662	State of New Mexico (Energy Efficiency)	115,249.00
PPRF-3472	State of New Mexico (Energy Efficiency)	2,433,928.00
PPRF-4718	State of New Mexico (Energy Efficiency)	876,399.00
PPRF-4803	State of New Mexico (Energy Efficiency)	362,638.00
PPRF-4956	State of New Mexico (Energy Efficiency)	3,368,058.00
PPRF-3424	University of New Mexico - Health Sciences Center	5,920,000.00
PPRF-5586	University of New Mexico - Health Sciences Center	22,000,000.00
PPRF-2909	Western New Mexico University	3,420,000.00
PPRF-5324	Western New Mexico University	7,866,000.00
PPRF-5325	Western New Mexico University	6,953,000.00
PPRF-5841	Western New Mexico University	4,850,000.00
Total State Loans Receivable		<b><u>319,373,973.00</u></b>

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**5) Capital Assets**

A summary of changes in capital assets during fiscal year 2023 is as follows:

	Balance at June 30, 2022	Implementation of Accounting Standard	Additions	Deletions	Balance at June 30, 2023
<b>Cost</b>					
Land	\$ -	\$ -	\$ 428,417	\$ -	\$ 428,417
Building/leasehold improvements	15,501	-	3,505,161	-	3,520,662
Furniture, fixtures, and equipment	46,033	-	-	-	46,033
Computer hardware and software	3,115,677	-	204,496	-	3,320,173
Right to use leased asset	1,847,878	-	120,685	-	1,968,563
Right to use SBITA asset <sup>1</sup>	-	59,251	23,643	-	82,894
Total	<u>\$ 5,025,089</u>	<u>\$ 59,251</u>	<u>\$ 4,282,402</u>	<u>\$ -</u>	<u>\$ 9,366,742</u>
<b>Accumulated depreciation and amortization</b>					
Building/leasehold improvements	\$ (8,241)	\$ -	\$ -	\$ -	\$ (8,241)
Furniture, fixtures, and equipment	(46,033)	-	-	-	(46,033)
Computer hardware and software	(1,585,041)	-	(510,465)	-	(2,095,506)
Right to use leased asset	(503,967)	-	(524,081)	-	(1,028,048)
Right to use SBITA asset <sup>1</sup>	-	-	(30,321)	-	(30,321)
Total	<u>\$ (2,143,282)</u>	<u>\$ -</u>	<u>\$ (1,064,867)</u>	<u>\$ -</u>	<u>\$ (3,208,149)</u>
Net total	<u>\$ 2,881,807</u>	<u>\$ 59,251</u>	<u>\$ 3,217,535</u>	<u>\$ -</u>	<u>\$ 6,158,593</u>

Note 1: Subscription-Based Information Technology Arrangements (GASB 96)

Depreciation and amortization expense for fiscal year 2023 was \$1,064,867.

Total amortization expense resulting from right-of-use assets for NMFA was \$554,402 for the year ended June 30, 2023.

NMFA is a lessee of office space with a term through February 2025. There are no residual value guarantees included in the measurement of NMFA's lease liability nor recognized as an expense for the year ended June 30, 2023. NMFA does not have any commitments that were incurred at the commencement of the lease. NMFA is not subject to variable payments associated with this lease. No termination penalties were incurred during the fiscal year.

NMFA is a lessee for SBITAs that have a term exceeding one year that meet the definition of anything other than short-term SBITA. NMFA uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using NMFA's incremental borrowing rate at start of the arrangement for a similar asset type and term length. NMFA's review of existing contracts determined that three SBITA lease agreements were subject to GASB 96. Two SBITAs included payments made prior to the implementation date of GASB 96. As a result, there are no remaining liabilities associated with these two SBITAs at June 30, 2023. The remaining SBITA has a future principal liability of \$23,160 to be paid in the next three fiscal years.

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NMFA has the following capital lease and SBITA liabilities included in long-term debt on the Statement of Net Position:

Capital Lease and SBITA liabilities	Balance at June 30, 2022	Implementation of Accounting Standard	Additions	Deletions	Balance at June 30, 2023
Capital Lease liability	\$ 1,442,911	\$ -	\$ 120,685	\$ 611,471	\$ 952,125
SBITA liabilities	-	23,160	-	-	23,160
Total Capital Lease and SBITA liabilities	<u>\$ 1,442,911</u>	<u>\$ 23,160</u>	<u>\$ 120,685</u>	<u>\$ 611,471</u>	975,285
Less Current Capital Lease and SBITA liabilities					<u>563,246</u>
Non-Current Capital Lease and SBITA liabilities					<u>\$ 412,039</u>

Future principal and interest lease payments as of June 30, 2023, are as follows:

Year Ending June 30	Principal	Interest	Total
2024	555,479	26,459	581,938
2025	396,646	5,628	402,274
	<u>\$ 952,125</u>	<u>\$ 32,087</u>	<u>\$ 984,212</u>

Future principal and interest SBITA payments as of June 30, 2023, are as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 7,767	\$ 741	\$ 8,508
2025	8,498	435	8,933
2026	6,895	109	7,004
	<u>\$ 23,160</u>	<u>\$ 1,285</u>	<u>\$ 24,445</u>

**6) Bonds Payable**

Bonds have been issued to provide financing for PPRF and are collateralized as follows:

- ◆ Loan Agreements and securities executed and delivered by governmental units in consideration for the financing of all or a portion of their respective projects by NMFA
- ◆ Amounts held in the Agreement Reserve Accounts
- ◆ Additional pledged loans
- ◆ Revenues received by NMFA from the allocation of PPRF's portion of the GGRT

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- ◆ Revenues pledged through legislation as security for the payment of principal and interest on bonds. These revenues include mainly Court Facilities Fees, Cigarette Excise and Tax, GGRT
- ◆ Revenues pledged to the energy efficiency program (loans are detailed in Note 4)

Bonds payable consisted of the following at June 30, 2023:

<b>Bond Series</b>	<b>Rate</b>	<b>Maturities</b>	<b>Original Amount</b>	<b>Outstanding Amount June 30, 2023</b>
<b>Public Project Revolving Fund Revenue Bonds - Senior Lien Debt</b>				
2013 A	N/A	Redeemed with cash	44,285,000	-
2013 B	N/A	Redeemed with cash	16,360,000	-
2014 B	3.000% to 5.000%	June 1, 2024 to June 1, 2035	58,235,000	21,310,000
2015 B	3.000% to 5.000%	June 1, 2024 to June 1, 2045	45,325,000	24,825,000
2015 C	5.000%	June 1, 2024 to June 1, 2035	45,475,000	42,315,000
2016 A	2.500% to 5.000%	June 1, 2024 to June 1, 2036	52,070,000	20,945,000
2016 C	3.000% to 5.000%	June 1, 2024 to June 1, 2046	67,540,000	56,305,000
2016 D	2.000% to 5.000%	June 1, 2024 to June 1, 2046	116,485,000	61,790,000
2016 E	3.000% to 5.000%	June 1, 2024 to June 1, 2046	40,870,000	13,505,000
2016 F	3.380% to 5.000%	June 1, 2024 to June 1, 2046	38,575,000	20,025,000
2017 A	3.000% to 5.000%	June 1, 2024 to June 1, 2046	60,265,000	40,800,000
2017 C	3.000% to 5.000%	June 1, 2024 to June 1, 2030	37,675,000	16,245,000
2017 E	5.000%	June 1, 2024 to June 1, 2038	40,190,000	24,305,000
2018 A	3.250% to 5.000%	June 1, 2024 to June 1, 2038	124,330,000	86,760,000
2018 B	5.000%	June 1, 2024 to June 1, 2031	22,530,000	11,690,000
2018 D	5.000%	June 1, 2024 to June 1, 2038	53,310,000	29,360,000
2019 B	4.000% to 5.000%	June 1, 2024 to June 1, 2039	43,870,000	34,330,000
2019 D	3.000% to 5.000%	June 1, 2024 to June 1, 2041	53,260,000	44,935,000
2020 A	2.000% to 5.000%	June 1, 2024 to June 1, 2040	32,305,000	22,185,000
2020 B	3.000% to 5.000%	June 1, 2024 to June 1, 2041	81,000,000	63,540,000
2021 A	3.000% to 5.000%	June 1, 2024 to June 1, 2041	39,535,000	29,725,000
2021 C	5.000%	June 1, 2024 to June 1, 2036	43,610,000	39,900,000
2022 A	2.750% to 5.000%	June 1, 2024 to June 1, 2041	65,570,000	61,275,000
2022 B	3.630% to 5.000%	June 1, 2024 to June 1, 2042	53,215,000	52,045,000
2022 C	5.000%	June 1, 2024 to June 1, 2042	67,500,000	66,800,000
2023 A-1	5.000%	June 1, 2024 to June 1, 2042	36,655,000	36,655,000
2023 A-2	5.000%	June 1, 2024 to June 1, 2053	39,120,000	39,120,000
			<b>\$ 1,419,160,000</b>	<b>960,690,000</b>

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<b>Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt</b>				
2014 A-1	3.250% to 5.000%	June 15, 2024 to June 15, 2033	\$ 15,135,000	9,565,000
2014 A-2	3.400% to 4.490%	June 15, 2024 to June 15, 2034	16,805,000	2,410,000
2015 A	3.000% to 5.000%	June 15, 2024 to June 15, 2035	63,390,000	31,540,000
2015 D	5.000%	June 15, 2024 to June 15, 2027	29,355,000	13,140,000
2017 B	3.500% to 5.000%	June 15, 2024 to June 15, 2026	68,015,000	11,080,000
2017 D	5.000%	June 15, 2024 to June 15, 2033	41,395,000	18,640,000
2017 F	2.770% to 3.655%	June 15, 2024 to June 15, 2036	19,315,000	11,015,000
2018 C-1	4.000% to 5.000%	June 15, 2024 to June 15, 2039	19,400,000	14,585,000
2018 C-2	3.330% to 4.090%	June 15, 2024 to June 15, 2038	13,175,000	8,025,000
2018 E	5.000%	June 15, 2024 to June 15, 2038	70,205,000	52,940,000
2019 A	5.000%	June 15, 2024 to June 15, 2036	37,145,000	28,310,000
2019 C-1	4.000% to 5.000%	June 15, 2024 to June 15, 2039	18,930,000	13,980,000
2019 C-2	2.370% to 3.380%	June 15, 2024 to June 15, 2039	12,480,000	8,795,000
2020 C-1	3.000% to 5.000%	June 15, 2024 to June 15, 2050	57,960,000	49,695,000
2020 C-2	0.610% to 2.650%	June 15, 2024 to June 15, 2040	38,860,000	28,960,000
2021 B	5.000%	June 15, 2024 to June 15, 2032	31,305,000	28,900,000
			<b>552,870,000</b>	<b>331,580,000</b>
Total bonds outstanding			<b>\$ 1,972,030,000</b>	<b>1,292,270,000</b>
Add net unamortized premium				<b>194,597,803</b>
Total bonds payable, net				<b>1,486,867,803</b>
Less current portion of bonds payable				<b>(123,425,000)</b>
Noncurrent portion of bonds payable				<b>\$ 1,363,442,803</b>

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Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30			
2024	123,425,000	58,121,807	181,546,807
2025	117,785,000	52,275,692	170,060,692
2026	103,370,000	46,742,600	150,112,600
2027	104,270,000	41,893,386	146,163,386
2028	97,000,000	37,024,747	134,024,747
2029-2033	386,280,000	126,386,092	512,666,092
2034-2038	231,030,000	52,536,157	283,566,157
2039-2043	91,200,000	16,923,388	108,123,388
2044-2048	23,965,000	6,191,063	30,156,063
2049-2053	13,945,000	1,992,250	15,937,250
	1,292,270,000	\$ 440,087,182	\$ 1,732,357,182
Add unamortized premium	194,597,803		
Bonds payable, net	\$ 1,486,867,803		

The bonds payable activity is as follows:

	Balance at June 30, 2022	Increases	Decreases	Balance at June 30, 2023	Due within One Year
Bonds payable	\$ 1,285,255,000	\$ 143,275,000	\$ 136,260,000	\$ 1,292,270,000	\$ 123,425,000
Add: Unamortized premium	200,457,432	10,834,759	16,694,388	194,597,803	-
Total	\$ 1,485,712,432	\$ 154,109,759	\$ 152,954,388	\$ 1,486,867,803	\$ 123,425,000

Current and Advance Refunding of Debt

During fiscal year 2023, the PPRF did not refund any outstanding PPRF bonds, and redeemed 2013A and 2013B with cash in the amount of \$21,120,000.

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**7) Line of Credit**

NMFA maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to \$100,000,000 for the purpose of obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain PPRF Revenue Bonds and to reimburse NMFA for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance and accrues at 80% of U.S. dollar monthly secured overnight financing rate (SOFR) plus 65 basis points. The SOFR rate at June 30, 2023, was 5.09%. NMFA pays a fee of 35 basis points on the unused portion of the facility. For fiscal year 2023, the line of credit was not used and had a zero balance at June 30, 2023.

**8) Retirement Plans**

The NMFA’s retirement plan was organized under Section 401(a) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of NMFA. Each eligible employee participating in the plan must contribute 3% of their compensation. NMFA makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. NMFA also makes a 50% matching contribution on all voluntary contributions. Employee contributions are 100% vested, and NMFA’s contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. NMFA’s contributions for this retirement plan for the year ended June 30, 2023, were \$853,221. Additionally, employee contributions for the retirement plan for the year ended June 30, 2023, were \$229,904. Substantially all full-time employees participate in this plan.

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

**9) Compensated Absences**

The following changes occurred during fiscal year 2023 in the compensated absences liabilities:

Balance at June 30, 2022	\$	775,522
Additions		431,803
Deletions		(374,823)
Balance at June 30, 2023		832,502
Due within one year	\$	832,502



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**10) Fiduciary Transactions**

NMFA was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). \$742.8 million of such bonds was outstanding on June 30, 2023.

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

**11) Contingencies**

Litigation

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

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

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

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

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

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

**12) Related Party Transactions**

NMFA has issued bonds or purchased securities for several other State entities to finance the construction of certain capital projects. Representatives of two of these entities (the Secretary of the New Mexico Department of Finance and Administration and the Secretary of the New Mexico Department of Energy, Minerals and Natural Resources) are ex officio members of the NMFA Board. Additionally, representatives serving on the NMFA Board hold positions as Cabinet Secretaries of the NMED and NMEDD. NMFA assists NMED in the administration of the DWSRLF federal program pursuant to a Memorandum of Understanding. Similarly, NMFA assists in the administration of the LEDA recovery grants pursuant to a Memorandum of Understanding.

NMFA has a \$6,000,000 loan to Finance New Mexico-Investor Series XIV, a consolidated subsidiary of FNMLLC. The loan accrues interest at a rate of 1% compounded annually. A single payment of all outstanding principal and accrued interest is due on January 23, 2030. As of June 30, 2023, the outstanding balance of the note and interest receivable was \$6,000,000 and \$26,000, respectively. For the year ended June 30, 2023, loan interest income was \$26,000. These intercompany transactions and balances are eliminated.

**13) Finance New Mexico, LLC**

NMFA has invested in, and is the managing member of, FNMLLC, which was formed on June 19, 2006, under the laws of the State of New Mexico. FNMLLC is an approved Community Development Entity (CDE) that holds New Markets Tax Credits (NMTC) allocation authority to be used for investment in Qualified Active Low-Income Community Businesses (QALICB) pursuant to Section 45D of the Internal Revenue Code (IRC).

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

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

FNMLLC has financial accountability to NMFA. Financial accountability is measured through the degree to which NMFA can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with

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regard to the potential component unit. Based on the above criteria, it was determined that the FNMLLC is a blended component unit of NMFA. As such, NMFA has consolidated FNMLLC's financial statement amounts within NMFA's New Markets Tax Credit program. The condensed component unit information for FNMLLC and subsidiaries for the year ended June 30, 2023, was as follows:

**Statement of Net Position – FNMLLC**

		<b>June 30, 2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$	9,448,803
Asset management fee receivable		424,251
Investment in limited liability companies		17,139
Due from affiliate		955
Interest receivable		329,823
Loan receivable, net		11,957,450
<b>Total Assets</b>	<b>\$</b>	<b>22,178,421</b>
<b>Liabilities</b>		
Accrued expenses	\$	114,528
Interest payable-related party		26,000
Deferred revenue		359,545
Note payable-related party		6,000,000
Due to affiliate		1,789,106
<b>Total Liabilities</b>		<b>8,289,179</b>
<b>Net Position</b>		
Unrestricted		13,889,242
<b>Total Liabilities and Net Position</b>	<b>\$</b>	<b>22,178,421</b>

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**Statement of Revenues, Expenses and Changes in Net Position – FNMLLC**

	<b>Fiscal Year Ended June 30, 2023</b>
<b>Revenue</b>	
Sponsor fee income	\$ 210,000
Asset management fee income	913,065
Exit fees	167,693
Interest income on loan	388,612
Reimbursement revenue	15,000
<b>Total Operating Revenue</b>	<b>1,694,370</b>
 <b>Operating Expenses</b>	
Sponsor fee expense	192,544
Professional fees	266,450
Gross receipts tax	122,677
Inteest expense	26,000
Bank fees	4,986
<b>Total Operating Expenses</b>	<b>612,657</b>
<b>Net Income from Operations</b>	<b>1,081,713</b>
 <b>Other Income (Expense)</b>	
Share of income from investment in LLC's	152
Interest earned on cash	12,428
<b>Net Other Income</b>	<b>12,580</b>
<b>Increase in Net Position</b>	<b>1,094,293</b>
Net position, beginning of year	12,794,949
<b>Net Position, End of Year</b>	<b>\$ 13,889,242</b>

**NEW MEXICO FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Statement of Cash Flows – FNMLLC**

	<b>Fiscal Year Ended June 30, 2023</b>
<b>Cash Flows from Operating Activities</b>	
Net income	\$ 1,094,293
Adjustments to reconcile net income to net cash provided by operating activities:	
Share of income from investments in LLCs	(152)
Loan origination fee revenue	(12,474)
Deferred revenue recognition	(51,236)
Increase in asset management fee receivable	(3,781)
Increase in interest receivable	(167,736)
Increase in accrued expenses	538
Increase in interest payable-related party	26,000
Increase in deferred revenue	178,750
Decrease in repayment of advances from affiliates	(326,054)
<b>Net Cash Provided by Operating Activities</b>	<b>738,148</b>
<b>Cash Flows from Investing Activities</b>	
Loan receivable	(5,512,475)
Loan origination fee	55,125
Increase in investments in LLCs	(700)
Distribution from Limited Liability Company	470
<b>Net Cash Used in Investing Activities</b>	<b>(5,457,580)</b>
<b>Cash Flows from Financing Activities</b>	
Note payable-related party	6,000,000
<b>Net Cash Provided by Financing Activities</b>	<b>6,000,000</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,280,568</b>
Cash and cash equivalents, beginning of year	8,168,235
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 9,448,803</b>

## **SUPPLEMENTARY SCHEDULES**

# NEW MEXICO FINANCE AUTHORITY

## Combining Statement of Net Position

### June 30, 2023

	Operating Fund	Behavioral Health Capital Fund	Cannabis Microbusiness Program	Charter School Facility Revolving Fund	Colonias Infrastructure Fund	Drinking Water State Revolving Loan Fund	ECECD Stabilization Grants	ECECD Supply Building Grants	Economic Development	Essential Services Working Capital Fund
<b>Assets</b>										
Current Assets										
Cash and cash equivalents										
Unrestricted cash - unassigned	\$ 9,702,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash - unassigned	-	1,138,305	128,630	6,136,787	387,395	66,972,431	98,387	5,671,710	1,199,169	-
Restricted cash - assigned	-	-	-	-	-	-	-	-	-	965,694
Interest receivable	-	2,870	3,369	-	-	345,421	-	-	-	671
Grants and other receivable	3,670,111	-	1,215,097	-	-	-	-	-	-	-
Due from other funds	9,151,081	-	-	-	-	-	-	-	-	30,990
Administrative fees receivable	260,262	-	-	-	-	38,534	-	-	-	-
Loans receivable	-	119,892	33,919	-	445,390	6,805,262	-	-	66,612	693,816
<b>Total Current Assets</b>	<b>22,784,027</b>	<b>1,261,067</b>	<b>1,381,015</b>	<b>6,136,787</b>	<b>832,785</b>	<b>74,161,648</b>	<b>98,387</b>	<b>5,671,710</b>	<b>1,265,781</b>	<b>1,691,171</b>
Non-current assets										
Unrestricted investments - assigned	5,772,694	-	-	-	-	-	-	-	-	-
Restricted investments - unassigned	-	708,524	-	3,823,849	-	41,782,727	-	-	752,907	-
Restricted investments - assigned	-	-	-	-	-	-	-	-	-	590,302
Loans receivable	-	515,728	842,879	-	7,225,170	85,765,635	-	-	1,726,691	906,214
Allowance for bad debt	-	(31,781)	(105,216)	-	-	-	-	-	(89,665)	(80,001)
Capital Assets, net of accumulations	6,158,593	-	-	-	-	-	-	-	-	-
<b>Total Non-current Assets</b>	<b>11,931,287</b>	<b>1,192,471</b>	<b>737,663</b>	<b>3,823,849</b>	<b>7,225,170</b>	<b>127,548,362</b>	<b>-</b>	<b>-</b>	<b>2,389,933</b>	<b>1,416,515</b>
<b>Total Assets</b>	<b>34,715,314</b>	<b>2,453,538</b>	<b>2,118,678</b>	<b>9,960,636</b>	<b>8,057,955</b>	<b>201,710,010</b>	<b>98,387</b>	<b>5,671,710</b>	<b>3,655,714</b>	<b>3,107,686</b>
<b>Deferred Outflows of Resources</b>										
Deferred loss on refunding, non-capital assets	-	-	-	-	-	-	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>										
Current Liabilities										
Accounts payable	516,975	-	-	-	-	-	-	-	-	-
Accrued payroll	215,128	-	-	-	-	-	-	-	-	-
Compensated absences	832,502	-	-	-	-	-	-	-	-	-
Due to other funds	37,753	540,224	11,877	12,689	2,980,491	422,868	106,232	16,069	12,725	-
Bond interest payable	-	-	-	-	-	-	-	-	-	-
Undisbursed loan proceeds	-	-	-	-	-	-	-	-	-	-
Advanced debt service payments	-	-	-	-	-	1,938,914	-	-	-	-
Bonds payable, net	-	-	-	-	-	-	-	-	-	-
Other liabilities	653,588	-	1,310,000	-	-	1,063,253	98,387	5,671,710	-	2,945,932
<b>Total Current Liabilities</b>	<b>2,255,946</b>	<b>540,224</b>	<b>1,321,877</b>	<b>12,689</b>	<b>2,980,491</b>	<b>3,425,035</b>	<b>204,619</b>	<b>5,687,779</b>	<b>12,725</b>	<b>2,945,932</b>
Non-Current Liabilities										
Bonds payable	-	-	-	-	-	-	-	-	-	-
Lease and SBITA liabilities	412,039	-	-	-	-	-	-	-	-	-
Non-current SIC payable	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>412,039</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>2,667,985</b>	<b>540,224</b>	<b>1,321,877</b>	<b>12,689</b>	<b>2,980,491</b>	<b>3,425,035</b>	<b>204,619</b>	<b>5,687,779</b>	<b>12,725</b>	<b>2,945,932</b>
<b>Deferred Inflows of Resources</b>										
Deferred gain on refunding, non-capital assets	-	-	-	-	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>										
Net investment in capital assets	5,142,965	-	-	-	-	-	-	-	-	-
Restricted for program commitments	11,717,812	1,913,314	796,801	9,947,947	5,077,464	198,246,441	(106,232)	(16,069)	3,642,989	161,754
Unrestricted	15,186,552	-	-	-	-	38,534	-	-	-	-
<b>Total Net Position</b>	<b>\$ 32,047,329</b>	<b>\$ 1,913,314</b>	<b>\$ 796,801</b>	<b>\$ 9,947,947</b>	<b>\$ 5,077,464</b>	<b>\$ 198,284,975</b>	<b>\$ (106,232)</b>	<b>\$ (16,069)</b>	<b>\$ 3,642,989</b>	<b>\$ 161,754</b>

# NEW MEXICO FINANCE AUTHORITY

## Combining Statement of Net Position

### June 30, 2023

Local Economic Development Act	Local Government Planning Fund	New Markets Tax Credits	New Mexico Growth Fund	Opportunity Enterprise Act	Primary Care Capital Fund	Public Project Revolving Fund	Small Business Recovery Fund	State Small Business Credit Initiative	Venture Capital Act	Water Project Fund / Water Trust Board	Intra-Program Eliminations	NMFA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,702,573
71,682,617	1,642,760	9,554,892	-	42,958,987	1,216,267	184,755,573	2,013,628	207,674	30,579,820	15,706,394	-	442,051,426
-	-	-	-	-	-	-	-	-	-	-	-	965,694
-	-	329,823	-	-	2,931	7,528,707	1,640,295	-	-	-	-	9,854,087
-	-	-	-	-	-	-	-	-	-	522,030	(4,255,932)	1,151,306
-	-	-	-	-	-	-	-	-	-	-	(9,182,071)	-
-	-	441,389	-	-	-	328,302	-	88,974	-	35,241	-	1,192,702
-	-	-	-	-	93,405	161,278,514	13,580,301	768,481	-	2,585,040	-	186,470,632
<u>71,682,617</u>	<u>1,642,760</u>	<u>10,326,104</u>	<u>-</u>	<u>42,958,987</u>	<u>1,312,603</u>	<u>353,891,096</u>	<u>17,234,224</u>	<u>1,065,129</u>	<u>30,579,820</u>	<u>18,848,705</u>	<u>(13,438,003)</u>	<u>651,388,420</u>
-	-	-	-	-	-	-	-	-	-	-	-	5,772,694
-	1,018,806	58,909	-	26,797,207	-	464,943,028	-	132,748	19,075,267	9,788,603	-	568,882,575
-	-	-	-	-	-	-	-	-	-	-	-	590,302
-	-	11,957,450	-	-	302,436	1,498,610,481	155,045,730	859,812	-	31,565,225	-	1,795,323,451
-	-	-	-	-	(19,792)	(1,355,674)	(20,058,149)	(85,324)	-	-	-	(21,825,602)
-	-	-	-	-	-	-	-	-	-	-	-	6,158,593
<u>-</u>	<u>1,018,806</u>	<u>12,016,359</u>	<u>-</u>	<u>26,797,207</u>	<u>282,644</u>	<u>1,962,197,835</u>	<u>134,987,581</u>	<u>907,236</u>	<u>19,075,267</u>	<u>41,353,828</u>	<u>-</u>	<u>2,354,902,013</u>
<u>71,682,617</u>	<u>2,661,566</u>	<u>22,342,463</u>	<u>-</u>	<u>69,756,194</u>	<u>1,595,247</u>	<u>2,316,088,931</u>	<u>152,221,805</u>	<u>1,972,365</u>	<u>49,655,087</u>	<u>60,202,533</u>	<u>(13,438,003)</u>	<u>3,006,290,433</u>
-	-	-	-	-	-	543,598	-	-	-	-	-	543,598
-	-	-	-	-	-	543,598	-	-	-	-	-	543,598
-	-	-	-	-	-	-	-	-	-	-	-	516,975
-	-	-	-	-	-	-	-	-	-	-	-	215,128
-	-	-	-	-	-	-	-	-	-	-	-	832,502
84,468	104,560	60,349	12,322	88,499	219,891	2,591,776	-	1,011,829	136,412	731,037	(9,182,071)	-
-	-	-	-	-	-	4,244,481	-	-	-	-	-	4,244,481
-	-	-	-	-	-	392,847,578	-	-	-	-	-	392,847,578
-	-	-	-	-	-	91,832,655	-	-	-	-	-	93,771,569
-	-	-	-	-	-	123,425,000	-	-	-	-	-	123,425,000
68,793,935	-	859,549	-	-	16,785	84,722	23,097,190	-	-	333,000	(4,255,932)	100,672,119
<u>68,878,403</u>	<u>104,560</u>	<u>919,898</u>	<u>12,322</u>	<u>88,499</u>	<u>236,676</u>	<u>615,026,212</u>	<u>23,097,190</u>	<u>1,011,829</u>	<u>136,412</u>	<u>1,064,037</u>	<u>(13,438,003)</u>	<u>716,525,352</u>
-	-	-	-	-	-	1,363,442,803	-	-	-	-	-	1,363,442,803
-	-	-	-	-	-	-	-	-	-	-	-	412,039
-	-	-	-	-	-	-	134,987,581	-	-	-	-	134,987,581
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,363,442,803</u>	<u>134,987,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,498,842,423</u>
<u>68,878,403</u>	<u>104,560</u>	<u>919,898</u>	<u>12,322</u>	<u>88,499</u>	<u>236,676</u>	<u>1,978,469,015</u>	<u>158,084,771</u>	<u>1,011,829</u>	<u>136,412</u>	<u>1,064,037</u>	<u>(13,438,003)</u>	<u>2,215,367,775</u>
-	-	-	-	-	-	1,978,762	-	-	-	-	-	1,978,762
-	-	-	-	-	-	1,978,762	-	-	-	-	-	1,978,762
-	-	-	-	-	-	-	-	-	-	-	-	5,142,965
2,804,214	2,557,006	20,981,176	(12,322)	69,667,695	1,358,571	335,856,450	(5,862,966)	871,562	49,518,675	59,103,255	-	768,225,537
-	-	441,389	-	-	-	328,302	-	88,974	-	35,241	-	16,118,992
<u>\$ 2,804,214</u>	<u>\$ 2,557,006</u>	<u>\$ 21,422,565</u>	<u>\$ (12,322)</u>	<u>\$ 69,667,695</u>	<u>\$ 1,358,571</u>	<u>\$ 336,184,752</u>	<u>\$ (5,862,966)</u>	<u>\$ 960,536</u>	<u>\$ 49,518,675</u>	<u>\$ 59,138,496</u>	<u>\$ -</u>	<u>\$ 789,487,494</u>



# NEW MEXICO FINANCE AUTHORITY

## Combining Statement of Revenues, Expenses and Changes in Net Position

### Fiscal Year Ended June 30, 2023

	Operating Fund	Behavioral Health Capital Fund	Cannabis Microbusiness Program	Charter School Facility Revolving Fund	Colonias Infrastructure Fund	Drinking Water State Revolving Loan Fund	ECECD Stabilization Grants	ECECD Supply Building Grants	Economic Development	Essential Services Working Capital Fund
<b>Operating Revenue</b>										
Interest on loans	\$ -	\$ 36,386	\$ 8,102	\$ -	\$ -	\$ 1,403,344	\$ -	\$ -	\$ 48,557	\$ 21,829
Administrative fees revenue	521,670	-	-	-	-	218,356	-	-	-	-
Interest on investments	329,206	31,350	615	38,098	11,302	2,176,310	-	-	42,049	146,182
Unrealized Gain/(Loss)	3,052	(5,892)	-	(42,723)	-	(69,982)	-	-	(719)	24,129
<b>Total Operating Revenues</b>	<b>853,928</b>	<b>61,844</b>	<b>8,717</b>	<b>(4,625)</b>	<b>11,302</b>	<b>3,728,028</b>	<b>-</b>	<b>-</b>	<b>89,887</b>	<b>192,140</b>
<b>Operating Expenses</b>										
<b>Direct</b>										
Bond interest expense	-	-	-	-	-	-	-	-	-	-
Grants expense	-	-	-	-	12,567,065	5,506,252	6,520,725	5,628,290	-	-
Loan financing pass-through	-	-	-	-	-	-	-	-	-	-
Bond issuance expense	-	-	-	-	-	-	-	-	-	-
Provision for loan losses	-	(60,908)	105,216	-	-	-	-	-	(3,230)	(33,730)
Interest expense	44,463	-	-	-	-	-	-	-	-	-
Personnel expenses - direct	(4,809,094)	18,351	225,640	20,280	144,162	420,239	49,258	25,117	56,751	13,588
Contractual services - direct	(2,362,541)	516	57,354	-	226,401	279,857	4,258	-	-	-
Operating expenses - direct	(628,633)	4,974	30,584	11,997	22,128	24,414	11,836	4,799	-	50
<b>Total Operating Expenses - Direct</b>	<b>(7,755,805)</b>	<b>(37,067)</b>	<b>418,794</b>	<b>32,277</b>	<b>12,959,756</b>	<b>6,230,762</b>	<b>6,586,077</b>	<b>5,658,206</b>	<b>53,521</b>	<b>(20,092)</b>
<b>Indirect</b>										
Salaries and benefits expense	8,569,515	-	-	-	-	-	-	-	-	-
Contractual services expenses	3,293,919	-	-	-	-	-	-	-	-	-
Operating expenses	1,483,234	-	-	-	-	-	-	-	-	-
Personnel expenses - indirect	(3,490,199)	19,764	154,509	9,886	107,768	273,773	27,229	16,250	58,474	9,701
Contractual services - indirect	(804,516)	3,093	44,145	2,122	19,053	68,419	5,463	3,209	9,617	2,662
Operating expenses - indirect	(756,139)	3,570	33,151	2,795	22,026	65,366	8,188	4,250	11,231	1,985
Depreciation and amortization	1,064,867	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses - Indirect</b>	<b>9,360,681</b>	<b>26,427</b>	<b>231,805</b>	<b>14,803</b>	<b>148,847</b>	<b>407,558</b>	<b>40,880</b>	<b>23,709</b>	<b>79,322</b>	<b>14,348</b>
<b>Total Operating Expenses</b>	<b>1,604,876</b>	<b>(10,640)</b>	<b>650,599</b>	<b>47,080</b>	<b>13,108,603</b>	<b>6,638,320</b>	<b>6,626,957</b>	<b>5,681,915</b>	<b>132,843</b>	<b>(5,744)</b>
<b>Net Operating Loss</b>	<b>(750,948)</b>	<b>72,484</b>	<b>(641,882)</b>	<b>(51,705)</b>	<b>(13,097,301)</b>	<b>(2,910,292)</b>	<b>(6,626,957)</b>	<b>(5,681,915)</b>	<b>(42,956)</b>	<b>197,884</b>
<b>Non-operating Revenue (Transfers)</b>										
Appropriation revenue	-	-	-	10,000,000	-	-	-	-	-	-
Federal Grant Revenue	-	-	-	-	-	5,494,800	-	-	-	-
Transfers from the State of New Mexico	-	-	-	-	14,192,614	-	6,520,725	5,665,846	-	-
Intra-fund transfers	9,472,928	-	983,773	-	-	6,482,081	-	-	-	(9,924,608)
Transfers to the State of New Mexico	-	-	-	-	-	-	-	-	-	-
<b>Net Non-operating Revenue (Transfers)</b>	<b>9,472,928</b>	<b>-</b>	<b>983,773</b>	<b>10,000,000</b>	<b>14,192,614</b>	<b>11,976,881</b>	<b>6,520,725</b>	<b>5,665,846</b>	<b>-</b>	<b>(9,924,608)</b>
<b>Increase (Decrease) in Net Position</b>	<b>8,721,980</b>	<b>72,484</b>	<b>341,891</b>	<b>9,948,295</b>	<b>1,095,313</b>	<b>9,066,589</b>	<b>(106,232)</b>	<b>(16,069)</b>	<b>(42,956)</b>	<b>(9,726,724)</b>
Net Position, Beginning of Period	23,325,349	1,840,830	454,910	(348)	3,982,151	189,218,386	-	-	3,685,945	9,888,478
<b>Net Position, End of Period</b>	<b>\$ 32,047,329</b>	<b>\$ 1,913,314</b>	<b>\$ 796,801</b>	<b>\$ 9,947,947</b>	<b>\$ 5,077,464</b>	<b>\$ 198,284,975</b>	<b>\$ (106,232)</b>	<b>\$ (16,069)</b>	<b>\$ 3,642,989</b>	<b>\$ 161,754</b>

**NEW MEXICO FINANCE AUTHORITY**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Fiscal Year Ended June 30, 2023**

Local Economic Development Act	Local Government Planning Fund	New Markets Tax Credits	New Mexico Growth Fund	Opportunity Enterprise Act	Primary Care Capital Fund	Public Project Revolving Fund	Small Business Recovery Fund	State Small Business Credit Initiative	Venture Capital Act	Water Project Fund / Water Trust Board	NMFA
\$ -	\$ -	\$ 388,612	\$ -	\$ -	\$ 15,328	\$ 46,662,512	\$ 1,768,533	\$ 48,395	\$ -	\$ -	\$ 50,401,598
-	-	1,305,757	-	-	-	1,028,121	-	-	-	73,105	3,147,009
2,604,873	64,165	69,806	-	266,759	22,409	6,196,478	74,277	10,083	115,683	511,238	12,710,883
-	3,276	23,979	-	(298,656)	-	(330,672)	-	(373)	(212,808)	(24,957)	(932,346)
2,604,873	67,441	1,788,154	-	(31,897)	37,737	53,556,439	1,842,810	58,105	(97,125)	559,386	65,327,144
-	-	-	-	-	-	41,695,594	-	-	-	-	41,695,594
20,482,625	865,638	-	-	-	-	-	-	-	-	21,052,530	72,623,125
-	-	-	-	-	-	1,997,079	-	-	-	-	1,997,079
-	-	-	-	-	-	1,135,857	-	-	-	-	1,135,857
-	-	-	-	-	(12,860)	273,747	-	(19,196)	-	-	249,039
-	-	-	-	-	-	-	1,842,810	-	-	-	1,887,273
293,973	95,585	234,778	226	118,349	20,964	2,195,947	266,814	38,370	120,153	450,549	-
97,906	1,799	138,560	-	11,863	(87)	948,751	66,317	-	150,000	379,046	-
46,323	-	26,546	11,997	51,801	4,886	281,088	44,308	819	15,252	34,831	-
20,920,827	963,022	399,884	12,223	182,013	12,903	48,528,063	2,220,249	19,993	285,405	21,916,956	119,587,967
-	-	-	-	-	-	-	-	-	-	-	8,569,515
-	-	161,939	-	-	-	353,056	-	-	-	-	3,808,914
-	-	122,677	-	-	-	-	-	-	-	-	1,605,911
231,374	65,557	154,047	99	83,975	29,181	1,630,063	181,808	26,442	66,852	343,447	-
51,545	16,034	40,641	-	15,477	3,889	371,143	49,367	3,708	15,090	79,839	-
47,787	14,619	33,847	-	17,356	4,584	346,307	38,880	6,314	16,575	77,308	-
-	-	-	-	-	-	-	-	-	-	-	1,064,867
330,706	96,210	513,151	99	116,808	37,654	2,700,569	270,055	36,464	98,517	500,594	15,049,207
21,251,533	1,059,232	913,035	12,322	298,821	50,557	51,228,632	2,490,304	56,457	383,922	22,417,550	134,637,174
(18,646,660)	(991,791)	875,119	(12,322)	(330,718)	(12,820)	2,327,807	(647,494)	1,648	(481,047)	(21,858,164)	(69,310,030)
-	-	-	-	70,000,000	-	35,671,017	-	-	50,000,000	4,000,000	169,671,017
-	-	-	-	-	-	-	-	-	-	-	5,494,800
21,781,694	-	-	-	-	-	-	-	-	-	24,926,661	73,087,540
(187,553)	-	-	-	-	-	(6,866,521)	39,900	-	-	-	-
-	-	-	-	-	-	(7,500,000)	-	(416,747)	-	(400,000)	(8,316,747)
21,594,141	-	-	-	70,000,000	-	21,304,496	39,900	(416,747)	50,000,000	28,526,661	239,936,610
2,947,481	(991,791)	875,119	(12,322)	69,669,282	(12,820)	23,632,303	(607,594)	(415,099)	49,518,953	6,668,497	170,626,580
(143,267)	3,548,797	20,547,446	-	(1,587)	1,371,391	312,552,449	(5,255,372)	1,375,635	(278)	52,469,999	618,860,914
\$ 2,804,214	\$ 2,557,006	\$ 21,422,565	\$ (12,322)	\$ 69,667,695	\$ 1,358,571	\$ 336,184,752	\$ (5,862,966)	\$ 960,536	\$ 49,518,675	\$ 59,138,496	\$ 789,487,494

# NEW MEXICO FINANCE AUTHORITY

## Combining Statement of Cash Flows

### Fiscal Year Ended June 30, 2023

	Operating Fund	Behavioral Health Capital Fund	Cannabis Microbusiness Program	Charter School Facility Revolving Fund	Colonias Infrastructure Fund	Drinking Water State Revolving Loan Fund	ECECD Stabilization Grants	ECECD Supply Building Grants	Economic Development	Essential Services Working Capital Fund
<b>Cash flows from operating activities</b>										
Cash paid for employee services	\$ (8,964,219)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash paid to vendors for services	(5,275,723)	-	-	-	-	-	-	-	-	-
Loan payments received	-	1,218,169	-	-	463,072	7,294,998	-	-	64,598	674,591
Loans funded	-	-	(876,798)	-	(1,625,549)	(5,465,288)	-	-	-	-
Grants to local governments	-	-	-	-	(12,567,065)	(5,506,252)	(6,520,725)	(5,628,290)	-	-
Cash received from federal government capitalization grant	-	-	-	-	-	5,494,800	-	-	-	-
Interest on loans	-	39,789	4,732	-	-	1,458,121	-	-	48,557	21,158
Administrative fees received	1,726,496	-	-	-	-	237,850	-	-	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>(12,513,446)</b>	<b>1,257,958</b>	<b>(872,066)</b>	<b>-</b>	<b>(13,729,542)</b>	<b>3,514,229</b>	<b>(6,520,725)</b>	<b>(5,628,290)</b>	<b>113,155</b>	<b>695,749</b>
<b>Cash flows from noncapital financing activities</b>										
Appropriations received from the State of New Mexico	-	-	-	10,000,000	-	-	-	-	-	-
Cash transfers from the State of New Mexico	-	-	-	-	14,192,614	-	6,619,112	11,337,556	-	-
Cash transfers to the State of New Mexico	-	-	-	-	-	-	-	-	-	-
Intra-program transfers	14,948,216	-	500,000	(34,739)	(303,185)	5,591,329	-	(37,556)	(132,473)	(6,978,676)
Proceeds from the sale of bonds	-	-	-	-	-	-	-	-	-	-
Payment of bonds	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Bond interest expense paid	-	-	-	-	-	-	-	-	-	-
Loan financing pass-through to borrower	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>14,948,216</b>	<b>-</b>	<b>500,000</b>	<b>9,965,261</b>	<b>13,889,429</b>	<b>5,591,329</b>	<b>6,619,112</b>	<b>11,300,000</b>	<b>(132,473)</b>	<b>(6,978,676)</b>
<b>Cash flows from investing activities</b>										
Sale (Purchase) of investments	3,544,020	(390,610)	-	(3,823,849)	-	12,759,223	-	-	330,540	3,699,838
Interest received on investments	332,258	25,458	615	(4,625)	11,302	2,106,328	-	-	41,330	170,311
<b>Net cash provided by (used in) investing activities</b>	<b>3,876,278</b>	<b>(365,152)</b>	<b>615</b>	<b>(3,828,474)</b>	<b>11,302</b>	<b>14,865,551</b>	<b>-</b>	<b>-</b>	<b>371,870</b>	<b>3,870,149</b>
<b>Cash flows from capital financing activities</b>										
Capital assets	(4,696,159)	-	-	-	-	-	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(4,696,159)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents	1,614,889	892,806	(371,451)	6,136,787	171,189	23,971,109	98,387	5,671,710	352,552	(2,412,778)
Cash and cash equivalents, beginning of year	8,087,684	245,499	500,081	-	216,206	43,001,322	-	-	846,617	3,378,472
<b>Cash and cash equivalents, end of year</b>	<b>\$ 9,702,573</b>	<b>\$ 1,138,305</b>	<b>\$ 128,630</b>	<b>\$ 6,136,787</b>	<b>\$ 387,395</b>	<b>\$ 66,972,431</b>	<b>\$ 98,387</b>	<b>\$ 5,671,710</b>	<b>\$ 1,199,169</b>	<b>\$ 965,694</b>
<b>Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities</b>										
Net operating income (loss)	(750,948)	72,484	(641,882)	(51,705)	(13,097,301)	(2,910,292)	(6,626,957)	(5,681,915)	(42,956)	197,884
Adjustments to change in net position										
Depreciation	1,064,867	-	-	-	-	-	-	-	-	-
Amortization on bond premiums	-	-	-	-	-	-	-	-	-	-
Provision for loan losses	-	60,908	(105,216)	-	-	-	-	-	3,230	33,730
Interest on investments	(332,258)	(25,458)	(615)	4,625	(11,302)	(2,106,328)	-	-	(41,330)	(170,311)
Bond interest paid	-	-	-	-	-	-	-	-	-	-
Loan financing pass-through to borrowers	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Cash received from federal grants	-	-	-	-	-	5,494,800	-	-	-	-
Interest expense	(44,463)	-	-	-	-	-	-	-	-	-
Changes in assets and liabilities										
Interest receivable	-	3,403	(3,369)	-	-	54,777	-	-	-	(671)
Grants, prepaids and other assets	(3,135,362)	-	(1,215,097)	-	-	509	-	-	-	-
Due from other programs	(3,553,815)	-	-	-	-	-	-	-	-	27,986
Administrative fees receivable	(130,853)	-	-	-	-	18,985	-	-	-	-
Loans receivable, net of allowance	-	1,096,353	(771,582)	-	(1,162,477)	1,204,614	-	-	58,138	607,131
Accounts payable	340,888	-	-	-	-	-	-	-	-	-
Accrued payroll	51,109	-	-	-	-	-	-	-	-	-
Compensated absences	56,980	-	-	-	-	-	-	-	-	-
Due to other programs	(648,766)	50,268	(33,294)	12,341	238,353	(44,264)	106,232	16,069	3,600	-
Unpaid loan proceeds	-	-	-	-	-	-	-	-	-	-
Advanced loan payments	-	-	-	-	-	625,096	-	-	-	-
Other liabilities	(5,430,825)	-	1,898,989	34,739	303,185	1,176,332	-	37,556	132,473	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (12,513,446)</b>	<b>\$ 1,257,958</b>	<b>\$ (872,066)</b>	<b>\$ -</b>	<b>\$ (13,729,542)</b>	<b>\$ 3,514,229</b>	<b>\$ (6,520,725)</b>	<b>\$ (5,628,290)</b>	<b>\$ 113,155</b>	<b>\$ 695,749</b>

# NEW MEXICO FINANCE AUTHORITY

## Combining Statement of Cash Flows

### Fiscal Year Ended June 30, 2023

Local Economic Development Act	Local Government Planning Fund	New Markets Tax Credits	New Mexico Growth Fund	Opportunity Enterprise Act	Primary Care Capital Fund	Public Project Revolving Fund	Small Business Recovery Fund	State Small Business Credit Initiative	Venture Capital Act	Water Project Fund / Water Trust Board	Intra-Program Eliminations	NMFA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ (8,964,219)
-	-	-	-	-	-	(356,806)	-	-	-	-		(5,632,529)
-	-	42,651	-	-	257,197	197,932,146	5,415,648	378,722	-	3,259,176		217,000,968
-	-	(5,512,475)	-	-	-	(180,090,727)	(18,319,968)	-	-	(5,631,610)		(217,522,415)
(20,482,625)	(865,638)	-	-	-	-	-	-	-	-	(21,052,530)		(72,623,125)
-	-	-	-	-	-	-	-	-	-	-		5,494,800
-	-	220,876	-	-	15,856	45,826,315	569,178	48,394	-	-		48,252,976
-	-	1,429,805	-	-	-	1,150,922	-	-	-	(128,163)		4,416,910
(20,482,625)	(865,638)	(3,819,143)	-	-	273,053	64,461,850	(12,335,142)	427,116	-	(23,553,127)		(29,576,634)
-	-	-	-	70,000,000	-	35,671,017	-	-	50,000,000	4,000,000		169,671,017
-	-	-	-	-	-	-	6,039,900	-	-	24,926,661		63,115,843
(70,000,000)	-	-	-	-	-	(7,500,000)	(3,679,703)	(416,747)	-	(400,000)		(81,996,450)
(1,130,996)	(105,455)	(902,818)	-	(211,909)	-	(10,214,307)	(39,900)	-	(247,788)	(699,743)		-
-	-	-	-	-	-	154,108,530	-	-	-	-		154,108,530
-	-	-	-	-	-	(136,260,000)	-	-	-	-		(136,260,000)
-	-	-	-	-	-	(1,135,857)	-	-	-	-		(1,135,857)
-	-	-	-	-	-	(58,734,184)	-	-	-	-		(58,734,184)
-	-	-	-	-	-	(1,997,079)	-	-	-	-		(1,997,079)
(71,130,996)	(105,455)	(902,818)	-	69,788,091	-	(26,061,880)	2,320,297	(416,747)	49,752,212	27,826,918		106,771,820
-	974,427	3,335,375	-	(26,797,207)	-	(25,136,531)	-	40,604	(19,075,267)	1,810,160		(48,729,277)
2,604,873	67,441	93,785	-	(31,897)	22,409	5,865,806	74,277	9,710	(97,125)	486,281		11,778,537
2,604,873	1,041,868	3,429,160	-	(26,829,104)	22,409	(19,270,725)	74,277	50,314	(19,172,392)	2,296,441		(36,950,740)
-	-	-	-	-	-	-	-	-	-	-		(4,696,159)
-	-	-	-	-	-	-	-	-	-	-		(4,696,159)
(89,008,748)	70,775	(1,292,801)	-	42,958,987	295,462	19,129,245	(9,940,568)	60,683	30,579,820	6,570,232		35,548,287
160,691,365	1,571,985	10,847,693	-	-	920,805	165,626,328	11,954,196	146,991	-	9,136,162		417,171,406
\$ 71,682,617	\$ 1,642,760	\$ 9,554,892	\$ -	\$ 42,958,987	\$ 1,216,267	\$ 184,755,573	\$ 2,013,628	\$ 207,674	\$ 30,579,820	\$ 15,706,394		\$ 452,719,693
-	-	-	-	-	-	-	-	-	-	-		-
(18,646,660)	(991,791)	875,119	(12,322)	(330,718)	(12,820)	2,327,807	(647,494)	1,648	(481,047)	(21,858,164)		(69,310,030)
-	-	-	-	-	-	-	-	-	-	-		1,064,867
-	-	-	-	-	-	(17,218,407)	-	-	-	-		(17,218,407)
-	-	-	-	-	12,860	(273,747)	-	19,196	-	-		(249,039)
(2,604,873)	(67,441)	(93,785)	-	31,897	(22,409)	(5,865,806)	(74,277)	(9,710)	97,125	(486,281)		(11,778,537)
-	-	-	-	-	-	58,914,000	-	-	-	-		58,914,000
-	-	-	-	-	-	1,997,079	-	-	-	-		1,997,079
-	-	-	-	-	-	1,135,857	-	-	-	-		1,135,857
-	-	-	-	-	-	-	(1,842,810)	-	-	-		5,494,800
-	-	-	-	-	-	-	-	-	-	-		(1,887,273)
-	-	(167,736)	-	-	527	(836,197)	(1,199,354)	-	-	-		(2,148,620)
-	-	-	-	-	-	-	-	-	(198,051)	-		(4,548,001)
-	-	-	-	-	-	-	627,543	-	-	-	2,898,286	-
-	-	(4,163)	-	-	-	126,551	-	-	-	(3,217)		7,303
-	-	(5,469,824)	-	-	231,477	(28,261,058)	(12,904,320)	340,330	-	(2,372,434)		(47,403,652)
-	-	-	-	-	-	-	-	-	-	-		340,888
-	-	-	-	-	-	-	-	-	-	-		51,109
-	-	-	-	-	-	-	-	-	-	-		56,980
(362,087)	88,139	10,217	12,322	86,912	63,418	2,421,763	-	75,652	136,134	665,277	(2,898,286)	-
-	-	-	-	-	-	45,124,214	-	-	-	-		45,124,214
-	-	-	-	-	-	1,525,757	-	-	-	-		2,150,853
1,130,995	105,455	1,031,029	-	211,909	-	3,344,037	3,705,570	-	247,788	699,743		8,628,975
\$ (20,482,625)	\$ (865,638)	\$ (3,819,143)	\$ -	\$ -	\$ 273,053	\$ 64,461,850	\$ (12,335,142)	\$ 427,116	\$ -	\$ (23,553,127)		\$ (29,576,634)

**Schedule of Pledged Collateral  
June 30, 2023**

Bank Accounts:	Wells Fargo	U.S Eagle
<b>Deposit Account</b>		
Operating Account - Operating Fund	142,862	-
Operating Account - SBRL	-	-
Operating Account - LEDA	-	-
Operating Account - ECECD Stabilization	98,387	-
Operating Account - ECECD Supply Building	5,671,710	-
Operating Account - CMP	-	128,630
Total amount of deposits (bank balances)	5,912,959	128,630
FDIC Coverage	(250,000)	(250,000)
Total uninsured public funds	\$ 5,662,959	\$ (121,370)
Collateral requirement @ 50%	\$ 2,831,480	\$ -

NMFA has collateral coverage from a third-party financial institution in the amount of \$3,499,155 on June 30, 2023. Collateral coverage consists of the following investments:

Account Id: WU3020

This advice is supplied as part of the Tri-Party Collateral agreement among the Customer, Wells Fargo Bank, N.A. and The Bank of New York Mellon. As agent we confirm the following collateralized deposit information received from Wells Fargo Bank, N.A. as of close of business the last business day of the month. The collateral segregated on your behalf on 06/30/23 is as follows:

<u>CUSIP</u>	<u>Description</u>	<u>Quantity</u>	<u>Market Value</u>
3140M2SX1	FNMA FNMS 2.500% 01/01/52	1,453,838.00	\$1,140,529
36179XHY5	GNMA G2SF 4.500% 10/20/52	2,495,688.00	2,358,626
Total Market Value			\$3,499,155

# **SINGLE AUDIT**

**NEW MEXICO FINANCE AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2023**

Grantor / Program Title	Assistance Listing	Loan Balance as of 6/30/2023	Admin Set-Aside FY 2023	Awards Provided to Subrecipients	Loans & Loan Guarantees	Total Expenditures of Federal Awards
Environmental Protection Agency Capitalization Grants for Drinking Water State Revolving Funds - Cluster	66.468	\$ 92,615,046	\$ 1,000,000	\$ 2,261,904	\$ 2,232,896	\$ 5,494,800
		<u>\$ 92,615,046</u>	<u>\$ 1,000,000</u>	<u>\$ 2,261,904</u>	<u>\$ 2,232,896</u>	<u>\$ 5,494,800</u>

**See Notes to Schedule of Expenditures of Federal Awards**

**NEW MEXICO FINANCE AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2023**

**1) General**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activities of all federal awards of New Mexico Finance Authority (NMFA). It is presented on the accrual basis of accounting, which is described in Note 1 to NMFA's basic Financial Statements.

In fiscal year 2023, NMFA administered federal funds from the DWSRLF program, which was administered with NMFA as the primary recipient, as mandated by State statute. All of the funds expended under this program were used for grant-loans to water utility systems in the state and to cover administrative costs.

**DWSRLF** (Assistance Listing Number 66.468) – NMFA has administered the Drinking Water State Revolving Loan Fund (DWSRLF) program since 1997. The outstanding balance on the loans at June 30, 2023, was \$92,615,046. NMFA uses a negotiated indirect cost rate approved by the grantor. NMFA has elected not to use the 10 percent de minimis indirect cost rate as allowed in accordance with Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). The Schedule below presents only a selected portion of the operations of NMFA, in accordance with Uniform Guidance. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Only the value of new loans disbursed during fiscal year 2023 is included in the accompanying Schedule. These are subawards—not direct federal loans—and, therefore, neither two CFR sections 200.502(b) nor (d) apply when calculating the amount of federal funds expended.



**NEW MEXICO FINANCE AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2023**

**2) Subrecipients, Including Loans Outstanding**

**Subrecipient Name:**

Alamogordo, City of	\$	201,009
Camino Real Regional Utility Authority		808,826
Chippeway Park Water Association		38,784
Clayton, Town of		236,375
Dixon Mutual Domestic Water Consumers Association		3,203
Eldorado Area Water and Sanitation District		183,950
Farmington, City of		27,078
Hatch, Village of		23,373
Las Vegas, City of		473,406
Los Alamos County		562,681
Lower Rio Grande Public Water Works Authority		15,815
Magdalena, Village of		71,745
Maxwell, Village of		7,974
NMED Drinking Water Bureau		1,659,929
Red River, Town of		33,357
Tucumcari, City of		147,295
<b>Total Sub-Awards</b>	<b>\$</b>	<b>4,494,800</b>

**Reconciliation of Federal Funds**

Total Sub-Awards	\$	4,494,800
NMFA Admin Set-Aside EPA Grant		1,000,000
	<b>\$</b>	<b>5,494,800</b>

## **Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Governing Board  
New Mexico Finance Authority  
and  
Mr. Joseph M. Maestas, P.E.  
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the enterprise and fiduciary fund of New Mexico Finance Authority, a component unit of the State of New Mexico as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise New Mexico Finance Authority's basic financial statements, and have issued our report thereon dated October 6, 2023

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered New Mexico Finance Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Mexico Finance Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of New Mexico Finance 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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Moss Adams LLP".

Albuquerque, New Mexico  
October 6, 2023

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

Governing Board  
New Mexico Finance Authority  
and  
Mr. Joseph M. Maestas, P.E.  
New Mexico State Auditor

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited New Mexico Finance Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the New Mexico Finance Authority's major federal program for the year ended June 30, 2023. New Mexico Finance Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, New Mexico Finance Authority's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of New Mexico Finance Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of New Mexico Finance Authority's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to New Mexico Finance Authority's federal program.

#### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on New Mexico Finance Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about New Mexico Finance Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding New Mexico Finance Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of New Mexico Finance Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of New Mexico Finance Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of New Mexico Finance Authority as of and for the year ended June 30, 2023, and have issued our report thereon dated October 6, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Albuquerque, New Mexico  
October 6, 2023



**NEW MEXICO FINANCE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2023**

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**Section III – Federal Award Findings and Questioned Costs**

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None reported

**NEW MEXICO FINANCE AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**JUNE 30, 2023**

None reported



**NEW MEXICO FINANCE AUTHORITY**  
**EXIT CONFERENCE**  
**JUNE 30, 2023**

An exit conference was conducted on September 28, 2023, in which the contents of this report were discussed. The following individuals attended this meeting:

New Mexico Finance Authority:

Marquita D. Russel, CEO  
Oscar S. Rodriguez, CFO  
Kathy Keith, NMFA Board Chair  
Martin Suazo, NMFA Board Vice Chair  
Andrew Burke, NMFA Board Member  
Sam Collins, Designee for Secretary, NM Economic Development Dept.  
Judi Kahl, Designee for Secretary, NM Environment Dept.  
Ronald Lovato, NMFA Board Member  
Alison Nichols, Designee for Executive Director, NM Municipal League, NMFA Board Member  
Marcos Trujillo, Designee for Secretary, NM Dept. of Finance & Administration  
Daniel C. Opperman, Chief Legal Officer  
John Brooks, Chief of Lending and Credit  
Bryan A. Otero, Deputy Counsel and Compliance Officer  
Norman Vuylsteke, Controller  
Lucas Elliot, Deputy Controller  
Cherise Martinez, Board Administration Manager

Moss Adams LLP:

Aaron Hamilton, CPA, Senior Manager

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**Statistical  
Information  
(Unaudited)**

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## Statistical Information (Unaudited)

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

### *Financial Position Trends*

NMFA's financial state improved steadily over the past ten years. Total assets surpassed \$3.0 billion in fiscal year 2023, increasing \$1,382.2 million (85.1%) since fiscal year 2014. Growth in net position has also been strong, increasing an average of 6.5% per year since fiscal year 2014. See **Net Position on June 30, 2023-2014** on page 104.

This positive trend stands out more clearly in the change in total net position from year-to-year. The result was positive nine of the past ten years, growing an average of 378.5% over this period. The biggest increase took place in fiscal year 2023 with the addition of several new programs where cash was transferred into the respective program funds, but with disbursement expected in fiscal year 2014. See **Revenue, Expenses and Changes in Net Position for Year Ending June 30, 2023-2014** on page 105.

The vast majority of the programs have been in operation ten years or more, and the trend has been positive over this period for all the programs as a whole. Total fund balance grew almost \$330.2 (71.9%). See **Fund Balance by Component and Fund on June 30, 2023-2014** on page 106.

### *Revenue*

Total revenue has grown \$158.1 million (107.4%) since fiscal year 2014. It grew at an average rate of 16.6% during this period, with fiscal year 2023 being the most salient. See **NMFA Net Revenue by Fund** on page 107. Most of this growth occurred in non-operating revenue, with operating revenue remaining relatively flat during this period. Non-operating revenue increased \$145.6 million (154.2%) since fiscal year 2014. The PPRF predominated every year in the period, on average accounting for 45.0% of total revenue and 88.2% of operating revenue each year for the past ten years.

The distribution of total revenue has improved since 2014, when PPRF accounted for 47.0% of total revenue. In the past three years, it came to represent less than 40.0% of the total—less than 25.0% in fiscal year 2023. Within the PPRF, three revenue streams (general obligation, gross receipts, and net system revenue) on average accounted for more almost three-quarters (73.5%) of total revenue coming in through PPRF loans, never representing less than 62.7% of the total in that period. See **Public Project Revolving Fund by Pledged Revenue Type** on page 108.

### *Debt*

All NMFA's debt corresponds to PPRF bonds. At the end of fiscal year 2022, there were \$1,292.3 million in total outstanding bonds. The most recent bond issue was the 2023 A1& A2 senior lien series in the amount of \$75.8 million. The oldest bonds that have not yet been called are 2014 A1 & A2 subordinate lien bonds, with an outstanding principal of \$33.3 million. See **Debt Burden** on page 109.

Loan receivables for both senior and subordinate lien bond debt service over the past ten years have stayed above NMFA's minimum times coverage ratio of 1.3x. See **PPRF Senior and Subordinate Lien Debt Service Coverage** on page 110.

### ***Lending Operations***

The concentration of PPRF borrowers has remained relatively steady over the past ten years ago. The five largest of the borrowers have on average made up about a quarter (24.9%) of the total portfolio. The 20 largest borrowers today are 51.6 % of the total, averaging 56.7% over the past ten years. See **Public Project Revolving Fund Concentration** on page 111.

### ***Demographic & Economic Information***

The market NMFA serves has grown slowly over the years. Population growth has been flat, staying above 2.1 million the past two decades. See **New Mexico Resident Population** on page 112.

The labor force shrank in 2020 because of the pandemic but started to recover the following years. It grew more than 13,000 (1.4%) since 2022. See **Civilian Labor Force in New Mexico** on page 113.

The unemployment rate more than doubled (127%) in 2020, peaking at 12.7% but it has dropped every year since then. It stands at 3.6% as of July 2023. See **Unemployment Rate in New Mexico** on page 114.

New Mexico's gross domestic product has risen steadily since the pandemic, standing \$20.5 billion (19.7%). See **Gross Domestic Product: All Industry Total in New Mexico** on page 115.

Total non-farm employment also dipped markedly during the pandemic. It has recovered just as remarkably since then. Today it is back to pre-2020 levels. See **New Mexico Historical Total Nonfarm Employment** and **Over-the-Year Job Growth** on page 116.

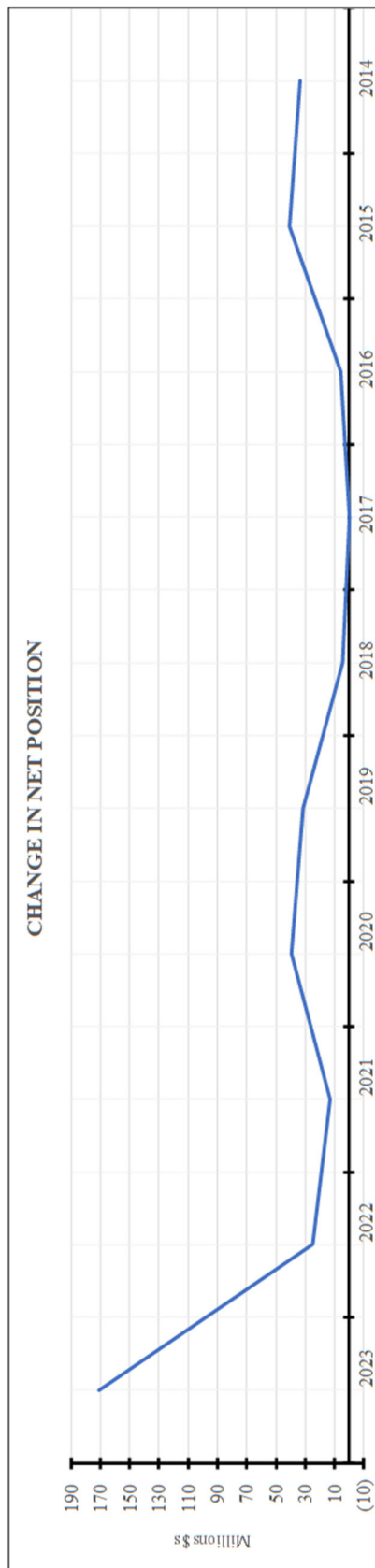
The property tax base has followed the same trend, growing steadily every year until the start of the 2020 tax year, when it peaked at \$70.5 billion. It dropped in total only slightly (1.0%) during the pandemic even though Residential and Non-residential values kept rising. The decrease occurred entirely in Ad Valorem Production (mining) and Equipment appraisals. At the end of the 2021 tax year, it stood at \$69.8 billion. See **Property Tax Base** on page 117.

# Net Position at June 30, 2023-2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Assets</b>										
<b>Current Assets</b>										
Cash and cash equivalents	\$ 9,702,573	\$ 8,087,684	\$ 15,719,468	\$ 16,168,066	\$ 28,057,865	\$ 23,271,873	\$ 22,761,512	\$ 15,433,532	\$ 21,656,317	\$ 19,792,613
Unrestricted	443,017,120	409,083,722	401,582,399	320,578,471	265,510,263	237,742,689	218,397,691	135,135,587	113,366,876	112,880,142
Restricted	9,854,087	7,705,467	8,143,531	9,248,674	8,643,830	7,952,079	5,370,899	8,505,073	6,657,501	7,431,412
Interest receivable	1,151,306	729,308	1,192,162	744,725	21,293	358,508	13,271	890,213	950,402	2,640,545
Grants and other receivables	129,929	1,299,299	556,059	638,132	162,281	19,500	19,500	19,500	19,500	19,500
Prepaid Expenses	1,192,702	1,200,005	674,279	868,179	2,041,713	2,106,456	445,996	190,938	191,034	186,043
Administrative fees receivable	186,470,632	161,115,169	162,737,968	141,334,892	164,921,253	148,575,374	115,007,192	103,129,270	102,634,676	100,725,825
Loans receivable, net of allowance	651,388,420	588,051,284	590,605,866	489,581,139	469,358,498	420,026,479	362,016,061	263,304,113	245,476,306	243,676,080
Total current assets										
Non-current assets										
Restricted and unrestricted investments	575,245,571	526,516,294	515,364,555	369,252,126	408,804,383	361,758,979	385,451,491	332,151,402	280,161,230	183,692,467
Loans receivable, net of allowance	1,773,497,849	1,753,633,325	1,618,807,156	1,583,144,346	1,477,364,288	1,399,561,290	1,375,061,044	1,248,615,416	1,182,253,335	1,196,589,461
Net capital assets <sup>1</sup>	6,158,593	2,881,807	1,863,831	1,339,799	1,054,119	699,649	616,594	278,916	4,867	104,378
Net deferred cost <sup>1</sup>	3,006,290,433	2,871,082,710	2,726,641,408	2,443,317,410	2,356,581,288	2,182,046,397	2,123,145,190	1,844,349,847	1,707,895,738	1,624,062,386
<b>Total Assets</b>										
<b>Deferred Outflows of Resources</b>	543,598	593,621	643,643	693,665	743,687	793,710	843,732	823,233	184,242	1,191,181
Deferred loss on refunding	543,598	593,621	643,643	693,665	743,687	793,710	843,732	823,233	184,242	1,191,181
<b>Total Deferred Outflows of Resources</b>										
<b>Liabilities</b>										
<b>Current Liabilities</b>										
Accounts payable	516,975	176,087	461,669	455,273	406,729	353,917	302,821	307,297	244,901	292,954
Accrued payroll	215,128	164,019	318,300	262,445	209,802	233,251	243,439	176,438	112,716	91,540
Compensated absences	832,502	775,522	683,066	526,988	461,476	421,635	328,848	332,213	285,923	273,440
Funds held for others	4,244,481	4,064,664	3,834,988	7,942,372	4,072,142	3,960,649	4,183,050	3,525,287	3,482,270	3,625,714
Bond interest payable	392,847,578	347,723,364	307,626,399	320,840,186	289,941,611	267,191,118	226,600,234	135,624,986	71,940,001	28,744,630
Undisbursed loan proceeds	93,771,569	91,620,716	88,002,415	89,526,221	96,202,732	86,386,698	86,308,780	83,008,008	74,332,049	72,189,707
Line of credit	126,440,000	118,700,000	118,040,000	116,270,000	117,215,000	101,240,000	123,840,000	78,040,000	75,943,000	70,430,000
Bonds payable, net	100,676,598	181,160,088	250,322,242	1,033,471	3,134,791	2,423,220	619,727	532,591	771,924	574,632
Cost of loan issuance payable	719,544,831	744,384,460	769,289,079	536,856,956	511,644,283	462,210,488	442,426,899	301,546,820	227,112,784	188,228,915
Other liabilities										
<b>Total current liabilities</b>										
Non-current Liabilities	1,360,427,803	1,367,012,432	1,356,977,428	1,322,671,647	1,300,084,801	1,205,629,907	1,170,459,183	1,036,408,718	980,960,674	977,711,351
Bonds payable	134,580,021	138,864,492	138,864,492	1,859,528,603	1,811,729,084	1,667,840,395	1,612,886,082	1,337,955,538	1,208,073,458	1,165,940,266
Other non-current liabilities <sup>2</sup>	2,214,552,655	2,250,261,384	2,126,266,507	1,859,528,603	1,811,729,084	1,667,840,395	1,612,886,082	1,337,955,538	1,208,073,458	1,165,940,266
<b>Total Liabilities</b>										
<b>Deferred Inflows of Resources</b>	1,978,762	2,554,033	3,189,015	3,704,574	4,279,845	4,971,687	5,663,528	1,575,177	-	-
Deferred gain on refunding	1,978,762	2,554,033	3,189,015	3,704,574	4,279,845	4,971,687	5,663,528	1,575,177	-	-
<b>Total Deferred Inflows of Resources</b>										
<b>Net Position</b>										
Net investment in capital assets	6,158,593	2,881,807	1,863,832	1,339,799	1,054,119	699,649	616,594	278,916	4,867	104,378
Restricted for program commitments	768,225,537	598,476,868	580,246,229	563,270,033	515,633,477	492,583,687	486,920,135	495,576,466	483,282,743	445,061,112
Unrestricted	15,103,364	17,502,239	15,719,468	16,168,066	24,628,450	16,744,689	17,830,583	9,786,983	16,718,912	14,147,811
<b>Total Net Position</b>	\$ 789,487,494	\$ 618,860,914	\$ 597,829,529	\$ 580,777,898	\$ 541,316,046	\$ 510,028,025	\$ 505,439,312	\$ 505,642,365	\$ 500,006,522	\$ 459,313,301

# Revenue, Expenses and Changes in Net Position for Year Ending June 30, 2023-2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
(restated)										
<b>Operating Revenue</b>										
Interest on loans	\$ 50,401,598	\$ 47,851,592	\$ 51,507,874	\$ 52,792,559	\$ 51,584,322	\$ 52,732,085	\$ 47,865,124	\$ 51,736,376	\$ 48,645,757	\$ 48,723,703
Administrative fees revenue	3,147,009	7,973,365	5,535,056	6,828,344	6,396,595	5,460,694	5,701,200	7,049,654	3,197,684	3,489,843
Interest on investments net of unrealized gain	11,778,537	(2,213,157)	475,458	8,598,789	7,919,934	2,964,201	946,513	2,195,762	925,910	488,741
<b>Total Operating Revenue</b>	<b>65,327,144</b>	<b>53,613,800</b>	<b>57,518,388</b>	<b>68,219,692</b>	<b>65,900,851</b>	<b>61,156,980</b>	<b>54,512,837</b>	<b>60,981,792</b>	<b>52,769,351</b>	<b>52,802,287</b>
<b>Operating Expenses</b>										
Bond interest expense	41,695,594	43,634,059	42,455,410	50,720,720	47,690,534	45,522,536	51,088,846	45,756,069	37,761,525	54,319,247
Grants to others	72,623,125	78,473,940	128,973,973	31,480,701	34,104,721	36,143,867	51,299,208	47,888,370	54,240,349	50,824,441
Loan financing pass-through	1,997,079	10,396,391	3,488,596	10,640,130	12,943,547	7,059,254	17,476,331	21,455,228	8,945,997	-
Salaries and benefits	8,569,515	6,903,037	6,044,261	5,108,045	4,687,224	4,110,925	4,463,828	4,515,210	4,361,363	4,284,392
Bond issuance costs	1,135,857	1,109,926	1,207,923	1,243,666	1,640,333	1,971,304	2,847,995	1,525,161	1,243,632	674,398
Professional services	3,808,914	7,511,275	4,837,099	3,266,820	2,635,840	2,155,028	2,570,063	2,389,037	2,146,157	2,189,377
Other operating costs	1,605,911	1,804,768	1,879,902	1,412,109	1,436,180	1,412,046	1,738,495	2,047,617	1,766,915	1,946,626
Provision for loan losses	249,039	(233,644)	123,133	(294,021)	(849,582)	534,614	458,701	2,241	(2,370,845)	(822,108)
Interest expense	1,887,273	488,063	500,768	7,826	266,620	331,022	395,624	296,138	489,859	298,359
Depreciation and amortization expense	1,064,867	970,882	181,846	101,158	66,289	51,674	3,240	2,191	102,187	116,394
<b>Total Operating Expenses</b>	<b>134,637,174</b>	<b>151,058,697</b>	<b>189,692,911</b>	<b>103,687,154</b>	<b>104,621,706</b>	<b>99,292,270</b>	<b>132,342,331</b>	<b>125,877,262</b>	<b>108,687,139</b>	<b>113,831,126</b>
<b>Net Operating Loss</b>	<b>(69,310,030)</b>	<b>(97,444,897)</b>	<b>(132,174,523)</b>	<b>(35,467,462)</b>	<b>(38,720,855)</b>	<b>(38,135,290)</b>	<b>(77,829,494)</b>	<b>(64,895,470)</b>	<b>(55,917,788)</b>	<b>(61,028,839)</b>
<b>Non-operating Revenue (Expenses)</b>										
Appropriation revenue	169,671,017	41,396,672	37,023,150	50,326,048	42,953,352	36,463,733	34,578,969	33,127,879	37,157,026	43,086,860
Grant Revenue	53,655,679	14,128,407	10,586,129	11,599,117	11,588,018	14,138,074	8,511,355	14,255,306	24,735,441	6,575,940
Transfers from the State of New Mexico	24,926,661	74,340,158	121,934,781	19,783,240	19,865,510	26,451,664	44,943,059	42,347,680	39,295,779	48,649,056
Transfers to the State of New Mexico	(8,316,747)	(7,388,955)	(24,317,906)	(6,779,091)	(4,398,004)	(34,329,468)	(10,406,942)	(19,199,552)	(4,577,237)	(3,931,693)
<b>Increase (Decrease) in Net Position</b>	<b>170,626,580</b>	<b>25,031,385</b>	<b>13,051,631</b>	<b>39,461,852</b>	<b>31,288,021</b>	<b>4,588,713</b>	<b>(203,053)</b>	<b>5,635,843</b>	<b>40,693,221</b>	<b>33,351,324</b>
Net position, beginning of year	618,860,914	593,829,529	580,777,898	541,316,046	510,028,025	505,439,312	505,642,365	500,006,522	459,313,301	425,961,977
<b>Net Position, End of Year</b>	<b>\$ 789,487,494</b>	<b>\$ 618,860,914</b>	<b>\$ 593,829,529</b>	<b>\$ 580,777,898</b>	<b>\$ 541,316,046</b>	<b>\$ 510,028,025</b>	<b>\$ 505,439,312</b>	<b>\$ 505,642,365</b>	<b>\$ 500,006,522</b>	<b>\$ 459,313,301</b>

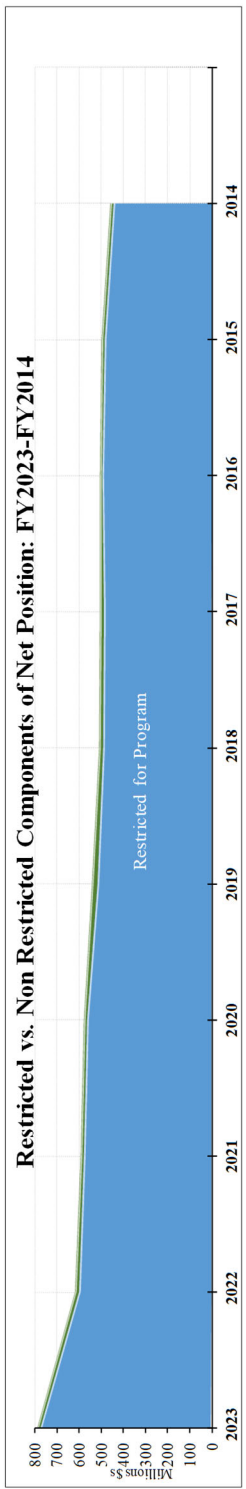


\* Adjusted as the result of GASB 65 adoption effective July 1, 2013 and the blending of Finance New Mexico, LLC's financial statements into those of NMFA as a component unit



## Fund Balance by Component and Fund at June 30, 2023-2014

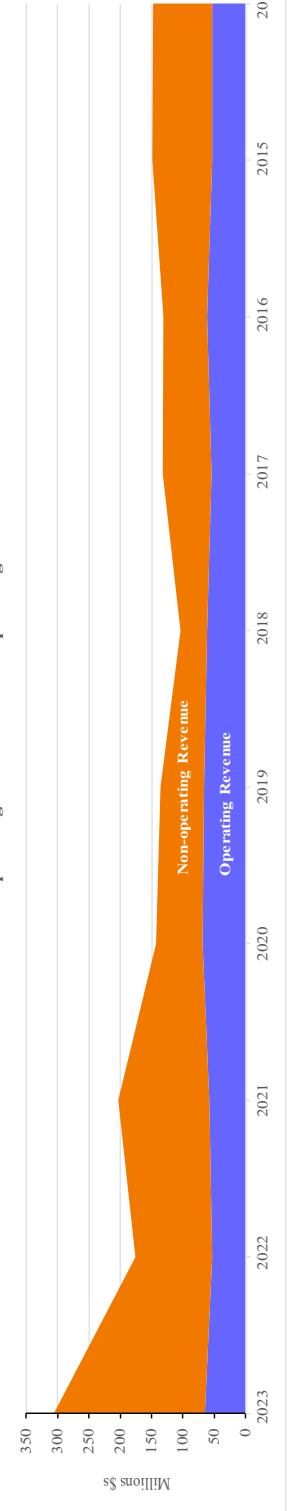
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Active Funds</b>										
<b>Net Investment in Capital Assets</b>										
NMFA Operating Fund	6,158,593	2,881,807	1,863,832	1,339,799	1,054,119	699,649	616,594	244,840	-	-
Public Project Revolving Fund	-	-	-	-	-	-	-	34,076	(29,209)	70,302
All Other Funds	-	-	-	454,449	-	-	616,594	278,916	4,867	104,378
<b>Subtotal</b>	<b>6,158,593</b>	<b>2,881,807</b>	<b>1,863,832</b>	<b>1,794,248</b>	<b>1,054,119</b>	<b>699,649</b>	<b>616,594</b>	<b>278,916</b>	<b>4,867</b>	<b>104,378</b>
<b>Restricted for Program Commitments</b>										
NMFA Operating Fund	11,717,812	4,011,899	6,201,838	5,135,267	2,541,369	5,338,137	-	-	-	-
Behavioral Health Capital Fund	1,913,314	1,840,830	1,850,663	1,842,791	2,323,172	2,432,004	-	1,094	-	-
Cannabis Microbusiness Program	796,801	454,910	-	-	-	-	-	-	-	-
Charter School Facility Revolving Fund	9,947,947	-	-	-	-	-	-	-	-	-
Colonias Infrastructure Fund	5,077,464	3,982,151	3,285,658	2,503,858	4,300,046	4,940,389	4,046,793	2,782,677	1,550,806	748,984
Drinking Water State Revolving Loan Fund	198,246,441	189,160,867	180,500,203	175,651,500	163,628,581	154,512,243	146,832,230	139,947,130	129,295,623	113,786,463
Early Childhood Stabilization Grants	(106,232)	-	-	-	-	-	-	-	-	-
Early Childhood Supply Building Grants	(16,069)	-	-	-	-	-	-	-	-	-
Economic Development Revolving Fund	3,642,989	3,685,945	14,453,448	14,753,157	4,339,957	3,583,090	3,421,588	3,640,408	3,503,700	1,484,587
Essential Services Working Capital Fund	161,754	9,888,478	-	-	-	-	-	-	-	-
Local Economic Development Act Recovery Grant Program	2,804,214	(278,002)	-	-	-	-	-	-	-	-
Local Government Planning Fund	2,557,006	3,548,797	3,072,580	4,200,679	4,699,576	3,733,224	6,377,731	5,259,656	3,772,689	2,008,414
New Markets Tax Credits	20,981,176	20,110,220	13,550,463	12,137,895	7,516,786	6,626,660	5,380,909	4,925,437	1,106,244	943,048
New Mexico Growth Fund	(12,322)	-	-	-	-	-	-	-	-	-
Opportunity Enterprise	69,667,695	1,371,391	1,368,998	8,612,737	4,489,737	5,118,055	5,087,130	5,058,321	5,034,374	5,019,197
Primary Care Capital Fund	1,358,571	312,097,596	302,624,433	284,304,933	269,660,436	252,098,185	258,208,608	281,401,983	287,259,542	272,672,623
Public Project Revolving Fund	335,856,450	(5,235,372)	(997,751)	1,849,257	2,713,397	2,913,150	7,502,469	8,047,723	12,782,087	7,952,315
Small Business Recovery Loan Program	(3,862,966)	871,562	-	-	-	-	-	-	-	-
State Small Business Credit Initiative	871,562	49,071,061	51,823,510	49,250,518	51,066,117	43,016,131	45,552,974	43,016,131	37,485,323	37,720,991
Venture Capital Act Fund	49,518,675	(2,213)	-	169,902	222,433	1,495,906	1,656,513	1,495,906	1,492,355	2,127,465
Water Project Fund	59,103,255	52,437,975	49,071,061	51,823,510	49,250,518	51,066,117	45,552,974	43,016,131	37,485,323	37,720,991
All Other Funds (net)	768,225,537	598,476,868	576,246,229	562,815,584	515,633,477	492,583,687	486,992,135	495,576,466	483,282,743	445,061,112
<b>Subtotal</b>	<b>14,170,924</b>	<b>16,431,643</b>	<b>15,719,468</b>	<b>16,168,066</b>	<b>24,874,974</b>	<b>1,021,892</b>	<b>(328,119)</b>	<b>(287,441)</b>	<b>(270,365)</b>	<b>(13,515)</b>
<b>Unrestricted</b>										
NMFA Operating Fund	-	-	-	-	-	-	-	-	-	-
Behavioral Health Capital Fund	-	-	-	-	-	-	-	-	-	-
Cannabis Microbusiness Program	-	-	-	-	-	-	-	-	-	-
Charter School Facility Revolving Fund	-	-	-	-	-	-	-	-	-	-
Colonias Infrastructure Fund	38,534	57,519	-	-	-	-	-	-	-	-
Drinking Water State Revolving Loan Fund	-	-	-	-	-	-	-	-	-	-
Early Childhood Stabilization Grants	-	-	-	-	-	-	-	-	-	-
Early Childhood Supply Building Grants	-	-	-	-	-	-	-	-	-	-
Economic Development Revolving Fund	-	-	-	-	-	-	-	-	-	-
Essential Services Working Capital Fund	-	-	-	-	-	-	-	-	-	-
Local Government Planning Fund	-	-	-	-	-	-	-	-	-	-
New Markets Tax Credits	441,389	437,226	-	-	1,706,839	601,023	1,225,951	422,426	852,227	836,435
New Mexico Growth Fund	-	-	-	-	-	-	-	-	-	-
Opportunity Enterprise	-	-	-	-	-	-	-	-	-	-
Primary Care Capital Fund	-	-	-	-	-	-	-	-	-	-
Public Project Revolving Fund	328,302	454,853	-	-	-	-	-	-	-	-
State Small Business Credit Initiative	88,974	88,974	-	-	-	-	-	-	-	-
Venture Capital Act Fund	-	-	-	-	-	-	-	-	-	-
Water Project Fund	35,241	32,024	-	-	-	-	-	-	-	-
All Other Funds (net)	15,103,364	17,502,239	15,719,468	16,168,066	24,628,450	16,744,690	17,830,583	9,786,983	16,718,912	14,147,811
<b>Subtotal</b>	<b>15,103,364</b>	<b>17,502,239</b>	<b>15,719,468</b>	<b>16,168,066</b>	<b>24,628,450</b>	<b>16,744,690</b>	<b>17,830,583</b>	<b>9,786,983</b>	<b>16,718,912</b>	<b>14,147,811</b>
<b>Total Fund Balance</b>	<b>\$ 789,487,494</b>	<b>\$ 618,860,914</b>	<b>\$ 593,829,529</b>	<b>\$ 580,777,898</b>	<b>\$ 541,316,046</b>	<b>\$ 510,028,026</b>	<b>\$ 505,439,312</b>	<b>\$ 505,642,365</b>	<b>\$ 500,006,522</b>	<b>\$ 459,313,301</b>



# NMFA Net Revenue by Fund

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Operating Revenue</b>										
NMFA Operating Fund	\$ 853,928	\$ 3,453,251	\$ 492,468	\$ 687,916	\$ 307,505	\$ 312,891	\$ -	\$ -	\$ -	\$ -
Behavioral Health Capital Fund	61,844	612,334	82,334	52,208	89,419	51,632	41,207	1,093	5,912	(1,635)
Cannabis Microbusiness Program	8,717	81	-	-	-	-	-	-	-	-
Charter School Facility Revolving Fund	(4,625)	(191)	(2,089)	5,301	25,376	10,187	2,454	300	6	-
Colonias Infrastructure Fund	11,302	-	509,711	-	-	-	-	-	-	-
Coronavirus Aid, Relief and Economic Security Act	-	-	2,175,805	3,823,839	3,632,817	2,341,972	1,875,997	2,066,809	1,631,012	1,382,342
Drinking Water State Revolving Loan Fund	3,728,028	2,086,281	-	-	-	-	-	-	-	-
Early Childhood Education & Care Dept. Stabilization Grants	-	-	-	-	-	-	-	-	-	-
Early Childhood Education & Care Dept. Supply Building Grant	-	-	-	-	-	-	-	-	-	-
Economic Development Revolving Fund	89,887	76,700	110,788	343,012	96,701	41,888	84,766	128,537	143,529	62,039
Essential Services Working Capital Fund	192,140	26,742	-	-	-	-	-	-	-	-
Local Economic Development Act Recovery Grant Program	2,604,873	302,664	44,452	121,569	72,309	59,118	62,491	37,042	13,302	2,242
Local Government Planning Fund	67,441	15,536	10,148	-	-	-	-	-	-	-
New Markets Tax Credits (includes FNM, LLC)	1,788,154	2,175,202	2,467,805	4,052,375	2,897,359	1,360,529	2,068,842	4,373,839	630,079	1,423,003
New Mexico Growth Fund	-	-	-	-	-	-	-	-	-	-
Opportunity Enterprise Revolving Fund	(31,897)	-	-	-	-	-	-	-	-	-
Primary Care Capital Fund	37,737	28,379	48,107	253,108	131,191	95,063	95,222	99,450	78,559	103,349
Public Project Revolving Fund	53,556,439	44,229,553	49,798,087	58,097,743	57,860,166	56,494,348	49,899,236	53,399,756	49,445,875	49,084,453
Small Business Recovery Loan Program	1,842,810	390,530	1,532,940	-	-	-	-	-	-	-
State Small Business Credit Initiative	58,105	62,503	76,366	82,378	178,534	121,147	137,430	218,002	181,109	119,852
Venture Capital Program Fund	(97,125)	-	-	-	-	-	-	-	-	-
Water Project Fund	559,386	154,180	171,466	700,110	605,573	259,360	232,583	191,607	146,436	133,238
All Other Programs	-	-	-	133	3,901	8,844	12,609	465,357	493,404	493,404
<b>Subtotal</b>	<b>65,327,144</b>	<b>53,613,800</b>	<b>57,518,388</b>	<b>68,219,692</b>	<b>65,900,851</b>	<b>61,156,979</b>	<b>54,512,837</b>	<b>60,981,792</b>	<b>52,769,351</b>	<b>52,802,287</b>
<b>Non-operating Revenue</b>										
NMFA Operating Fund	9,472,928	(2,973,049)	1,313,468	(6,047,840)	21,469,621	1,467,750	-	-	-	-
Behavioral Health Capital Fund	-	-	-	-	-	-	980,423	-	(841,844)	-
Cannabis Microbusiness Program	983,773	709,063	-	-	-	-	-	-	-	-
Charter School Facility Revolving Fund	10,000,000	-	-	-	-	-	-	-	-	-
Colonias Infrastructure Fund	14,192,614	11,028,736	11,208,680	9,162,126	10,179,660	15,061,949	14,415,159	13,701,955	10,011,439	3,569,579
Coronavirus Aid, Relief and Economic Security Act	-	-	97,127,443	-	-	-	-	-	-	-
Drinking Water State Revolving Loan Fund	11,976,881	16,384,541	10,597,477	13,927,531	13,388,018	15,938,074	10,311,355	16,055,306	24,737,926	20,648,499
Early Childhood Education & Care Dept. Stabilization Grants	6,520,725	-	-	-	-	-	-	-	-	-
Early Childhood Education & Care Dept. Supply Building Grant	5,665,846	-	-	-	-	-	-	-	-	-
Economic Development Revolving Fund	(9,924,608)	(6,954,427)	2,483	12,000,000	-	-	-	-	3,062	-
Essential Services Working Capital Fund	21,594,141	6,245,364	-	-	-	-	-	-	-	-
Local Economic Development Act Recovery Grant Program	-	39,261,233	-	-	3,000,000	-	3,000,000	3,000,000	4,000,000	2,495,683
Local Government Planning Fund	-	2,000,000	-	410	(10)	-	-	(30)	-	(1,030)
New Markets Tax Credits (includes FNM, LLC)	-	6,000,000	(45,800)	-	-	-	-	-	-	-
New Mexico Growth Fund	-	-	-	-	-	-	-	-	-	-
Opportunity Enterprise Revolving Fund	70,000,000	-	(7,000,000)	4,000,000	-	-	405	-	(2,477)	-
Primary Care Capital Fund	21,304,496	25,912,169	20,266,223	21,580,018	8,650,234	936,483	14,391,199	10,082,729	21,360,486	20,091,556
Public Project Revolving Fund	39,900	(2,435,444)	(20,015)	-	-	-	-	-	-	-
Small Business Recovery Loan Program	(416,747)	(188,955)	(317,906)	(143,337)	(309,031)	(4,621,640)	-	(5,000,000)	4,477,239	4,345,543
State Small Business Credit Initiative	50,000,000	-	-	-	-	-	-	-	-	-
Venture Capital Program Fund	28,526,661	27,487,051	12,094,101	20,620,441	13,685,850	15,389,715	34,527,900	32,645,725	33,286,306	43,206,091
Water Project Fund	239,936,610	122,476,282	145,226,154	74,929,314	70,008,876	42,724,003	77,626,441	70,485,685	96,611,009	94,380,163
All Other Programs	-	-	-	-	(55,466)	(1,448,328)	-	-	(421,128)	(882)
<b>Subtotal</b>	<b>239,936,610</b>	<b>122,476,282</b>	<b>145,226,154</b>	<b>74,929,314</b>	<b>70,008,876</b>	<b>42,724,003</b>	<b>77,626,441</b>	<b>70,485,685</b>	<b>96,611,009</b>	<b>94,380,163</b>
<b>Total Revenue</b>	<b>\$ 305,263,754</b>	<b>\$ 176,090,082</b>	<b>\$ 202,744,542</b>	<b>\$ 143,149,006</b>	<b>\$ 135,909,727</b>	<b>\$ 103,880,982</b>	<b>\$ 132,139,278</b>	<b>\$ 131,467,477</b>	<b>\$ 149,380,360</b>	<b>\$ 147,182,450</b>

**Total Operating Revenue vs. Non-operating Revenue**

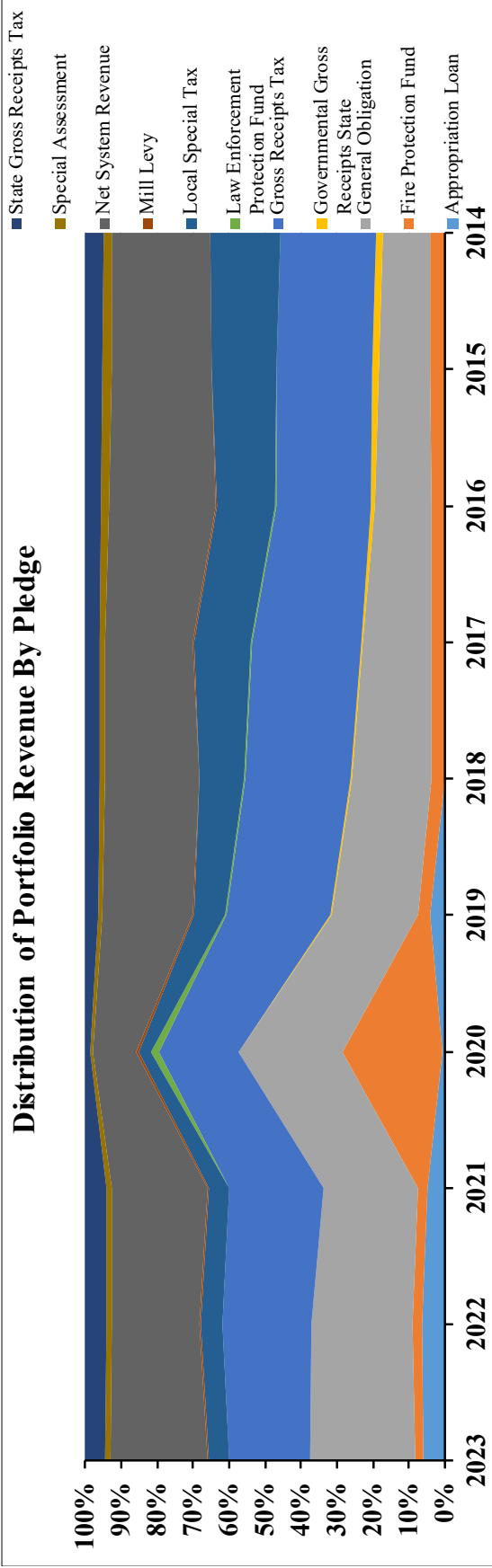




# Public Project Revolving Fund Pledge Type

Percent Distribution by Pledge Type at June 30: 2023-2014

Type of Pledge	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Appropriation Loan	6.0%	6.3%	4.8%	0.8%	4.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Fire Protection Fund	2.4%	2.6%	2.6%	27.7%	3.2%	3.6%	3.8%	3.8%	4.0%	4.1%
General Obligation	29.1%	28.3%	26.2%	28.7%	24.2%	22.4%	19.2%	15.7%	14.3%	13.1%
Governmental Gross Receipts State	0.0%	0.0%	0.1%	0.2%	0.4%	0.4%	0.5%	1.3%	1.8%	1.9%
Gross Receipts Tax	22.5%	24.5%	26.3%	22.1%	28.8%	29.2%	30.3%	26.1%	26.6%	26.6%
Law Enforcement Protection Fund	0.1%	0.0%	0.0%	2.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Local Special Tax	5.5%	6.2%	5.6%	3.1%	8.6%	12.2%	15.8%	16.4%	17.8%	19.2%
Mill Levy	0.2%	0.4%	0.4%	1.0%	0.4%	0.2%	0.2%	0.3%	0.2%	0.2%
Net System Revenue	27.2%	24.3%	26.5%	11.9%	25.1%	26.3%	24.4%	29.8%	27.8%	27.3%
Special Assessment	1.5%	1.6%	1.5%	0.8%	1.1%	1.5%	1.6%	2.1%	2.4%	2.4%
State Gross Receipts Tax	5.4%	5.8%	6.0%	1.5%	3.8%	3.9%	4.1%	4.4%	4.9%	5.0%



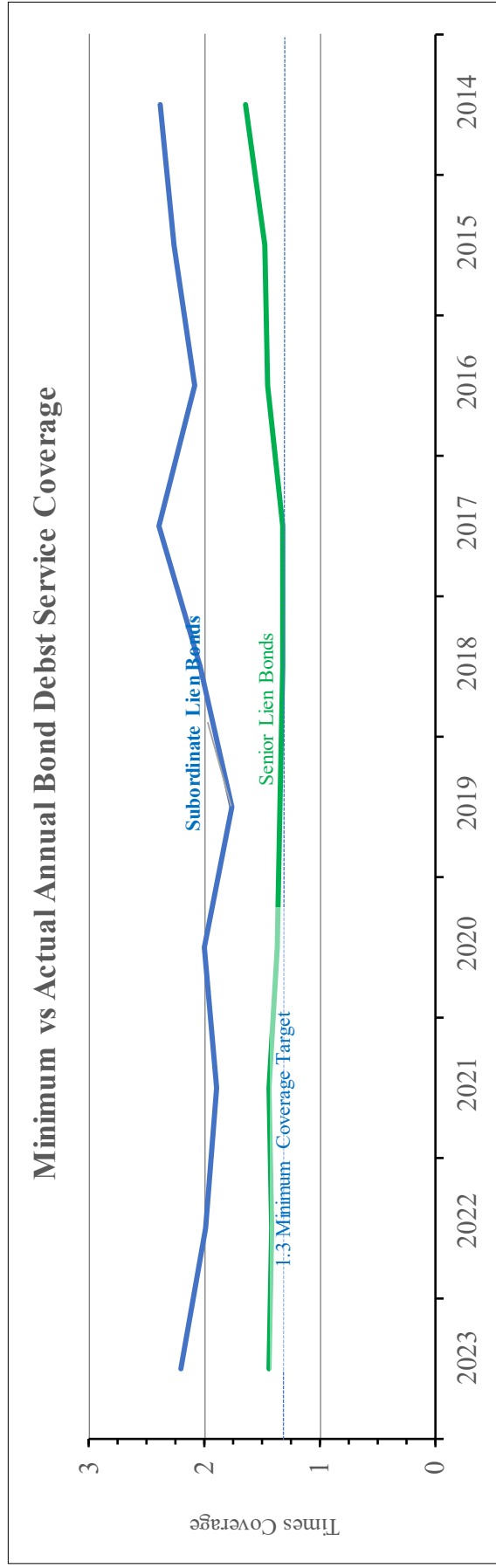
### Debt Burden

Original vs. Outstanding Bond Principal at June 30, 2023

			Original	Outstanding
Consolidated All PPRF Bonds			1,972,030,000	1,292,270,000
Consolidated Senior Lien			1,419,160,000	960,690,000
Consolidated Sub Lien			552,870,000	331,580,000
PPRF	2023A2 Exempt Bonds	A2 – Senior	39,120,000	39,120,000
PPRF	2023A1 Exempt Bonds	A1 – Senior	36,655,000	36,655,000
PPRF	2022C Exempt Bonds	A – Senior	67,500,000	66,800,000
PPRF	2022B Exempt Bonds	A – Senior	53,215,000	52,045,000
PPRF	2022A Exempt Bonds	A – Senior	65,570,000	61,275,000
PPRF	2021C Exempt Bonds	C - Senior	43,610,000	39,900,000
PPRF	2021B Exempt Bonds	B – Subordinate	31,305,000	28,900,000
PPRF	2021A Exempt Bonds	A – Senior	39,535,000	29,725,000
PPRF	2020C2 Exempt Bonds	C2 – Subordinate	38,860,000	28,960,000
PPRF	2020C1 Exempt Bonds	C1 – Subordinate	57,960,000	49,695,000
PPRF	2020B Exempt Bonds	B – Senior	81,000,000	63,540,000
PPRF	2020A Exempt Bonds	A – Senior	32,305,000	22,185,000
PPRF	2019D Exempt Bonds	D – Senior	53,260,000	44,935,000
PPRF	2019C2 Taxable Bond	C2 – Subordinate	12,480,000	8,795,000
PPRF	2019C1 Exempt Bonds	C1 – Subordinate	18,930,000	13,980,000
PPRF	2019B Exempt Bonds	B – Senior	43,870,000	34,330,000
PPRF	2019A Exempt Bonds	A – Subordinate	37,145,000	28,310,000
PPRF	2018E Taxable Bonds	E – Subordinate	70,205,000	52,940,000
PPRF	2018D Exempt Bonds	D – Senior	53,310,000	29,360,000
PPRF	2018C2 Taxable Bonds	C2 – Subordinate	13,175,000	8,025,000
PPRF	2018C1 Exempt Bonds	C1 – Subordinate	19,400,000	14,585,000
PPRF	2018B Exempt Bonds	B – Senior	22,530,000	11,690,000
PPRF	2018A Exempt Bonds	A – Senior	124,330,000	86,760,000
PPRF	2017F Taxable Bonds	F – Subordinate	19,315,000	11,015,000
PPRF	2017E Exempt Bonds	E – Senior	40,190,000	24,305,000
PPRF	2017D Exempt Bonds	D – Subordinate	41,395,000	18,640,000
PPRF	2017C Exempt Bonds	C – Senior	37,675,000	16,245,000
PPRF	2017B Exempt Bonds	B – Subordinate	68,015,000	11,080,000
PPRF	2017A Exempt Bonds	A – Senior	60,265,000	40,800,000
PPRF	2016F Exempt Bonds	F – Senior	38,575,000	20,025,000
PPRF	2016E Exempt Bonds	E – Senior	40,870,000	13,505,000
PPRF	2016D Exempt Bonds	D – Senior	116,485,000	61,790,000
PPRF	2016C Exempt Bonds	C – Senior	67,540,000	56,305,000
PPRF	2016A Exempt Bonds	A – Senior	52,070,000	20,945,000
PPRF	2015D Exempt Bonds	D – Subordinate	29,355,000	13,140,000
PPRF	2015C Exempt Bonds	C – Senior	45,475,000	42,315,000
PPRF	2015B Exempt Bonds	B – Senior	45,325,000	24,825,000
PPRF	2015A Exempt Bonds	A – Subordinate	63,390,000	31,540,000
PPRF	2014B Exempt Bonds	B – Senior	58,235,000	21,310,000
PPRF	2014A Taxable Bonds	A2 – Subordinate	16,805,000	2,410,000
PPRF	2014A Exempt Bonds	A1 – Subordinate	15,135,000	9,565,000
PPRF	2013B Exempt Bonds	B – Senior	16,360,000	-
PPRF	2013A Exempt Bonds	A – Senior	44,285,000	-

## PPRF Senior and Subordinate Lien Debt Service Coverage

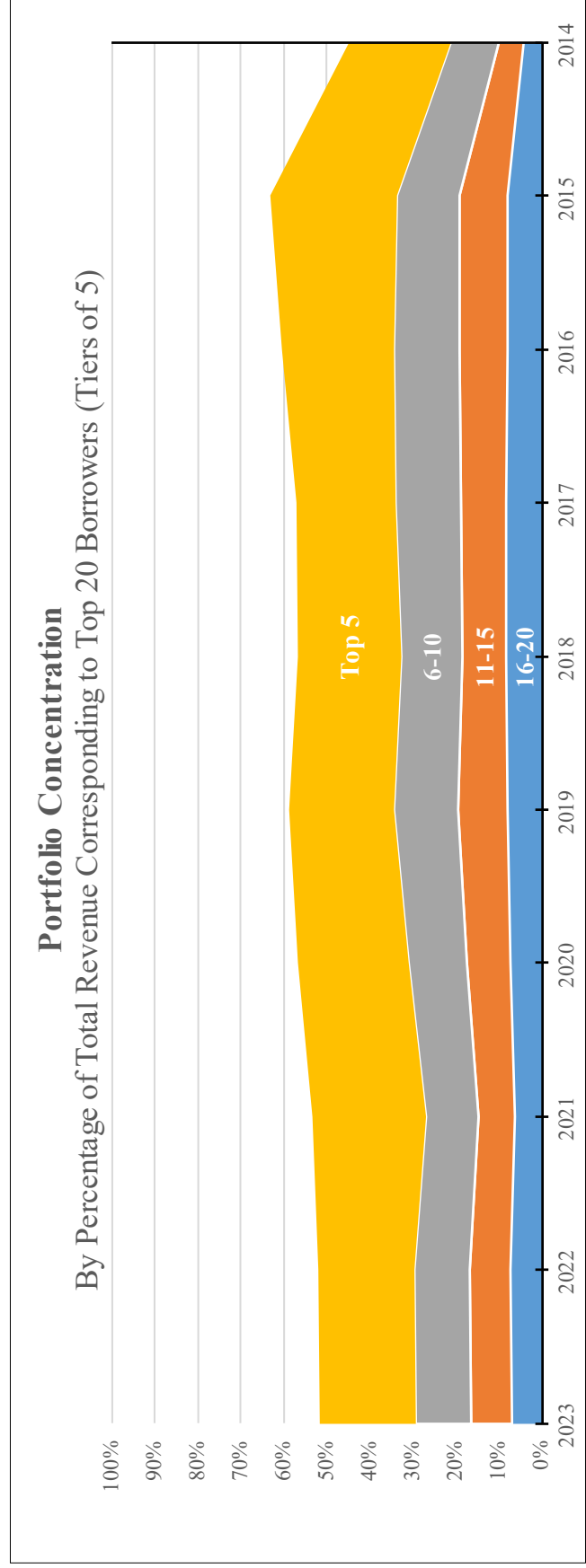
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Senior Lien Bonds</b>										
Annual Coverage at June 30	1.44	1.42	1.44	1.37	1.35	1.32	1.32	1.46	1.48	1.65
<b>Subordinate Lien Bonds</b>										
Annual Coverage at June 30	2.20	1.99	1.90	2.00	1.77	2.04	2.39	2.08	2.26	2.38



# Public Project Revolving Fund Concentration

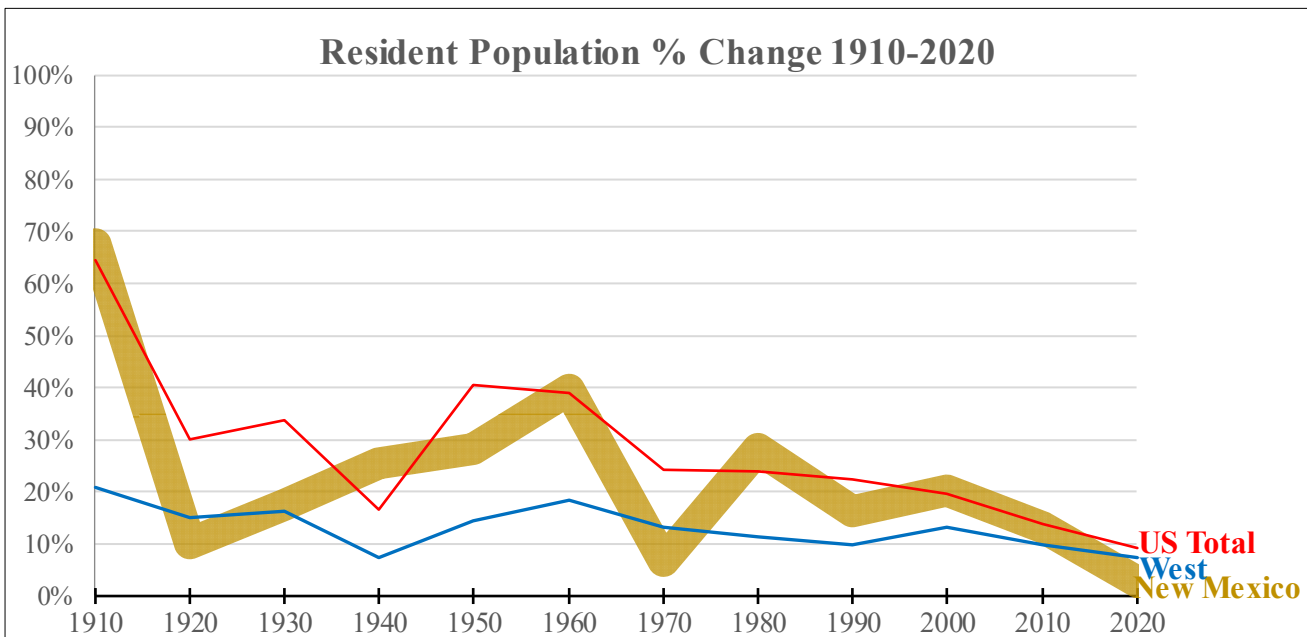
Distribution of Portfolio Revenue Among the Top 20 Borrowers at June 30: FY2023-2014

Top 4 Tiers of Borrowers	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Top 5</b>	22.3%	22.4%	26.4%	25.7%	24.6%	23.9%	23.1%	26.3%	29.4%	23.8%
<b>6 to 10</b>	12.9%	12.9%	12.1%	13.5%	14.7%	14.3%	15.2%	15.1%	14.5%	10.9%
<b>11 to 15</b>	9.4%	9.5%	8.6%	9.9%	11.5%	10.3%	10.7%	11.2%	10.9%	6.0%
<b>16 to 20</b>	7.0%	7.2%	6.3%	7.5%	8.2%	8.2%	8.2%	8.0%	8.1%	4.2%
<b>Remainder of Portfolio</b>	48.4%	48.0%	46.6%	43.4%	41.0%	43.3%	42.8%	39.4%	37.0%	55.1%



# New Mexico Resident Population

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



Note: Estimated population as of December 22, 2021 was 2,115,877

Census.gov

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

US Census Bureau

Updated: Dec 22, 2021

## Civilian Labor Force in New Mexico

### Persons, Not Seasonally Adjusted

Observation Date (July 1)	Civilian Labor Force
2023	962,816
2022	949,565
2021	954,356
2020	911,029
2019	973,041
2018	944,247
2017	939,847
2016	939,676
2015	936,140
2014	935,834



Federal Reserve Economic Data (FRED)

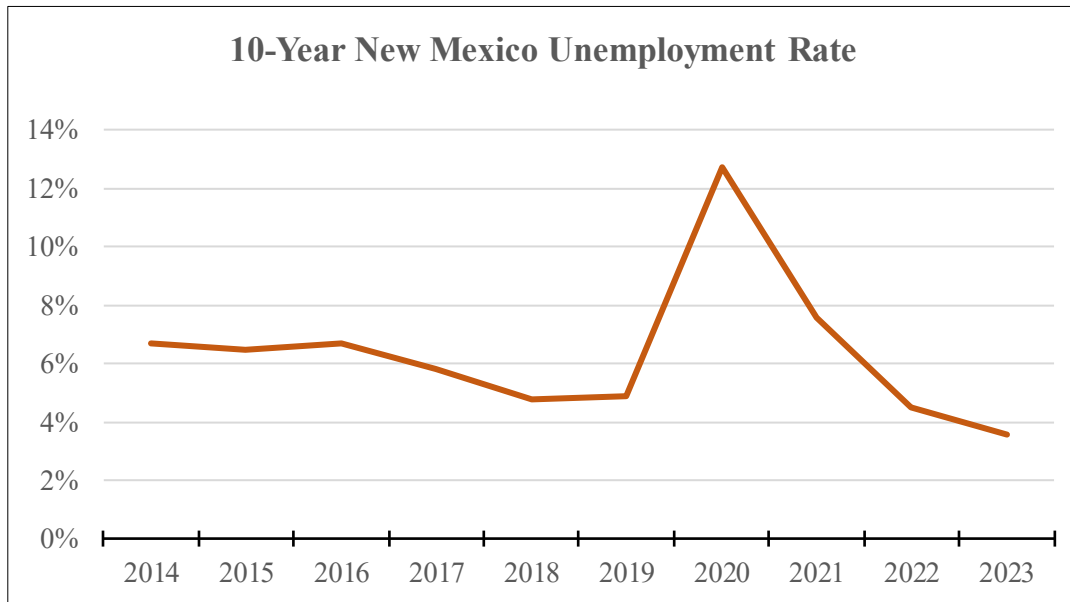
Link: <https://fred.stlouisfed.org/series/NMLF>

Federal Reserve Bank of St. Louis

Updated: Aug 2023

## Unemployment Rate in New Mexico Percent, Monthly, Seasonally Adjusted

<u>Observation</u>	<u>% Unemployed</u>
<u>Date (July 1)</u>	
2023	3.6%
2022	4.5%
2021	7.6%
2020	12.7%
2019	4.9%
2018	4.8%
2017	5.8%
2016	6.7%
2015	6.5%
2014	6.7%

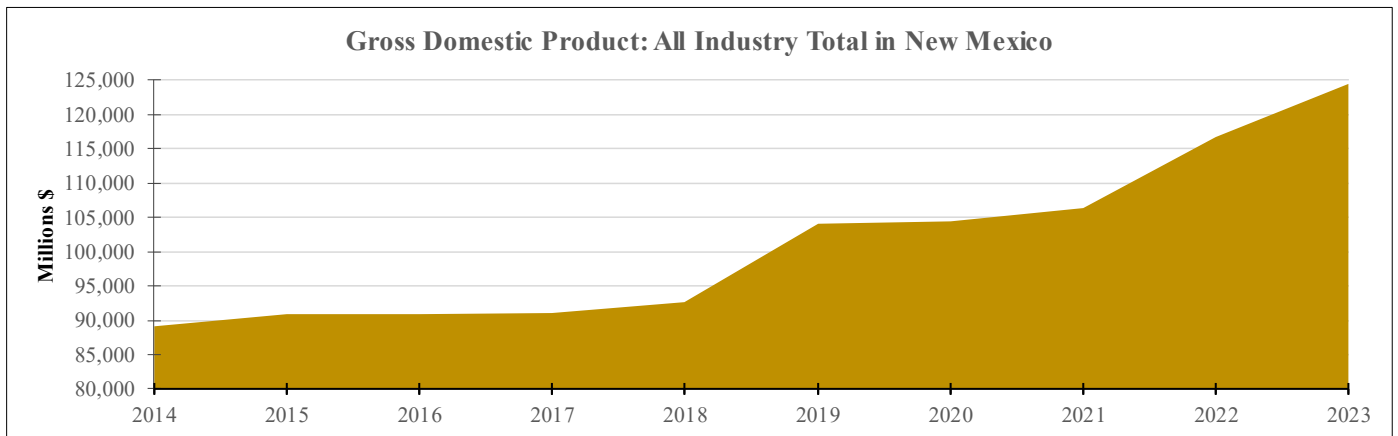


Federal Reserve Economic Data (FRED)  
 Link: <https://fred.stlouisfed.org/series/NMUR>  
 Federal Reserve Bank of St. Louis  
 Updated: Aug 2023

## Gross Domestic Product: All Industry Total in New Mexico

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

Observation Date (January 1)	GDP Millions \$s
2023	124,480
2022	116,735
2021	106,380
2020	104,462
2019	104,001
2018	92,591
2017	90,989
2016	90,970
2015	90,868
2014	89,151

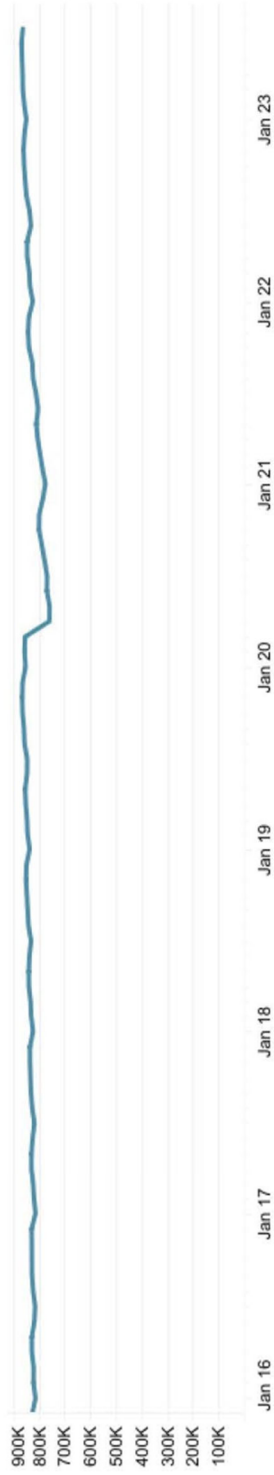


Link: <https://fred.stlouisfed.org/series/NMNOGSP>

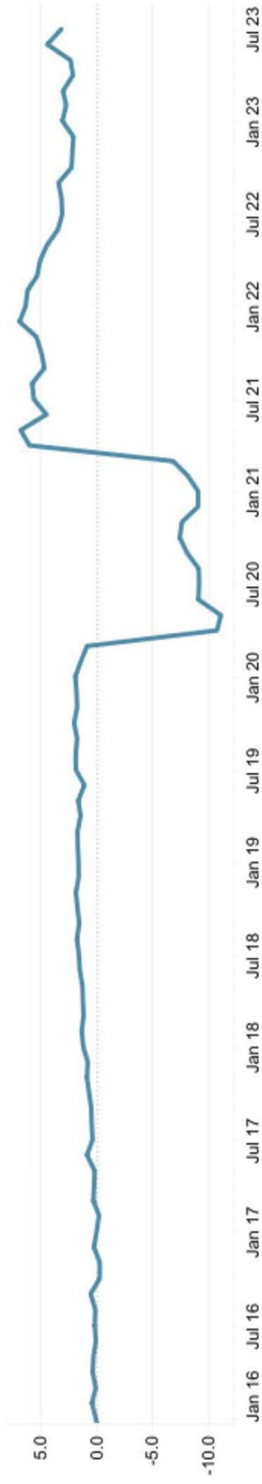
Economic Research Division  
Federal Reserve Bank of St. Louis  
Updated: Aug 2023



**New Mexico Historical Total Nonfarm Employment**



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



New Mexico Department of Workforce Solutions

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

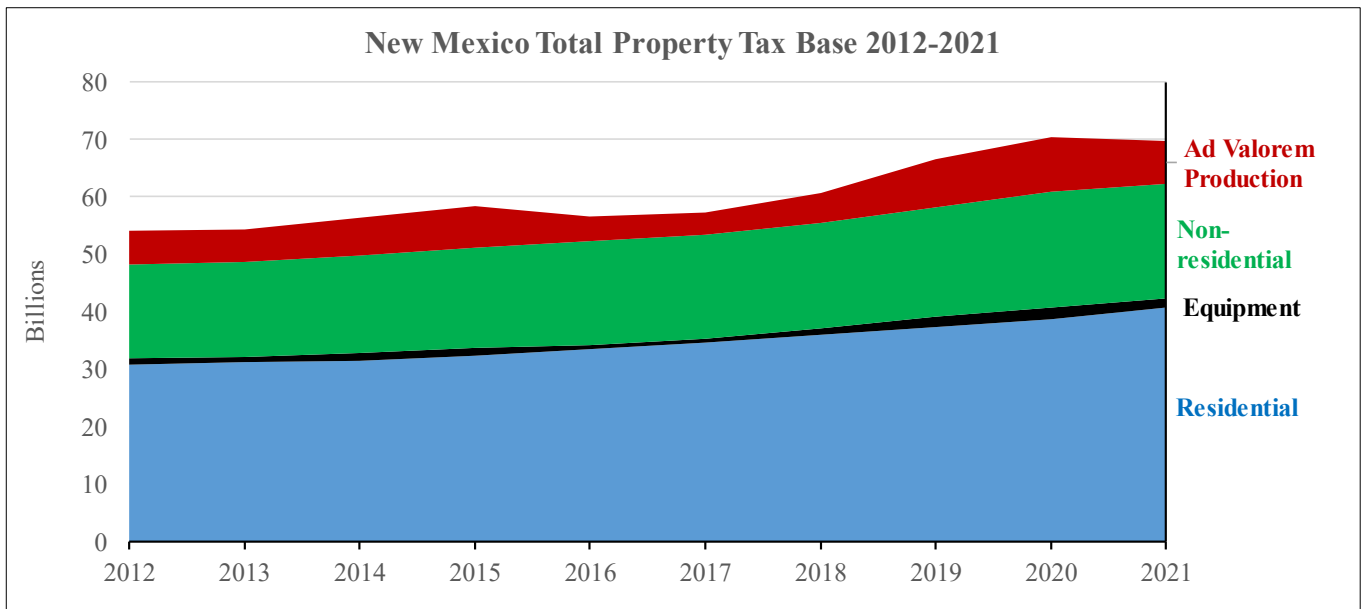
US Bureau of Labor Statistics

Updated: July 2023



## Net Taxable Value for Property Tax Purposes

Tax Year	Ad Valorem		Production	Equipment	Total
	Residential	Nonresidential			
2021	40,681,145,876	19,949,742,925	7,431,096,748	1,736,831,292	69,798,816,841
2020	38,671,443,095	20,119,885,086	9,569,179,702	2,110,532,356	70,471,040,239
2019	37,271,533,189	19,012,390,512	8,372,712,631	1,904,105,905	66,560,742,237
2018	35,934,821,015	18,226,388,446	5,313,419,682	1,224,319,528	60,698,948,671
2017	34,681,545,958	17,912,620,169	3,836,399,452	742,949,817	57,173,515,396
2016	33,420,866,558	17,996,733,566	4,373,599,405	833,971,811	56,625,171,340
2015	32,283,583,025	17,454,632,250	7,253,704,992	1,421,044,437	58,412,964,704
2014	31,574,705,479	17,003,242,702	6,611,014,734	1,284,501,752	56,473,464,667
2013	31,198,735,901	16,457,453,232	5,516,713,745	1,064,032,866	54,236,935,744
2012	30,701,128,897	16,371,012,537	5,901,454,351	1,156,075,491	54,129,671,276



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

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

NM Dept Finance & Administration

Updated: 2021

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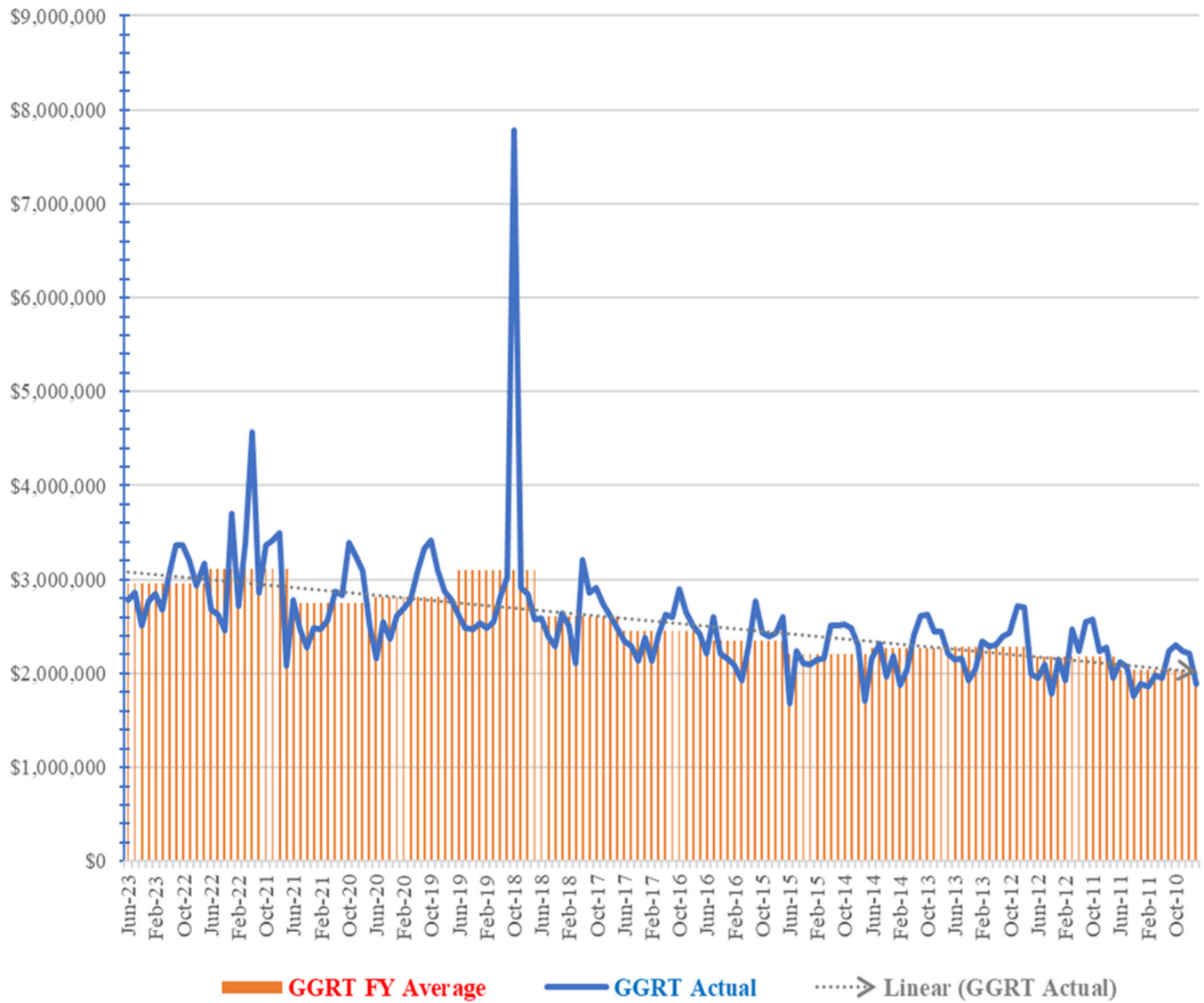
**Other  
Information  
(Unaudited)**

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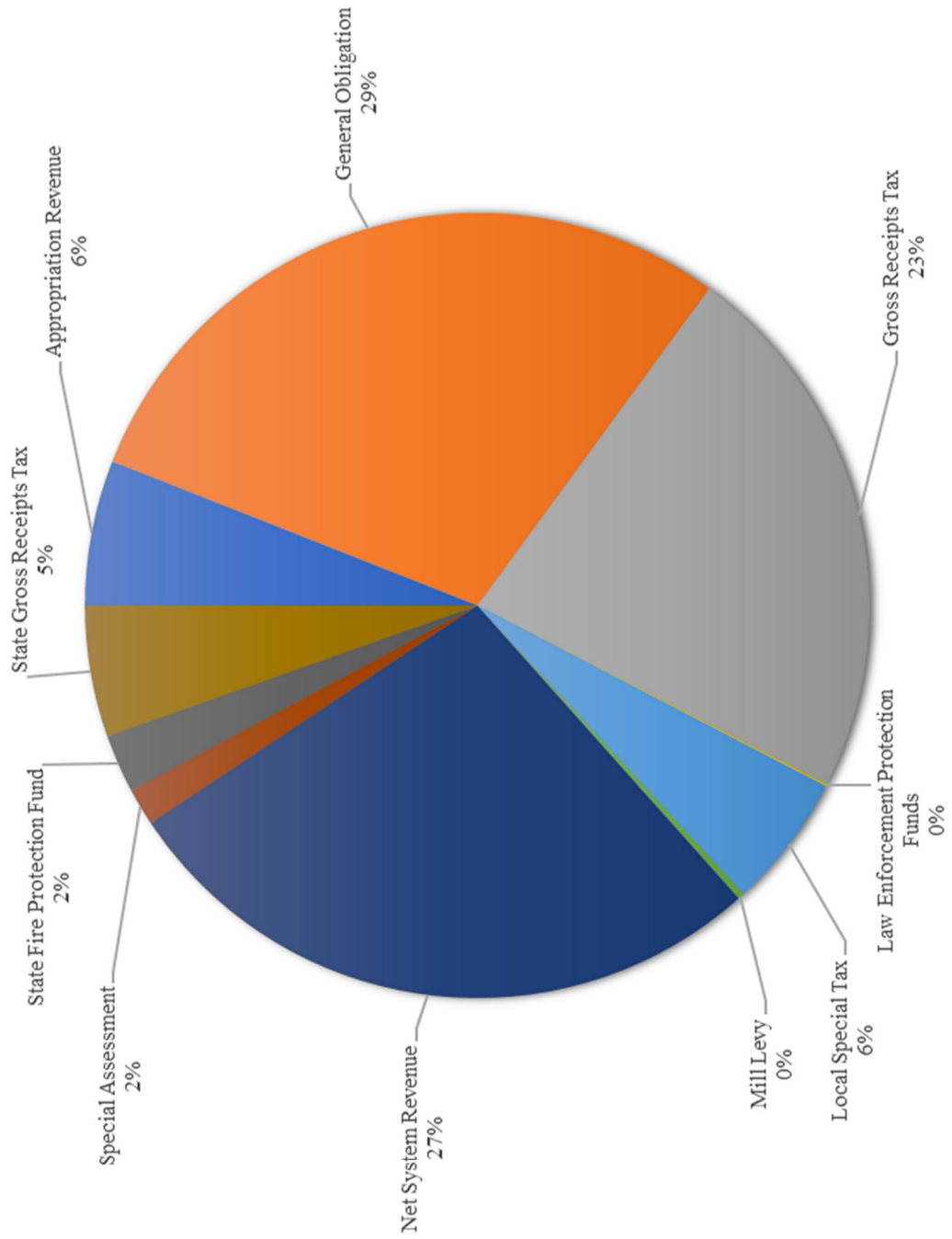
# GOVERNMENT GROSS RECEIPTS TAX

## Monthly Distributions Through June 30, 2023



# PPRF Loan Portfolio by Pledge

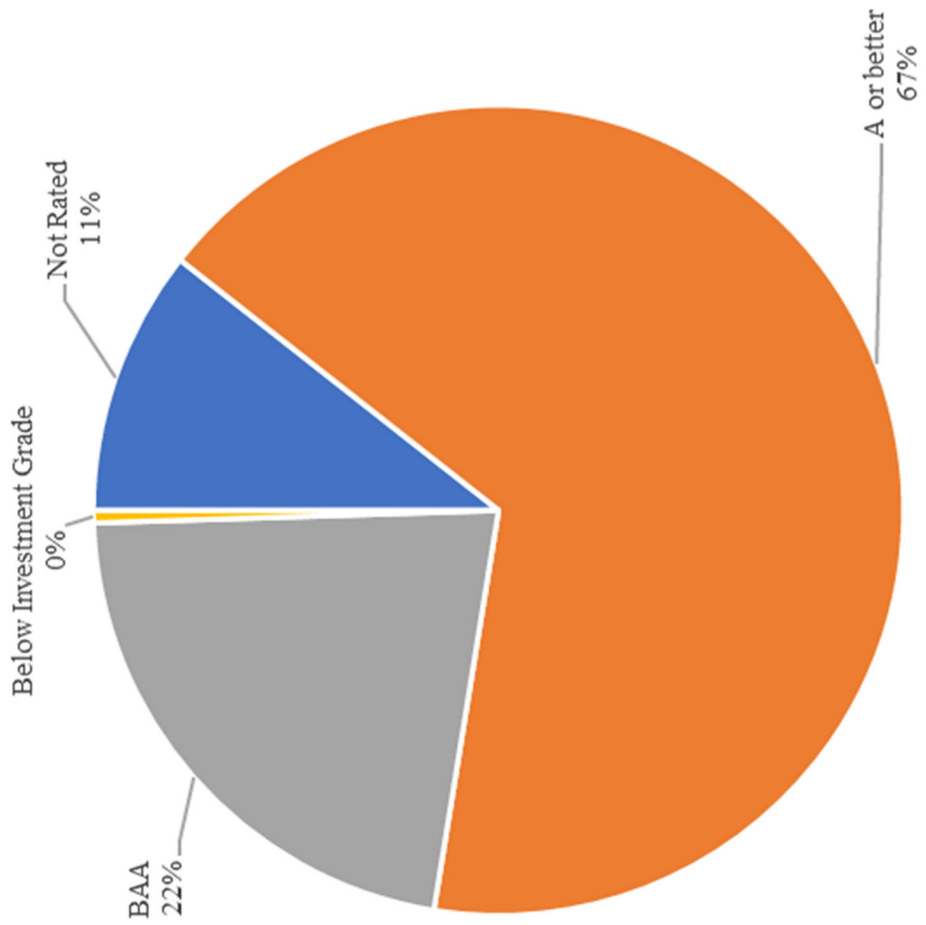
PPRF Loans Outstanding = \$1,659,888,995  
as of 6/30/2023



# PPRF LOAN PORTFOLIO BY MOODY'S RATING

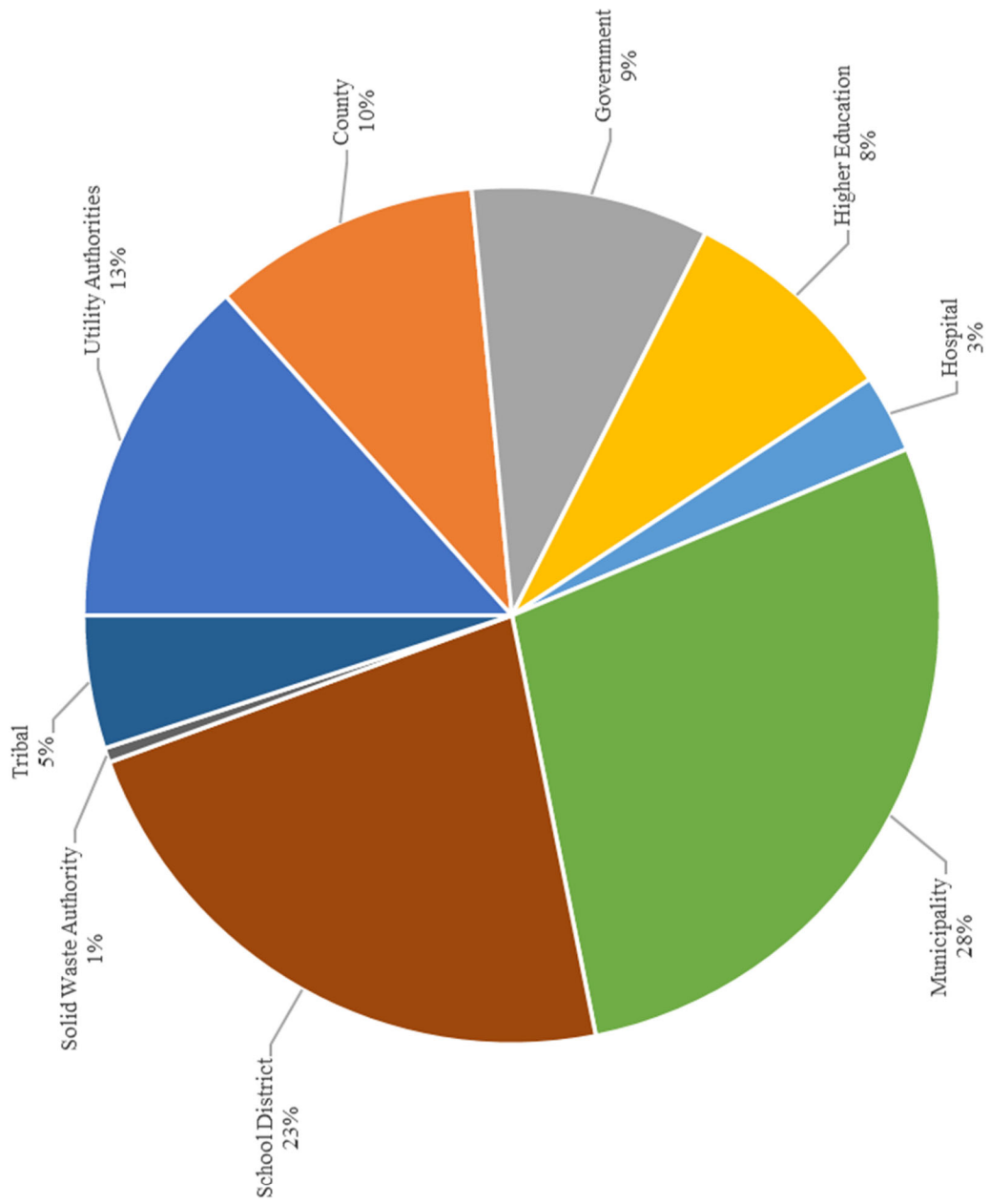
## PPRF

as of 6/30/2023



# PPRF LOAN PORTFOLIO BY CLIENT TYPE

PPRF Loans Outstanding = \$1,659,888,995  
as of 6/30/2023



PPRF LOAN PORTFOLIO TOP TEN BORROWERS  
as of 6/30/2023

