

April Board Highlights for NMFA

Loan Activity

- 5 Loans closed during April 2015
 - 3 Loans were funded through the Public Projects Revolving Loan Fund (PPRF),
 - 1 Loan was funded out of the Drinking Water Fund, and
 - 1 Loan was Colonias funded.

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

- Bernalillo County Metro Court - \$30.7 million.
- City of Santa Fe - \$33.8 million.
- City of Rio Rancho - \$4.3 million.

Grant Funding

- No grants were closed in April 2015.

Other Activities

- RFQ for Independent Verification and Validation Services issued.
- RFP for Bond Banking and Loan Management System in process.

Financial Highlights

Net Position Statement

- The increase in cash as compared to the prior year is due to the bond reimbursement and loan activity.
- 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 decrease in other assets is due to the elimination of an unearned revenue 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 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.
- Funds held for others represent project funds available to draw down, this has increased due to new loan closings.

Revenues & Expenses Statement

- Appropriation revenue is down due to a new appropriation to the Office of the State Engineer of \$1.3m and an appropriation to the Cleanwater program of \$1.3m.
- 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 interest expense is up due to acceleration of interest expense related to the call and defeasance of the 2005 C and 2006 A bonds.

Operating Budget Statement

- Finally, from a budgetary perspective, spending is at an appropriate 73.7% of budgeted amounts after 10 months of the year passed.

New Mexico Finance Authority
Financial Information
April 30, 2015

Statement of Net Position

Assets	April 30, 2015	April 30, 2014	% change
Cash and equivalents	\$ 431,210,476	382,287,956	12.8%
Loans receivables and accrued interest	1,351,508,867	1,386,044,338	-2.5%
Funds held in escrow	13,440,348	7,380,268	82.1%
Deferred issue costs	-	10,272,680	-100.0%
Other assets	123,878	2,557,062	-95.2%
Total assets	1,796,283,569	1,788,542,304	0.4%
Deferred Outflow of Resources	1,191,180	1,298,592	-8.3%
Liabilities			
Accounts payable and accrued liabilities	365,207	2,941,103	-87.6%
Accrued payroll expense	368,303	369,305	-0.3%
Debt service amounts payable	131,300,522	119,231,479	10.1%
Funds held for others	53,941,550	31,706,628	70.1%
Bonds payable	1,113,512,213	1,159,456,206	-4.0%
Total liabilities	1,299,487,795	1,313,704,721	-1.1%
Net Position	497,986,954	476,136,175	4.6%
Total Liabilities and net position	\$ 1,797,474,749	1,789,840,896	0.4%

**New Mexico Finance Authority
Financial Information
April 30, 2015**

Statement of Revenues and Expenditures for the month ending:

Revenues	April 30, 2015	April 30, 2014	
Appropriation revenues	\$ 36,658,660	41,880,287	-12.5%
Interest income - loans	31,068,916	28,796,038	7.9%
Investment revenue	744,444	403,226	84.6%
Fees revenue	2,056,870	2,635,757	-22.0%
Grant revenue	50,339,298	41,094,891	22.5%
	120,868,188	114,810,199	5.3%
Operating Expenses			
Personnel services and benefits	3,666,355	3,497,599	4.8%
Professional services	1,865,550	1,960,217	-4.8%
Operating costs	840,772	798,400	5.3%
Bond issue and issuance expense	30,560,533	29,937,319	2.1%
Grant expense	39,978,883	33,965,827	17.7%
	76,912,093	70,159,362	9.6%
Income (loss)	\$ 43,956,095	\$ 44,650,837	-1.6%

Operating Budget Analysis

Category	FY 2015 Budget	Actual Expenses thru April 30, 2015	% Utilized
Personal services	\$ 4,650,000	3,666,355	78.8%
Travel costs	203,343	63,012	31.0%
Professional services	2,700,000	1,865,550	69.1%
Operating costs	1,096,657	777,760	70.9%
Totals	\$ 8,650,000	6,372,677	73.7%

Loans By Type

Loan Type	Fiscal year 2015 as of April 30		Fiscal year 2014 as of April 30	
	Number	Volume	Number	Volume
Public Project Revolving Loan Fund	665	\$1,208,739,101	656	\$1,259,995,008
Water Trust Board	146	\$25,492,119	153	\$24,282,423
Drinking Water	57	\$84,762,386	58	\$67,753,723
Colonias	37	\$1,549,144	18	\$620,655
Primary Care	19	\$5,104,223	18	\$4,964,259
Behavioral Health	3	\$983,407	4	\$1,149,060
Child Care	1	\$14,531	1	\$20,850
SSBCI	11	\$3,816,580	8	\$3,328,698
Smart Money	5	\$3,822,176	5	\$4,690,944
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

Top Five Largest Loans By Quarter

Quarter	Fund	Borrower	Amount
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	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	City of Rio Rancho	\$4,292,192
	DW	Village of Santa Clara	\$731,912
	CIF	Anthony WSD	\$100,000

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	In Progress
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*	In Progress
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

* 2014 Audit completed with no findings. 2015 Auditor selected.

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;
 - Preparing RFP 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

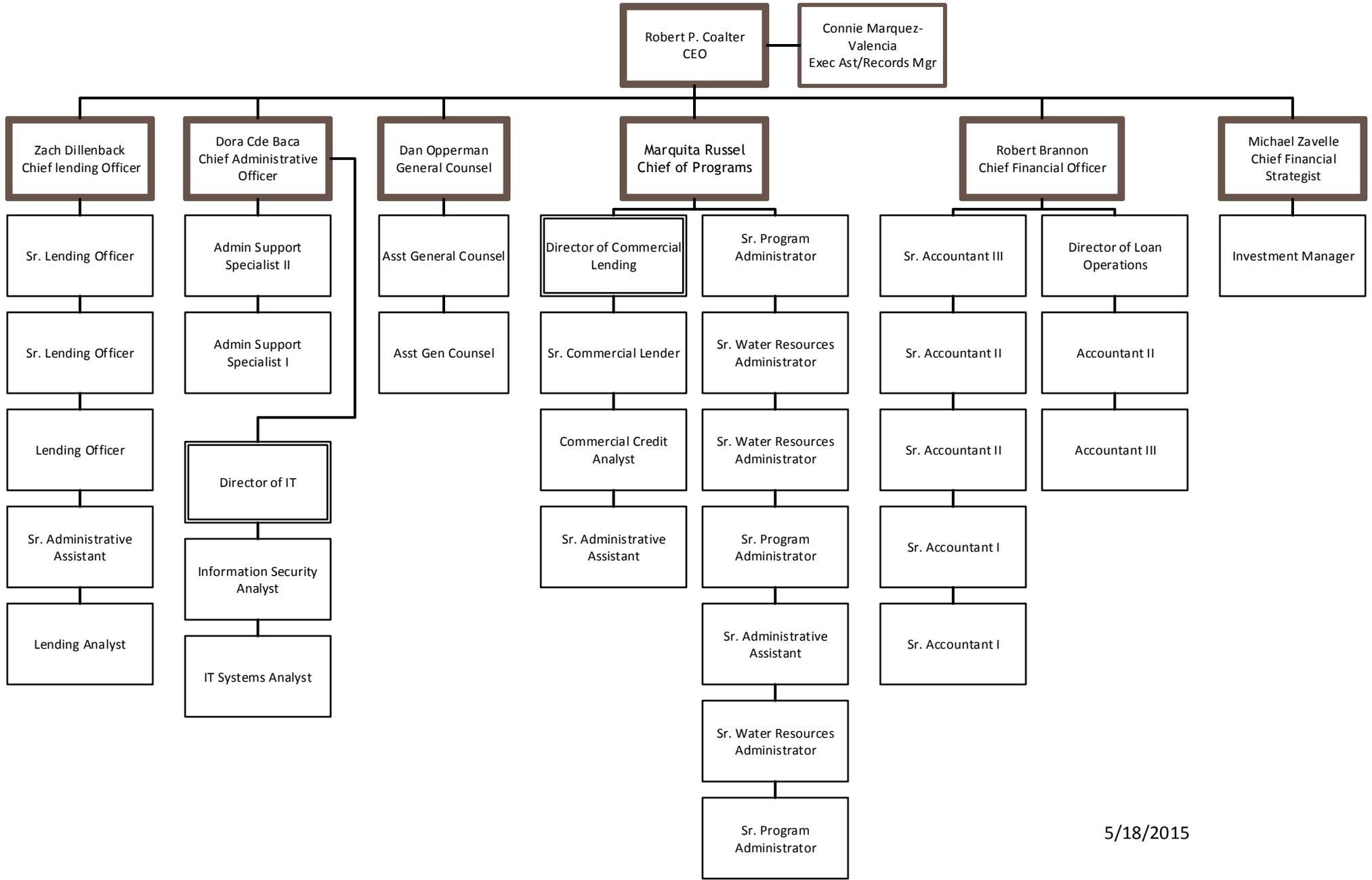
Cabinet Secretary
Department of Finance & Administration

Terry White

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



5/18/2015