

## ***July Board Highlights for NMFA***

### ***Loan Activity***

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- 9 Loans Closed during July 2015
  - 5 Loans were funded through the Public Projects Revolving Loan Fund (PPRF),
  - 1 Loan was funded through the Water Trust Board,
  - 3 Loans were Colonias funded.

Of the loans that closed the following were over \$1 million:

Mesa Vista Consolidated School District - \$1.8 million.

City of Bloomfield - \$9.0 million.

Eastern NM Water Utility Authority - \$3.2 million.

### ***Grant Funding***

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- 3 Grants were funded through the Local Government Planning Fund.
- 1 Grant was funded through the Colonias Infrastructure Fund.

### ***Other Activities***

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- Internal audit annual plan approved.
- Bond Banking and Loan Management System contract approved.

## ***Financial Highlights***

### **Net Position Statement**

- The increase in cash as compared to the prior year is due to a recent bond closing and cash reimbursement and loan activity.
- The decrease in unearned revenue is for the previous Bernalillo County Metro Court loan that was refinanced in April 2015.
- Funds held in escrow represent payoff funds from PPRF loans. In the previous year these funds were utilized to defease debt for interest savings and to increase capacity. As they are building up again a similar strategy will be undertaken.
- Funds held for others represents project funds available to draw down, this has increased due to new loan closings and a policy of holding all funds for draws.
- Line of credit was paid off with proceeds from 2015 B closing on June 10.

### **Revenues & Expenses Statement**

- Appropriation revenue is up due to the GGRT distribution received for July 2015 was \$1m more than the previous July 2014.
- Fees revenue is showing a slight initial decline. The NMFA was a successful recipient of \$45 million in New Markets Tax Credits in the most recent cycle and anticipated project closings from this new allocation will lead to higher fee revenue in FY16.
- Investment revenue is up due to increases in interest rates and moving out reserves such as the CDSR to longer maturities with higher yields.
- Grant revenue is up due to the increased Water Trust Board, Drinking Water and Colonias activity. This has resulted in an increase in the grant expense as well. The difference in the grant revenue and grant expense is the amount of additional loans recorded for those transactions.
- Bond issuance expense is down due to timing of bond closing year over year.

### **Operating Budget Statement**

- Finally, from a budgetary perspective, spending is at an appropriate 5% of the budget after one month.

**New Mexico Finance Authority**  
**Financial Information**  
**July 31, 2015**

**Statement of Net Position**

<b>Assets</b>	<b>July 31, 2015</b>	<b>July 31, 2014</b>	<b>% change</b>
Cash and equivalents	\$ 414,216,344	331,540,538	24.9%
Loans receivables and accrued interest	1,305,315,534	1,305,663,734	0.0%
Funds held in escrow	20,661,444	9,427,747	119.2%
Unearned revenue	-	1,630,000	-100.0%
Other assets	24,366	123,878	-80.3%
<b>Total assets</b>	<b>1,740,217,688</b>	<b>1,648,385,898</b>	<b>5.6%</b>
<b>Deferred Outflow of Resources</b>	<b>184,242</b>	<b>1,191,180</b>	<b>-84.5%</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	3,415,488	256,158	1233.4%
Accrued payroll expense	400,177	371,186	7.8%
Debt service amounts payable	82,636,253	87,867,236	-6.0%
Funds held for others	74,063,884	29,029,734	155.1%
Line of credit	-	12,006,298	0.0%
Bonds payable	1,065,805,792	1,056,245,682	0.9%
<b>Total liabilities</b>	<b>1,226,321,594</b>	<b>1,185,776,293</b>	<b>3.4%</b>
<b>Net Position</b>	<b>514,080,336</b>	<b>463,800,785</b>	<b>10.8%</b>
<b>Total Liabilities and net position</b>	<b>\$ 1,740,401,930</b>	<b>1,649,577,078</b>	<b>5.5%</b>

**New Mexico Finance Authority  
Financial Information  
July 31, 2015**

**Statement of Revenues and Expenditures for the month ending:**

<b>Revenues</b>	<b>July 31, 2015</b>	<b>July 31, 2014</b>	
Appropriation revenues	\$ 6,888,103	5,096,470	35.2%
Interest income - loans	785,036	867,003	-9.5%
Investment revenue	102,972	43,599	136.2%
Fees revenue	267,993	338,046	-20.7%
Grant revenue	3,606,775	1,904,974	89.3%
	<b>11,650,879</b>	<b>8,250,090</b>	<b>41.2%</b>
<b>Operating Expenses</b>			
Personnel services and benefits	347,390	406,829	-14.6%
Professional services	13,726	89,004	-84.6%
Operating costs	56,007	68,154	-17.8%
Bond issue and issuance expense	45,490	151,460	-70.0%
Grant expense	2,820,764	1,672,589	68.6%
	<b>3,283,377</b>	<b>2,388,036</b>	<b>37.5%</b>
Income (loss)	<b>\$ 8,367,502</b>	<b>\$ 5,862,054</b>	<b>42.7%</b>

**Operating Budget Analysis**

<b>Category</b>	<b>FY 2015 Budget</b>	<b>Actual Expenses thru July 31, 2015</b>	<b>% Utilized</b>
Personal services	\$ 4,966,146	347,390	7.0%
Travel costs	214,448	1,575	0.7%
Professional services	2,741,100	13,726	0.5%
Operating costs	1,195,850	54,431	4.6%
<b>Totals</b>	<b>\$ 9,117,544</b>	<b>417,123</b>	<b>4.6%</b>

### Loans By Type

Loan Type	Fiscal year 2015 as of July 31		Fiscal year 2014 as of July 31	
	Number	Volume	Number	Volume
Public Project Revolving Loan Fund	653	\$1,168,192,116	656	\$1,187,230,619
Water Trust Board	171	\$24,888,856	152	\$21,089,681
Drinking Water	63	\$83,460,861	53	\$65,948,042
Colonias	50	\$1,577,975	21	\$780,511
Primary Care	8	\$3,879,778	9	\$3,556,494
Behavioral Health	3	\$968,250	4	\$1,175,730
Child Care	1	\$12,922	1	\$19,288
SSBCI	12	\$4,687,586	8	\$3,294,726
Smart Money	5	\$3,847,746	5	\$3,985,331
New Market Tax Credits	13	\$154,286,000	13	\$154,286,000

### Recent Bond Issues

Lien	Closing date	Status	S&P	Moodys	Amount
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
Senior 2014B	8/13/2014	Tax Exempt	AAA	Aa1	\$58,235,000
Sublien 2015A	4/8/2015	Tax Exempt	AA+	Aa2	\$63,390,000
Senior 2015B	6/10/2015	Tax Exempt	AAA	Aa1	\$45,325,000

### Top Five Largest Loans By Quarter

Quarter	Fund	Borrower	Amount
FY15 Q1	PPRF	Los Alamos County - Taxable	\$10,845,000
	PPRF	Los Alamos County – Tax Exempt	\$10,845,000
	PPRF	City of Santa Fe	\$3,500,000
	WTB	Village of Ruidoso	\$3,157,600
	DW	Village of Ruidoso	\$3,030,000
FY15 Q2	PPRF	Town of Edgewood	\$2,696,483
	WTB	City of Tucumcari	\$2,224,269
	DW	City of Roswell	\$2,020,000
	WTB	Middle Rio Grande Conservancy District	\$1,500,000
	DW	Lee Acres WUA	\$1,492,050
FY15 Q3	PPRF	City of Las Cruces	\$2,775,819
	WTB	Alto Lakes WSD	\$1,502,000
	PPRF	Socorro Consolidated Schools	\$1,225,000
	PPRF	City of Carlsbad	\$1,165,267
	CIF	Lower Rio Grande PWWA	\$1,034,580
FY15 Q4	PPRF	City of Santa Fe	\$33,790,000
	PPRF	Bernalillo County Metro Court	\$30,685,000
	PPRF	Eastern NM University	\$18,655,000
	PPRF	City of Rio Rancho	\$4,292,192
	WTB	City of Hobbs	\$3,200,000
FY16 Q1	PPRF	City of Bloomfield	\$9,009,000
	WTB	Eastern NM WUA	\$3,200,000
	PPRF	Mesa Vista Consolidated Schools	\$1,785,000
	PPRF	San Miguel County	\$835,855
	PPRF	Carrizozo Municipal School District	\$575,000

## **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 Contractor</b>	<b>Completed</b>

\* FY15 Entrance Conference held, fieldwork to begin 9/28.

<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><i>In Progress</i></b>

## **Initiatives for FY 2016**

### **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.

## Loan Program Description & Funding Sources

Symbol	Year Created in Law	Program Name	Source of Funding	Type of Program Assistance	Intended Beneficiaries
<b>BHCF</b>	2004	Behavioral Health Capital Fund	100% State (Cig. Tax Bonds)	Low-cost loans for construction and capital equipment	Non-profit behavioral health care centers
<b>CCRLF</b>	2003	Child Care Revolving Loan Fund	100% Federal	Low-cost loans for construction and capital equipment	For profit and not-for-profit licensed child care centers
<b>CIF</b>	2010	Colonias Infrastructure Project Fund	100% State (STB)	Grants and low-cost loans for infrastructure	Colonias
<b>DW</b>	1997	Drinking Water Revolving Loan Fund	80% Federal (EPA) 20% State (PPRF Approp.)	Below-market rate loans for water quality projects	Public and private water systems serving at least 25 people annually
<b>NMTC</b>	2006	New Markets Tax Credit	100% Private	Below market rate loans and equity for projects	For profit and not-for-profit entities in low income census tracts
<b>PCCF</b>	1994	Primary Care Capital Fund	100% State (General Fund)	Low-cost loans for construction and capital equipment	Non-profit primary care clinics
<b>PPRF</b>	1992	Public Project Revolving Fund	100% State (GGRT)	Low-cost loans for capital equipment and infrastructure projects	State, Tribes and Local Government Units
<b>SMART</b>	2003	Smart Money Loan Participation Program	100% State (General Fund)	Low cost loans for building, equipment and working capital needs	Private for-profit and not-for-profit entities
<b>SSBCI</b>	2011	Collateral Support Participation Program	100% Federal	Low cost loans for building, equipment and working capital needs	For profit and not-for-profit entities
<b>WTB</b>	2001	Water Project Fund	100% State (STB - 10% and WTF - \$4 Mil.)	Grants and low-cost loans for water projects	Tribes and Local Government Units including MDWCAs

## ***NMFA Board Members***

### **John E. McDermott – Chair**

McDermott Advisory Service

#### **Ryan Flynn**

Cabinet Secretary  
New Mexico Environment Department

#### **Blake Curtis**

CEO  
Curtis & Curtis, Inc.

#### **William Fulginiti - Vice-Chair**

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 – Secretary**

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.

