

## ***June 2014 Highlights for NMFA***

### ***Loan Activity***

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- 10 Loans Closed during June 2014
  - 7 Loans were greater than \$1 million
    - 2 loans to the Santa Ana Pueblo for \$30.9 million
    - 1 loan to the Town of Edgewood for \$3.7 million
    - 1 loan to Las Vegas Schools for \$2.8 million,
    - 1 loan to Roosevelt County for \$3.7 million,
    - 1 loan to the City of Las Cruces for \$ 2.8 million, and
    - 1 loan to Ft. Sumner Schools for \$1.5 million.

### ***Loan Funding***

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- Series 2014 Bonds closed on June 10, 2014 in the amount of \$31.940 million.
- A draw on NMFA's Line of Credit occurred during June in the amount of \$12 million

### ***Other Activities***

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- Fiscal year 2015 budget was approved.
- NMFA with the State Auditor's Approval has contracted with REDW, LLC to perform NMFA's 2014 Audit.
- NMFA has issued and RFP for Internal Auditing services. RFP proposals from prospective vendors are due back on July 18<sup>th</sup>, and NMFA expects to award a contract by August 20<sup>th</sup>.

# New Mexico Finance Authority Financial Information

## Statement of Net Position

	June 30, 2014	June 30, 2013	% Change
<b>Assets</b>			
Cash and equivalents	296,300,088	293,262,722	1.0%
Receivables	1,309,891,789	1,368,740,710	-4.3%
Funds held in escrow	9,408,954	64,494,763	-85.4%
Deferred issue costs	10,372,343	10,165,479	2.0%
Other assets	1,954,680	2,658,515	-26.5%
<b>Total Assets</b>	<b>1,627,927,854</b>	<b>\$1,739,322,189</b>	<b>-6.4%</b>
<b>Liabilities</b>			
Accounts payable & accrued liabilities	3,199,515	3,776,614	-15.3%
Accrued payroll expense	381,357	383,739	-0.6%
Debt services amounts payable	72,285,284	68,594,888	5.4%
Funds held for others	28,744,629	45,485,534	-36.8%
Line of Credit	12,006,298		100.0%
Total Current Liabilities	116,617,083	118,240,775	-1.4%
<b>Long Term Liabilities</b>			
Bonds payable	1,053,376,135	1,184,367,391	-11.1%
<b>Total Liabilities</b>	<b>1,169,993,218</b>	<b>1,302,608,166</b>	<b>-10.2%</b>

## Operating Budget Analysis

Category	FY 2014 Budget	Actual Expenses thru June 30	% Utilized
Personnel services	4,750,001	4,277,580	90.1%
Travel costs	196,863	108,035	54.9%
Professional services	2,489,475	2,319,396	93.2%
Operating costs	1,132,106	839,656	74.2%
<b>Total</b>	<b>8,568,445</b>	<b>7,544,667</b>	<b>88.1%</b>

## Statement of Revenues and Expenditures

	June 30, 2014	June 30, 2013	% Change
<b>Revenues:</b>			
Appropriation revenues	\$32,189,130	29,749,380	8.2%
Interest Income loans	50,940,020	54,175,875	-6.0%
Administrative fee revenue	3,342,024	3,485,753	-4.1%
Grant Revenue	56,074,226	52,692,050	6.4%
<b>Total Revenue</b>	<b>142,545,400</b>	<b>140,103,058</b>	<b>1.7%</b>
<b>Operating Expenses</b>			
Personnel expenses and benefits	4,277,580	4,048,699	5.7%
Professional Services	2,319,397	4,081,958	-43.2%
Operating Costs	947,691	1,112,574	-14.8%
Bond interest & issuance expense	57,805,287	53,304,321	8.4%
Grant expense	50,031,735	48,323,310	3.5%
<b>Total Expenses</b>	<b>115,381,690</b>	<b>110,870,862</b>	<b>4.1%</b>
<b>Income (Loss)</b>	<b>27,163,710</b>	<b>29,232,196</b>	<b>-7.1%</b>
Transfers	(5,943,097)	(4,757,186)	24.9%
<b>Increase/(decrease) in net assets</b>	<b>21,220,613</b>	<b>24,475,010</b>	<b>-13.3%</b>
Net Assets, beginning of period	436,714,023	412,239,013	5.9%
<b>Net Assets, end of the period</b>	<b>\$457,934,636</b>	<b>\$436,714,023</b>	<b>4.86%</b>

## Loans By Type

Loan Type	Fiscal year 2014		Fiscal year 2013	
	Number	Volume	Number	Volume
Public Project Revolving Loan Fund	654	\$1,168,707,460	781	\$1,248,555,507
Water Trust Board	192	\$28,571,384	157	\$18,336,546
Drinking Water	68	\$63,752,980	64	\$63,339,822
Colonias	65	\$9,684,752	16	\$202,731
Primary Care	16	\$3,565,109	17	\$4,216,376
Behavioral Health	4	\$1,165,126	3	\$639,783
Child Care	1	\$19,288	1	\$25,973
SSBCI	8	\$3,312,527	5	\$2,461,746
Smart Money	5	\$4,681,764	4	\$4,161,710
New Market Tax Credits	13	\$132,979,335	10	\$106,789,335

## Year To Date Bond Issues

Lien	Closing date	Status	S&P	Moody's	Amount
Senior 2013 A	6/13/2013	Tax Exempt	AAA	Aa1	\$44,285,000
Senior 2013 B	11/13/2013	Tax Exempt	AAA	Aa1	\$16,360,000
Sublien 2013 C	11/13/2013	Taxable	AA+	Aa2	\$10,550,000
Sublien 2013 C	11/13/2013	Tax Exempt	AA+	Aa2	\$3,745,000
Sublien 2014 A	6/10/2014	Taxable	AA+	Aa2	\$16,805,000
Sublien 2014 A	6/10/2014	Tax Exempt	AA+	Aa2	\$15,135,000

## Top Five Largest Loans By Quarter

Quarter	Fund	Borrower	Amount
FY13 Q4	PPRF	Western New Mexico University	\$6,755,000
	PPRF	Pecos Independent School District No. 21	\$5,400,000
	DW	City of Santa Fe	\$5,050,000
	PPRF	Chaves County	\$4,725,000
	PPRF	Eldorado Area WSD	\$4,700,000
FY14 Q1	NMTC	TMS Hilton Garden Inn-Gallup	\$8,000,000
	NMTC	4 Points Laguna III	\$8,000,000
	PPRF	Gila Regional Medical Center	\$3,788,263
	PPRF	Albuquerque PSD NO. 12	\$2,743,494
	DW	City of Deming	\$2,412,284
FY14 Q2	NMTC	Presbyterian Medical Services	\$11,000,000
	PPRF	Sandoval County	\$7,040,000
	PPRF	Lordsburg Municipal School District	\$2,000,000
	DW	City of Alamogordo	\$1,515,000
	PPRF	Socorro CSD No. 1	\$1,195,000
FY14 Q3	PPRF	Pojoaque Valley Public School District	\$4,000,000
	WTB	Dona Ana MDWCA	\$4,000,000
	PPRF	Reserve Independent School District No. 1	\$2,400,000
	PPRF	City of Anthony	\$1,780,826
	WTB	Southern Sandoval County AFCA	\$1,759,535
FY14 Q4	PPRF	Santa Ana Pueblo	\$30,970,000
	PPRF	Farmington Municipal School District No. 5	\$6,500,000
	WTB	Camino Real Regional Utility Authority	\$5,300,000
	PPRF	City of Clovis	\$4,888,665
	WTB	Eastern NM WUA	\$4,000,000

## **Audit Findings Status Matrix**

<b>BOARD GOVERNANCE</b>	<b>Status</b>
<i>Senate Bill 12</i>	
<b>Certified Public Accountant on Board of Directors</b>	<b>Completed</b>
<b>Entrance/Exit Conference attended by Audit Committee</b>	<b>Completed</b>
<b>Audit Committee meets Regularly with auditors during audit</b>	<b>Completed</b>
<b>Deposits should be made in New Mexico banks</b>	<b>Completed</b>
<b>Minutes and Records approved and maintained</b>	<b>Completed</b>

<b>EXTERNAL AUDIT</b>	<b>Status</b>
<i>Noted by: PWC HEK RLD/SD REDW</i>	
<b>Timeliness of External Audit</b>	<b>Completed</b>
<b>Compliance with Federal Requirements</b>	<b>Completed</b>
<b>Compliance with Bond Covenants</b>	<b>Completed</b>

<b>INTERNAL AUDIT</b>	<b>Status</b>
<i>Noted by: PWC HEK RLD/SD REDW</i>	
<b>Internal Audit position*</b>	<b><u>In Progress</u></b>

\*RFP issued, responses due 7/18/2014, and contract award 8/29/2014.

<b>STATE COMPLIANCE</b>	<b>Status</b>
<i>Noted by: REDW</i>	
<b>Payment of funds without an approved audit contract</b>	<b>Completed</b>
<b>Timely Cash Receipts Deposit</b>	<b>Completed</b>
<b>Travel and Per Diem</b>	<b>Completed</b>
<b>Equipment</b>	<b>Completed</b>

<b>ACCOUNTING PRACTICES</b>	<b>Status</b>
<i>Noted by: PWC HEK RLD/SD REDW</i>	
<b>Bank Reconciliations timeliness - cutoffs</b>	<b>Completed</b>
<b>Invoice documentation/Credit Card usage</b>	<b>Completed</b>
<b>Journal Entry support</b>	<b>Completed</b>
<b>Treatment for extraordinary items</b>	<b>Completed</b>
<b>Fringe Benefits reporting to IRS</b>	<b>Completed</b>
<b>Lack of up-to-date Procedures</b>	<b>Completed</b>

<b>LOAN SERVICING</b>	<b>Status</b>
<i>Noted by: PWC HEK RLD/SD REDW</i>	
<b>System Implementation for Loan Origination (SILO) Implementation</b>	<b><u>In Progress</u></b>

## **Initiatives for FY 2015**

### **Automation (i.e. System Implementation)**

Automation is the essential main initiative this year at NMFA.

- The NMFA has, for too long, relied on spreadsheets and manual tracking devices to track and provide information. This initiative will require time and energy, but they will represent the foundation from which NMFA will base its future. They are as follows:
  - procedures manuals and data flow diagrams for the entire organization;
  - Completing a fit/gap analysis along with a needs analysis of current systems to determine what systems are needed; and, ultimately
  - Implementing a system that will include loan origination, administration, compliance monitoring, servicing, closing, and reporting.

## ***NMFA Board Members***

### **John E. McDermott – Chair**

McDermott Advisory Service

#### **Ryan Flynn- Vice-Chair**

Cabinet Secretary  
New Mexico Environment Department

#### **Blake Curtis**

CEO  
Curtis & Curtis, Inc.

#### **William Fulginiti – Secretary**

Executive Director  
New Mexico Municipal League

#### **Jerry L. Jones**

CEO  
Stolar Research, Inc.

#### **Katherine Ulibarri – Treasurer**

VP, Finance & Operations  
Central NM Community College

#### **Steve Kopelman**

Executive Director  
New Mexico Association of Counties

#### **Jon Barela**

Cabinet Secretary  
New Mexico Economic Development Department

#### **David Martin**

Cabinet Secretary  
New Mexico Energy, Minerals & Natural Resources

#### **Tom Clifford**

Cabinet Secretary  
Department of Finance & Administration

#### **Terry White**

CEO  
Sunwest Trust, Inc.

The NMFA's Board is composed of eleven members. The Secretary of the Department of Finance and Administration; the Secretary of Economic Development; the Secretary of Energy, Minerals and Natural Resources; the Secretary of the Environment Department; the Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties are ex-officio members of the NMFA with voting privileges. The Governor, with the advice and consent of the Senate, appoints five members to the NMFA Board including the chief financial officer of an institution of higher education and four members who are residents of the state. The appointed members serve at the pleasure of the governor and are appointed to four year terms.

# New Mexico Finance Authority Board of Directors

Rick Martinez  
Director of Business  
Development

Robert P. Coalter  
CEO

Connie Marquez-  
Valencia  
Exec Ast/Records Mgr

