



NEW MEXICO  
**FINANCE AUTHORITY**

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

A Component Unit of the State of New Mexico

Fiscal Year Ended June 30, 2024



SANTA FE, NEW MEXICO  
PREPARED BY THE NMFA FINANCE DEPARTMENT

**NEW MEXICO FINANCE AUTHORITY**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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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, 2023

*Christopher P. Morill*

Executive Director/CEO



October 8, 2024

Hon. Joseph M. Maestas, PE, State Auditor  
Citizens of the State of New Mexico  
Board of Directors of the New Mexico Finance Authority  
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, 2024, which we are presenting in an Annual Comprehensive Financial Report (ACFR) 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) appoints NMFA's Chief Operating Officer (CEO), and approves its annual budget and bond issuances, and authorizes all loan and grant awards. In fiscal year 2024, it approved a total expenditure budget of \$200.3 million, including an operating budget of \$19.8 million. It also approved a capital budget of \$14.9 million in fiscal year 2023 and an amendment of \$1.2 million this year for a total capital budget of \$16.1 million for a new headquarters and a staff size of 77 full time positions.

Marquita Russel is the current CEO. She was appointed in 2019 after having worked for NMFA for 20 years, primarily as Chief of Programs.

Over the course of its 32-year history, NMFA has established itself as a capable partner in capital and economic development project planning and financing in New Mexico. In fiscal year 2024, NMFA operated five active public lending and grants programs and 16 active private lending or grant programs, including two new venture capital funds:

### **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)
- ♦ Smart Money (Economic Development Revolving Fund - ED)
- ♦ Essential Services Working Capital Fund (ESWCF)
- ♦ Primary Care Capital Fund (PCCF)
- ♦ State Small Business Credit Initiative (SSBCI)
- ♦ New Markets Tax Credits Program (NMTC)
- ♦ Charter Schools Facility Revolving Fund (CSFRF)
- ♦ Opportunity Enterprise Revolving Fund (OERF) – Commercial Real Estate
- ♦ Opportunity Enterprise Revolving Fund (HDRF) – Housing Development

- ♦ Venture Capital Program (VCP)
- ♦ New Mexico Growth Venture Capital Fund (NMGF)
- ♦ Cannabis Microbusiness Program (CMP)<sup>1</sup>
- ♦ Small Business Recovery Program (SBRL)<sup>1</sup>

#### Other Grants

- ♦ Early Childhood Education and Care Department Stabilization Grants (ECECDS)
- ♦ Early Childhood Education and Care Department Supply Building Grants (ECECDB)
- ♦ Local Economic Development Act (LEDA)<sup>1</sup>

#### Agency

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

PPRF has been NMFA's largest program in terms of loan receivables generated per year, except during the COVID-19 pandemic (August 2020 to December 2022) when the SBRL predominated. PPRF offers borrowers lower interest rates leveraged by the fund's bond ratings of AAA by S & P Global Ratings and Aa1 by Moody's Investor Services. It is NMFA's only bond-backed program. In fiscal year 2024, the PPRF accounted for 87.0% (\$1,750.8 million) of total net loan receivables and 72.0% (\$67.4 million) of total operating revenue.

#### ***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 32-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:

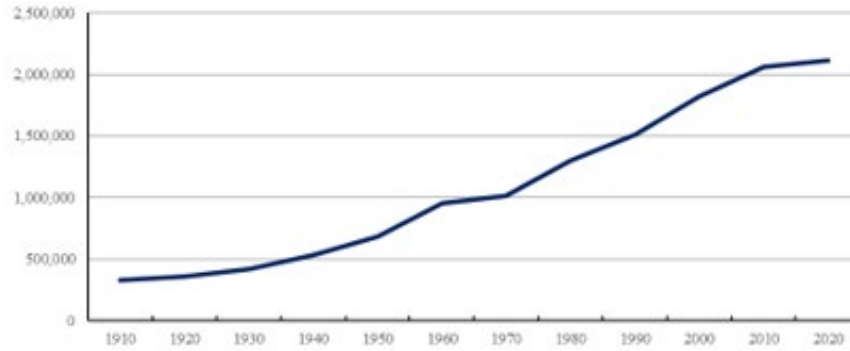
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<sup>1</sup> No longer accepting loan applications.

<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 GDP.<sup>5</sup>

New Mexico's civilian labor force (16 years and older) was estimated to be 949,565 individuals as of August 2022, 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>

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

<sup>3</sup> US Census Bureau: [Historical Population Change Data \(1910-2020\)](https://www.census.gov/hist/hot/population-change-data) (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](https://fred.stlouisfed.org/series/NMLF) | ALFRED | St. Louis Fed (stlouisfed.org), updated August 22, 2022

## New Mexico Non-Farm Employment by Sector Ranked as of July 2024<sup>7</sup>

Sector	12-month % Change	1,000s Employed	% of Total Employment
Government	1.4	189.3	21.3
Education & Health Services	1.3	147.5	16.6
Trade, Transportation, & Utilities	0.8	146.6	16.5
Professional & Business Services	2.3	122.2	13.8
Leisure & Hospitality	3.0	101.6	11.5
Construction	1.7	53.7	6.1
Financial Activities	-1.1	34.9	3.9
Manufacturing	6.8	30	3.4
Other Services	5.4	29.2	3.3
Mining and Logging	-0.4	23.6	2.7
Information	-9.4	8.7	1.0

The 20 largest employers in New Mexico employed 19.9% of the total state workforce. Half of these are government or quasi-governmental entities, including Sandia and Los Alamos National Laboratories.

### 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

<sup>7</sup> U.S. Bureau of Labor Statistics: [New Mexico Economy at a Glance \(bls.gov\)](https://www.bls.gov/new-mexico-economy-at-a-glance)

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

## ***Key Initiatives***

### **Accommodating organizational growth**

Consolidating organizational growth and change continued as an ongoing initiative in fiscal year 2024. NMFA's staff size has almost doubled since the start of the COVID-19 pandemic, going from 44 in fiscal year 2020 to 77 approved for fiscal year 2025. The total number of active programs has more than doubled, going from 10 to 21 in that same time period. NMFA's financial profile also changed dramatically within this short period.

**Key NMFA Financial Characteristics (in billions \$)**

	<b>FY 2020</b>	<b>FY 2024</b>
Cash & Investments	0.7	1.2
Total Assets	2.4	3.3
Gross Loans Receivable	1.7	2.2
Net Position	0.6	1.0
Total Revenue	0.1	0.4

While they all grew markedly, the change in these indicators reflect only partially the challenge the organization faces to accommodate and adapt to the associated operational and strategic impacts.

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 a building at 810 San Mateo Road in mid-town Santa Fe. Completion of the project relocation of all the staff 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 undertook the documentation and updating of its policies and procedures and re-organization of its document and records management system. The organization has also undertaken a major upgrade of its technical capabilities and security posture through both software and hardware improvements.

Before, during and now after the COVID-19 health emergency, NMFA continued pursuing its strategic vision of being New Mexico's partner in building economic prosperity and stronger communities. NMFA initiated several major new economic development programs in fiscal year 2024 that were approved by the State.

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 State approved another \$50.0 million for this program in fiscal year 2024. It also created a similar program to underwrite major residential housing projects throughout the state, appropriating \$125.0 million for this purpose.

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 began approving investments in venture private equity funds in fiscal year 2024.

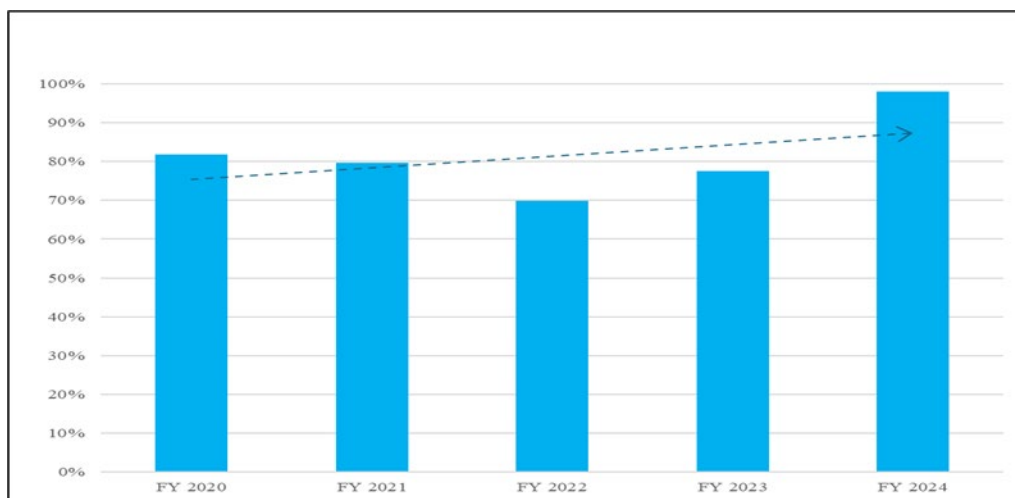
### Operating in a recovering economy

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, interest rate hikes and the massive inflow—actual and expected— of federal funds.

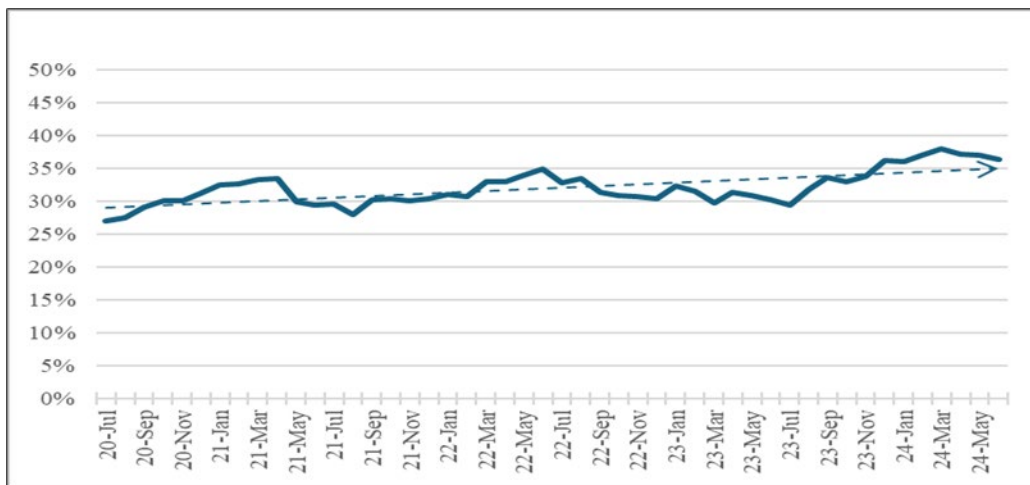
Inflation driven by scarcity of materials and contractors caused local borrowers to re-think, re-size and reschedule their projects under the PPRF, CIF, DWSRLF, and WPF Programs. Even approved projects were affected, as bids came in over budget and/or with longer-than-expected delivery times. This was reflected in longer project completion times and a spike in number of requests for time extension and increased funding during and immediately after the pandemic. Fiscal year 2024 was the first year that the trend turned upwards.

Measured in terms of disbursement vs. cash held in the project funds, project completion in the PPRF as a whole has been recovering after the pandemic. The water programs reflect a similar trend.

### **Annual Asset Turnover: Disbursements vs. Loans Funded**



### Combined Water Projects Cash Turnover: Average Disbursement vs. Cash Balance



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

Subscription to the PPRF was affected by 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. Loan fundings and refinancings came in well below the average of recent years with one notable exception – Albuquerque Bernalillo County Water Utility Authority obtained a loan of \$113.4 million:

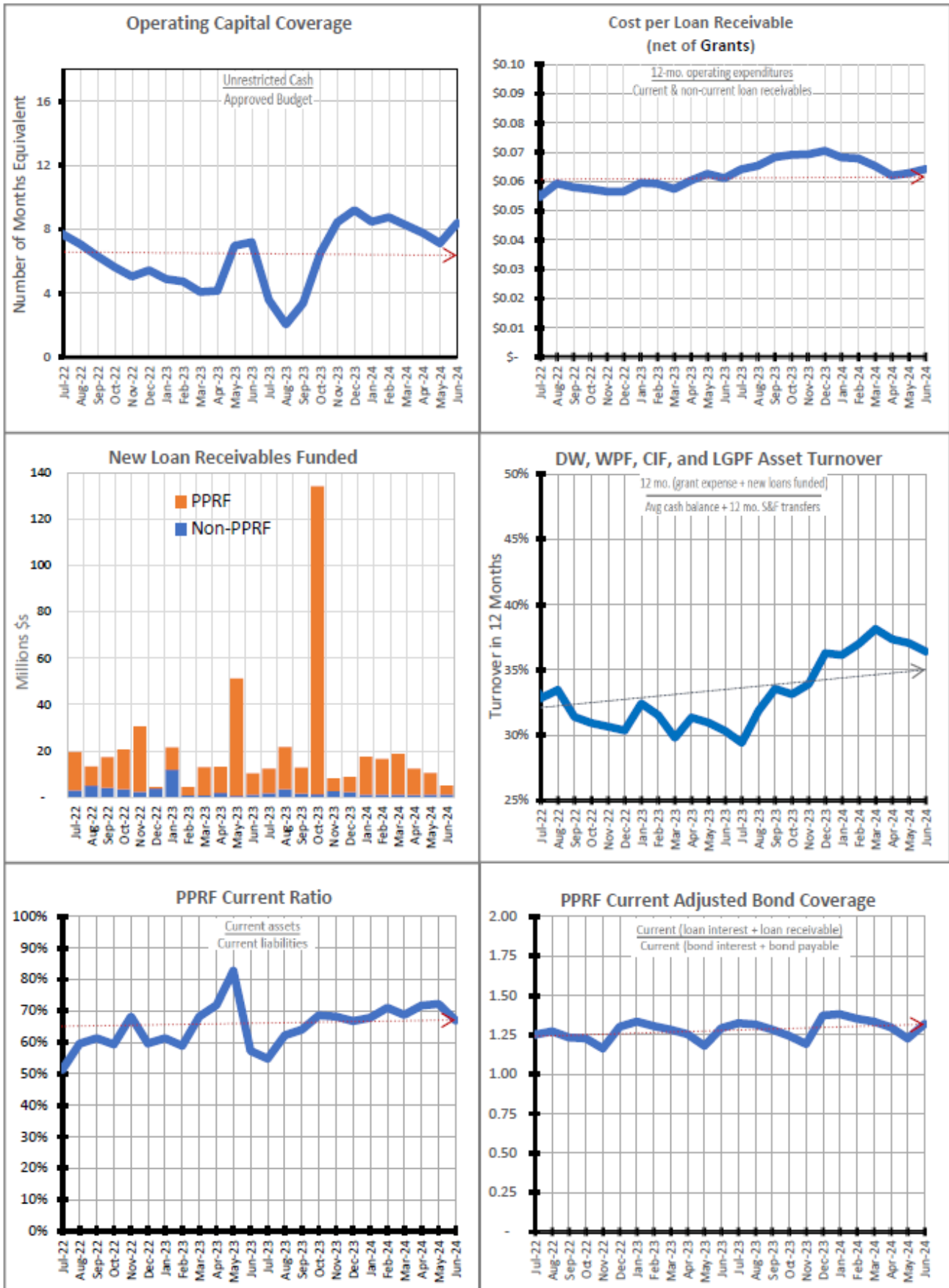
### PPRF Loan Applications and Volume

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Number of loans funded	102	96	92	62	79
Total loan volume	\$ 287,527,942	\$ 242,621,502	\$ 249,602,992	\$ 180,090,727	\$ 258,455,406
Loan/debt refinancing	11	18	13	1	0

NMFA's key financial performance indicators otherwise reflect that NMFA is in a strong financial position as of June 30, 2024, despite the effects of the recovering economy. See the dashboard of financial performance indicators on page 10.

The cash in the NMFA Operating Fund (Operating Fund) grew from four months to eight months during fiscal year 2024. PPRF remained the dominant program in terms of loan receivables. As already noted, asset turnover in the water programs (DW, CIF, WTB, and LGPF) grew from 30% in the first quarter to 37% in the third quarter and declined to 35% in the fourth quarter. Cost per loan receivable remained steady. 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 307.5% higher than the Board-approved fiscal year 2024 budget, as revenue exceeded expectations and expenditures came in significantly under budget.

### **Total Revenue**

Total actual revenues came in \$160.8 million (62.8%) above budget.

	<b>Budgeted</b>	<b>Actual</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>Revenues</b>	\$ 255,936,488	\$ 416,732,172	\$ 160,795,684	62.8
<b>Expenditures</b>	200,309,725	190,043,565	10,266,160	5.1
<b>Net</b>	<u>\$ 55,626,763</u>	<u>\$ 226,688,607</u>	<u>\$ 171,061,844</u>	<u>307.5</u>

This variance is driven by significantly higher-than-expected Appropriation and Grant revenue and Interest income.

Appropriation revenue exceeded expectations by \$179.6 million (332.6%). Almost all of this was because the Legislature appropriated \$50.0 million to Opportunity Enterprise – Commercial and \$125.0 million for Opportunity Enterprise – Housing.

	<b>Budgeted</b>	<b>Actual</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>Public Project Revolving Fund (PPRF)</b>	\$ 35,000,000	\$ 38,290,935	\$ 3,290,935	9.4
<b>Opportunity Enterprise - Commercial</b>	-	50,000,000	50,000,000	0.0
<b>Opportunity Enterprise - Housing</b>	-	125,000,000	125,000,000	0.0
<b>Water Project Fund/Water Trust Board</b>	4,000,000	4,000,000	-	0.0
<b>Venture Capital</b>	15,000,000	-	(15,000,000)	-100.0
<b>New Mexico Growth Fund</b>	-	16,337,952	16,337,952	0.0
<b>Total</b>	<u>\$ 54,000,000</u>	<u>\$ 233,628,887</u>	<u>\$ 179,628,887</u>	<u>332.6</u>

*Interest income from investments* exceeded the budget (416.4%) of \$5.1 million as rising interest rates during the year ensured that maturing cash positions poured into higher rate investments.

### **Total Expenditures**

Total expenditures came in \$10.3 million (5.1%) below budget. The main reason for this was much less-than-projected (\$7.9 million vs. \$20.0 million) simultaneous bond-loan activity, where the premium paid by bond buyers is passed-through to the borrower. Only one such bond-loan closed in fiscal year 2024. For budget purposes, we estimated four bond issuances totaling \$200.0 million would occur in fiscal year 2024, but there were only two issuances totaling \$212.4 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*. In fiscal year 2024, the water programs received significantly more grant revenues than the prior year of \$40.1 million (90.0%) and experienced an increase in grant expense of \$29.0 million (72.5%). LEDA accepted applications for reimbursement until September 30, 2023, with the last grant disbursement in November 2023. Although the net variance was only 2.6%, each sub-category varied significantly:

<b>Program</b>	<b>Budgeted</b>	<b>Actual</b>	<b>\$ Difference</b>	<b>% Difference</b>
Drinking Water	\$ 12,801,360	\$ 7,568,768	\$ 5,232,592	40.9
Colonias	27,500,000	28,625,652	(1,125,652)	-4.1
Water Projects	41,800,000	31,994,390	9,805,610	23.5
Local Govt Planning	1,200,000	812,203	387,797	32.3
LEDA	-	5,582,985	(5,582,985)	0.0
ECECD-Supply	-	6,513,850	(6,513,850)	0.0
<b>Total</b>	<b>\$ 83,301,360</b>	<b>\$ 81,097,848</b>	<b>\$ 2,203,512</b>	<b>2.6</b>

*Capital expenditures* came in \$1.2 million below the approved budget of \$5.1 million (24.2%). 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, 2024**

	<b>Actual FY 2023</b>	<b>Approved FY 2024</b>	<b>Actual FY 2024</b>	<b>Variance FY 24 - Actual</b>
<b>Revenues</b>				
Interest income from loans	\$ 48,032,102	\$ 49,227,029	\$ 52,885,394	\$ 3,658,365
Appropriation revenue	169,671,017	54,000,000	233,628,887	179,628,887
Grant revenue	78,582,340	142,956,360	97,383,209	(45,573,151)
Interest income from investments	12,710,883	5,100,000	26,336,530	21,236,530
Administrative fees revenue and reimbursements	3,147,009	4,653,099	6,498,152	1,845,053
<b>Total Revenues</b>	<b>312,143,351</b>	<b>255,936,488</b>	<b>416,732,172</b>	<b>160,795,684</b>
<b>Operating Expenses</b>				
Salaries and benefits	8,465,869	10,645,420	10,140,607	504,813
Contractual services	3,808,914	6,884,375	5,131,451	1,752,924
Other operating costs	2,085,781	2,249,769	1,874,457	375,312
<b>Total Operating Expenses</b>	<b>14,360,564</b>	<b>19,779,564</b>	<b>17,146,515</b>	<b>2,633,049</b>
<b>Non-operating Expenses</b>				
Bond interest expense	58,734,184	58,129,660	63,226,169	(5,096,509)
Bond issuance costs	1,135,857	1,800,000	1,458,170	341,830
Loan financing pass-through	1,997,079	20,000,000	7,895,276	12,104,724
Grant Expense	72,623,125	83,301,360	81,097,848	2,203,512
Interest expense - loan & LOC	643,449	3,061,446	643,449	2,417,997
Transfers to Other Agencies	8,316,747	9,100,000	14,681,988	(5,581,988)
Capital Expenditures	4,138,075	5,137,695	3,894,150	1,243,545
<b>Total Non-operating Expenses</b>	<b>147,588,516</b>	<b>180,530,161</b>	<b>172,897,050</b>	<b>7,633,111</b>
<b>Total Expenses</b>	<b>161,949,080</b>	<b>200,309,725</b>	<b>190,043,565</b>	<b>10,266,160</b>
<b>Revenue Over Expenses</b>	<b>\$ 150,194,271</b>	<b>\$ 55,626,763</b>	<b>\$ 226,688,607</b>	<b>\$ 171,061,844</b>



## Operating Expenditures

Operating expenditures came in \$2.6 million (13.3%) below the Approved Budget of \$19.8 million. Almost all this variance corresponds to the significantly lower-than-expected activity in contractual services.

Personnel varied only \$0.5 million (4.7%) from the budget target. This was achieved despite a round of salary adjustments in the 3rd quarter equivalent to 8% of payroll, which was covered by savings in total personnel costs projected at that time.

Contractual services accounts for \$1.8 million (25.5%) of the \$2.6 million variance in operating expenditures. Program activity drives expenditures in this rubric. 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 (16.7%). The biggest variances within this category generally correspond 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 20 to learn more about NMFA's financial position at the end of fiscal year 2024.

Respectfully submitted,



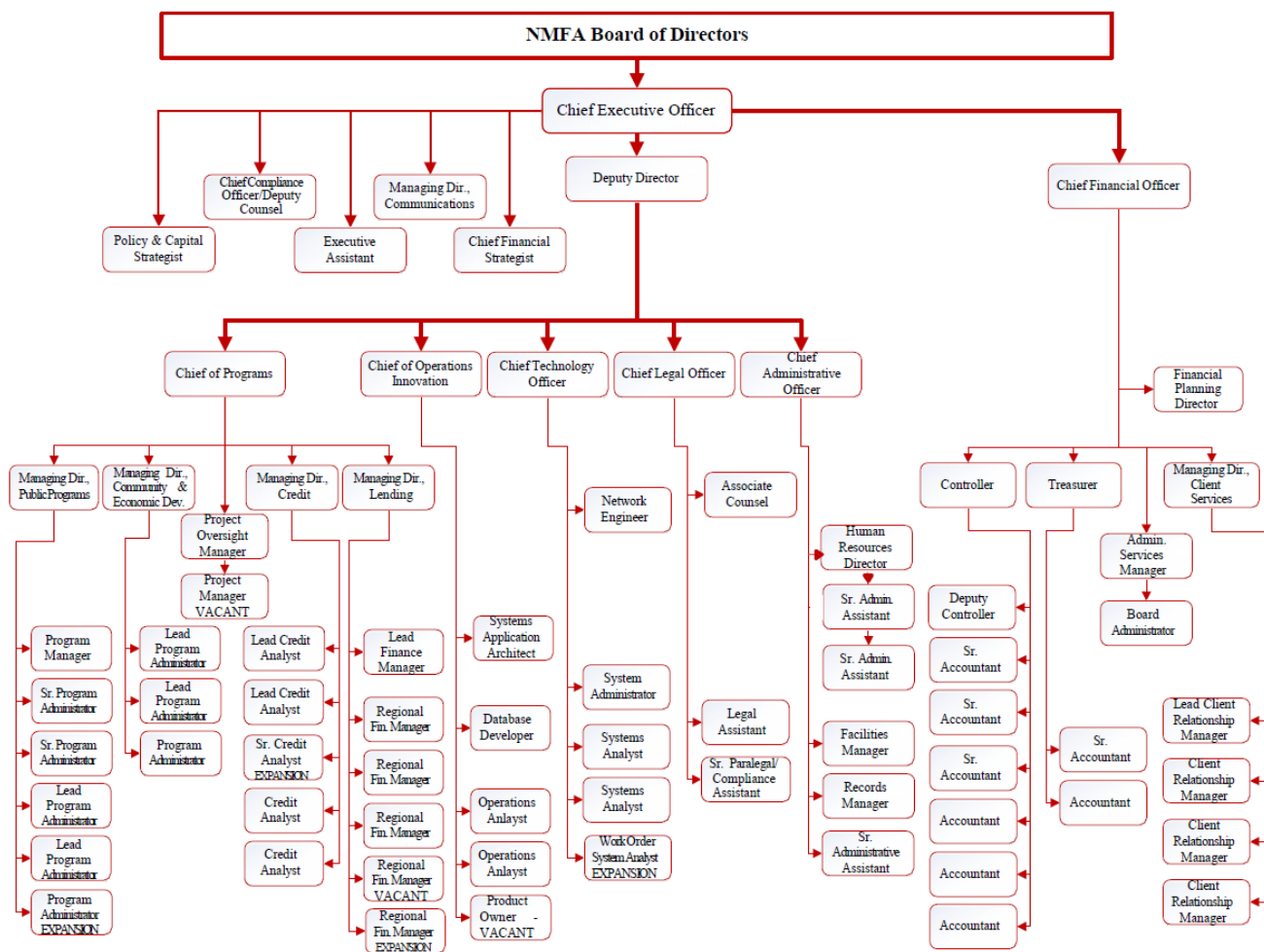
Marquita D. Russel  
Chief Executive Officer



Oscar S. Rodriguez  
Chief Financial Officer

# ORGANIZATIONAL CHART

## Effective June 30, 2024



# NMFA LEADERSHIP

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## Board of Directors

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	<b>Kathy Keith</b> <i>Chair</i> Director of Community Partnerships Member	
<b>A. J. Forte</b> <i>Secretary</i> Executive Director New Mexico Municipal League	<b>Joy Esparsen</b> Executive Director New Mexico Counties	<b>Martin Abran Suazo</b> <i>Vice Chair</i> Member
<b>Melanie Kenderdine</b> Secretary Designate New Mexico Energy, Mineral and Natural Resources Department	<b>Teresa Costantinidis</b> Executive Vice President for Finance and Administration University of New Mexico	<b>Mark Roper</b> Acting Secretary New Mexico Economic Development Department
<b>James Kenney</b> Secretary New Mexico Environment Department	<b>Andrew J. Burke</b> Member	<b>Wayne Propst</b> Secretary New Mexico Department of Finance & Administration
	<b>Ronald J. Lovato</b> Member	

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## Management

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	<b>Marquita D. Russel</b> Chief Executive Officer	
<b>Oscar S. Rodriguez</b> Chief Financial Officer		<b>Fernando Martinez, Jr.</b> Deputy Director
<b>John Brooks</b> Chief of Programs	<b>Dora Mae Cde Baca</b> Chief Administrative Officer	<b>Adam K. Johnson</b> Chief of Operations Innovation
<b>Daniel C. Opperman</b> Chief Legal Officer	<b>Bryan Otero</b> Chief Compliance Officer/ Deputy Counsel	<b>Paul Romero</b> 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, PE, CFE  
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, 2024, 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, 2024, 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, 2024, 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 an opinion 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 8, 2024, 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.

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

Albuquerque, New Mexico  
October 8, 2024

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024 AND 2023**

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 2024. 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 2024. 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 2024.

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, 2024 AND 2023**

**Financial Overview and Analysis**

All Funds Combined

The balance sheet (Statement of Net Position) for the enterprise reflects positive results in fiscal year 2024. Assets exceeded liabilities by more than \$1,036.9 million or 46.6%. Total Net Position increased by \$246.5 million (31.2%) to \$1,035.9 million.

Total cash increased \$5.8 million (1.3%) to \$458.5 million, mostly because of a \$3.9 million (39.8%) increase in unrestricted cash. Total cash and investments increased 19.0%, going from \$1.028.0 million to \$1.223.6 million. Investments, which accounts for 62.5% of all cash, was the fastest growing component of this total, increasing by \$189.9 million (33.0%).

Total assets increased by \$257.9 million (8.6%), ending the year at \$3.3 billion, primarily as the result of a \$53.4 million increase in new loans issued (current and non-current), and \$191.6 million increase in investments.

For fiscal year 2024, total bonds payable remained stable, increasing by \$85.4 million (5.7%). Two new bond series were issued (2023 B and 2024A), totaling \$212.4 million. Bond debt service, NMFA's biggest liability, remained stable. Current bonds payable increased by \$18.7 million (15.1%). Non-current bonds payable increased by \$66.7 million (4.9%).

The table on the following page presents, in a condensed fashion, the Combined Statements of Net Position as of June 30, 2024 and 2023 and the corresponding dollar amount and percentage changes.

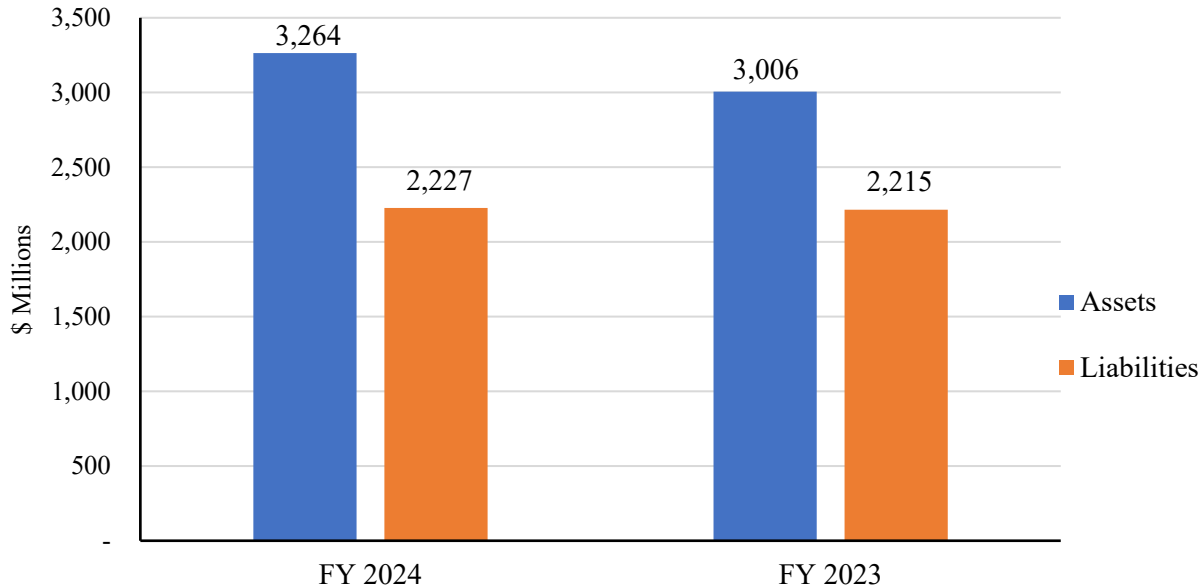
**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024 AND 2023**

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

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Assets</b>				
Cash and cash equivalents				
Unrestricted cash	\$ 13,565,406	\$ 9,702,573	\$ 3,862,833	39.8%
Restricted cash	444,959,082	443,017,120	1,941,962	0.4%
Loans receivable, net of allowance	2,013,326,318	1,959,968,481	53,357,837	2.7%
Investments - restricted and unrestricted	765,122,512	575,245,571	189,876,941	33.0%
Investments in limited partnerships	1,752,624	-	1,752,624	0.0%
Other receivables	17,154,282	12,198,095	4,956,187	40.6%
Capital assets, net of accumulated depreciation and amortization	8,344,148	6,158,593	2,185,555	35.5%
<b>Total Assets</b>	<b>3,264,224,372</b>	<b>3,006,290,433</b>	<b>257,933,939</b>	<b>8.6%</b>
<b>Deferred Outflows of Resources</b>				
Deferred loss on refunding, non-capital assets	493,576	543,598	(50,022)	-9.2%
<b>Total Deferred Outflows of Resources</b>	<b>493,576</b>	<b>543,598</b>	<b>(50,022)</b>	<b>-9.2%</b>
<b>Liabilities</b>				
Bonds payable	1,572,292,176	1,486,867,803	85,424,373	5.7%
Undisbursed loan proceeds	417,774,543	392,847,578	24,926,965	6.3%
Advanced loan payments	101,280,382	93,771,569	7,508,813	8.0%
Accounts payable, accrued payroll and compensated absences	2,180,930	1,564,605	616,325	39.4%
Other liabilities	133,842,716	240,316,220	(106,473,504)	-44.3%
<b>Total Liabilities</b>	<b>2,227,370,747</b>	<b>2,215,367,775</b>	<b>12,002,972</b>	<b>0.5%</b>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding, non-capital assets	1,403,491	1,978,762	(575,271)	-29.1%
<b>Deferred Inflows of Resources</b>	<b>1,403,491</b>	<b>1,978,762</b>	<b>(575,271)</b>	<b>-29.1%</b>
<b>Net Position</b>				
Net investment in capital assets	7,799,646	5,142,965	2,656,681	51.7%
Restricted for program commitments	999,081,112	768,225,537	230,855,575	30.1%
Unrestricted	29,062,952	16,118,992	12,943,960	80.3%
<b>Total Net Position</b>	<b>\$ 1,035,943,710</b>	<b>\$ 789,487,494</b>	<b>\$ 246,456,216</b>	<b>31.2%</b>

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024 AND 2023**

**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 \$246.5 million (31.2%) from fiscal year 2023. This occurred primarily because of an increase in appropriations for Opportunity Enterprise - Commercial (\$50.0 million), Opportunity Enterprise – Housing (\$125.0 million) and New Mexico Growth Fund (\$16.3 million).

Interest income on loans, which accounts for 61.5% of all operating income, remained stable, increasing \$7.2 million (14.3%).

The following table presents, in a condensed fashion, the Combined Statement of Revenues, Expenses and Changes in Net Position for fiscal years 2024 and 2023 and the corresponding net dollar amount and percentage changes.

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024 AND 2023**

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

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Operating Revenue</b>				
Interest on loans	\$ 57,597,888	\$ 50,401,598	\$ 7,196,290	14.3%
Administrative fees revenue	6,529,028	3,147,009	3,382,019	107.5%
Interest on investments	29,460,923	11,778,537	17,682,386	150.1%
<b>Total Operating Revenues</b>	<b>93,587,839</b>	<b>65,327,144</b>	<b>28,260,695</b>	<b>43.3%</b>
<b>Operating Expenses</b>				
Bond interest expense	48,402,902	41,695,594	6,707,308	16.1%
Personnel expense	10,326,372	8,569,515	1,756,857	20.5%
Loan financing pass-through	7,895,276	1,997,079	5,898,197	295.3%
Contractual services expense	5,293,947	3,808,914	1,485,033	39.0%
Provision for loan losses	2,731,142	249,039	2,482,103	996.7%
Operating expense	2,542,976	1,605,911	937,065	58.4%
Interest expense	2,158,999	1,887,273	271,726	14.4%
Bond issuance costs	1,458,170	1,135,857	322,313	28.4%
Depreciation and amortization expense	1,163,607	1,064,867	98,740	9.3%
Limited partnership investment loss	390,492	-	390,492	0.0%
<b>Total Operating Expenses</b>	<b>82,363,883</b>	<b>62,014,049</b>	<b>20,349,834</b>	<b>32.8%</b>
<b>Net Operating Gain</b>	<b>11,223,956</b>	<b>3,313,095</b>	<b>7,910,861</b>	<b>238.8%</b>
<b>Non-operating Revenue (Expenses)</b>				
Appropriation revenue	233,628,887	169,671,017	63,957,870	37.7%
Grants revenue and transfers from State	97,383,209	78,582,340	18,800,869	23.9%
Grants to local governments	(81,097,848)	(72,623,125)	(8,474,723)	11.7%
Reversions and transfers to State	(14,681,988)	(8,316,747)	(6,365,241)	-76.5%
<b>Net Non-Operating Revenue</b>	<b>235,232,260</b>	<b>167,313,485</b>	<b>67,918,775</b>	<b>40.6%</b>
Increase in Net Position	246,456,216	170,626,580	75,829,636	44.4%
Net Position, Beginning of Year	789,487,494	618,860,914	170,626,580	27.6%
<b>Net Position, End of Year</b>	<b>\$ 1,035,943,710</b>	<b>\$ 789,487,494</b>	<b>\$ 246,456,216</b>	<b>31.2%</b>

The flow of cash from the State to public and private recipients through NMFA, which shows up as grant revenue and transfers from the State, in fiscal year 2024, increased \$18.8 million to \$97.4 million (23.9%).

Net cash used in operating activities decreased \$24.5 million (82.7%), as Grant revenue and expense have been moved from Operating activities to Non-capital financing activities in fiscal year 2024. Non-capital financing activities increased by 66.1%. Appropriations increased \$64.0 million (37.7%) and proceeds from payment of bonds \$58.0 million (27.3%) were the primary drivers of this increase.

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024 AND 2023**

Total net cash inflows exceeded outflows by \$5.8 million (1.3%) in fiscal year 2024. This occurred because cash flows from non-capital financing of \$177.3 million, were greater than the combined net of operating, investing and capital financing activities of \$171.5 million.

The following table presents, in a condensed fashion, the Combined Statements of Cash Flows for fiscal years 2024 and 2023 and the corresponding net percentage changes.

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

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Net cash (used in) operating activities	\$ (5,123,532)	\$ (29,576,634)	\$ 24,453,102	82.7%
Net cash provided by noncapital financing activities	177,336,873	106,771,820	70,565,053	66.1%
Net cash (used in) investing activities	(162,562,827)	(36,950,740)	(125,612,087)	-339.9%
Net cash (used in) capital financing activities	(3,845,719)	(4,696,159)	850,440	18.1%
Net increase in cash and cash equivalents	5,804,795	35,548,287	(29,743,492)	-83.7%
Cash and cash equivalents, beginning of year	452,719,693	417,171,406	35,548,287	8.5%
Cash and cash equivalents, end of year	\$ 458,524,488	\$ 452,719,693	\$ 5,804,795	1.3%

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024 AND 2023**

***Long-term Debt Activity***

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

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 two new bond series for a total of \$212.4 million in new debt to replenish the PPRF loan fund.

Total actual proceeds from these bond issues totaled \$226.7 million. This includes \$14.4 million in bond premiums, of which \$7.9 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 2024.

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 funded \$178.0 million in loans and is holding \$0.7 million in restricted cash. NMFA receives debt service payments and recognizes a non-current payable reduction to SIC for the same amount, less an allowance for bad debt.

GASB Statement No. 87 - *Leases* activity for the fiscal year included an adjustment for an increase in rent for its office space of \$123,464 with reduction in principal of \$593,954 and interest expense of \$25,631. See Note 5 on pages 69 and 70.

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements (SBITA)* activity for the fiscal year included principal reduction of \$635 and interest expense of \$71. See Note 5 on page 70.

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024 AND 2023**

Issue Date	Series	Source/Uses	Amount	Uses other than Loans
October 31, 2023	2023 B	PAR	\$162,480,000	
		Premium	10,266,351	
		Borrower Premium Pass-through		7,895,276
April 30, 2024	2024 A	PAR	49,890,000	
		Premium	4,106,240	
TOTALS:		PAR	\$212,370,000	
		Premium	14,372,591	
		Borrower Premium Pass-through		7,895,276

**NEW MEXICO FINANCE AUTHORITY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024 AND 2023**

**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 24.9% of NMFA’s total revenue, including appropriations from the State, in fiscal year 2024.

**PPRF Share of NMFA**

	PPRF	NMFA	% PPRF
Total Assets	\$2.5 billion	\$3.3 billion	75.3%
Net Position	\$362.1 million	\$1,035.9 million	35.0%
Operating Revenue	\$67.4 million	\$93.6 million	72.0%
Total Gross Revenue	\$105.7 million	\$424.6 million	24.9%

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

NMFA makes PPRF loans of up to \$15 million from funds on hand. The PPRF’s cash is replenished at a later date through bonds that are sold in the open market. Loans larger than \$15 million are 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, 2024 AND 2023**

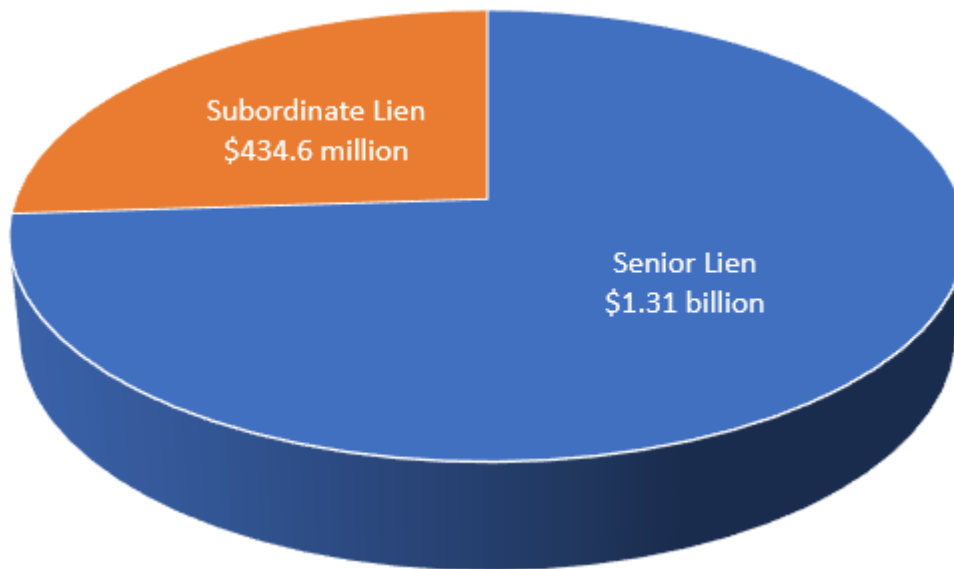
From inception in 1992 through June 30, 2024, the PPRF funded \$5.0 billion in loans.

**PPRF Project Volume**

	<u>FY 2024</u>	<u>FY 2023</u>	<u>Since Inception</u>
Amount of projects funded	\$258.5 million	\$180.1 million	\$5.0 billion
Number of projects funded	79	62	2,239
Refunding loans (included above)	---	\$1.9 million	---
Average project size	\$3.3 million	\$2.9 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 2024, there were 856 active loans totaling \$1.8 billion outstanding. This represents an increase of \$93.1 million (5.61%) from last year. Most (75.8%) of the revenues from the PPRF loans are pledged to the Senior Lien Indenture, with the balance (24.2%) pledged to the Subordinate Lien Indenture. In terms of outstanding principal, the Senior Lien Indenture loans comprise 75.1% of the total.

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



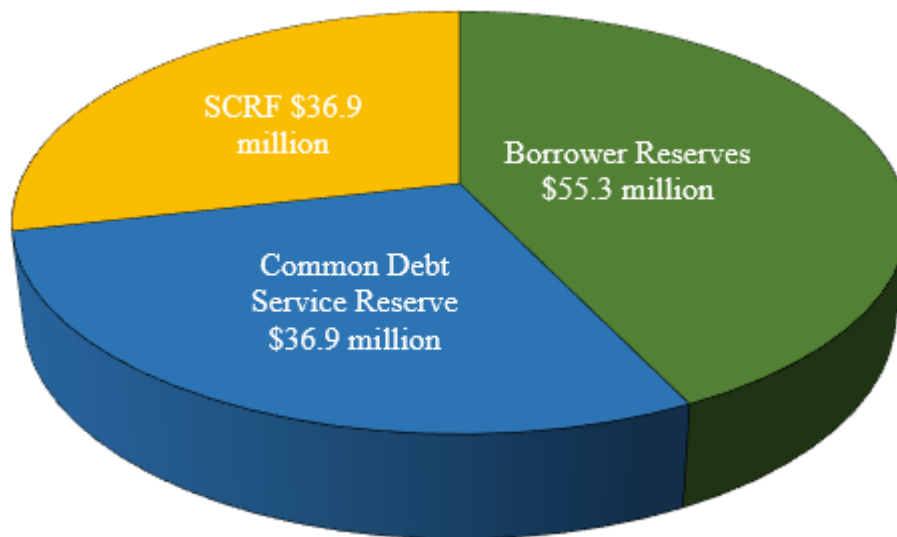
S&P Global Ratings (formerly known as Standard & Poor's) has assigned its AAA rating to both the Senior Lien (since April 2011) and Subordinate Lien (since July 2017). Moody's Investor Services has assigned the Senior Lien with its Aa1 rating to both the Senior Lien (since July 2010) and Subordinate 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

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Reserve is subject to the General Indenture of Trust and Pledge for the Senior Lien, and the SCRF is 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 2024, NMFA issued \$212.4 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 \$38.1 million in fiscal year 2024, up \$2.5 million (7.1%) from fiscal year 2023. 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:

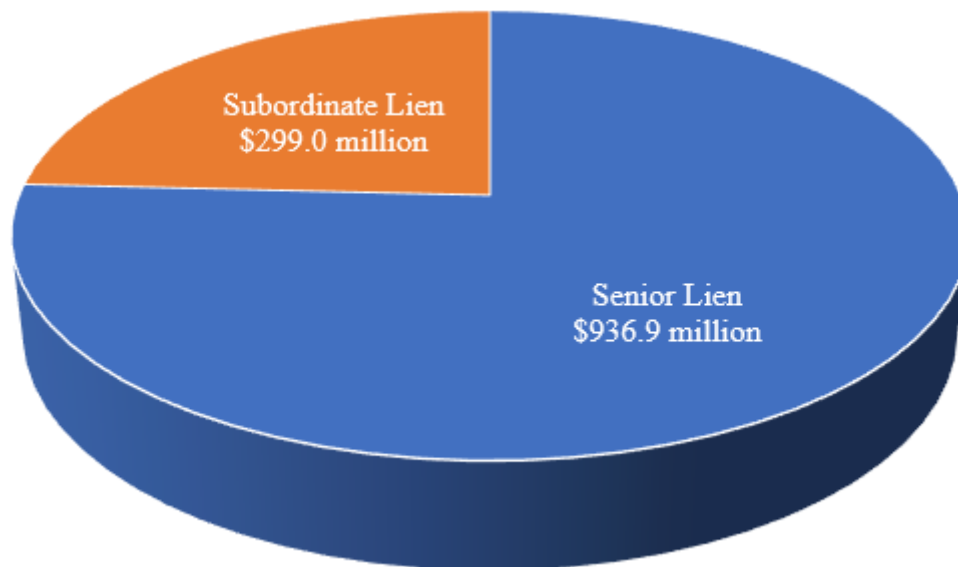
- ◆ Credit enhancement for the PPRF bonds such that GGRT funds can be used to make up for any shortfall in funds available for bond payments in the event of a default by any of the loans in the portfolio
- ◆ Fund loans to borrowers, especially smaller loans that may not be cost-effective to reimburse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

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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 2024, the PPRF had net interest income of \$53.7 million, ending up at a net operating gain of \$2.0 million compared to the net gain of \$2.3 million in fiscal year 2023. This is mostly a result of a \$13.8 million (25.8%) increase in operating revenues offset by a \$6.7 million (16.1%) increase in bond interest expense and a \$5.9 million (295.3%) increase in loan financing pass-through expense.

PPRF's long-term debt consists entirely of bond issues. At the end of fiscal year 2024, the total bond principal outstanding was \$1.6 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**



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**Condensed Statements of Net Position – PPRF**

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Assets</b>				
Cash and cash equivalents				
Restricted cash	\$ 180,411,771	\$ 184,755,573	\$ (4,343,802)	-2.4%
Loans receivable, net of allowance	1,750,756,960	1,658,533,321	92,223,639	5.6%
Restricted investments	503,474,875	464,943,028	38,531,847	8.3%
Other receivables	12,216,574	7,857,009	4,359,565	55.5%
Other assets	11,298,000	-	11,298,000	0.0%
<b>Total Assets</b>	<b>2,458,158,180</b>	<b>2,316,088,931</b>	<b>142,069,249</b>	<b>6.1%</b>
<b>Deferred Outflows of Resources</b>				
Deferred loss on refunding	493,576	543,598	(50,022)	-9.2%
<b>Total Deferred Outflows of Resources</b>	<b>493,576</b>	<b>543,598</b>	<b>(50,022)</b>	<b>-9.2%</b>
<b>Liabilities</b>				
Bonds payable	1,572,292,176	1,486,867,803	85,424,373	5.7%
Undisbursed loan proceeds	417,774,543	392,847,578	24,926,965	6.3%
Advanced loan payments	99,781,953	91,832,655	7,949,298	8.7%
Due to other funds	606,210	2,591,776	(1,985,566)	-76.6%
Other liabilities	70,778	84,722	(13,944)	-16.5%
<b>Total Liabilities</b>	<b>2,090,525,660</b>	<b>1,974,224,534</b>	<b>116,301,126</b>	<b>5.9%</b>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding	1,403,491	1,978,762	(575,271)	-29.1%
<b>Deferred Inflows of Resources</b>	<b>1,403,491</b>	<b>1,978,762</b>	<b>(575,271)</b>	<b>-29.1%</b>
<b>Net Position</b>				
Restricted for program commitments	350,564,773	335,856,450	14,708,323	4.4%
Unrestricted	11,563,151	328,302	11,234,849	3422.1%
<b>Total Net Position</b>	<b>\$ 362,127,924</b>	<b>\$ 336,184,752</b>	<b>\$ 25,943,172</b>	<b>7.7%</b>

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

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Operating Revenue</b>				
Interest on loans	\$ 53,660,749	\$ 46,662,512	\$ 6,998,237	15.0%
Administrative fees revenue	982,020	1,028,121	(46,101)	-4.5%
Interest on investments	12,726,651	5,865,806	6,860,845	117.0%
<b>Total Operating Revenues</b>	<b>67,369,420</b>	<b>53,556,439</b>	<b>13,812,981</b>	<b>25.8%</b>
<b>Operating Expenses</b>				
Bond interest expense	48,402,902	41,695,594	6,707,308	16.1%
Loan financing pass-through	7,895,276	1,997,079	5,898,197	295.3%
Salaries and benefits	3,838,956	3,826,010	12,946	0.3%
Professional services	2,174,854	1,672,950	501,904	30.0%
Bond issuance costs	1,458,170	1,135,857	322,313	28.4%
Other operating costs	765,714	627,395	138,319	22.0%
Provision for loan losses	861,719	273,747	587,972	214.8%
<b>Total Operating Expenses</b>	<b>65,397,591</b>	<b>51,228,632</b>	<b>14,168,959</b>	<b>27.7%</b>
<b>Net Operating Gain</b>	<b>1,971,829</b>	<b>2,327,807</b>	<b>(355,978)</b>	<b>-15.3%</b>
<b>Non-operating Revenue (Expenses)</b>				
Appropriation revenue	38,290,935	35,671,017	2,619,918	7.3%
Transfers to State and intra-fund	(14,319,592)	(14,366,521)	46,929	0.3%
<b>Net Non-Operating Revenue</b>	<b>23,971,343</b>	<b>21,304,496</b>	<b>2,666,847</b>	<b>12.5%</b>
<b>Increase in Net Position</b>	<b>25,943,172</b>	<b>23,632,303</b>	<b>2,310,869</b>	<b>9.8%</b>
Net Position, Beginning of Year	336,184,752	312,552,449	23,632,303	7.6%
<b>Net Position, End of Year</b>	<b>\$ 362,127,924</b>	<b>\$ 336,184,752</b>	<b>\$ 25,943,172</b>	<b>7.7%</b>

**Condensed Statements of Cash Flows – PPRF**

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Net cash (used in) provided by operating activities	\$ (10,278,474)	\$ 64,461,850	\$ (74,740,324)	-115.9%
Net cash provided by (used in) noncapital financing activities	31,739,868	(26,061,880)	57,801,748	221.8%
Net cash (used in) investing activities	(25,805,196)	(19,270,725)	(6,534,471)	-33.9%
Net increase in cash and cash equivalents	(4,343,802)	19,129,245	(23,473,047)	-122.7%
Cash and cash equivalents, beginning of year	184,755,573	165,626,328	19,129,245	11.5%
<b>Cash and cash equivalents, end of year</b>	<b>\$ 180,411,771</b>	<b>\$ 184,755,573</b>	<b>\$ (4,343,802)</b>	<b>-2.4%</b>

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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 programs. The State Legislature via Senate Bill #3 Small Business Recovery Act of 2020 authorized \$500.0 million to be transferred to NMFA as an investment to provide loans to New Mexico small businesses. To date, \$187.0 million has been transferred to NMFA's coffers from this investment. 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 application process was mandated to expire on December 31, 2022, and the last loan was funded in February 2023.

During fiscal year 2024, the prevalent phase of the program was lender servicing. Approximately \$7.7 million of loan principal payments and \$2.1 million of interest payments were received during the year. As compared to fiscal year 2023, \$5.4 million of loan payments and \$0.6 million of interest payments were received. The anticipated loan and interest payments in fiscal year 2025 are \$14.0 million and \$3.7 million, respectively. Cash received from borrowers was remitted to SIC monthly and reduced the liability from NMFA to SIC.

Since the disbursement phase of this program is completed, the outstanding loan receivable balance has decreased from \$168.6 million as of June 30, 2023, to \$160.3 million as of the end of fiscal year 2024. During fiscal year 2024, approximately \$0.5 million of loan receivables were written off due to bankruptcy discharge and other circumstances. Based on history, borrower statuses, collections, and other relevant factors, management determined the expected credit loss on loans of \$41.9 million as of June 30, 2024. The increase in the allowance from fiscal year 2023 to 2024 is \$21.8 million. Management is in the process of negotiating a contract with a third-party servicer to provide financial counseling to borrowers and loan servicing for the SBRLF program.

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

**NEW MEXICO FINANCE AUTHORITY**  
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**Condensed Statements of Net Position – SBRLF**

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Assets</b>				
Cash and cash equivalents				
Restricted cash	\$ 743,783	\$ 2,013,628	\$ (1,269,845)	-63.1%
Loans receivable	160,339,919	168,626,031	(8,286,112)	-4.9%
Allowance for doubtful loans	(41,873,078)	(20,058,149)	(21,814,929)	-108.8%
Other receivables	1,410,476	1,640,295	(229,819)	-14.0%
<b>Total Assets</b>	<b>120,621,100</b>	<b>152,221,805</b>	<b>(31,600,705)</b>	<b>-20.8%</b>
<b>Current Liabilities</b>				
Payable to State Investment Council, current	21,161,548	23,097,190	(1,935,642)	-8.4%
<b>Total Current Liabilities</b>	<b>21,161,548</b>	<b>23,097,190</b>	<b>(1,935,642)</b>	<b>-8.4%</b>
<b>Non-Current Liabilities</b>				
Payable to State Investment Council	104,424,485	134,987,581	(30,563,096)	-22.6%
<b>Total Non-Current Liabilities</b>	<b>104,424,485</b>	<b>134,987,581</b>	<b>(30,563,096)</b>	<b>-22.6%</b>
<b>Total Liabilities</b>	<b>125,586,033</b>	<b>158,084,771</b>	<b>(32,498,738)</b>	<b>-20.6%</b>
<b>Net Position</b>				
Restricted for program commitments	(4,964,933)	(5,862,966)	898,033	15.3%
<b>Total Net Position</b>	<b>\$ (4,964,933)</b>	<b>\$ (5,862,966)</b>	<b>\$ 898,033</b>	<b>15.3%</b>

Intra fund transfers for the SBRLF increased \$1.7 million from last year because of the expenditure of assigned SBRLF cash in the NMFA Operating Fund for on-going administrative costs of the fund.

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

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

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Operating Revenue</b>				
Interest on loans	\$ 1,916,073	\$ 1,768,533	\$ 147,540	8.3%
Interest on investments	169,583	74,277	95,306	128.3%
<b>Total Operating Revenues</b>	<b>2,085,656</b>	<b>1,842,810</b>	<b>242,846</b>	<b>13.2%</b>
<b>Operating Expenses</b>				
Salaries and benefits	655,553	448,621	206,932	46.1%
Professional services	113,918	115,684	(1,766)	-1.5%
Other operating costs	107,510	83,189	24,321	29.2%
Interest expense	2,085,655	1,842,810	242,845	13.2%
<b>Total Operating Expenses</b>	<b>2,962,636</b>	<b>2,490,304</b>	<b>472,332</b>	<b>19.0%</b>
<b>Net Operating Loss</b>	<b>(876,980)</b>	<b>(647,494)</b>	<b>(229,486)</b>	<b>-35.4%</b>
<b>Non-operating Revenue (Expenses)</b>				
Transfers to State and intra-fund	1,775,013	39,900	1,735,113	4348.7%
<b>Net Non-Operating Revenue</b>	<b>1,775,013</b>	<b>39,900</b>	<b>1,735,113</b>	<b>4348.7%</b>
Increase (Decrease) in Net Position	898,033	(607,594)	1,505,627	247.8%
Net Position, Beginning of Year	(5,862,966)	(5,255,372)	(607,594)	-11.6%
<b>Net Position, End of Year</b>	<b>\$ (4,964,933)</b>	<b>\$ (5,862,966)</b>	<b>\$ 898,033</b>	<b>15.3%</b>

The cash flows for the SBRLF reflect the program's nature as repayments from loans transfer back to New Mexico's severance tax permanent fund. At year end, a cash balance of \$0.7 million is mainly the result of \$7.7 million of loan principal repayments, \$2.1 million in interest received on loans, net of \$11.3 million in repayments to the State and expenditures of assigned cash in the NMFA Operating Fund for current operating costs.

**Condensed Statements of Cash Flows – SBRLF**

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Net cash provided by (used in) operating activities	\$ 9,885,146	\$ (12,335,142)	\$ 22,220,288	180.1%
Net cash (used in) provided by noncapital financing activities	(11,324,574)	2,320,297	(13,644,871)	-588.1%
Net cash provided by investing activities	169,583	74,277	95,306	128.3%
Net decrease in cash and cash equivalents	(1,269,845)	(9,940,568)	8,670,723	87.2%
Cash and cash equivalents, beginning of year	2,013,628	11,954,196	(9,940,568)	-83.2%
<b>Cash and cash equivalents, end of year</b>	<b>\$ 743,783</b>	<b>\$ 2,013,628</b>	<b>\$ (1,269,845)</b>	<b>-63.1%</b>



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**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 and interest repayments (known as Tier II). 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, 2024, NMFA was servicing 148 DWSRLF loans totaling \$79.5 million.

Total cash and investments and loans receivable remained stable from last year. Cash and investments together rose \$28.0 million (25.8%) and stood at \$136.8 million at fiscal year-end. Net loan receivables decreased \$13.1 million (14.1%). Advanced loan payments decreased from last year by \$0.4 million (22.7%). This change occurred primarily due to borrowing entities making monthly payments in advance of their semi-annual debt service dates.

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

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**Condensed Statement of Net Position – DWSRLF**

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Assets</b>				
Cash and cash equivalents				
Restricted cash	\$ 68,659,151	\$ 66,972,431	\$ 1,686,720	2.5%
Loans receivable, net of allowance	79,505,847	92,570,897	(13,065,050)	-14.1%
Restricted investments	68,133,387	41,782,727	26,350,660	63.1%
Other receivables	380,659	383,955	(3,296)	-0.9%
<b>Total Assets</b>	<b>216,679,044</b>	<b>201,710,010</b>	<b>14,969,034</b>	<b>7.4%</b>
<b>Liabilities</b>				
Advanced loan payments	1,498,429	1,938,914	(440,485)	-22.7%
Due to other funds	1,568,313	422,868	1,145,445	270.9%
Other liabilities	1,314,630	1,063,253	251,377	23.6%
<b>Total Liabilities</b>	<b>4,381,372</b>	<b>3,425,035</b>	<b>956,337</b>	<b>27.9%</b>
<b>Net Position</b>				
Restricted for program commitments	212,241,158	198,246,441	13,994,717	7.1%
Unrestricted	56,514	38,534	17,980	46.7%
<b>Total Net Position</b>	<b>\$ 212,297,672</b>	<b>\$ 198,284,975</b>	<b>\$ 14,012,697</b>	<b>7.1%</b>

Operating revenue for the DWSRLF increased \$2.9 million (79.0%) from last year, almost entirely due to an increase in investment income resulting from favorable investment market conditions.

Grants to local governments increased by \$2.1 million (37.5%). This result was driven by an increase in project reimbursement requests.

Federal grant revenue for the year, driven largely by requisitions for reimbursement for construction projects, increased \$7.6 million (138.2%), reaching \$13.1 million by fiscal year-end. This occurred as projects increased construction of improvements.

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

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Operating Revenue</b>				
Interest on loans	\$ 1,297,222	\$ 1,403,344	\$ (106,122)	-7.6%
Administrative fees revenue	227,821	218,356	9,465	4.3%
Interest on investments	5,147,486	2,106,328	3,041,158	144.4%
<b>Total Operating Revenues</b>	<b>6,672,529</b>	<b>3,728,028</b>	<b>2,944,501</b>	<b>79.0%</b>
<b>Operating Expenses</b>				
Salaries and benefits	866,293	694,012	172,281	24.8%
Professional services	422,183	348,276	73,907	21.2%
Other operating costs	168,961	89,780	79,181	88.2%
<b>Total Operating Expenses</b>	<b>1,457,437</b>	<b>1,132,068</b>	<b>325,369</b>	<b>28.7%</b>
<b>Net Operating Gain</b>	<b>5,215,092</b>	<b>2,595,960</b>	<b>2,619,132</b>	<b>100.9%</b>
<b>Non-operating Revenue (Expenses)</b>				
Grants revenue and transfers from State	13,091,210	5,494,800	7,596,410	138.2%
Grants to local governments	(7,568,768)	(5,506,252)	(2,062,516)	-37.5%
Transfers to State and intra-fund	3,275,163	6,482,081	(3,206,918)	-49.5%
<b>Net Non-Operating Revenue</b>	<b>8,797,605</b>	<b>6,470,629</b>	<b>2,326,976</b>	<b>36.0%</b>
<b>Increase in Net Position</b>	<b>14,012,697</b>	<b>9,066,589</b>	<b>4,946,108</b>	<b>54.6%</b>
Net Position, Beginning of Year	198,284,975	189,218,386	9,066,589	4.8%
<b>Net Position, End of Year</b>	<b>\$ 212,297,672</b>	<b>\$ 198,284,975</b>	<b>\$ 14,012,697</b>	<b>7.1%</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 2024, 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. Operating activities provided \$14.1 million. Financing activities used \$21.2 million, a decrease of \$36.1 million (242.6%).

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

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**JUNE 30, 2024 AND 2023**

**Condensed Statements of Cash Flows – DWSRLF**

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Net cash provided by operating activities	\$ 14,152,904	\$ 3,514,229	\$ 10,638,675	302.7%
Net cash provided by non-capital financing activities	8,736,990	5,591,329	3,145,661	56.3%
Net cash (used in) provided by investing activities	(21,203,174)	14,865,551	(36,068,725)	-242.6%
Net increase in cash and cash equivalents	1,686,720	23,971,109	(22,284,389)	-93.0%
Cash and cash equivalents, beginning of year	66,972,431	43,001,322	23,971,109	55.7%
<b>Cash and cash equivalents, end of year</b>	<b>\$ 68,659,151</b>	<b>\$ 66,972,431</b>	<b>\$ 1,686,720</b>	<b>2.5%</b>

### 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 2024 was \$31.5 million, of which \$13.6 million was unrestricted cash and \$12.9 million was unrestricted investments. Included are \$5.0 million cash assigned to SBRLF for operating expenses for the life of that program and \$7.7 million investments assigned for payments related to the construction of the NMFA headquarters. Due from other funds decreased by \$1.8 million (19.9%) from fiscal year 2023, as Senior Accounts were able to transfer funds on a near monthly basis. Total owed to the Operating Fund at fiscal year-end was \$7.3 million, with the biggest debtor fund, the Colonias Infrastructure Fund (CIF), responsible for a third of this amount (\$3.2 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, 2024 AND 2023**

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

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Assets</b>				
Cash and cash equivalents				
Unrestricted cash	\$ 13,565,406	\$ 9,702,573	\$ 3,862,833	39.8%
Restricted cash	6,380	-	6,380	0.0%
Unrestricted investments	12,902,292	5,772,694	7,129,598	123.5%
Due from other funds	7,326,987	9,151,081	(1,824,094)	-19.9%
Other receivables	3,502,706	3,930,373	(427,667)	-10.9%
Capital assets, net of accumulated depreciation and amortization	8,344,148	6,158,593	2,185,555	35.5%
<b>Total Assets</b>	<b>45,647,919</b>	<b>34,715,314</b>	<b>10,932,605</b>	<b>31.5%</b>
<b>Liabilities</b>				
Accounts payable, accrued payroll and compensated absences	2,180,930	1,564,605	616,325	39.4%
Due to other funds	-	37,753	(37,753)	-100.0%
Other liabilities	11,937,272	1,065,627	10,871,645	1020.2%
<b>Total Liabilities</b>	<b>14,118,202</b>	<b>2,667,985</b>	<b>11,450,217</b>	<b>429.2%</b>
<b>Net Position</b>				
Net investment in capital assets	7,799,646	5,142,965	2,656,681	51.7%
Restricted for program commitments	6,713,684	11,717,812	(5,004,128)	-42.7%
Unrestricted	17,016,387	15,186,552	1,829,835	12.0%
<b>Total Net Position</b>	<b>\$ 31,529,717</b>	<b>\$ 32,047,329</b>	<b>\$ (517,612)</b>	<b>-1.6%</b>

Expenditures exceeded revenues by \$0.5 million, a decrease of \$9.2 million (105.9%) from last year when revenues exceeded expenses by \$8.7 million. The decrease is driven by Intra-fund transfers decrease of \$9.8 million.

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, 2024 AND 2023**

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

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Operating Revenue</b>				
Administrative fees revenue	\$ 1,255,064	\$ 521,670	\$ 733,394	140.6%
Interest on investments	865,924	332,258	533,666	160.6%
<b>Total Operating Revenues</b>	<b>2,120,988</b>	<b>853,928</b>	<b>1,267,060</b>	<b>148.4%</b>
<b>Operating Expenses</b>				
Salaries and benefits	234,714	270,222	(35,508)	-13.1%
Professional services	148,531	126,862	21,669	17.1%
Other operating costs	767,362	98,462	668,900	679.3%
Interest expense	25,432	44,463	(19,031)	-42.8%
Depreciation expense	1,163,607	1,064,867	98,740	9.3%
<b>Total Operating Expenses</b>	<b>2,339,646</b>	<b>1,604,876</b>	<b>734,770</b>	<b>45.8%</b>
<b>Net Operating Loss</b>	<b>(218,658)</b>	<b>(750,948)</b>	<b>532,290</b>	<b>70.9%</b>
<b>Non-operating Expense (Revenue)</b>				
Transfers to State and intra-fund	(298,954)	9,472,928	(9,771,882)	-103.2%
<b>Net Non-Operating Revenue</b>	<b>(298,954)</b>	<b>9,472,928</b>	<b>(9,771,882)</b>	<b>-103.2%</b>
(Decrease) Increase in Net Position	(517,612)	8,721,980	(9,239,592)	-105.9%
Net Position, Beginning of Year	32,047,329	23,325,349	8,721,980	37.4%
<b>Net Position, End of Year</b>	<b>\$ 31,529,717</b>	<b>\$ 32,047,329</b>	<b>\$ (517,612)</b>	<b>-1.6%</b>

The Operating Fund saw a net inflow of almost \$3.9 million at year-end. A surplus between operating expenses versus revenues of \$16.6 million in operating activities and the net purchase of \$6.3 million in investments and \$3.8 million in capital assets exceeded the inflow of \$30.6 million generated by non-capital financing activities. This inflow from non-capital financing represents an improvement of \$15.6 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, 2024 AND 2023**

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

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Net cash (used in) operating activities	\$ (16,615,152)	\$ (12,513,446)	\$ (4,101,706)	-32.8%
Net cash provided by non-capital financing activities	30,593,758	14,948,216	15,645,542	104.7%
Net cash (used in) provided by investing activities	(6,263,674)	3,876,278	(10,139,952)	-261.6%
Net cash (used in) capital financing activities	(3,845,719)	(4,696,159)	850,440	18.1%
Net increase in cash and cash equivalents	3,869,213	1,614,889	2,254,324	139.6%
Cash and cash equivalents, beginning of year	9,702,573	8,087,684	1,614,889	20.0%
<b>Cash and cash equivalents, end of year</b>	<b>\$ 13,571,786</b>	<b>\$ 9,702,573</b>	<b>\$ 3,869,213</b>	<b>39.9%</b>

***Capital Asset Activity***

NMFA acquired capital assets during the fiscal year to support the construction costs of the NMFA headquarters, improving technology, and utilizing new hardware to replace older, outdated products. The cost of new technology hardware and software was \$190,870. Construction costs include payments to the General Contractor, architectural oversight and design consulting for the building renovation of \$3,034,828 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, 2024

### Assets

#### Current Assets

Cash and cash equivalents	
Unrestricted cash	\$ 13,565,406
Restricted cash	444,959,082
Interest receivable on loans	14,056,235
Grants and other receivables	1,966,143
Administrative fees receivable	1,131,904
Loans receivable, current	207,533,859
Total Current Assets	683,212,629

#### Non-current assets

Unrestricted investments	12,902,292
Restricted investments	752,220,220
Limited partnership investments	1,752,624
Loans receivable	1,852,164,134
Allowance for loan losses	(46,371,675)
Capital assets, net of accumulated depreciation	7,887,722
Lease and SBITA assets, net of accumulated amortization	456,426
Total Non-current Assets	2,581,011,743

**Total Assets** 3,264,224,372

### Deferred Outflows of Resources

Deferred loss on refunding, non-capital assets	493,576
<b>Total Deferred Outflows of Resources</b>	493,576

### Liabilities

#### Current Liabilities

Accounts payable	952,064
Accrued payroll	228,818
Compensated absences	1,000,048
Bond interest payable	4,594,681
Undisbursed loan proceeds	417,774,543
Advanced loan payments	101,280,382
Bonds payable, current	142,110,000
Lease and SBITA liabilities, current	530,538
Payable to State Investment Council, current	21,161,548
Other liabilities	3,117,500
Total Current Liabilities	692,750,122

#### Non-Current Liabilities

Bonds payable	1,430,182,176
SBITA liabilities	13,964
Payable to State Investment Council	104,424,485
Total Non-Current Liabilities	1,534,620,625
<b>Total Liabilities</b>	2,227,370,747

### Deferred Inflows of Resources

Deferred gain on refunding, non-capital assets	1,403,491
<b>Deferred Inflows of Resources</b>	1,403,491

### Net Position

Net investment in capital assets	7,799,646
Restricted for program commitments	999,081,112
Unrestricted	29,062,952
<b>Total Net Position</b>	\$ 1,035,943,710

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, 2024**

**Operating Revenue**

Interest on loans	\$ 57,597,888
Administrative fee revenue	6,529,028
Interest on investments	26,336,530
Unrealized gain	3,124,393

**Total Operating Revenues** 93,587,839

**Operating Expenses**

Bond interest expense	63,576,369
Premium and flows of resources	(15,173,467)
Personnel expense	10,326,372
Loan financing pass-through	7,895,276
Contractual services expense	5,293,947
Provision for loan losses	2,731,142
Operating expense	2,542,976
Interest expense	2,158,999
Bond issuance costs	1,458,170
Depreciation and amortization expense	1,163,607
Limited partnership loss	390,492

**Total Operating Expenses** 82,363,883

**Net Operating Gain** 11,223,956

**Non-operating Revenue (Expenses)**

Appropriation revenue	233,628,887
Transfers from the State	84,291,999
Federal grant revenue	13,091,210
Grants to local governments	(81,097,848)
Reversions and transfers to State	(14,681,988)

**Net Non-operating Revenue** 235,232,260

**Increase in Net Position** 246,456,216

Net Position, Beginning of Year 789,487,494

**Net Position, End of Year** \$ 1,035,943,710

The accompanying Notes are an integral part of these Financial Statements

# NEW MEXICO FINANCE AUTHORITY

## Statement of Cash Flows Fiscal Year Ended June 30, 2024

### Cash flows from operating activities

Cash paid for employee services	\$ (10,140,607)
Cash paid to vendors for services	(7,396,509)
Loan payments received	199,221,410
Loans funded	(277,655,111)
Cash provided by undisbursed loans and advanced loan payments	32,435,778
Interest on loans (net of interest expense)	53,378,674
Administrative fees received	5,032,833
<b>Net cash used in operating activities</b>	<b>(5,123,532)</b>

### Cash flows from noncapital financing activities

Reversions	(4,576,628)
Appropriations received from the State of New Mexico	233,628,887
Cash received from federal government capitalization grant	13,091,210
Cash transfers from the State of New Mexico	73,151,360
Cash transfers to the State of New Mexico	(84,353,084)
Grants to local governments	(81,097,848)
Proceeds from the sale of bonds	212,094,373
Payment of bonds	(126,670,000)
Bond issuance costs	(1,458,170)
Bond interest expense paid	(63,226,169)
Bond premium (discount) and deferred flow of resources	14,648,218
Loan financing pass-through to borrower	(7,895,276)
<b>Net cash provided by noncapital financing activities</b>	<b>177,336,873</b>

### Cash flows from investing activities

Purchase of investments	(608,455,378)
Sale of investments	418,578,437
Interest received on investments	29,413,368
Investment in limited partnerships, net of distributions	(2,099,254)
<b>Net cash used in investing activities</b>	<b>(162,562,827)</b>

### Cash flows from capital financing activities

Purchase of capital assets	(3,845,719)
<b>Net cash used in investing activities</b>	<b>(3,845,719)</b>

Net increase in cash and cash equivalents	5,804,795
Cash and cash equivalents, beginning of year	452,719,693
<b>Cash and cash equivalents, end of year</b>	<b>\$ 458,524,488</b>

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, 2024

### Reconciliation of cash and cash equivalents

Unrestricted cash	\$	13,565,406
Restricted cash		444,959,082
Total cash and cash equivalents	\$	458,524,488

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

Net operating gain	\$	11,223,956
Adjustments to change in net position		
Depreciation and amortization		1,189,039
Amortization of premium (discount) and flow of resources		(15,698,716)
Provision for loan losses		2,731,142
Interest on investments		(29,070,431)
Bond interest paid		63,226,169
Loan financing pass-through to borrowers		7,895,276
Bond issuance costs		1,458,170
Interest expense		2,133,567
Changes in assets and liabilities		
Interest receivable		(4,202,148)
Grants, prepaids and other assets		(10,824,550)
Administrative fees receivable		60,798
Loans receivable		(78,450,768)
Accounts payable		435,089
Accrued payroll		13,690
Accrued compensated absences		167,546
Undisbursed loan proceeds		24,926,965
Advanced loan payments		7,508,813
Other liabilities		10,152,861
Net cash used in operating activities	\$	(5,123,532)

The accompanying Notes are an integral part of these Financial Statements

**NEW MEXICO FINANCE AUTHORITY**  
**Custodial Fund – Statement of Fiduciary Net Position**  
**June 30, 2024**

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**Assets**

Cash and cash equivalents

	\$ 198,523,826
<b>Total Assets</b>	<b>198,523,826</b>

**Liabilities**

Debt service payable

	760,539
<b>Total Liabilities</b>	<b>760,539</b>

**Net Position**

Restricted for other government

	197,763,287
<b>Total Net Position</b>	<b>\$ 197,763,287</b>

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, 2024**

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**Additions**

Debt service collections	\$ 189,444,196
Interest income	<u>16,159,756</u>
<b>Total Additions</b>	<u><b>205,603,952</b></u>

**Deductions**

Debt service payments	193,998,000
Project expenditures	<u>46,826,021</u>
<b>Total Deductions</b>	<u><b>240,824,021</b></u>

<b>Net decrease in fiduciary net position</b>	<u><b>35,220,069</b></u>
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**Net Position**

Net position-beginning of year	<u>232,983,356</u>
<b>Net position-end of year</b>	<u><u><b>\$ 197,763,287</b></u></u>

The accompanying Notes are an integral part of these Financial Statements

**NEW MEXICO FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**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, 2024**

water. In the accompanying statements, the receipt of funds for the WPF program is reflected as Transfers from the State in the amount of \$39,455,311 at June 30, 2024.

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 fiscal year 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 \$0.8 million on June 30, 2024.
- ♦ 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 \$32,222,155 at June 30, 2024.
- ♦ 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 has



**NEW MEXICO FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

collected all outstanding loan and interest payments, made all required payments to NMEDD, and anticipates closing the program in the second quarter of fiscal year 2025.

- ♦ 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. The program has closed the application process, funded all approved loans, and services the remaining loans.
- ♦ 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 2025, 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 in fiscal year 2023, and \$50.0 million in fiscal year 2024, to support commercial real estate economic development in New Mexico. Additionally, appropriations of \$125.0 million were received in fiscal year 2024 for housing economic development (HDRF). The commercial 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, and housing, 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. 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

**NEW MEXICO FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

government under the American Rescue Plan Act to fund this activity, including the reimbursement of costs by NMFA. NMFA has funded all grants and expects to close the program in the first quarter of fiscal year 2025.

- ♦ 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. All grants were funded, and the program was closed in fiscal year 2024.
- ♦ 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 fiscal year 2023. The program offers equity investments to established businesses with significant growth potential in the state. \$1.5 million was invested in limited partnerships during fiscal year 2024.
- ♦ 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. NMGF currently offers equity investments to qualified businesses. \$0.4 million was invested in limited partnerships during fiscal year 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 61 and page 76 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. FNMLLC is 99% owned by NMFA, and its operations are similar. Therefore, FNMLLC is presented as a blended component unit in the NMFA financial statements. 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, including both enterprise and fiduciary funds, have been prepared using the economic resources measurement focus and the accrual basis of accounting. All 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.

### New Accounting Pronouncements

For fiscal year 2024, NMFA adopted GASB Statement No. 100-Accounting Changes and Error Correction-an amendment to GASB Statement No. 62. The adoption of this Statement prescribing the accounting and financial reporting of each type of accounting change, and error corrections, had no effect on the fiscal year 2024 NMFA financial statements. Additionally, NMFA applied Implementation Guide No. 2023-1, "Implementation Guidance Update-2023. The implementation of the Guide had no effect on the fiscal year 2024 NMFA financial statements.

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For fiscal year 2025, NMFA will adopt GASB Statement No.101-Compensated Absences as the Statement takes effect for fiscal years beginning after December 15, 2023. The GASB Statement provides guidance on calculating compensated absences.

For fiscal year 2025, NMFA will adopt GASB Statement 102-Certain Risk Disclosures, effective for fiscal years beginning after June 15, 2024. The objective of the statement is to provide users of the financial statements with essential information about the risks related to vulnerabilities due to certain concentrations or constraints. Management is currently evaluating the financial statement impact of the adoption of these Statements.

In April 2024, GASB issued Statement No. 103-Financial Reporting Model Improvements, effective for fiscal year beginning after June 15, 2025. This Statement is to improve key components of the financial reporting model and to enhance its effectiveness in providing information that is essential for decision making and assessing accountability. For fiscal year 2025, management is currently evaluating the early adoption of this Statement.

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; they 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 totaled \$585.9 million and cash of \$198.5 million held in trust for benefit of NMDOT. See pages 49 and 50 for Custodial Funds detail.

Cash, Cash Equivalents and Investments

NMFA considers all highly liquid financial instruments with a maturity of 90 days or less 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.

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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.

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 reduction in the period they become known. NMFA recognizes loan losses on the SBRLF investment as a reduction non-current SIC payable.

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.

Limited Partnership Investments

The limited partnership investments, which are managed by third party investment managers, are valued on a quarterly and/or annual basis at their net asset value as reported by the investment managers under US GAAP. US GAAP requires that assets be reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

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.

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

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 building and began design renovations. Construction activities began in second quarter of fiscal year 2024. All costs will be capitalized, and depreciation will begin upon occupancy of the building with a life of 30 years for the building and improvement costs and 15 years for furniture and fixtures.

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 2024, loan financing pass-through expenses were \$7,895,276.

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

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vacation and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the NMFA Operating Fund.

Undisbursed Loan Proceeds

Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. 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. PPRF and DWSRLF funds are held by the trustee. The balance of advanced loan payments was \$101,280,382 on June 30, 2024.

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 are lease and SBITA liabilities.

*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 and memorandums of agreement:

PPRF	6-21-6 NMSA 1978; General, Subordinated and Junior Indentures of Trust; Rules adopted by NMFA Board and NMFA Oversight Committee
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, 6-25-13 (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

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LGPF	6-21-6.4 NMSA 1978
CIF	6-30-8 NMSA 1978
SSBCI	6-25-1 et. seq. NMSA 1978; SSBCI Allocation Agreement
SBRLF	6-32-3 NMSA 1978; Memorandum of Understanding with State Investment Council
LEDA	5-10-16 NMSA 1978
CMP	6-25-1 et. seq. NMSA 1978 (SWEDFA 6-25-3; Rules adopted by NMFA Board; Memorandum of Agreement with NM Regulation & Licensing Department
CSFRF	6-21-6.16 NMSA 1978
VCP	6-33-3 NMSA 1978
OERF	6-34-12 NMSA 1978; Rules adopted by NMFA Board and NMFA Oversight Committee
HDRF	6-34-13.3 NMSA 1978; Rules adopted by NMFA Board and NMFA Oversight Committee
ECECDs	Memorandum of Agreement with ECECD
ECECD B	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.



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### **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 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. This policy is reviewed annually by an NMFA external Investment Advisor and NMFA staff. If amended it goes through the Finance & Disclosure Committee with final approval by the Board.

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, 2024.

#### 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

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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.

State General Fund Investment Pool

NMFA, as required by Section 24-1C-4 NMSA 1978, administers the PCCF, which was originally created as a revolving fund in the STO but through statutory amendments (SB 423, 2003), is now housed at the NMFA. Pursuant to SB423, NMFA transferred funds from the STO to NMFA trustee controlled funds in fiscal year 2024.

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.

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:

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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, 2024 are as follows:

Description	Balance at June 30, 2024	Interest Bearing	Rated	Percentage of NMFA Funds	NM Public Money Act
Bank Deposits	\$ 23,029,288	No	N/A	2%	Not subject to Pledged Collateral
FNMLLC Cash equivalents	11,578,997	Yes	N/A	1%	Not subject to Pledged Collateral
Wells Fargo Deposit account book balance	174,929	No	N/A	<1%	Subject to Pledged Collateral (page 87)
Wells Fargo Repurchase agreement	460,710	Yes	N/A	<1%	Not subject to Pledged Collateral
Wells Fargo Small Business Relief Fund	698,057	Yes	N/A	<1%	Not subject to Pledged Collateral
Wells Fargo LEDA Grants	273,098	Yes	N/A	<1%	Not subject to Pledged Collateral
Government Money Market Funds	336,284,420	Yes	AAA	27%	Not subject to Pledged Collateral
US Treasury Notes less than 91 days to maturity	85,390,935	Yes	AAA	7%	Not subject to Pledged Collateral
Early Childhood Fund	499,821	Yes	AAA	<1%	Subject to Pledged Collateral (page 87)
US Eagle	134,213	Yes	N/A	<1%	Subject to Pledged Collateral (page 87)
PCCF funds held with the SGFIP	19	Yes	N/A	<1%	Not subject to Pledged Collateral
Total Cash and Equivalents	<u>\$ 458,524,488</u>			38%	
Cash held in custodial fund	198,523,826				Not subject to Pledged Collateral
Total Cash and Equivalents	<u><u>\$ 657,048,314</u></u>				

**Maturity Restrictions**

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

Investments consist of bond proceeds limited to uses specified in the related bond indentures. Such restricted investments at June 30, 2024 are comprised of the following:

Description	Fair Value as of June 30, 2024	Average Years to Maturity	Percentage of NMFA Funds
US Treasury Notes	\$ 750,250,562	1.24	61%
US Government Agencies	<u>14,871,950</u>	1.74	1%
Total	<u><u>\$ 765,122,512</u></u>		

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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.

Description	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
US Treasury Notes	\$ 750,250,562	\$ 750,250,562	\$ -	\$ -
US Government Agencies	14,871,950	14,871,950	-	-
Limited Partnership Investments	1,752,624	-	-	1,752,624
	<u>\$ 766,875,136</u>	<u>\$ 765,122,512</u>	<u>\$ -</u>	<u>\$ 1,752,624</u>

Limited Partnership Investments

NMFA invests in limited partnerships as part of its VCP and NMGF programs. As of June 30, 2024, NMFA has four investments with venture capital funds totaling \$1.8 million in limited partnership interests, and unfunded commitments to those funds of \$18.5 million. These investments are not redeemable. Distributions from each fund will be received as the underlying assets are liquidated by the fund managers. NMFA expects the underlying assets of these funds will be liquidated over the next 9 to 10 years.

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**4) Loans Receivable**

Loans receivable activity for fiscal year ending June 30, 2024, was as follows:

Program	Term (Years)	Rates	2023	Increases	Decreases	2024
PPRF	1 to 30	0.00% to 6.00%	\$ 1,659,888,995	\$ 258,455,406	\$ 165,370,048	\$ 1,752,974,353
Small Business Recovery	1 to 9	1.625% to 3.750%	168,626,031	-	8,286,112	160,339,919
Drinking Water	1 to 30	0.00% to 4.00%	92,570,897	5,539,078	18,604,128	79,505,847
Water Trust Board	10 to 20	0.00%	34,150,264	8,562,226	3,996,278	38,716,212
NMTC - FNM	4 to 6	4.25%	11,957,450	17,067	-	11,974,517
Colonias	10 to 20	0.00%	7,670,561	3,495,895	953,586	10,212,870
SMART Money	2 to 6	2.00% to 4.00%	1,793,303	-	66,618	1,726,685
Cannabis Microloans	3 to 4	2.00% to 3.00%	876,798	328,106	-	1,204,904
Behavioral Health	3 to 20	3.00%	635,620	562,400	60,778	1,137,242
Primary Care	3 to 20	3.00%	395,841	712,000	86,275	1,021,566
Essential Services	2 to 3	1.00%	1,600,030	-	716,152	883,878
SSBCI	0	1.00% to 6.00%	1,628,293	-	1,628,293	-
			1,981,794,083	277,672,178	199,768,268	2,059,697,993
Less allowance for loan losses			21,825,602	25,217,393	671,320	46,371,675
Net Total			<u>\$ 1,959,968,481</u>	<u>\$ 252,454,785</u>	<u>\$ 169,170,834</u>	<u>\$ 2,013,326,318</u>

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2024:

Fiscal Year ending June 30:	Principal	Interest	Total
2025	\$ 207,533,859	\$ 58,752,130	\$ 266,285,989
2026	189,169,815	53,516,450	242,686,265
2027	177,794,331	48,942,341	226,736,672
2028	173,937,561	44,580,694	218,518,255
2029	169,212,130	40,244,336	209,456,466
2030-2034	633,152,604	153,662,764	786,815,368
2035-2039	315,163,680	63,770,511	378,934,191
2040-2044	124,224,287	25,183,614	149,407,901
2045-2049	53,792,604	9,459,683	63,252,287
2050-2054	15,706,906	1,542,219	17,249,125
2055-2059	10,216	-	10,216
Sub-totals	2,059,697,993	\$ 499,654,742	\$ 2,559,352,735
Less allowance for loan loss	46,371,675		
Net loans receivable	<u>\$ 2,013,326,318</u>		

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In the summary below, scheduled payments to be collected on loans receivable at June 30, 2024, for SBRLF are loan principal payments totaling \$160.3 million and interest of \$25.8 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:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 14,042,356	\$ 3,729,633	\$ 17,771,989
2026	22,620,259	2,809,434	25,429,693
2027	22,620,296	2,049,929	24,670,225
2028	22,517,252	1,650,134	24,167,386
2029	22,547,251	1,249,623	23,796,874
2030-2034	55,992,505	14,305,771	70,298,276
Sub-totals	160,339,919	\$ 25,794,524	\$ 186,134,443
Less Allowance for loan loss	41,873,078		
Net loans receivable	<u>\$ 118,466,841</u>		

The total current and non-current payable to the State Investment Council is \$125,586,033 as of June 30, 2024.

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, 2024. These loans are included in the PPRF loans above.

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Loan Number	State Entity	Balance at June 30, 2024
PPRF-3268	Administrative Office of the Court	\$ 3,750,000
PPRF-5365	Administrative Office of the Court	5,130,000
PPRF-5696	Administrative Office of the Court	7,555,000
PPRF-5697	Administrative Office of the Court	8,085,331
PPRF-5698	Administrative Office of the Court	1,060,000
PPRF-2668	Department of Health	7,499,600
PPRF-4432	Department of Health	2,080,000
PPRF-3283	Eastern New Mexico University	10,960,000
PPRF-3797	Eastern New Mexico University	4,238,743
PPRF-5127	Eastern New Mexico University	18,200,000
PPRF-5248	Eastern New Mexico University	620,000
PPRF-3445	General Services Department	27,205,000
PPRF-4431	General Services Department	21,445,000
PPRF-4717	General Services Department	18,340,000
PPRF-4769	General Services Department	39,530,000
PPRF-4955	General Services Department	9,425,000
PPRF-2345	New Mexico Highlands University	7,635,000
PPRF-2702	New Mexico Highlands University	10,020,000
PPRF-5561	New Mexico Institute of Mining and Technology	5,955,000
PPRF-5008	New Mexico Military Institute	4,225,000
PPRF-5009	New Mexico Military Institute	6,299,000
PPRF-5464	New Mexico Spaceport Authority	22,529,528
PPRF-3296	New Mexico State University - Grants Branch	4,935,000
PPRF-2661	State of New Mexico (Energy Efficiency)	111,195
PPRF-2662	State of New Mexico (Energy Efficiency)	88,030
PPRF-3472	State of New Mexico (Energy Efficiency)	2,350,326
PPRF-4718	State of New Mexico (Energy Efficiency)	851,794
PPRF-4803	State of New Mexico (Energy Efficiency)	345,975
PPRF-4956	State of New Mexico (Energy Efficiency)	3,288,239
PPRF-5057	State of New Mexico (Energy Efficiency)	4,233,122
PPRF-3424	University of New Mexico Health Sciences Center	2,970,000
PPRF-5586	University of New Mexico Health Sciences Center	22,000,000
PPRF-2909	Western New Mexico University	3,245,000
PPRF-5324	Western New Mexico University	7,379,000
PPRF-5325	Western New Mexico University	6,822,000
PPRF-5841	Western New Mexico University	4,645,000
Total State Loans Receivable		<u><u>\$ 305,051,883</u></u>



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**5) Capital Assets**

A summary of changes in capital assets during fiscal year 2024 is as follows:

	Balance at Jun 30, 2023	Additions	Deletions	Balance at Jun 30, 2024
<b>Cost</b>				
Land	\$ 428,417	\$ -	\$ -	\$ 428,417
Building/leasehold improvements	3,520,662	3,002,582	-	6,523,244
Furniture, fixtures, and equipment	46,033	32,246	-	78,279
Computer hardware and software	3,320,173	190,870	-	3,511,043
Right to use leased asset	1,968,563	123,464	-	2,092,027
Right to use SBITA asset <sup>1</sup>	82,894	-	-	82,894
<b>Total</b>	<b>\$ 9,366,742</b>	<b>\$ 3,349,162</b>	<b>\$ -</b>	<b>\$ 12,715,904</b>
<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	(2,095,506)	(503,481)	-	(2,598,987)
Right to use leased asset	(1,028,048)	(651,782)	-	(1,679,830)
Right to use SBITA asset <sup>1</sup>	(30,321)	(8,344)	-	(38,665)
<b>Total</b>	<b>(3,208,149)</b>	<b>(1,163,607)</b>	<b>-</b>	<b>(4,371,756)</b>
<b>Net total</b>	<b>\$ 6,158,593</b>	<b>\$ 2,185,555</b>	<b>\$ -</b>	<b>\$ 8,344,148</b>

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

Depreciation and amortization expense for fiscal year 2024 was \$1,163,607.

Total amortization expense resulting from right-of-use assets for NMFA was \$660,126 for the year ended June 30, 2024.

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, 2024. 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 user 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. The remaining SBITA has a future principal liability of \$22,525 to be paid in the next three fiscal years.

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NMFA has the following lease and SBITA liabilities included in the Statement of Net Position:

Lease and SBITA liabilities	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Lease liability	\$ 952,125	\$ 163,806	\$ 593,954	\$ 521,977
SBITA liabilities	23,160	-	635	22,525
Total Lease and SBITA liabilities	<u>\$ 975,285</u>	<u>\$ 163,806</u>	<u>\$ 594,589</u>	<u>544,502</u>
Less Current Lease and SBITA liabilities				<u>530,538</u>
Non-Current Lease and SBITA liabilities				<u>\$ 13,964</u>

Future principal and interest lease payments as of June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 521,977	\$ 16,832	\$ 538,809
	<u>\$ 521,977</u>	<u>\$ 16,832</u>	<u>\$ 538,809</u>

Future principal and interest SBITA payments as of June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 8,561	\$ 409	\$ 8,970
2026	7,826	716	8,542
2027	6,138	87	6,225
	<u>\$ 22,525</u>	<u>\$ 1,212</u>	<u>\$ 23,737</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 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, 2024:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2024
<b>Public Project Revolving Fund Revenue Bonds - Senior Lien Debt</b>				
2014 B	3.000% to 5.000%	June 1, 2025 to June 1, 2035	\$ 58,235,000	\$ 17,075,000
2015 B	3.000% to 5.000%	June 1, 2025 to June 1, 2045	45,325,000	22,815,000
2015 C	5.000%	June 1, 2025 to June 1, 2035	45,475,000	41,785,000
2016 A	2.500% to 5.000%	June 1, 2025 to June 1, 2036	52,070,000	15,985,000
2016 C	3.000% to 5.000%	June 1, 2025 to June 1, 2046	67,540,000	54,130,000
2016 D	2.000% to 5.000%	June 1, 2025 to June 1, 2046	116,485,000	58,045,000
2016 E	3.000% to 5.000%	June 1, 2025 to June 1, 2046	40,870,000	10,130,000
2016 F	3.380% to 5.000%	June 1, 2025 to June 1, 2046	38,575,000	18,510,000
2017 A	3.000% to 5.000%	June 1, 2025 to June 1, 2046	60,265,000	37,720,000
2017 C	3.000% to 5.000%	June 1, 2025 to June 1, 2030	37,675,000	13,880,000
2017 E	5.000%	June 1, 2025 to June 1, 2038	40,190,000	22,315,000
2018 A	3.250% to 5.000%	June 1, 2025 to June 1, 2038	124,330,000	78,925,000
2018 B	5.000%	June 1, 2025 to June 1, 2031	22,530,000	9,740,000
2018 D	5.000%	June 1, 2025 to June 1, 2038	53,310,000	26,105,000
2019 B	4.000% to 5.000%	June 1, 2025 to June 1, 2039	43,870,000	31,515,000
2019 D	3.000% to 5.000%	June 1, 2025 to June 1, 2041	53,260,000	42,200,000
2020 A	2.000% to 5.000%	June 1, 2025 to June 1, 2040	32,305,000	20,195,000
2020 B	3.000% to 5.000%	June 1, 2025 to June 1, 2041	81,000,000	56,330,000
2021 A	3.000% to 5.000%	June 1, 2025 to June 1, 2041	39,535,000	26,245,000
2021 C	5.000%	June 1, 2025 to June 1, 2036	43,610,000	35,900,000
2022 A	2.750% to 5.000%	June 1, 2025 to June 1, 2041	65,570,000	56,075,000
2022 B	3.630% to 5.000%	June 1, 2025 to June 1, 2042	53,215,000	46,780,000
2022 C	5.000%	June 1, 2025 to June 1, 2042	67,500,000	61,800,000
2023 A-1	5.000%	June 1, 2025 to June 1, 2042	36,655,000	31,180,000
2023 A-2	5.000%	June 1, 2025 to June 1, 2053	39,120,000	39,120,000
2023 B	5.000%	June 1, 2025 to June 1, 2048	162,480,000	160,605,000
			<b>1,520,995,000</b>	<b>1,035,105,000</b>

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**Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt**

2014 A-1	3.250% to 5.000%	June 15, 2025 to June 15, 2033	15,135,000	8,795,000
2014 A-2	3.400% to 4.490%	June 15, 2025 to June 15, 2034	16,805,000	590,000
2015 A	3.000% to 5.000%	June 15, 2025 to June 15, 2035	63,390,000	26,415,000
2015 D	5.000%	June 15, 2025 to June 15, 2027	29,355,000	10,715,000
2017 B	3.500% to 5.000%	June 15, 2025 to June 15, 2026	68,015,000	6,210,000
2017 D	5.000%	June 15, 2025 to June 15, 2033	41,395,000	16,245,000
2017 F	2.770% to 3.655%	June 15, 2025 to June 15, 2036	19,315,000	9,945,000
2018 C-1	4.000% to 5.000%	June 15, 2025 to June 15, 2039	19,400,000	14,355,000
2018 C-2	3.330% to 4.090%	June 15, 2025 to June 15, 2038	13,175,000	7,395,000
2018 E	5.000%	June 15, 2025 to June 15, 2038	70,205,000	49,795,000
2019 A	5.000%	June 15, 2025 to June 15, 2036	37,145,000	26,450,000
2019 C-1	4.000% to 5.000%	June 15, 2025 to June 15, 2039	18,930,000	12,970,000
2019 C-2	2.370% to 3.380%	June 15, 2025 to June 15, 2039	12,480,000	7,820,000
2020 C-1	3.000% to 5.000%	June 15, 2025 to June 15, 2050	57,960,000	46,825,000
2020 C-2	0.610% to 2.650%	June 15, 2025 to June 15, 2040	38,860,000	24,420,000
2021 B	5.000%	June 15, 2025 to June 15, 2032	31,305,000	25,400,000
2024 A	5.000%	June 15, 2025 to June 15, 2048	49,890,000	48,520,000

**602,760,000**

**342,865,000**

Total bonds outstanding

**\$ 2,123,755,000**

**1,377,970,000**

Add net unamortized premium

**194,322,176**

Total bonds payable, net

**1,572,292,176**

Less current portion of bonds payable

**(142,110,000)**

Noncurrent portion of bonds payable

**\$ 1,430,182,176**

**NEW MEXICO FINANCE AUTHORITY**  
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Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30			
2025	\$ 142,110,000	\$ 62,784,805	\$ 204,894,805
2026	116,135,000	56,035,462	172,170,462
2027	118,265,000	50,547,999	168,812,999
2028	110,595,000	44,979,610	155,574,610
2029	100,360,000	40,038,180	140,398,180
2030-2034	420,440,000	135,899,732	556,339,732
2035-2039	229,705,000	56,837,624	286,542,624
2040-2044	91,900,000	21,456,414	113,356,414
2045-2049	37,870,000	7,455,238	45,325,238
2050-2054	10,590,000	1,294,138	11,884,138
	1,377,970,000	\$ 477,329,200	\$ 1,855,299,200
Add unamortized premium	194,322,176		
Total bonds payable	<u>\$ 1,572,292,176</u>		

The bonds payable activity is as follows:

	Balance at June 30, 2023	Increases	Decreases	Balance at June 30, 2024	Due within One Year
Bonds payable	\$ 1,292,270,000	\$ 212,370,000	\$ 126,670,000	\$ 1,377,970,000	\$ 142,110,000
Add: Unamortized premium	194,597,803	14,373,822	14,649,449	194,322,176	-
Total	<u>\$ 1,486,867,803</u>	<u>\$ 226,743,822</u>	<u>\$ 141,319,449</u>	<u>\$ 1,572,292,176</u>	<u>\$ 142,110,000</u>

**Current and Advance Refunding of Debt**

During fiscal year 2024, the PPRF did not refund or redeem any outstanding PPRF bonds.

**NEW MEXICO FINANCE AUTHORITY**  
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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, 2024, was 5.33%. NMFA pays a fee of 28 basis points on the unused portion of the facility. For fiscal year 2024, the line of credit was not used and had a zero balance at June 30, 2024.

**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, 2024, were \$1,116,315. Additionally, employee contributions for the retirement plan for the year ended June 30, 2024, were \$394,212. 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 2024 in the compensated absences liabilities:

Balance at June 30, 2023	\$ 832,502
Additions	576,564
Deletions	(409,018)
Balance at June 30, 2024	1,000,048
Due within one year	\$ 1,000,048

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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). \$585.9 million of such bonds was outstanding on June 30, 2024.

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. Currently, there are no outstanding claims that are deemed to be material to the NMFA.

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

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

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

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

**NEW MEXICO FINANCE AUTHORITY**  
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**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, 2024, the outstanding balance of the note and interest receivable, not yet compounded to principal, was \$6,000,000 and \$26,000, respectively. For the year ended June 30, 2024, loan interest income was \$60,000. These intercompany transactions and balances are eliminated.

**13) Finance New Mexico, LLC**

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

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

In accordance with the restated 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



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regarding 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, 2024, was as follows:

**Statement of Net Position – FNMLLC**

	<b>June 30, 2024</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 11,465,037
Asset management fee receivable	378,481
Investment in limited liability companies	15,401
Due from affiliate	955
Interest receivable	348,699
Loan receivable, net	11,974,517
Allowance for loan losses	(1,807,593)
<b>Total Assets</b>	<b>\$ 22,375,497</b>
<b>Liabilities</b>	
Accrued expenses	\$ 117,449
Interest payable-related party	26,000
Deferred revenue	284,662
Note payable-related party	6,000,000
Due to affiliate	1,974,028
<b>Total Liabilities</b>	<b>8,402,139</b>
<b>Net Position</b>	
Unrestricted	13,973,358
<b>Total Liabilities and Net Position</b>	<b>\$ 22,375,497</b>

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

	<b>Fiscal Year Ended June 30, 2024</b>
<b>Revenue</b>	
Sponsor fee income	\$ 240,000
Asset management fee income	825,874
Exit fees	1,759,725
Interest income on loan	529,222
Reimbursement revenue	15,000
<b>Total Operating Revenue</b>	<b>3,369,821</b>
<b>Operating Expenses</b>	
Sponsor fee expense	220,350
Asset management fees	759,742
Professional fees	283,094
Gross receipts tax	225,946
Interest expense	60,000
Bank fees	2,928
<b>Total Operating Expenses</b>	<b>1,552,060</b>
<b>Net Income from Operations</b>	<b>1,817,761</b>
<b>Other Income (Expense)</b>	
Share of loss from investment in LLC's	(36)
Interest earned on cash	73,984
Provision for loan losses	(1,807,593)
<b>Net Other Expense</b>	<b>(1,733,645)</b>
<b>Increase in Net Position</b>	<b>84,116</b>
Net position, beginning of year	13,889,242
<b>Net Position, End of Year</b>	<b>\$ 13,973,358</b>

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**Statement of Cash Flows – FNMLLC**

	<b>Fiscal Year Ended June 30, 2024</b>
<b>Cash Flows from Operating Activities</b>	
Increase in net position	\$ 84,116
Adjustments to reconcile net income to net cash provided by operating activities:	
Share of loss from investments in LLCs	36
Provision for loan losses	1,807,593
Loan origination fee revenue	(17,067)
Deferred revenue recognition	(74,883)
Decrease in asset management fee receivable	45,770
Increase in interest receivable	(18,876)
Increase in accrued expenses	2,921
Increase in repayment of advances from affiliates	184,922
<b>Net Cash Provided by Operating Activities</b>	<b>2,014,532</b>
<b>Cash Flows from Investing Activities</b>	
Increase in investments in LLCs	(800)
Distribution from LLCs	2,502
<b>Net Cash Provided by Investing Activities</b>	<b>1,702</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>2,016,234</b>
Cash and cash equivalents, beginning of year	9,448,803
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 11,465,037</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>	
Cash paid for interest	<b>\$ 60,000</b>

## **SUPPLEMENTARY SCHEDULES**

# NEW MEXICO FINANCE AUTHORITY

## Combining Statement of Net Position

### June 30, 2024

	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	Essential Services Working Capital Fund	Local Economic Development Act
<b>Assets</b>										
Current Assets										
Cash and cash equivalents										
Unrestricted cash	\$ 13,565,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	6,380	331,387	134,213	5,216,497	755,499	68,659,151	-	499,821	513,061	273,098
Interest receivable	-	4,102	9,183	-	-	324,145	-	-	500	-
Grants and other receivable	3,119,367	-	708,772	-	-	-	-	-	-	-
Due from other funds	7,326,987	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Administrative fees receivable	383,339	-	-	-	-	56,514	-	-	-	-
Loans receivable	-	47,414	169,935	-	563,169	6,612,335	-	-	676,869	-
Total Current Assets	24,401,479	382,903	1,022,103	5,216,497	1,318,668	75,652,145	-	499,821	1,190,430	273,098
Non-current assets										
Unrestricted investments	12,902,292	-	-	-	-	-	-	-	-	-
Restricted investments	-	328,677	-	5,176,395	-	68,133,387	-	-	503,941	-
Limited partnership investment	-	-	-	-	-	-	-	-	-	-
Loans receivable	-	1,089,828	1,034,969	-	9,649,701	72,893,512	-	-	207,009	-
Allowance for bad debt	-	(56,862)	(235,142)	-	-	-	-	-	(44,194)	-
Capital Assets, net of accumulations	8,344,148	-	-	-	-	-	-	-	-	-
Total Non-current Assets	21,246,440	1,361,643	799,827	5,176,395	9,649,701	141,026,899	-	-	666,756	-
Total Assets	45,647,919	1,744,546	1,821,930	10,392,892	10,968,369	216,679,044	-	499,821	1,857,186	273,098
<b>Deferred Outflows of Resources</b>										
Deferred loss on refunding, non-capital assets	-	-	-	-	-	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>										
Current Liabilities										
Accounts payable	952,064	-	-	-	-	-	-	-	-	-
Accrued payroll	228,818	-	-	-	-	-	-	-	-	-
Compensated absences	1,000,048	-	-	-	-	-	-	-	-	-
Due to other funds	-	6,934	23,100	15,333	3,187,531	1,568,313	-	-	23,491	10,836
Bond interest payable	-	-	-	-	-	-	-	-	-	-
Undisbursed loan proceeds	-	-	-	-	-	-	-	-	-	-
Advanced debt service payments	-	-	-	-	-	1,498,429	-	-	-	-
Bonds payable, current	-	-	-	-	-	-	-	-	-	-
Lease and SBITA liabilities, current	530,538	-	-	-	-	-	-	-	-	-
Payable to State Investment Council, current	-	-	-	-	-	-	-	-	-	-
Other liabilities	94,770	-	1,310,000	-	-	1,314,630	-	499,821	1,657,645	200
Total Current Liabilities	2,806,238	6,934	1,333,100	15,333	3,187,531	4,381,372	-	499,821	1,681,136	11,036
Non-Current Liabilities										
Bonds payable	-	-	-	-	-	-	-	-	-	-
NMFA HQ liability	11,298,000	-	-	-	-	-	-	-	-	-
Lease and SBITA liabilities	13,964	-	-	-	-	-	-	-	-	-
Payable to State Investment Council	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	11,311,964	-	-	-	-	-	-	-	-	-
Total Liabilities	14,118,202	6,934	1,333,100	15,333	3,187,531	4,381,372	-	499,821	1,681,136	11,036
<b>Deferred Inflows of Resources</b>										
Deferred gain on refunding, non-capital assets	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-
<b>Net Position</b>										
Net investment in capital assets	7,799,646	-	-	-	-	-	-	-	-	-
Restricted for program commitments	6,713,684	1,737,612	488,830	10,377,559	7,780,838	212,241,158	-	-	176,050	262,062
Unrestricted	17,016,387	-	-	-	-	56,514	-	-	-	-
Total Net Position	\$ 31,529,717	\$ 1,737,612	\$ 488,830	\$ 10,377,559	\$ 7,780,838	\$ 212,297,672	\$ -	\$ -	\$ 176,050	\$ 262,062

# NEW MEXICO FINANCE AUTHORITY

## Combining Statement of Net Position

### June 30, 2024

Local Government Planning Fund	New Markets Tax Credits	New Mexico Growth Fund - Venture Capital	Opportunity Enterprise Act - Commercial	Opportunity Enterprise Act - Housing	Primary Care Capital Fund	Public Project Revolving Fund	Small Business Recovery Fund	SMART Money	State Small Business Credit Initiative	Venture Capital Act	Water Project Fund / Water Trust Board	Intra-Program Eliminations	NMFA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,565,406
1,877,700	11,578,997	8,164,685	124,178,026	-	62,121	180,411,771	743,783	1,009,135	324,524	24,731,497	15,487,736	-	444,959,082
-	348,700	-	-	-	4,523	11,951,423	1,410,476	3,183	-	-	-	-	14,056,235
-	-	-	-	-	-	-	-	-	-	-	1,105,649	(2,967,645)	1,966,143
-	-	-	-	125,000,000	-	-	-	-	-	-	-	(132,326,987)	-
-	-	-	-	-	-	11,298,000	-	-	-	-	-	(11,298,000)	-
-	393,882	-	-	-	-	265,151	-	-	-	-	33,018	-	1,131,904
-	-	-	-	-	96,813	182,465,317	14,042,356	68,697	-	-	2,790,954	-	207,533,859
1,877,700	12,321,579	8,164,685	124,178,026	125,000,000	163,457	386,391,662	16,196,615	1,081,015	324,524	24,731,497	19,417,357	(146,592,632)	683,212,629
-	-	-	-	-	-	-	-	-	-	-	-	-	12,902,292
1,863,189	112,929	8,102,295	123,227,847	-	61,717	503,474,875	-	1,001,612	321,878	24,542,414	15,369,064	-	752,220,220
-	-	251,506	-	-	-	-	-	-	-	1,501,118	-	-	1,752,624
-	11,974,517	-	-	-	924,753	1,570,509,036	146,297,563	1,657,988	-	-	35,925,258	-	1,852,164,134
-	(1,807,593)	-	-	-	(51,079)	(2,217,393)	(41,873,078)	(86,334)	-	-	-	-	(46,371,675)
-	-	-	-	-	-	-	-	-	-	-	-	-	8,344,148
1,863,189	10,279,853	8,353,801	123,227,847	-	935,391	2,071,766,518	104,424,485	2,573,266	321,878	26,043,532	51,294,322	-	2,581,011,743
3,740,889	22,601,432	16,518,486	247,405,873	125,000,000	1,098,848	2,458,158,180	120,621,100	3,654,281	646,402	50,775,029	70,711,679	(146,592,632)	3,264,224,372
-	-	-	-	-	-	493,576	-	-	-	-	-	-	493,576
-	-	-	-	-	-	493,576	-	-	-	-	-	-	493,576
-	-	-	-	-	-	-	-	-	-	-	-	-	952,064
-	-	-	-	-	-	-	-	-	-	-	-	-	228,818
-	-	-	-	-	-	-	-	-	-	-	-	-	1,000,048
96,580	281,231	299,487	443,089	950	18,220	606,210	-	62,241	-	281,559	401,882	(7,326,987)	-
-	-	-	-	-	-	4,594,681	-	-	-	-	-	-	4,594,681
-	-	-	-	-	-	417,774,543	-	-	-	-	-	-	417,774,543
-	-	-	-	-	-	99,781,953	-	-	-	-	-	-	101,280,382
-	-	-	-	-	-	142,110,000	-	-	-	-	-	-	142,110,000
-	-	-	-	-	-	-	-	-	-	-	-	-	530,538
-	-	-	-	-	-	-	21,161,548	-	-	-	-	-	21,161,548
-	787,516	-	125,000,000	-	16,785	70,778	-	-	-	-	333,000	(127,967,645)	3,117,500
96,580	1,068,747	299,487	125,443,089	950	35,005	664,938,165	21,161,548	62,241	-	281,559	734,882	(135,294,632)	692,750,122
-	-	-	-	-	-	1,430,182,176	-	-	-	-	-	-	1,430,182,176
-	-	-	-	-	-	-	-	-	-	-	-	(11,298,000)	-
-	-	-	-	-	-	-	-	-	-	-	-	-	13,964
-	-	-	-	-	-	-	104,424,485	-	-	-	-	-	104,424,485
-	-	-	-	-	-	1,430,182,176	104,424,485	-	-	-	-	(11,298,000)	1,534,620,625
96,580	1,068,747	299,487	125,443,089	950	35,005	2,095,120,341	125,586,033	62,241	-	281,559	734,882	(146,592,632)	2,227,370,747
-	-	-	-	-	-	1,403,491	-	-	-	-	-	-	1,403,491
-	-	-	-	-	-	1,403,491	-	-	-	-	-	-	1,403,491
-	-	-	-	-	-	-	-	-	-	-	-	-	7,799,646
3,644,309	21,138,803	16,218,999	121,962,784	124,999,050	1,063,843	350,564,773	(4,964,933)	3,592,040	646,402	50,493,470	69,943,779	-	999,081,112
-	393,882	-	-	-	-	11,563,151	-	-	-	-	33,018	-	29,062,952
\$ 3,644,309	\$ 21,532,685	\$ 16,218,999	\$ 121,962,784	\$ 124,999,050	\$ 1,063,843	\$ 362,127,924	\$ (4,964,933)	\$ 3,592,040	\$ 646,402	\$ 50,493,470	\$ 69,976,797	\$ -	\$ 1,035,943,710

# NEW MEXICO FINANCE AUTHORITY

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

### Fiscal Year Ended June 30, 2024

	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	Essential Services Working Capital Fund	Local Economic Development Act
<b>Operating Revenue</b>										
Interest on loans	\$ -	\$ 33,073	\$ 32,275	\$ -	\$ -	\$ 1,297,222	\$ -	\$ -	\$ 12,468	\$ -
Administrative fees revenue	1,255,064	-	-	-	-	227,821	-	1,126,106	-	-
Interest on investments	820,827	38,153	378	419,136	23,827	4,784,132	-	-	55,238	2,022,929
Unrealized Gain(Loss)	45,097	7,608	-	34,931	-	363,354	-	-	6,127	-
<b>Total Operating Revenues</b>	<b>2,120,988</b>	<b>78,834</b>	<b>32,653</b>	<b>454,067</b>	<b>23,827</b>	<b>6,672,529</b>	<b>-</b>	<b>1,126,106</b>	<b>73,833</b>	<b>2,022,929</b>
<b>Operating Expenses</b>										
Bond interest expense	-	-	-	-	-	-	-	-	-	-
Premium (discount) and flows of resources	-	-	-	-	-	-	-	-	-	-
Personnel expense	234,714	58,313	145,997	18,750	459,711	866,293	4,607	76,710	74,995	149,169
Loan financing pass-through	-	-	-	-	-	-	-	-	-	-
Contractual services expense	148,531	21,005	34,868	2,370	372,612	422,183	495	9,849	8,700	93,472
Provision for loan losses	-	25,081	129,926	-	-	-	-	-	(35,808)	-
Operating expense	767,362	150,137	29,833	3,335	84,633	168,961	1,693	14,664	11,650	27,822
Interest expense	25,432	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization expense	1,163,607	-	-	-	-	-	-	-	-	-
Limited partnership loss	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>2,339,646</b>	<b>254,536</b>	<b>340,624</b>	<b>24,455</b>	<b>916,956</b>	<b>1,457,437</b>	<b>6,795</b>	<b>101,223</b>	<b>59,537</b>	<b>270,463</b>
<b>Net Operating Income (Loss)</b>	<b>(218,658)</b>	<b>(175,702)</b>	<b>(307,971)</b>	<b>429,612</b>	<b>(893,129)</b>	<b>5,215,092</b>	<b>(6,795)</b>	<b>1,024,883</b>	<b>14,296</b>	<b>1,752,466</b>
<b>Non-operating Revenue (Expenses)</b>										
Appropriation revenue	-	-	-	-	-	-	-	-	-	-
Transfers from the State of New Mexico	-	-	-	-	32,222,155	-	98,387	6,645,783	-	5,870,363
Federal grant revenue	-	-	-	-	-	13,091,210	-	-	-	-
Grants to local governments	-	-	-	-	(28,625,652)	(7,568,768)	-	(6,513,850)	-	(5,582,985)
Intra-fund transfers	(298,954)	-	-	-	-	3,275,163	14,640	(1,140,747)	-	(5,368)
Reversions and transfers to State	-	-	-	-	-	-	-	-	-	(4,576,628)
<b>Net Non-operating Revenue (Expenses)</b>	<b>(298,954)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,596,503</b>	<b>8,797,605</b>	<b>113,027</b>	<b>(1,008,814)</b>	<b>-</b>	<b>(4,294,618)</b>
<b>Increase (Decrease) in Net Position</b>	<b>(517,612)</b>	<b>(175,702)</b>	<b>(307,971)</b>	<b>429,612</b>	<b>2,703,374</b>	<b>14,012,697</b>	<b>106,232</b>	<b>16,069</b>	<b>14,296</b>	<b>(2,542,152)</b>
Net Position, Beginning of Year	32,047,329	1,913,314	796,801	9,947,947	5,077,464	198,284,975	(106,232)	(16,069)	161,754	2,804,214
<b>Net Position, End of Year</b>	<b>\$ 31,529,717</b>	<b>\$ 1,737,612</b>	<b>\$ 488,830</b>	<b>\$ 10,377,559</b>	<b>\$ 7,780,838</b>	<b>\$ 212,297,672</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 176,050</b>	<b>\$ 262,062</b>

# NEW MEXICO FINANCE AUTHORITY

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

### Fiscal Year Ended June 30, 2024

Local Government Planning Fund	New Markets Tax Credits	New Mexico Growth Fund - Venture Capital	Opportunity Enterprise Act - Commercial	Opportunity Enterprise Act - Housing	Primary Care Capital Fund	Public Project Revolving Fund	Small Business Recovery Fund	SMART Money	State Small Business Credit Initiative	Venture Capital Act	Water Project Fund / Water Trust Board	NMFA
\$ -	\$ 529,223	\$ -	\$ -	\$ -	\$ 29,598	\$ 53,660,749	\$ 1,916,073	\$ 50,750	\$ 36,457	\$ -	\$ -	\$ 57,597,888
-	2,840,600	-	-	-	-	982,020	-	-	-	-	97,417	6,529,028
166,805	75,286	536,025	3,448,523	-	25,877	10,439,384	169,583	79,120	17,989	2,054,947	1,158,371	26,336,530
8,476	625	(12,232)	113,186	-	(91)	2,287,267	-	6,924	1,159	175,841	86,121	3,124,393
175,281	3,445,734	523,793	3,561,709	-	55,384	67,369,420	2,085,656	136,794	55,605	2,230,788	1,341,909	93,587,839
-	-	-	-	-	-	63,576,369	-	-	-	-	-	63,576,369
-	-	-	-	-	-	(15,173,467)	-	-	-	-	-	(15,173,467)
197,379	711,669	277,496	965,423	-	103,220	3,838,956	655,553	148,141	70,642	433,675	834,959	10,326,372
-	-	-	-	-	-	7,895,276	-	-	-	-	-	7,895,276
47,658	475,168	248,976	137,266	-	22,794	2,174,854	113,918	16,229	9,943	357,133	575,923	5,293,947
-	1,807,593	-	-	-	31,286	861,719	-	(3,331)	(85,324)	-	-	2,731,142
30,830	341,184	44,848	163,668	950	192,812	765,714	107,510	26,704	(630,882)	85,885	153,663	2,542,976
-	-	357	-	-	-	-	2,085,655	-	-	47,555	-	2,158,999
-	-	-	-	-	-	1,458,170	-	-	-	-	-	1,458,170
-	-	-	-	-	-	-	-	-	-	-	-	1,163,607
-	-	58,747	-	-	-	-	-	-	-	331,745	-	390,492
275,867	3,335,614	630,424	1,266,357	950	350,112	65,397,591	2,962,636	187,743	(635,621)	1,255,993	1,564,545	82,363,883
(100,586)	110,120	(106,631)	2,295,352	(950)	(294,728)	1,971,829	(876,980)	(50,949)	691,226	974,795	(222,636)	11,223,956
-	-	16,337,952	50,000,000	125,000,000	-	38,290,935	-	-	-	-	4,000,000	233,628,887
-	-	-	-	-	-	-	-	-	-	-	39,455,311	84,291,999
-	-	-	-	-	-	-	-	-	-	-	-	13,091,210
(812,203)	-	-	-	-	-	-	-	-	-	-	(31,994,390)	(81,097,848)
2,000,092	-	-	(263)	-	-	(5,619,592)	1,775,013	-	-	-	16	-
-	-	-	-	-	-	(8,700,000)	-	-	(1,005,360)	-	(400,000)	(14,681,988)
1,187,889	-	16,337,952	49,999,737	125,000,000	-	23,971,343	1,775,013	-	(1,005,360)	-	11,060,937	235,232,260
1,087,303	110,120	16,231,321	52,295,089	124,999,050	(294,728)	25,943,172	898,033	(50,949)	(314,134)	974,795	10,838,301	246,456,216
2,557,006	21,422,565	(12,322)	69,667,695	-	1,358,571	336,184,752	(5,862,966)	3,642,989	960,536	49,518,675	59,138,496	789,487,494
\$ 3,644,309	\$ 21,532,685	\$ 16,218,999	\$ 121,962,784	\$ 124,999,050	\$ 1,063,843	\$ 362,127,924	\$ (4,964,933)	\$ 3,592,040	\$ 646,402	\$ 50,493,470	\$ 69,976,797	\$ 1,035,943,710



# NEW MEXICO FINANCE AUTHORITY

## Combining Statement of Cash Flows

### Fiscal Year Ended June 30, 2024

	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	Essential Services Working Capital Fund	Local Economic Development Act
<b>Cash flows from operating activities</b>										
Cash paid for employee services	\$ (10,140,607)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash paid to vendors for services	(6,633,157)	-	-	-	-	-	-	-	-	-
Loan payments received	-	60,779	-	-	953,585	18,604,128	-	-	716,152	-
Loans funded	-	(562,400)	(328,106)	-	(3,495,895)	(5,539,078)	-	-	-	-
Cash provided by undisbursed loans and advanced loan payments	-	-	-	-	-	(440,485)	-	-	-	-
Interest on loans (net of interest expense)	-	31,840	26,461	-	-	1,318,498	-	-	12,640	-
Administrative fees received	158,612	-	-	-	-	209,841	-	1,126,106	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>(16,615,152)</b>	<b>(469,781)</b>	<b>(301,645)</b>	<b>-</b>	<b>(2,542,310)</b>	<b>14,152,904</b>	<b>-</b>	<b>1,126,106</b>	<b>728,792</b>	<b>-</b>
<b>Cash flows from noncapital financing activities</b>										
Reversions	-	-	-	-	-	-	-	-	-	(4,576,628)
Appropriations received from the State of New Mexico	-	-	-	-	-	-	-	-	-	-
Cash received from federal government capitalization grant	-	-	-	-	-	13,091,210	-	-	-	-
Cash transfers from the State of New Mexico	-	-	-	-	32,222,155	-	-	1,473,894	-	-
Cash transfers to the State of New Mexico	-	-	-	-	-	-	-	-	-	(62,923,372)
Grants to local governments	-	-	-	-	(28,625,652)	(7,568,768)	-	(6,513,850)	-	(5,582,985)
Intra-program transfers	30,593,758	(762,745)	306,850	(21,811)	(709,916)	3,214,548	(98,387)	(1,258,039)	(1,329,151)	(349,463)
Proceeds from the sale of bonds	-	-	-	-	-	-	-	-	-	-
Payment of bonds	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Bond interest expense paid	-	-	-	-	-	-	-	-	-	-
Bond premium (discount) and deferred flow of resources	-	-	-	-	-	-	-	-	-	-
Loan financing pass-through to borrower	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>30,593,758</b>	<b>(762,745)</b>	<b>306,850</b>	<b>(21,811)</b>	<b>2,886,587</b>	<b>8,736,990</b>	<b>(98,387)</b>	<b>(6,297,995)</b>	<b>(1,329,151)</b>	<b>(73,432,448)</b>
<b>Cash flows from investing activities</b>										
Sale (Purchase) of investments	(7,129,598)	379,847	-	(1,352,546)	-	(26,350,660)	-	-	86,361	-
Interest received on investments	865,924	45,761	378	454,067	23,827	5,147,486	-	-	61,365	2,022,929
Investment in limited partnerships, net of distributions	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(6,263,674)</b>	<b>425,608</b>	<b>378</b>	<b>(898,479)</b>	<b>23,827</b>	<b>(21,203,174)</b>	<b>-</b>	<b>-</b>	<b>147,726</b>	<b>2,022,929</b>
<b>Cash flows from capital financing activities</b>										
Purchase of capital assets	(3,845,719)	-	-	-	-	-	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(3,845,719)</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	3,869,213	(806,918)	5,583	(920,290)	368,104	1,686,720	(98,387)	(5,171,889)	(452,633)	(71,409,519)
Cash and cash equivalents, beginning of year	9,702,573	1,138,305	128,630	6,136,787	387,395	66,972,431	98,387	5,671,710	965,694	71,682,617
<b>Cash and cash equivalents, end of year</b>	<b>\$ 13,571,786</b>	<b>\$ 331,387</b>	<b>\$ 134,213</b>	<b>\$ 5,216,497</b>	<b>\$ 755,499</b>	<b>\$ 68,659,151</b>	<b>\$ -</b>	<b>\$ 499,821</b>	<b>\$ 513,061</b>	<b>\$ 273,098</b>
<b>Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities</b>										
Net operating income (loss)	(218,658)	(175,702)	(307,972)	429,612	(893,129)	5,215,092	(6,795)	1,024,883	14,296	1,752,466
Adjustments to change in net position										
Depreciation and amortization	1,189,039	-	-	-	-	-	-	-	-	-
Amortization of premium (discount) and deferred flow of resources	-	-	-	-	-	-	-	-	-	-
Provision for loan losses	-	25,081	129,926	-	-	-	-	-	(35,808)	-
Interest on investments	(865,924)	(45,761)	(378)	(454,067)	(23,827)	(5,147,486)	-	-	(61,365)	(2,022,929)
Bond interest paid	-	-	-	-	-	-	-	-	-	-
Loan financing pass-through to borrowers	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Changes in assets and liabilities										
Interest receivable	-	(1,232)	(5,813)	-	-	21,276	-	-	171	-
Grants, prepaids and other assets	550,744	-	506,325	-	-	-	-	-	-	-
Due from other programs	1,824,094	-	-	-	-	-	-	-	30,990	-
Administrative fees receivable	(123,077)	-	-	-	-	(17,980)	-	-	-	-
Loans receivable	-	(501,622)	(328,106)	-	(2,542,310)	13,065,050	-	-	716,152	-
Accounts payable	435,089	-	-	-	-	-	-	-	-	-
Accrued payroll	13,690	-	-	-	-	-	-	-	-	-
Compensated absences	167,546	-	-	-	-	-	-	-	-	-
Due to other programs	(37,753)	(533,290)	11,223	2,644	207,040	1,145,445	(106,232)	(16,069)	23,491	(73,632)
Undisbursed loan proceeds	-	-	-	-	-	-	-	-	-	-
Advanced loan payments	-	-	-	-	-	(440,485)	-	-	-	-
Other liabilities	(19,549,942)	762,745	(306,850)	21,811	709,916	311,992	113,027	117,292	40,865	344,095
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (16,615,152)</b>	<b>\$ (469,781)</b>	<b>\$ (301,645)</b>	<b>\$ -</b>	<b>\$ (2,542,310)</b>	<b>\$ 14,152,904</b>	<b>\$ -</b>	<b>\$ 1,126,106</b>	<b>\$ 728,792</b>	<b>\$ -</b>

# NEW MEXICO FINANCE AUTHORITY

## Combining Statement of Cash Flows

### Fiscal Year Ended June 30, 2024

Local Government Planning Fund	New Markets Tax Credits	New Mexico Growth Fund - Venture Capital	Opportunity Enterprise Act - Commercial	Opportunity Enterprise Act - Housing	Primary Care Capital Fund	Public Project Revolving Fund	Small Business Recovery Fund	SMART Money	State Small Business Credit Initiative	Venture Capital Act	Water Project Fund / Water Trust Board	Intra-Program Eliminations	NMFA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,140,607)
-	(410,769)	-	-	-	-	(352,583)	-	-	-	-	-	-	(7,396,509)
-	-	-	-	-	86,275	165,370,048	7,739,254	66,618	1,628,293	-	3,996,278	-	199,221,410
-	-	-	-	-	(712,000)	(258,455,406)	-	-	-	-	(8,562,226)	-	(277,655,111)
-	-	-	-	-	-	32,876,263	-	-	-	-	-	-	32,435,778
-	493,279	-	-	-	28,007	49,238,033	2,145,892	47,567	36,457	-	-	-	53,378,674
-	2,888,107	-	-	-	-	1,045,171	-	-	88,974	-	(483,978)	-	5,032,833
-	2,970,617	-	-	-	(597,718)	(10,278,474)	9,885,146	114,185	1,753,724	-	(5,049,926)	-	(5,123,532)
-	-	-	-	-	-	-	-	-	-	-	-	-	(4,576,628)
-	-	16,337,952	50,000,000	125,000,000	-	38,290,935	-	-	-	-	4,000,000	-	233,628,887
-	-	-	-	-	-	-	-	-	-	-	-	-	13,091,210
-	-	-	-	-	-	-	-	-	-	-	39,455,311	-	73,151,360
(812,203)	-	-	-	-	-	(8,700,000)	(11,324,352)	-	(1,005,360)	-	(400,000)	-	(84,353,084)
1,716,245	(968,403)	(284,155)	124,087,970	(125,000,000)	(520,497)	(25,344,043)	(222)	(141,558)	(461,532)	(775,765)	(31,994,390)	-	(81,097,848)
-	-	-	-	-	-	212,094,373	-	-	-	-	(1,893,684)	-	-
-	-	-	-	-	-	(126,670,000)	-	-	-	-	-	-	212,094,373
-	-	-	-	-	-	(1,458,170)	-	-	-	-	-	-	(126,670,000)
-	-	-	-	-	-	(63,226,169)	-	-	-	-	-	-	(1,458,170)
-	-	-	-	-	-	14,648,218	-	-	-	-	-	-	(63,226,169)
-	-	-	-	-	-	(7,895,276)	-	-	-	-	-	-	14,648,218
904,042	(968,403)	16,053,797	174,087,970	-	(520,497)	31,739,868	(11,324,574)	(141,558)	(1,466,892)	(775,765)	9,167,237	-	(7,895,276)
-	-	-	-	-	-	-	-	-	-	-	-	-	177,336,873
(844,383)	(54,020)	(8,102,295)	(96,430,640)	-	(61,717)	(38,531,847)	-	(248,705)	(189,130)	(5,467,147)	(5,580,461)	-	(189,876,941)
175,281	75,911	523,793	3,561,709	-	25,786	12,726,651	169,583	86,044	19,148	2,183,233	1,244,492	-	29,413,368
-	-	(310,610)	-	-	-	-	-	-	-	(1,788,644)	-	-	(2,099,254)
(669,102)	21,891	(7,889,112)	(92,868,931)	-	(35,931)	(25,805,196)	169,583	(162,661)	(169,982)	(5,072,558)	(4,335,969)	-	(162,562,827)
-	-	-	-	-	-	-	-	-	-	-	-	-	(3,845,719)
-	-	-	-	-	-	-	-	-	-	-	-	-	(3,845,719)
234,940	2,024,105	8,164,685	81,219,039	-	(1,154,146)	(4,343,802)	(1,269,845)	(190,034)	116,850	(5,848,322)	(218,658)	-	5,804,795
1,642,760	9,554,892	42,958,987	-	-	1,216,267	184,755,573	2,013,628	1,199,169	207,674	30,579,820	15,706,394	-	452,719,693
\$ 1,877,700	\$ 11,578,997	\$ 8,164,685	\$ 124,178,026	\$ -	\$ 62,121	\$ 180,411,771	\$ 743,783	\$ 1,009,135	\$ 324,524	\$ 24,731,497	\$ 15,487,736	-	\$ 458,524,488
(100,586)	110,120	(106,631)	2,295,352	(950)	(294,728)	1,971,829	(876,980)	(50,949)	691,226	974,795	(222,636)	-	11,223,955
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(15,698,716)	-	-	-	-	-	-	1,189,039
-	1,807,593	-	-	-	31,286	861,719	-	(3,331)	(85,324)	-	-	-	(15,698,716)
(175,281)	(75,911)	(465,046)	(3,561,709)	-	(25,786)	(12,726,651)	(169,583)	(86,044)	(19,148)	(1,899,043)	(1,244,492)	-	2,731,142
-	-	-	-	-	-	63,226,169	-	-	-	-	-	-	(29,070,431)
-	-	-	-	-	-	7,895,276	-	-	-	-	-	-	63,226,169
-	-	-	-	-	-	1,458,170	-	-	-	-	-	-	7,895,276
-	-	-	-	-	-	-	-	-	-	-	-	-	1,458,170
-	-	357	-	-	-	-	2,085,655	-	-	47,555	-	-	2,133,567
-	(18,877)	-	-	-	(1,592)	(4,422,716)	229,819	(3,183)	-	-	-	-	(4,202,147)
-	-	-	-	-	-	(11,298,000)	-	-	-	-	(583,619)	-	(10,824,550)
-	-	-	-	-	-	-	-	-	-	-	-	(1,855,084)	-
-	47,507	-	-	-	-	63,151	-	-	88,974	-	2,223	-	60,798
-	(17,067)	-	-	-	(625,725)	(93,085,358)	7,739,254	66,618	1,628,293	-	(4,565,947)	-	(78,450,768)
-	-	-	-	-	-	-	-	-	-	-	-	-	435,089
-	-	-	-	-	-	-	-	-	-	-	-	-	13,690
-	-	-	-	-	-	-	-	-	-	-	-	-	167,546
(7,980)	220,882	287,165	354,590	950	(201,671)	(1,985,566)	-	49,516	(1,011,829)	145,147	(329,155)	1,855,084	-
-	-	-	-	-	-	24,926,965	-	-	-	-	-	-	24,926,965
-	-	-	-	-	-	7,949,298	-	-	-	-	-	-	7,508,813
283,847	896,370	284,155	911,767	-	520,498	20,585,956	876,981	141,558	461,532	731,546	1,893,700	-	10,152,861
\$ -	\$ 2,970,617	\$ -	\$ -	\$ -	\$ (597,718)	\$ (10,278,474)	\$ 9,885,146	\$ 114,185	\$ 1,753,724	\$ -	\$ (5,049,926)	\$ -	\$ (5,123,532)

**Schedule of Pledged Collateral**  
**June 30, 2024**

Bank Accounts:	Wells Fargo	U.S Eagle
Deposit Account		
Operating Account - Operating Fund	\$ 174,929	\$ -
Operating Account - Early Childhood Fund	499,821	-
Operating Account - CMP	-	134,213
Total amount of deposits (bank balances)	674,750	134,213
FDIC Coverage	(250,000)	(250,000)
Total uninsured public funds	\$ 424,750	\$ -
Collateral requirement @ 50%	\$ 212,375	\$ -

NMFA is required to have \$212,375 collateral coverage and has collateral coverage from a third-party financial institution in the amount of \$1,317,459 on June 30, 2024.

The Bank of New York Mellon

CUSIP	Description	Quantity	Market Value
3133AE3S1	FMAC FEPC 2.000% 01/01/51	2,098,773	\$ 1,317,459
Total Market Value			\$ 1,317,459

## **SINGLE AUDIT**

**NEW MEXICO FINANCE AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2024**

Grantor / Program Title	Federal Assistance Listing Number	Loan Balance as of 6/30/2024	NMFA Admin Set-Aside EPA Grant	Awards Provided to Subrecipients	Loans and Loan Guarantees Provided to Subrecipients	Total Expenditures of Federal Awards
Environmental Protection Agency Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 79,505,847	\$ 30,392	\$ 7,568,768	\$ 5,492,049	\$ 13,091,209
		<u>\$ 79,505,847</u>	<u>\$ 30,392</u>	<u>\$ 7,568,768</u>	<u>\$ 5,492,049</u>	<u>\$ 13,091,209</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, 2024**

**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 2024, 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** (Federal 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, 2024, was \$79,505,847. 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 2024 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, 2024**

**2) Subrecipients, Including Loans Outstanding**

<b>Subrecipient Name:</b>	<b>Awards</b>	<b>Loan</b>	<b>Total</b>
Camino Real Regional Utility Authority	\$ 639,744	\$ 423,138	\$ 1,062,882
Chippeway Park Water Association	8,009	2,670	10,679
City Of Las Vegas	1,242,295	414,098	1,656,393
City Of Truth Or Consequences	538,997	538,996	1,077,993
City Of Tucumcari	76,665	25,555	102,220
Dixon Mutual Domestic Water Consumers Association	20,266	6,756	27,022
Eldorado Area Water And Sanitation District	124,192	378,320	502,512
Enchanted Forest Mutual Domestic Water Consumers Association	67,038	22,346	89,384
French Mutual Domestic Water Consumers And Mutual Sewage Works Association	34,555	11,518	46,073
Los Alamos County	7,124	937,351	944,475
Lower Rio Grande Public Water Works Authority	960,957	2,496,665	3,457,622
Mountain Orchard Mutual Domestic Water Association	5,441	1,814	7,255
New Mexico Environmental Department	3,145,017	-	3,145,017
Taos Pueblo	190,861	63,620	254,481
Village Of Hatch	12,148	4,049	16,197
Village Of Magdalena	64,195	21,398	85,593
Village Of Maxwell	431,264	143,755	575,019
<b>Total Expenditures of Federal Awards</b>	<b>\$ 7,568,768</b>	<b>\$ 5,492,049</b>	<b>\$ 13,060,817</b>

**Reconciliation of Federal Funds**

NMFA Admin Set-Aside EPA Grant	\$ 30,392
Awards provided to subrecipients	7,568,768
Loans and loan guaranties provided to subrecipients	5,492,049
<b>Total Expenditure of Federal Funds</b>	<b>\$ 13,091,209</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, PE, CFE  
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, 2024, 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 8, 2024.

### **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 black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Albuquerque, New Mexico  
October 8, 2024

## **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, PE, CFE  
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, 2024. 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 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, 2024.

#### ***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, 2024, and have issued our report thereon dated October 8, 2024, 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 8, 2024

**NEW MEXICO FINANCE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2024**

## Section I – Summary of Auditor’s Results

## Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes X no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes X none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes X no

## Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes X no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes X none reported

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

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

Identification of major federal programs:

Assistance Listing Number(s): 66.468	Name of Federal Program or Cluster: Capitalization Grants for Drinking Water State Revolving Funds
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes X no

## Section II – Financial Statement Findings

None reported

**NEW MEXICO FINANCE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2024**

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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, 2024**

None reported

# **NEW MEXICO FINANCE AUTHORITY**

## **EXIT CONFERENCE**

**JUNE 30, 2024**

An exit conference was conducted on September 26, 2024, in which the contents of this report were discussed. The following individuals attended this meeting:

### **New Mexico Finance Authority:**

Marquita D. Russel, CEO

Fernando Martinez, Jr. Deputy Director

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.

Joy Esparsen, Executive Director, New Mexico Counties

Alison Nichols, Designee for Executive Director, NM Municipal League

Kelsey Rader, Designee for Secretary, NM Environment Department

Benjamin Shelton, Designee for Secretary Designate, NM Energy, Mineral & Natural Resources

Marcos Trujillo, Designee for Secretary, NM Dept. of Finance & Administration

Daniel C. Opperman, Chief Legal Officer

Mark Lovato, Treasurer

Norman Vuylsteke, Controller

Maria Ruelas, Senior Accountant

### **Moss Adams LLP:**

Laurie Tish, Partner, Moss Adams

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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 \$3.3 billion in fiscal year 2024, increasing \$1,556.3 million (91.1%) since fiscal year 2015. Growth in net position has also been strong, increasing an average of 6.5% per year since fiscal year 2015. See **Net Position on June 30, 2024-2015** on page 103.

This positive trend stands out more clearly in the change in total net position from year-to-year. The result was positive the past ten years, growing 505.6% over this period. The biggest increase took place in fiscal year 2024 with the addition of several new programs where cash was transferred into the respective program funds, but with disbursement expected in fiscal year 2025. See **Revenue, Expenses and Changes in Net Position for Year Ended June 30, 2024-2015** on page 104.

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 \$535.9 million (107.2%). See **Fund Balance by Component and Fund on June 30, 2024-2015** on page 105.

### *Revenue*

Total revenue has grown \$260.1 million (174.2%) since fiscal year 2015. It grew at an average rate of 16.6% during this period, with fiscal year 2024 being the most salient. See **NMFA Net Revenue by Fund** on page 106. Most of this growth occurred in non-operating revenue, with operating revenue remaining relatively flat during this period. Non-operating revenue increased \$219.3 million (227.0%) since fiscal year 2015. The PPRF predominated every year in the period, on average accounting for 42.5% of total revenue and 86.1 % of operating revenue each year for the past ten years.

The distribution of total revenue has improved since 2015, when PPRF accounted for 47.4% of total revenue. In the past three years, it came to represent less than 40.0% of the total—less than 22.0% in fiscal year 2024. Within the PPRF, three revenue streams (general obligation, gross receipts, and net system revenue) on average accounted for almost three-quarters (75.2%) 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 107.

### *Debt*

All NMFA's debt corresponds to PPRF bonds. At the end of fiscal year 2024, there were \$1,378.0 million in total outstanding bonds. The most recent bond issue was the 2024A subordinate lien series in the amount of \$49.9 million. The oldest bonds that have not yet been called are 2014 A1 & A2 subordinate lien bonds, with an outstanding principal of \$9.4 million. See **Debt Burden** on page 108.

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 108.

### ***Lending Operations***

The concentration of PPRF borrowers has remained relatively steady over the past ten years. The five largest of the borrowers have on average made up about a quarter (24.8%) of the total portfolio. The 20 largest borrowers today are 52.7 % of the total, averaging 43.7% over the past ten years. See **Public Project Revolving Fund Concentration** on page 110.

### ***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 111.

The labor force shrank in 2020 because of the pandemic but started to recover the following years. It grew more than 11,811(1.2%) since 2023. See **Civilian Labor Force in New Mexico** on page 112.

The unemployment rate more than doubled (127%) in 2020, peaking at 12.7% but it has dropped every year since then until 2024. It stands at 4.0% as of July 2024. See **Unemployment Rate in New Mexico** on page 113.

New Mexico's gross domestic product has risen steadily since the pandemic, standing \$30.9 million (129.7%). See **Gross Domestic Product: All Industry Total in New Mexico** on page 114.

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 115.

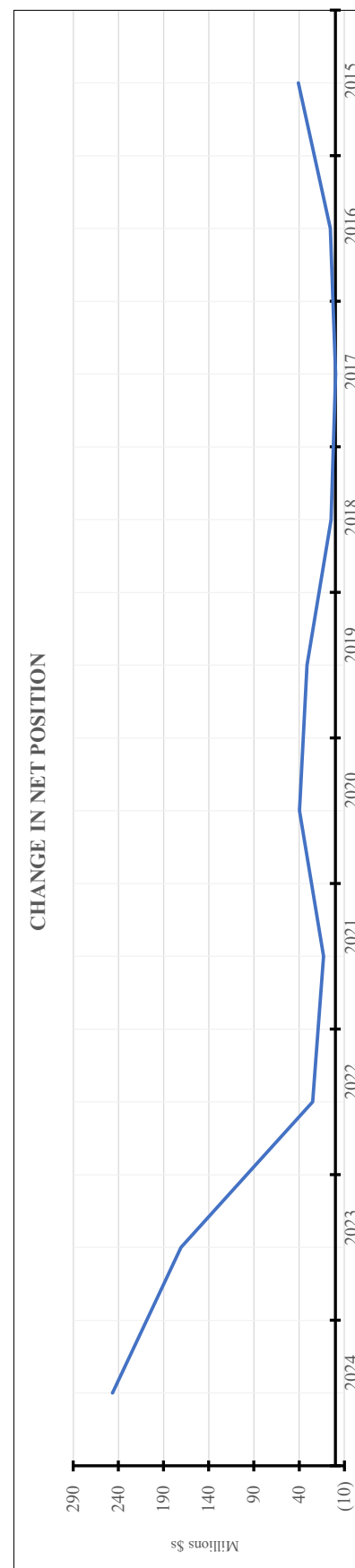
The property tax base has followed the same trend, growing steadily every year until the start of the 2020 tax year, when it peaked at \$70.5 billion. It dropped in total only slightly (1.0%) during the pandemic even though Residential and Non-residential values kept rising. The decrease occurred entirely 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 116.

# Net Position at June 30, 2024-2015

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Assets</b>										
Current Assets										
Cash and cash equivalents										
Unrestricted	\$ 13,565,406	\$ 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
Restricted	504,607,622	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
Interest receivable	14,056,235	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
Grants and other receivables	1,966,143	1,151,306	729,308	1,192,162	744,725	21,293	358,508	13,271	890,213	950,402
Prepaid Expenses	-	-	129,929	556,059	638,132	162,281	19,500	19,500	19,500	19,500
Administrative fees receivable	1,131,904	1,192,702	1,200,005	674,279	868,179	2,041,713	2,106,456	445,996	190,938	191,034
Loans receivable, net of allowance	207,533,859	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
Total current assets	742,861,169	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
Non-current assets										
Restricted and unrestricted investments	705,473,972	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
Loans receivable, net of allowance	1,805,792,459	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
Limited partnership investment	1,752,624	-	-	-	-	-	-	-	-	-
Net capital assets <sup>1</sup>	8,344,147	6,158,593	2,881,807	1,863,831	1,339,799	1,054,119	699,649	616,594	278,916	4,867
Net deferred cost <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
Total Assets	3,264,224,371	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
<b>Deferred Outflows of Resources</b>										
Deferred loss on refunding	493,576	543,598	593,621	643,643	693,665	743,687	793,710	843,732	823,233	184,242
Total Deferred Outflows of Resources	493,576	543,598	593,621	643,643	693,665	743,687	793,710	843,732	823,233	184,242
<b>Liabilities</b>										
Current Liabilities										
Accounts payable	952,064	516,975	176,087	461,669	455,273	406,729	353,917	302,821	307,297	244,901
Accrued payroll	228,818	215,128	164,019	318,300	262,445	209,802	233,251	243,439	176,438	112,716
Compensated absences	1,000,048	832,502	775,522	683,066	526,988	461,476	421,635	328,848	332,213	285,923
Funds held for others	-	-	-	-	-	-	-	-	-	-
Bond interest payable	4,594,681	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
Undisbursed loan proceeds	417,774,543	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
Advanced loan payments	101,280,382	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
Line of credit	-	-	-	-	-	-	-	-	-	-
Bonds payable, net	142,110,000	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
SIC payable, current	21,161,548	-	-	-	-	-	-	-	-	-
Lease and SBITA liabilities, current	530,537	608,068	489,187	-	-	-	-	-	-	-
Other liabilities	3,117,500	100,068,530	180,670,901	250,322,242	1,033,471	3,134,791	2,423,220	619,727	532,591	771,924
Total current liabilities	692,750,121	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
Non-current Liabilities										
Bonds payable	1,430,182,176	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
Lease and SBITA liabilities	13,964	407,560	880,946	-	-	-	-	-	-	-
SIC payable	104,424,485	134,172,461	137,983,546	-	-	-	-	-	-	-
Total Liabilities	2,227,370,746	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
<b>Deferred Inflows of Resources</b>										
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	-
Total Deferred Inflows of Resources	1,403,491	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>Net Position</b>										
Net investment in capital assets	7,799,647	6,158,593	2,881,807	1,863,832	1,339,799	1,054,119	699,649	616,594	278,916	4,867
Restricted for program commitments	991,421,013	768,225,537	598,476,868	580,246,229	563,270,033	515,633,477	492,583,687	486,992,135	495,576,466	483,282,743
Unrestricted	36,723,050	15,103,364	17,502,239	15,719,468	16,168,066	24,628,450	16,744,689	17,830,912	9,786,983	16,718,912
Total Net Position	1,035,943,710	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

# Revenue, Expenses and Changes in Net Position for Year Ending June 30, 2024-2015

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Operating Revenue</b>										
Interest on loans	\$ 57,597,887	\$ 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
Administrative fees revenue	6,529,028	3,147,009	7,975,365	5,535,056	6,828,344	6,396,595	5,460,694	5,701,200	7,049,654	3,197,684
Interest on investments net of unrealized gain	29,460,923	11,778,537	(2,213,157)	475,458	8,598,789	7,919,934	2,964,201	946,513	2,195,762	925,910
<b>Total Operating Revenue</b>	<b>93,587,838</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>Operating Expenses</b>										
Bond interest expense	48,402,902	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
Grants to others	81,097,848	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
Loan financing pass-through	7,895,276	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	10,326,372	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
Bond issuance costs	1,458,170	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
Professional services	5,293,947	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
Other operating costs	2,542,976	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
Provision for loan losses	2,731,142	249,039	(233,644)	123,133	(294,021)	(849,582)	534,614	458,701	2,241	(2,370,845)
Interest expense	2,158,999	1,887,273	488,063	500,768	7,826	266,620	331,022	395,624	296,138	489,859
Depreciation and amortization expense	1,163,607	1,064,867	970,882	181,846	101,158	66,289	51,674	3,240	2,191	102,187
<b>Total Operating Expenses</b>	<b>163,071,239</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>Net Operating Loss</b>	<b>(69,483,401)</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>Non-operating Revenue (Expenses)</b>										
Appropriation revenue	233,628,887	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
Grant Revenue	13,091,210	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
Transfers from the State of New Mexico	84,291,999	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
Share of income (loss) from investments in L	(346,273)	-	-	-	-	-	-	-	-	-
Limited partnership unrealized gain (loss)	(44,219)	-	-	-	-	-	-	-	-	-
Transfers to the State of New Mexico	(14,681,988)	(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)
<b>Increase (Decrease) in Net Position</b>	<b>246,456,215</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>
Net position, beginning of year	789,487,494	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
<b>Net Position, End of Year</b>	<b>\$ 1,035,943,709</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>

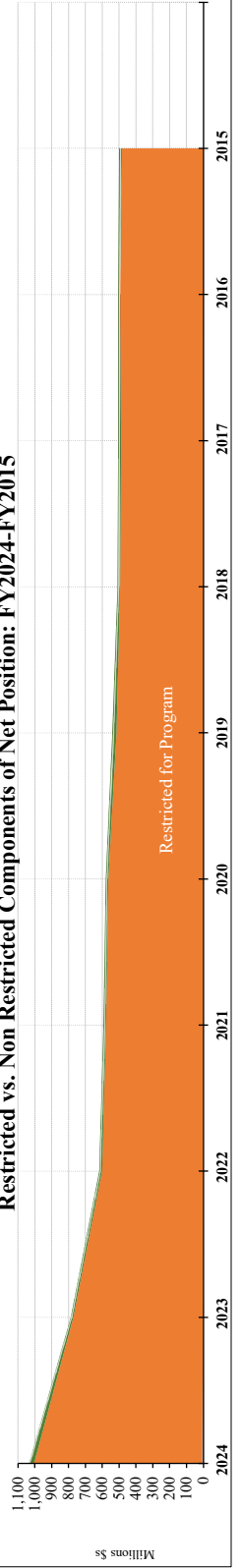


\* Adjusted as the result of GASB 65 adoption effective July 1, 2013 and the blending of Finance New Mexico, LLC's financial statements into those of NMFA as a component unit

## Fund Balance by Component and Fund at June 30, 2024-2015

	Active Funds									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Net Investment in Capital Assets</b>										
NMFA Operating Fund	\$ 7,799,646	\$ 6,158,593	\$ 2,881,807	\$ 1,863,832	\$ 1,339,799	\$ 1,054,119	\$ 699,649	\$ -	\$ -	\$ -
Public Project Revolving Fund	-	-	-	-	-	-	-	616,594	244,840	(29,209)
All Other Funds	-	-	-	-	454,449	-	-	-	34,076	34,076
<b>Subtotal</b>	<b>7,799,646</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>Restricted for Program Commitments</b>										
NMFA Operating Fund	6,713,684	11,717,812	4,011,899	6,201,838	5,135,267	2,541,369	5,338,137	-	-	-
Behavioral Health Capital Fund	1,737,612	1,913,314	1,840,830	1,850,663	1,842,791	2,323,172	2,432,004	2,925,190	1,094	-
Cannabis Microbusiness Program	488,830	796,801	454,910	-	-	-	-	-	-	-
Charter School Facility Revolving Fund	10,377,559	9,947,947	3,982,151	3,285,658	2,503,858	4,300,046	4,940,389	4,046,793	2,782,677	1,550,806
Colonias Infrastructure Fund	7,780,838	5,077,464	189,160,867	180,500,203	175,651,500	163,628,581	154,512,243	146,832,230	139,947,130	129,295,623
Drinking Water State Revolving Loan Fund	212,241,158	198,246,441	-	-	-	-	-	-	-	-
Early Childhood Stabilization Grants	-	(106,232)	-	-	-	-	-	-	-	-
Early Childhood Supply Building Grants	-	(16,069)	-	-	-	-	-	-	-	-
Economic Development Revolving Fund	3,592,040	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
Essential Services Working Capital Fund	176,050	161,754	9,888,478	(278,002)	-	-	-	-	-	-
Local Economic Development Act Recovery Grant Program	262,062	2,804,214	(143,267)	(278,002)	-	-	-	-	-	-
Local Government Planning Fund	3,644,309	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
New Markets Tax Credits	21,138,803	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
New Mexico Growth Fund	16,218,999	(12,322)	-	-	-	-	-	-	-	-
Opportunity Enterprise Act - Commercial	121,962,784	69,667,695	-	-	-	-	-	-	-	-
Opportunity Enterprise Act - Housing	124,999,050	-	-	-	-	-	-	-	-	-
Primary Care Capital Fund	1,063,843	1,358,571	1,371,391	1,368,998	8,612,737	4,489,737	5,118,055	5,087,130	5,058,321	5,034,374
Public Project Revolving Fund	350,564,773	335,856,450	312,097,596	302,624,433	284,304,933	269,660,436	252,098,185	258,208,608	281,401,983	287,259,542
Small Business Recovery Loan Program	(4,964,933)	(5,862,966)	(5,255,372)	(997,751)	-	-	-	-	-	-
State Small Business Credit Initiative	646,402	871,562	1,286,661	1,542,637	1,849,257	2,713,397	2,913,150	7,502,469	8,047,723	12,782,087
Venture Capital Act Fund	50,493,470	49,518,675	52,437,975	49,071,061	51,823,510	49,250,518	51,066,117	45,552,974	43,016,131	37,485,323
Water Project Fund	69,943,779	59,103,255	(2,213)	-	-	169,902	222,433	1,656,513	1,495,906	1,492,355
All Other Funds (net)	999,081,112	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
<b>Unrestricted</b>										
NMFA Operating Fund	17,016,387	14,170,924	16,431,643	15,719,468	16,168,066	24,874,974	1,021,892	-	-	-
Behavioral Health Capital Fund	-	-	-	-	-	(317,795)	(358,929)	(328,119)	(287,441)	(270,365)
Cannabis Microbusiness Program	-	-	-	-	-	-	-	-	-	-
Charter School Facility Revolving Fund	-	-	-	-	-	-	-	-	-	-
Colonias Infrastructure Fund	-	-	-	-	-	(2,216,284)	(3,248,237)	(2,723,617)	(2,225,804)	(1,392,071)
Drinking Water State Revolving Loan Fund	56,514	38,534	57,519	-	-	(368,099)	(297,687)	(322,101)	(224,526)	-
Early Childhood Stabilization Grants	-	-	-	-	-	-	-	-	-	-
Early Childhood Supply Building Grants	-	-	-	-	-	(1,523,501)	(1,384,025)	(1,310,510)	(1,239,027)	(1,203,957)
Economic Development Revolving Fund	-	-	-	-	-	-	-	-	-	-
Essential Services Working Capital Fund	-	-	-	-	-	-	-	-	-	-
Local Government Planning Fund	-	-	-	-	-	-	-	-	-	-
New Markets Tax Credits	393,882	441,389	437,226	-	-	1,706,839	601,023	1,225,951	422,426	852,227
New Mexico Growth Fund	-	-	-	-	-	-	-	-	-	-
Opportunity Enterprise	-	-	-	-	-	(5,770)	(569,089)	(541,577)	(516,710)	(474,819)
Primary Care Capital Fund	-	-	-	-	-	3,182,836	21,648,904	22,637,669	15,432,439	20,125,970
Public Project Revolving Fund	11,563,151	328,302	454,853	-	-	(704,750)	(669,162)	(689,055)	(1,126,631)	(710,826)
State Small Business Credit Initiative	-	88,974	88,974	-	-	-	-	-	-	-
Venture Capital Act Fund	-	-	32,024	-	-	-	-	-	-	-
Water Project Fund	33,018	35,241	17,502,239	15,719,468	16,168,066	24,628,450	16,744,690	17,830,583	9,786,983	16,718,912
All Other Funds (net)	29,062,952	15,103,564	618,860,914	593,829,529	580,777,898	541,316,046	510,028,026	505,439,312	505,642,365	500,006,522
<b>Subtotal</b>	<b>29,062,952</b>	<b>15,103,564</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>Total Fund Balance</b>	<b>\$ 1,035,943,710</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>

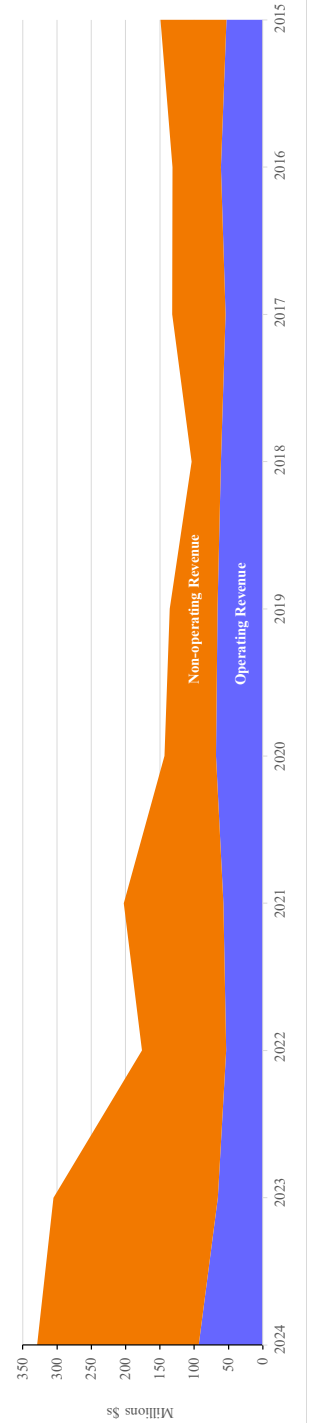
**Restricted vs. Non Restricted Components of Net Position: FY2024-FY2015**



## NMFA Net Revenue by Fund

		Active Funds									
Operating Revenue		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	\$	2,120,988	\$ 853,928	\$ 3,453,251	\$ 492,468	\$ 687,916	\$ 307,505	\$ 312,891	\$ -	\$ -	-
NMFA Operating Fund		78,834	61,844	612,389	82,334	52,208	89,419	51,632	41,207	1,093	5,912
Behavioral Health Capital Fund				81							
Cannabis Microbusiness Program											
Charter School Facility Revolving Fund		454,067	(4,625)	(191)	(2,089)	5,301	25,376	10,187	2,454	300	6
Colonias Infrastructure Fund		23,827			509,711						
Coronavirus Aid, Relief and Economic Security Act		6,672,529	3,728,028	2,086,281	2,175,805	3,823,839	3,632,817	2,341,972	1,875,997	2,066,809	1,631,012
Drinking Water State Revolving Loan Fund											
Early Childhood Education & Care Dept. Stabilization Grants											
Early Childhood Education & Care Dept. Supply Building Grants		1,126,106	-		110,788	343,012	96,701	41,888	84,766	128,537	143,529
Economic Development Revolving Fund		136,794	89,887	76,700							
Essential Services Working Capital Fund		73,833	192,140	26,742							
Local Economic Development Act Recovery Grant Program		2,022,929	2,604,873	302,664	44,452	121,569	72,309	59,118	62,491	37,042	13,302
Local Government Planning Fund		175,281	67,441	15,536	10,148	4,052,375	2,897,359	1,360,529	2,068,842	4,373,839	630,079
New Markets Tax Credits (includes FNM, LLC)		3,445,734	1,788,154	2,175,202	2,467,805						
New Mexico Growth Fund		523,793	-								
Opportunity Enterprise Act - Commercial		3,561,709	(31,897)								
Primary Care Capital Fund		55,384	37,737	28,379	48,107	253,108	131,191	95,063	95,222	99,450	78,559
Public Project Revolving Fund		67,369,420	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
Small Business Recovery Loan Program		2,085,656	1,842,810	390,530	1,532,940						
State Small Business Credit Initiative		55,605	58,105	62,503	76,366	82,378	178,534	121,147	137,430	218,002	181,109
Venture Capital Program Fund		2,230,788	(97,125)								
Water Project Fund		1,341,909	559,386	154,180	171,466	700,110	605,573	259,360	232,583	191,607	146,436
All Other Programs		-	-	-	-	133	3,901	8,844	12,609	465,357	493,532
Subtotal		93,587,839	65,327,144	53,613,800	57,518,388	68,219,692	65,900,851	61,156,979	54,512,837	60,981,792	52,769,351
Non-operating Revenue											
NMFA Operating Fund		(298,954)	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		3,596,503	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
Coronavirus Aid, Relief and Economic Security Act		-	-	-	97,127,443	-	-	-	-	-	-
Drinking Water State Revolving Loan Fund		8,797,605	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
Early Childhood Education & Care Dept. Stabilization Grants		113,027	6,520,725	-	-	-	-	-	-	-	-
Early Childhood Education & Care Dept. Supply Building Grants		(1,008,814)	5,665,846	-	-	-	-	-	-	-	-
Economic Development Revolving Fund		-	(6,954,427)	2,483	-	12,000,000	-	-	-	-	3,062
Essential Services Working Capital Fund		-	(9,924,608)	6,245,364	-	-	-	-	-	-	-
Local Economic Development Act Recovery Grant Program		(4,294,618)	21,594,141	39,261,233	-	-	3,000,000	-	3,000,000	3,000,000	4,000,000
Local Government Planning Fund		1,187,889	-	2,000,000	-	410	-	-	3,000,000	-	-
New Markets Tax Credits (includes FNM, LLC)		-	-	6,000,000	(45,800)	-	(10)	-	-	(30)	-
New Mexico Growth Fund		16,337,952	-	-	-	-	-	-	-	-	-
Opportunity Enterprise Act - Commercial		49,999,737	70,000,000	-	-	-	-	-	-	-	-
Opportunity Enterprise Act - Housing		125,000,000	-	-	-	-	-	-	-	-	-
Primary Care Capital Fund		-	-	-	(7,000,000)	4,000,000	-	-	405	-	(2,477)
Public Project Revolving Fund		23,971,343	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
Small Business Recovery Loan Program		1,775,013	39,900	(2,435,444)	(20,015)	-	-	-	-	-	-
State Small Business Credit Initiative		(1,005,360)	(416,747)	(188,955)	(317,906)	(143,337)	(309,031)	(4,621,640)	-	(5,000,000)	4,477,239
Venture Capital Program Fund		-	50,000,000	-	-	-	-	-	-	-	-
Water Project Fund		11,060,937	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
All Other Programs		-	-	-	-	(170,035)	(55,466)	(1,448,328)	-	-	(421,128)
Subtotal		235,232,260	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
Total Revenue	\$	328,820,099	\$ 305,263,754	\$ 176,090,082	\$ 202,744,542	\$ 143,149,006	\$ 135,909,727	\$ 103,880,982	\$ 132,139,278	\$ 131,467,477	\$ 149,380,360

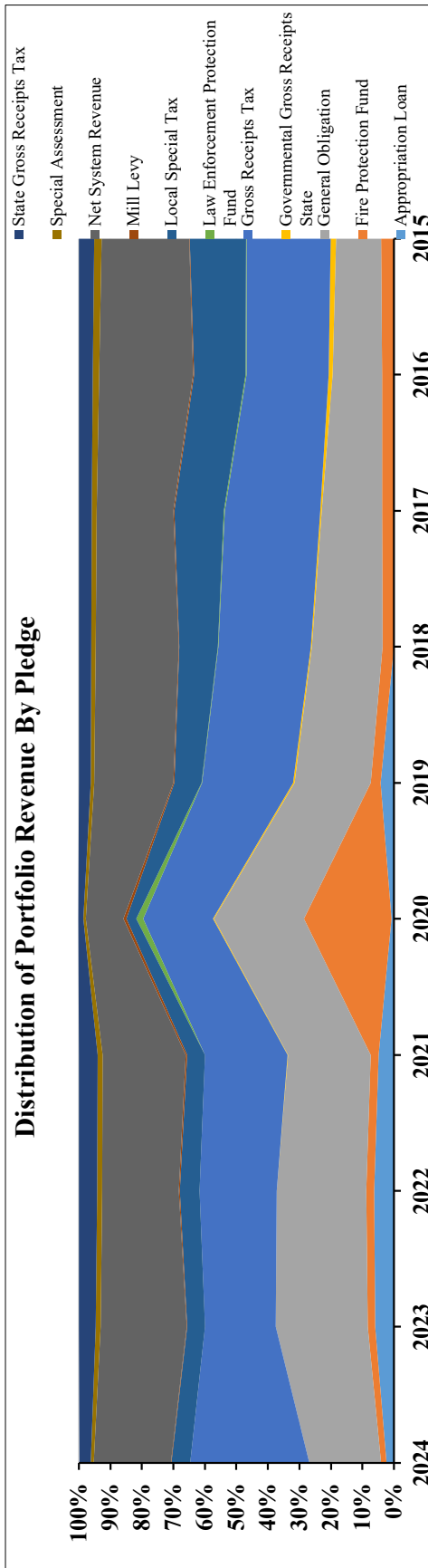
Total Operating Revenue vs. Non-operating Revenue



# Public Project Revolving Fund by Pledged Revenue Type

Percent Distribution by Type of Pledged Revenue at June 30: 2024-2015

Type of Pledge	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Appropriation Loan	2.4%	6.0%	6.3%	4.8%	0.8%	4.2%	0.0%	0.0%	0.0%	0.0%
Fire Protection Fund	1.6%	2.4%	2.6%	2.6%	27.7%	3.2%	3.6%	3.8%	3.8%	4.0%
General Obligation	22.8%	29.1%	28.3%	26.2%	28.7%	24.2%	22.4%	19.2%	15.7%	14.3%
Governmental Gross Receipts State	0.0%	0.0%	0.0%	0.1%	0.2%	0.4%	0.4%	0.5%	1.3%	1.8%
Gross Receipts Tax	37.7%	22.5%	24.5%	26.3%	22.1%	28.8%	29.2%	30.3%	26.1%	26.6%
Law Enforcement Protection Fund	0.1%	0.1%	0.0%	0.0%	2.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Local Special Tax	6.0%	5.5%	6.2%	5.6%	3.1%	8.6%	12.2%	15.8%	16.4%	17.8%
Mill Levy	0.2%	0.2%	0.4%	0.4%	1.0%	0.4%	0.2%	0.2%	0.3%	0.2%
Net System Revenue	24.4%	27.2%	24.3%	26.5%	11.9%	25.1%	26.3%	24.4%	29.8%	27.8%
Special Assessment	1.0%	1.5%	1.6%	1.5%	0.8%	1.1%	1.5%	1.6%	2.1%	2.4%
State Gross Receipts Tax	3.7%	5.4%	5.8%	6.0%	1.5%	3.8%	3.9%	4.1%	4.4%	4.9%



### Debt Burden

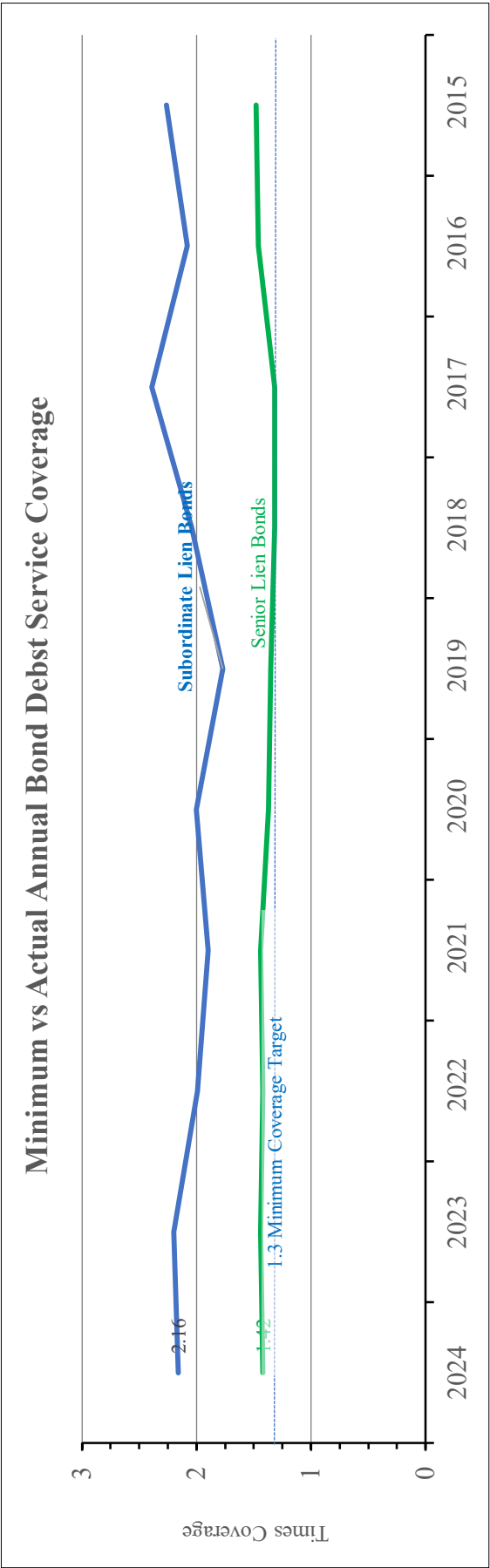
Original vs. Outstanding Bond Principal at June 30, 2024

			Original	Outstanding
Consolidated All PPRF Bonds			2,123,755,000	1,377,970,000
Consolidated Senior Lien			1,520,995,000	1,035,105,000
Consolidated Sub Lien			602,760,000	342,865,000
PPRF	2024A Exempt Bonds	A – Subordinate	49,890,000	48,520,000
PPRF	2023B Exempt Bonds	B – Senior	162,480,000	160,605,000
PPRF	2023A2 Exempt Bonds	A2 – Senior	39,120,000	39,120,000
PPRF	2023A1 Exempt Bonds	A1 – Senior	36,655,000	31,180,000
PPRF	2022C Exempt Bonds	A – Senior	67,500,000	61,800,000
PPRF	2022B Exempt Bonds	A – Senior	53,215,000	46,780,000
PPRF	2022A Exempt Bonds	A – Senior	65,570,000	56,075,000
PPRF	2021C Exempt Bonds	C – Senior	43,610,000	35,900,000
PPRF	2021B Exempt Bonds	B – Subordinate	31,305,000	25,400,000
PPRF	2021A Exempt Bonds	A – Senior	39,535,000	26,245,000
PPRF	2020C2 Exempt Bonds	C2 – Subordinate	38,860,000	24,420,000
PPRF	2020C1 Exempt Bonds	C1 – Subordinate	57,960,000	46,825,000
PPRF	2020B Exempt Bonds	B – Senior	81,000,000	56,330,000
PPRF	2020A Exempt Bonds	A – Senior	32,305,000	20,195,000
PPRF	2019D Exempt Bonds	D – Senior	53,260,000	42,200,000
PPRF	2019C2 Taxable Bond	C2 – Subordinate	12,480,000	7,820,000
PPRF	2019C1 Exempt Bonds	C1 – Subordinate	18,930,000	12,970,000
PPRF	2019B Exempt Bonds	B – Senior	43,870,000	31,515,000
PPRF	2019A Exempt Bonds	A – Subordinate	37,145,000	26,450,000
PPRF	2018E Taxable Bonds	E – Subordinate	70,205,000	49,795,000
PPRF	2018D Exempt Bonds	D – Senior	53,310,000	26,105,000
PPRF	2018C2 Taxable Bonds	C2 – Subordinate	13,175,000	7,395,000
PPRF	2018C1 Exempt Bonds	C1 – Subordinate	19,400,000	14,355,000
PPRF	2018B Exempt Bonds	B – Senior	22,530,000	9,740,000
PPRF	2018A Exempt Bonds	A – Senior	124,330,000	78,925,000
PPRF	2017F Taxable Bonds	F – Subordinate	19,315,000	9,945,000
PPRF	2017E Exempt Bonds	E – Senior	40,190,000	22,315,000
PPRF	2017D Exempt Bonds	D – Subordinate	41,395,000	16,245,000
PPRF	2017C Exempt Bonds	C – Senior	37,675,000	13,880,000
PPRF	2017B Exempt Bonds	B – Subordinate	68,015,000	6,210,000
PPRF	2017A Exempt Bonds	A – Senior	60,265,000	37,720,000
PPRF	2016F Exempt Bonds	F – Senior	38,575,000	18,510,000
PPRF	2016E Exempt Bonds	E – Senior	40,870,000	10,130,000
PPRF	2016D Exempt Bonds	D – Senior	116,485,000	58,045,000
PPRF	2016C Exempt Bonds	C – Senior	67,540,000	54,130,000
PPRF	2016A Exempt Bonds	A – Senior	52,070,000	15,985,000
PPRF	2015D Exempt Bonds	D – Subordinate	29,355,000	10,715,000
PPRF	2015C Exempt Bonds	C – Senior	45,475,000	41,785,000
PPRF	2015B Exempt Bonds	B – Senior	45,325,000	22,815,000
PPRF	2015A Exempt Bonds	A – Subordinate	63,390,000	26,415,000
PPRF	2014B Exempt Bonds	B – Senior	58,235,000	17,075,000
PPRF	2014A Taxable Bonds	A2 – Subordinate	16,805,000	590,000
PPRF	2014A Exempt Bonds	A1 – Subordinate	15,135,000	8,795,000



# PPRF Senior and Subordinate Lien Debt Service Coverage

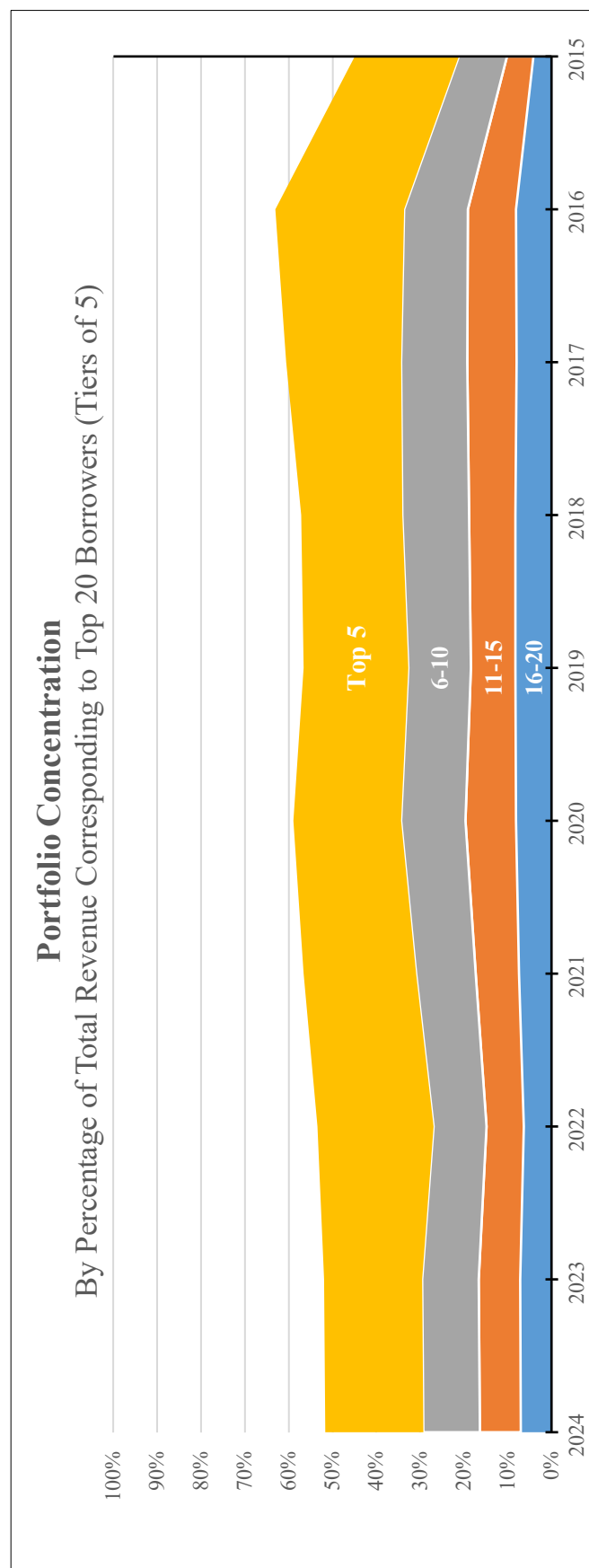
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Senior Lien Bonds</b>										
Annual Coverage at June 30	1.42	1.44	1.42	1.44	1.37	1.35	1.32	1.32	1.46	1.48
<b>Subordinate Lien Bonds</b>										
Annual Coverage at June 30	2.16	2.20	1.99	1.90	2.00	1.77	2.04	2.39	2.08	2.26



# Public Project Revolving Fund Concentration

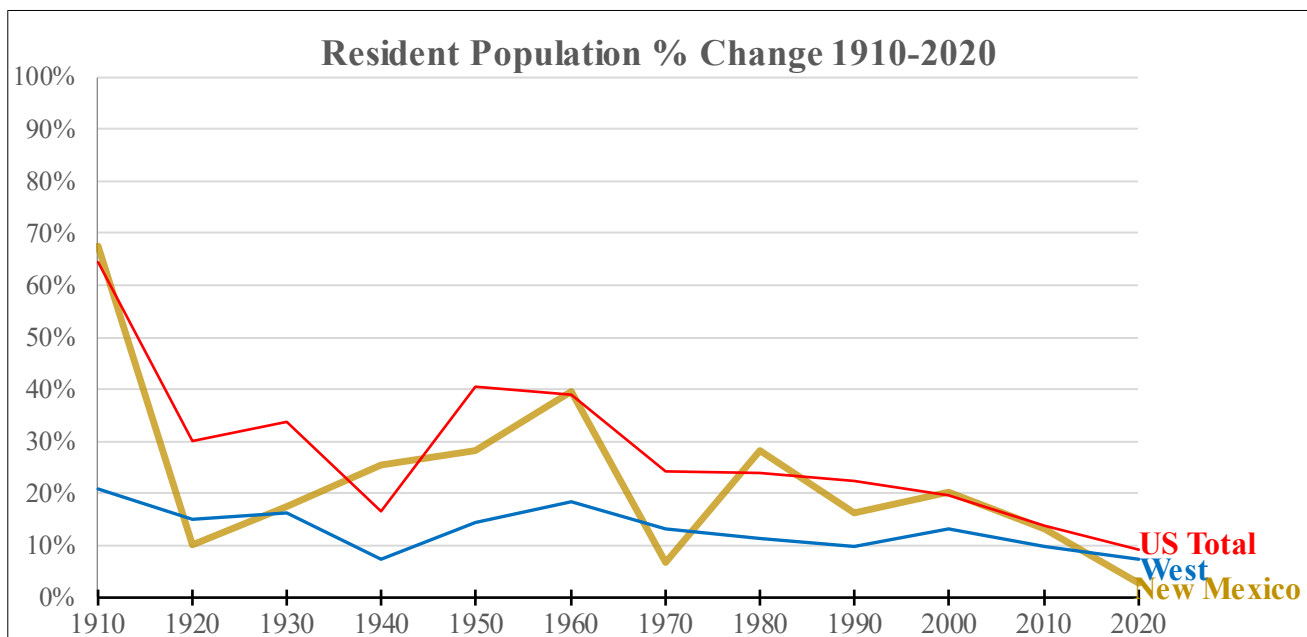
Distribution of Portfolio Revenue Among the Top 20 Borrowers at June 30: FY2024-2015

Top 4 Tiers of Borrowers	<u>2024</u>	<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>
<b>Top 5</b>	23.8%	22.3%	22.4%	26.4%	25.7%	24.6%	23.9%	23.1%	26.3%	29.4%
<b>6 to 10</b>	12.8%	12.9%	12.9%	12.1%	13.5%	14.7%	14.3%	15.2%	15.1%	14.5%
<b>11 to 15</b>	9.2%	9.4%	9.5%	8.6%	9.9%	11.5%	10.3%	10.7%	11.2%	10.9%
<b>16 to 20</b>	6.9%	7.0%	7.2%	6.3%	7.5%	8.2%	8.2%	8.2%	8.0%	8.1%
<b>Remainder of Portfolio</b>	47.3%	48.4%	48.0%	46.6%	43.4%	41.0%	43.3%	42.8%	39.4%	37.0%



# New Mexico Resident Population

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

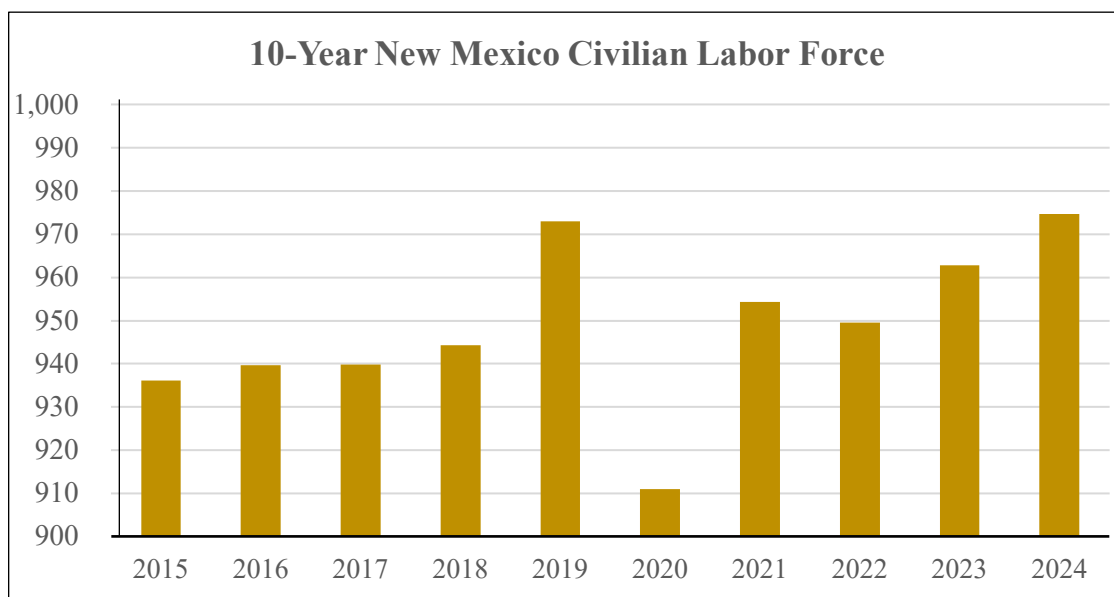
US Census Bureau

Updated: Dec 22, 2021

## Civilian Labor Force in New Mexico

### Persons, Not Seasonally Adjusted

Observation Date (July 1)	Civilian Labor Force
2024	974,627
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



Federal Reserve Economic Data (FRED)

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

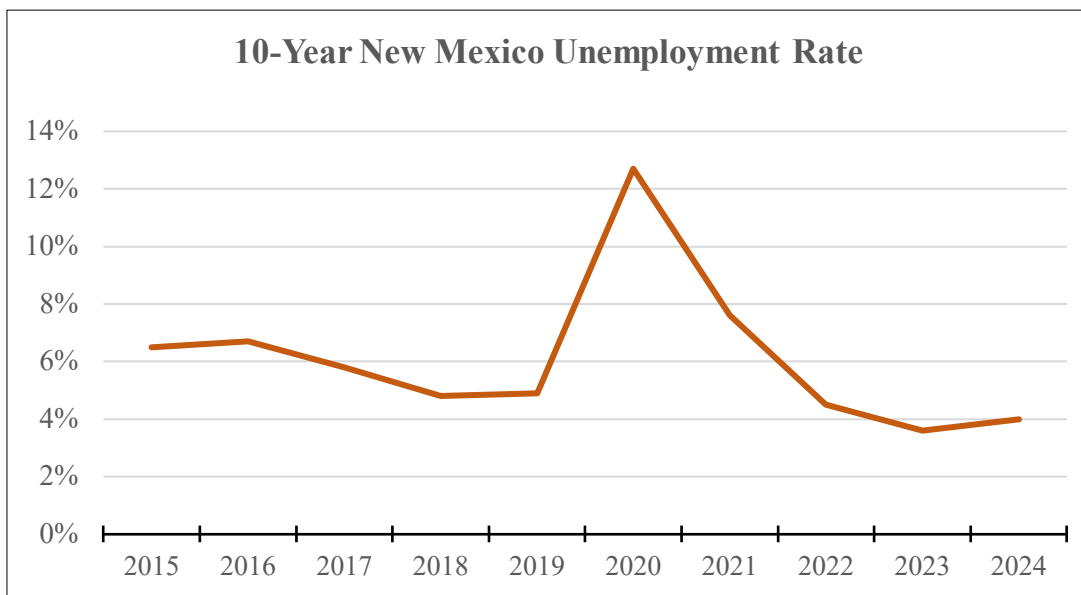
Federal Reserve Bank of St. Louis

Updated: Aug 2024

## Unemployment Rate in New Mexico

### Percent, Monthly, Seasonally Adjusted

Observation	
Date (July 1)	% Unemployed
2024	4.0%
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%



Federal Reserve Economic Data (FRED)

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

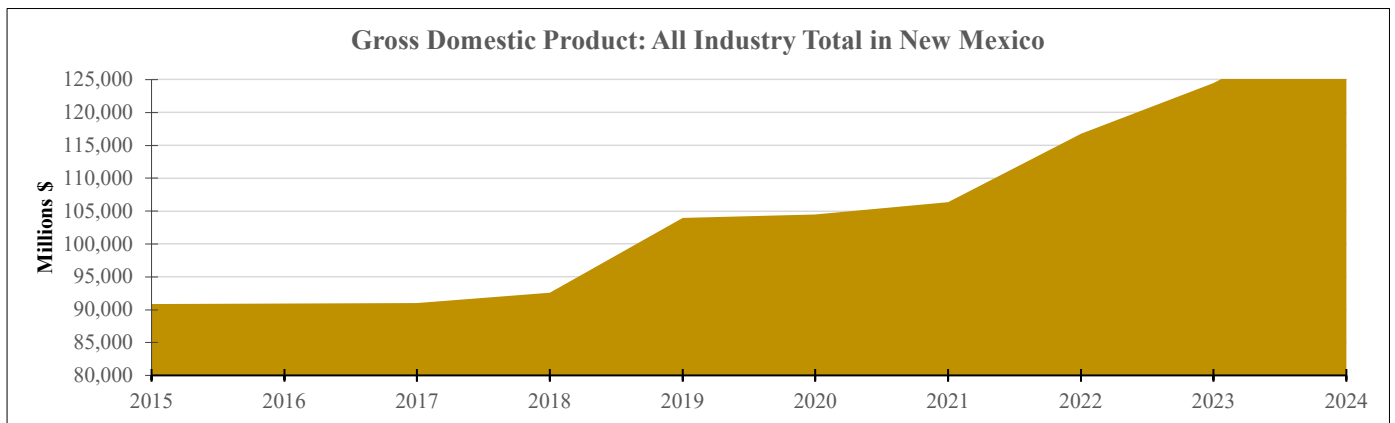
Federal Reserve Bank of St. Louis

Updated: Aug 2024

## 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
2024	134,935
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

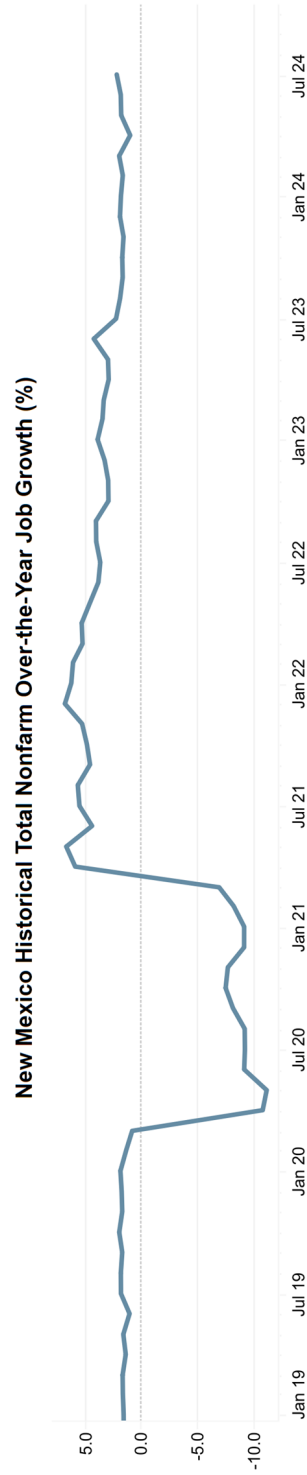
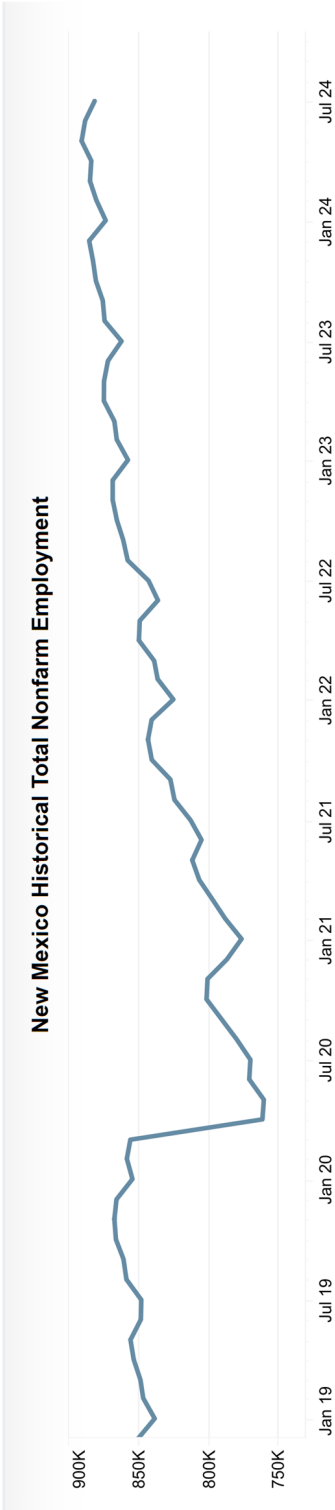


Link: <https://fred.stlouisfed.org/series/NMNQGSP>

Economic Research Division

Federal Reserve Bank of St. Louis

Updated: Jun 2024

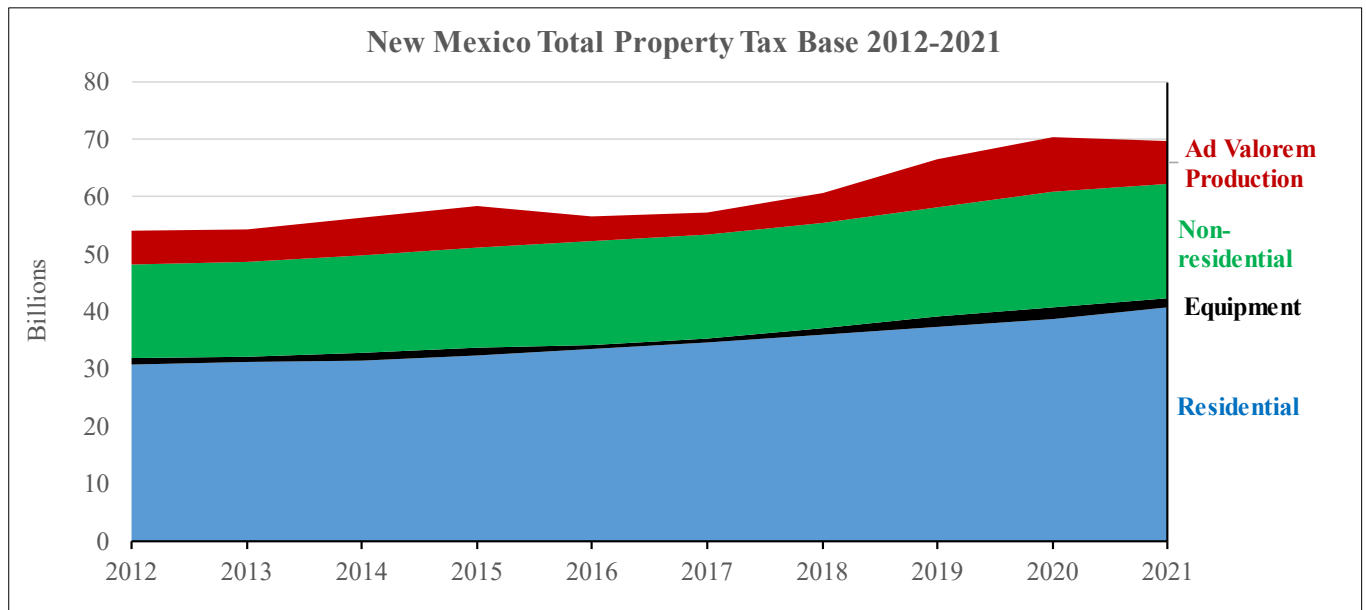


New Mexico Department of Workforce Solutions  
 Link: <https://www.dws.state.nm.us/en-us/Researchers/Data/Employment-Industry>  
 US Bureau of Labor Statistics  
 Updated: July 2024



## Net Taxable Value for Property Tax Purposes

Tax Year	Residential	Nonresidential	Ad Valorem Production	Equipment	Total
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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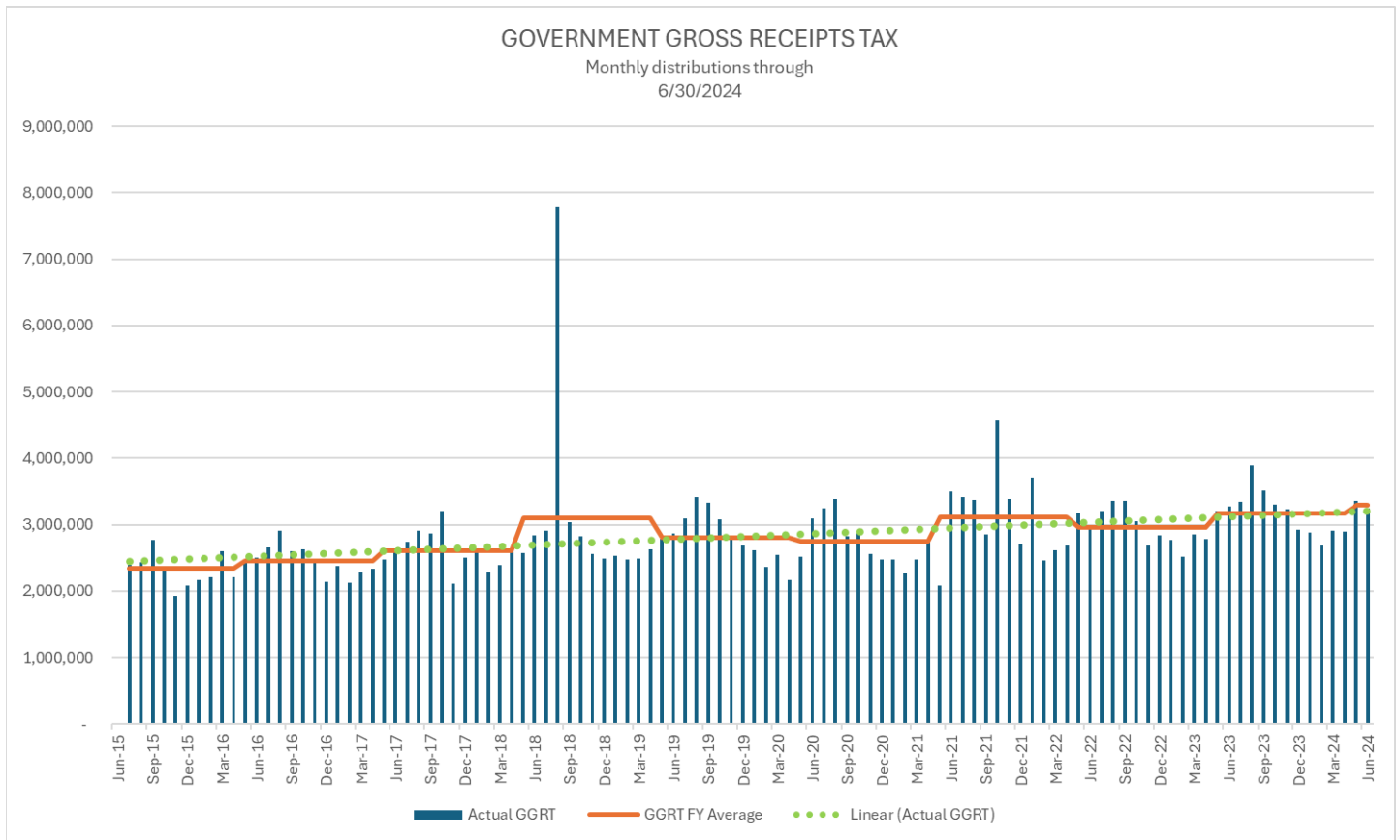
# **Other Information (Unaudited)**

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# GOVERNMENT GROSS RECEIPTS TAX

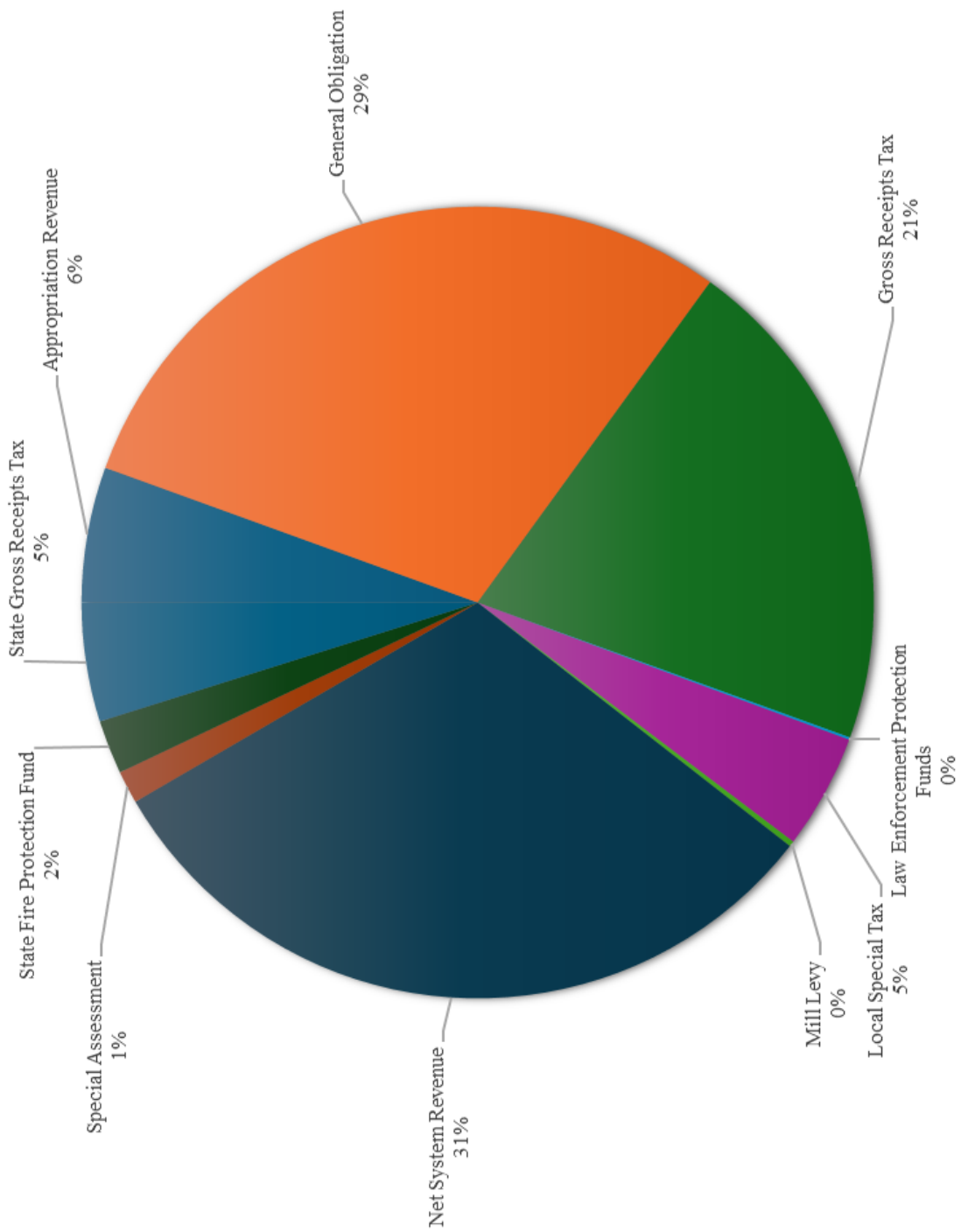
## Monthly Distributions Through June 30, 2024



## PPRF Loan Portfolio by Pledge

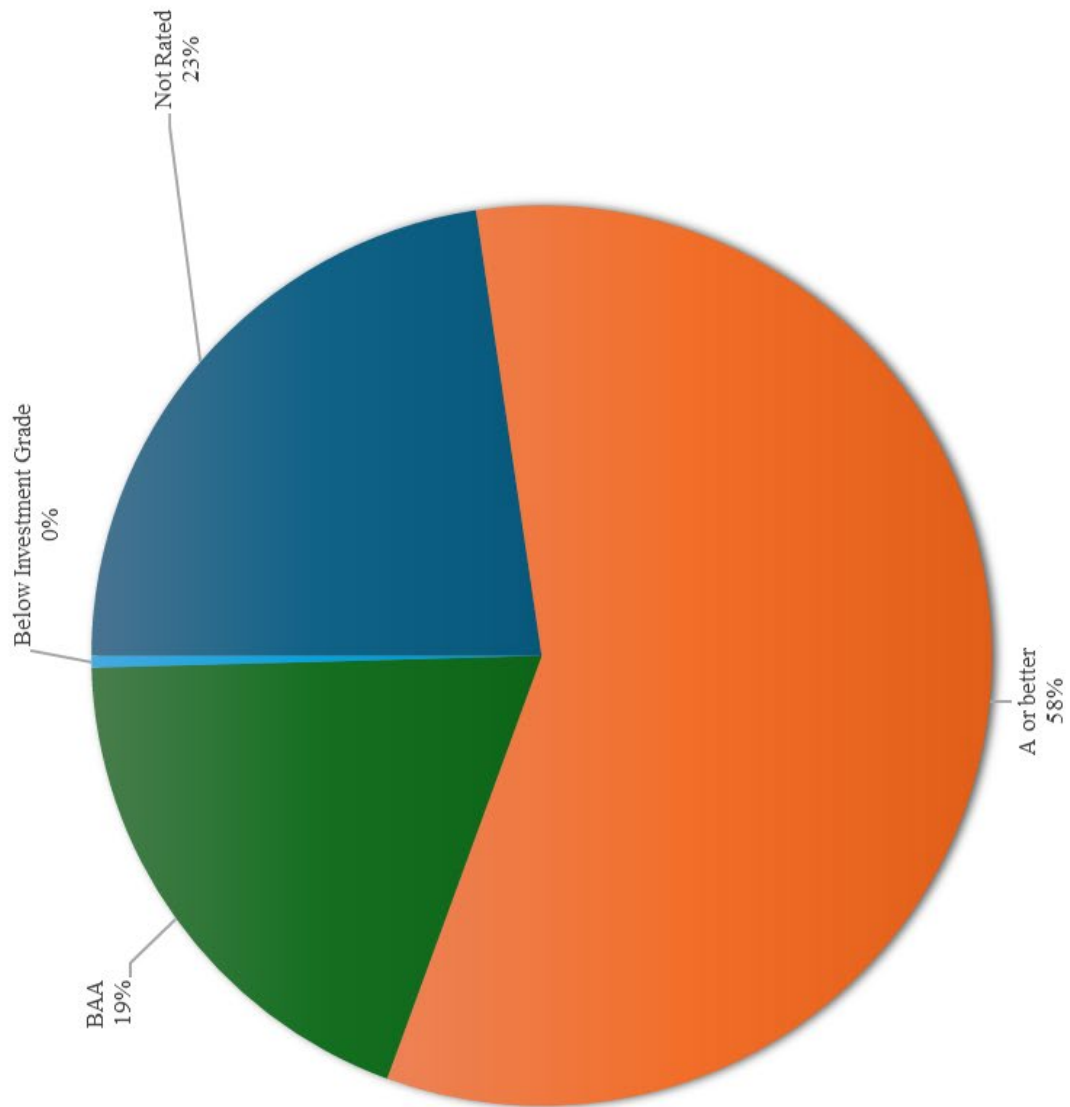
PPRF Loans Outstanding = \$1,752,974,353

as of 6/30/2024



## PPRF Loan Portfolio by Moody's Rating

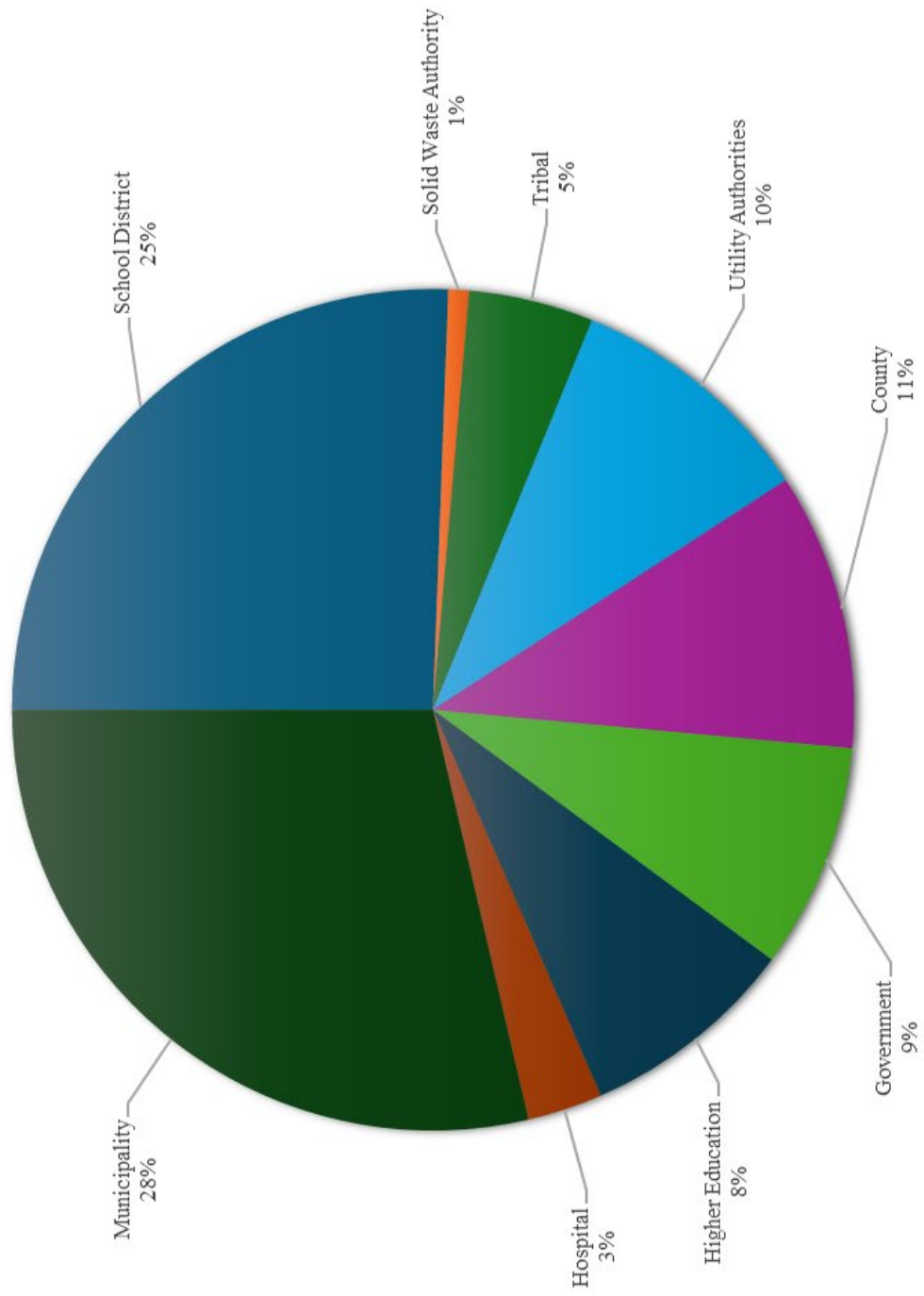
as of 6/30/2024



## PPRF Loan Portfolio by Client Type

PPRF Loans Outstanding = \$1,752,974,353

as of 6/30/2024



## PPRF Loan Portfolio Top Ten Borrowers as of 6/30/2024

