

October Board Highlights for NMFA

Loan Activity

- 10 Loans Closed during October 2014
 - 6 Loans were funded through the Public Projects Revolving Loan Fund,
 - 1 Loan was funded through the SSBCI program,
 - 2 Loans were funded out of the Drinking Water funds, and
 - 1 Loan was Colonias funded.

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

City of Roswell - \$2.1 million.

Cuba Independent School District - \$1 million.

Grant Funding

- 8 grants totaling \$322k were closed for the Local Government Planning Grant program.

Other Activities

- Internal Auditor contract completed and scheduled to begin work this month.

Financial Highlights

Net Position Statement

- The increase in cash as compared to the prior year is due to the bond reimbursement and loan activity.
- There is a slight decrease in overall loan volume of 1.7%.
- A sharp decrease in the “Deferred Issue Costs” occurred due to the change in accounting standards (GASB 65 - *Items Previously Reported as Assets and Liabilities*) which requires deferred issue costs be written off in the year incurred rather than amortizing over the life of the bond. The change was made as an adjustment to net assets at the beginning of fiscal year 2014. The change also affects the expenses recognized in bond issue costs for the current year resulting in a 155.6% increase in that expense line item.
- Funds held in escrow represent payoff funds from PPRF loans. In the previous year we had utilized these funds to defease debt for interest savings and to increase capacity. As these are building up again a similar strategy will likely be undertaken.

Revenues & Expenses Statement

- Appropriation revenue is up due to a new appropriation to the Office of the State Engineer of \$1.3 and an appropriation for the SSBCI program.
- Interest and fees revenue is showing a decline due to the decrease in loan receivables.
- 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 premium expense is up due to a large bond closing in August of this year while there were no closings in the first four months of FY13. The current negative balance reflects a gain from the large defeasance that occurred in October of 2013.
- Bond interest expense is down due to the payoff of the line of credit and the subsequent reduction in line of credit interest expense that falls in this line item.

Operating Budget Statement

- Finally, from a budgetary perspective, spending is at an appropriate 31.8% of budgeted amounts with a third of the year gone.

New Mexico Finance Authority
Financial Information
October 31, 2014

Statement of Net Position

Assets	October 31, 2014	October 31, 2013	% change
Cash and equivalents	\$ 400,002,261	342,864,018	16.7%
Loans receivables and accrued interest	1,336,584,200	1,365,073,273	-2.1%
Allowance for Loan Losses - PPRF	(1,074,430)	(1,979,995)	-45.7%
Allowance for Loan Losses - Commercial	(4,407,917)	(2,329,368)	89.2%
Funds held in escrow	10,076,204	4,873,539	106.8%
Deferred issue costs	-	10,165,479	-100.0%
Other assets	2,035,730	2,551,021	-20.2%
Total assets	1,743,216,048	1,721,217,967	1.3%
Deferred Outflow of Resources	1,191,180	1,298,592	-8.3%
Liabilities			
Accounts payable and accrued liabilities	2,868,730	3,606,614	-20.5%
Accrued payroll expense	386,727	372,717	3.8%
Debt service amounts payable	90,209,292	86,120,579	4.7%
Funds held for others	49,784,886	40,933,754	21.6%
Line of credit	-	4,864,641	0.0%
Bonds payable	1,116,450,504	1,129,596,982	-1.2%
Total liabilities	1,259,700,139	1,265,495,287	-0.5%
Net Position	484,707,093	457,021,270	6.1%
Total Liabilities and net position	\$ 1,744,407,232	1,722,516,557	1.3%

New Mexico Finance Authority
Financial Information
October 31, 2014

Statement of Revenues and Expenditures for the month ending:

Revenues	October 31, 2014	October 31, 2013	% change
Appropriation revenues	\$ 21,775,715	19,769,251	10.1%
Interest income - loans	3,661,247	3,618,783	1.2%
Investment revenue	237,957	159,022	49.6%
Fees revenue	644,491	1,007,980	-36.1%
Grant revenue	25,016,480	14,364,139	74.2%
	51,335,890	38,919,175	31.9%
Operating Expenses			
Personnel services and benefits	1,573,718	1,512,669	4.0%
Professional services	756,271	614,222	23.1%
Operating costs	423,636	372,913	13.6%
Bond issue and issuance expense	2,100,641	2,980,618	-29.5%
Grant expense	18,887,579	10,593,423	78.3%
	23,741,845	16,073,845	47.7%
Income (loss)	\$ 27,594,045	\$ 22,845,330	20.8%

Operating Budget Analysis

Category	Total FY 2014 Budget	Actual Expenses thru October 31, 2014	% Utilized
Personal services	\$ 4,650,000	1,573,718	33.8%
Travel costs	203,343	30,190	14.8%
Professional services	2,700,000	756,271	28.0%
Operating costs	1,096,657	393,446	35.9%
Totals	\$ 8,650,000	2,753,625	31.8%

Loans By Type

Loan Type	Fiscal year 2015 as of October 31		Fiscal year 2014 as of October 31	
	Number	Volume	Number	Volume
Public Project Revolving Loan Fund	661	\$1,203,841,054	675	\$1,238,250,761
Water Trust Board	157	\$24,581,490	155	\$21,143,173
Drinking Water	56	\$74,963,957	50	\$65,851,327
Colonias	23	\$997,673	9	\$289,347
Primary Care	9	\$3,484,262	18	\$5,181,964
Behavioral Health	4	\$1,177,568	3	\$628,125
Child Care	1	\$17,714	1	\$23,939
SSBCI	10	\$3,497,269	9	\$3,200,376
Smart Money	5	\$3,936,364	5	\$4,717,518
New Market Tax Credits	13	\$154,286,000	12	\$143,286,000

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

Top Five Largest Loans By Quarter

Quarter	Fund	Borrower	Amount
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 Dist. 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 Dist. 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
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	DW	City of Roswell	\$2,020,000
	PPRF	Cuba Independent School District	\$1,000,000
	PPRF	Carrizozo Municipal School District	\$800,000
	PPRF	Hatch Valley Public School District	\$725,000
	PPRF	Portales Municipal School District	\$600,000

Loan Program Description & Funding Sources

Symbol	Year Created in Law	Program Name	Source of Funding	Type of Program Assistance	Intended Beneficiaries
BHCF	2004	Behavioral Health Capital Fund	100% State (Cig. Tax Bonds)	Low-cost loans for construction and capital equipment	Non-profit behavioral health care centers
CCRLF	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
CIF	2010	Colonias Infrastructure Project Fund	100% State (STB)	Grants and low-cost loans for infrastructure	Colonias
DW	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
NMTC	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
PCCF	1994	Primary Care Capital Fund	100% State (General Fund)	Low-cost loans for construction and capital equipment	Non-profit primary care clinics
PPRF	1992	Public Project Revolving Fund	100% State (GGRT)	Low-cost loans for capital equipment and infrastructure projects	State, Tribes and Local Government Units
SMART	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
SSBCI	2011	Collateral Support Participation Program	100% Federal	Low cost loans for building, equipment and working capital needs	For profit and not-for-profit entities
WTB	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

Audit Findings Status Matrix

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

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

INTERNAL AUDIT	Status
<i>Noted by: PWC HEK RLD/SD REDW</i>	
Internal Audit Contractor	Completed

* Substantive work near completion; financials in process

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

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

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

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

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

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Sunwest Trust, Inc.

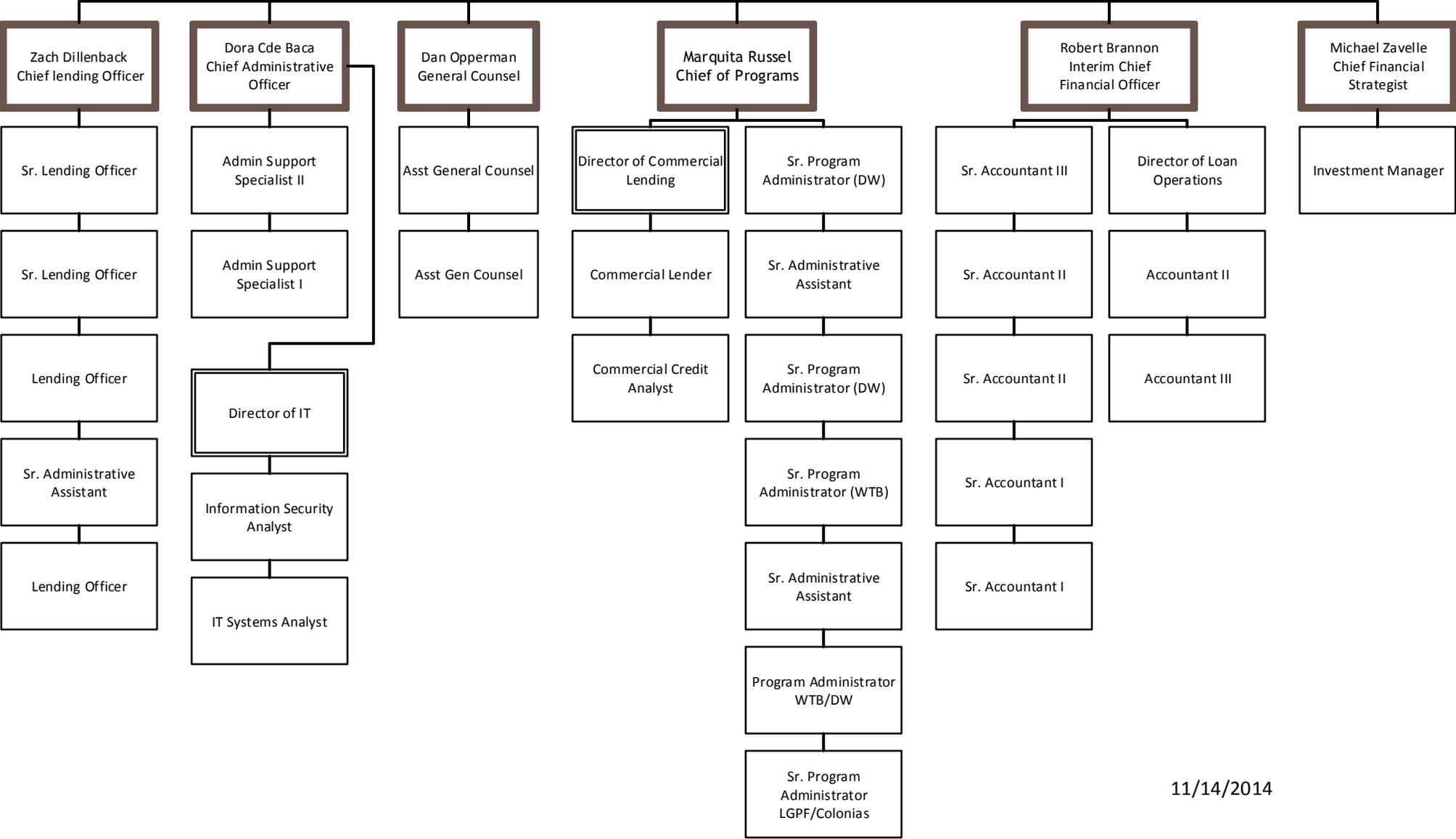
The NMFA's Board is composed of eleven members. The Secretary of the Department of Finance and Administration; the Secretary of Economic Development; the Secretary of Energy, Minerals and Natural Resources; the Secretary of the Environment Department; the Executive Director of the New Mexico Municipal 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



11/14/2014