

August Board Highlights for NMFA

Loan Activity

- 4 Loans Closed during August 2015
 - 3 Loans were funded through the Public Projects Revolving Loan Fund (PPRF),
 - 1 Loan was funded through the Drinking Water Revolving Loan Fund.

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

Jicarilla Apache Nation - \$62.7 million.

Grant Funding

- 2 Grants were funded through the Local Government Planning Fund.

Other Activities

- Internal audit annual plan approved; audit to begin in October.
- Bond Banking and Loan Management System implementation kickoff meeting scheduled for October.

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 so far in FY15 is \$1m more than FY14. It is not unusual for the receipts to fluctuate by more than a million even month to month.
- Fees revenue is showing a slight initial increase. 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 down slightly. It is projected to increase due to increased activity in the Water Trust Board, Drinking Water and Colonias programs by years end. The difference in the grant revenue and grant expense is the amount of additional loans recorded for those transactions.
- Bond issuance expense is up due to the recording of the bond premiums from the 2015 C and 2015 D closings this month.

Operating Budget Statement

- Finally, from a budgetary perspective, spending is at an appropriate 12% of the budget after two months.

New Mexico Finance Authority
Financial Information
August 31, 2015

Statement of Net Position

Assets	August 31, 2015	August 31, 2014	% change
Cash and equivalents	\$ 484,691,907	398,068,320	21.8%
Loans receivables and accrued interest	1,358,636,865	1,323,064,007	2.7%
Funds held in escrow	14,484,233	9,852,463	47.0%
Unearned revenue	-	1,630,000	-100.0%
Other assets	31,333	123,878	-74.7%
Total assets	1,857,844,338	1,732,738,668	7.2%
Deferred Outflow of Resources	184,242	1,191,180	-84.5%
Liabilities			
Accounts payable and accrued liabilities	114,509	102,980	11.2%
Accrued payroll expense	401,956	371,909	8.1%
Debt service amounts payable	91,162,426	81,414,241	12.0%
Funds held for others	110,857,633	49,481,368	124.0%
Line of credit	-	12,006,298	0.0%
Bonds payable and long term debt	1,147,008,586	1,121,411,124	2.3%
Total liabilities	1,349,545,110	1,264,787,919	6.7%
Net Position	508,483,471	469,141,929	8.4%
Total Liabilities and net position	\$ 1,858,028,581	1,733,929,848	7.2%

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

Statement of Revenues and Expenditures for the month ending:

Revenues	August 31, 2015	August 31, 2014	
Appropriation revenues	\$ 10,367,625	9,731,308	6.5%
Interest income - loans	3,660,872	2,332,049	57.0%
Investment revenue	218,070	100,246	117.5%
Fees revenue	633,720	559,146	13.3%
Grant revenue	6,760,126	8,803,579	-23.2%
	21,640,413	21,526,328	0.5%
Operating Expenses			
Personnel services and benefits	639,692	724,925	-11.8%
Professional services	242,803	231,898	4.7%
Operating costs	198,146	142,055	39.5%
Bond issue and issuance expense	11,774,398	1,548,306	660.5%
Grant expense	5,631,418	7,438,835	-24.3%
	18,486,458	10,086,019	83.3%
Income (loss)	\$ 3,153,956	\$ 11,440,309	-72.4%

Operating Budget Analysis

Category	FY 2016 Budget	Actual Expenses thru August 31, 2015	% Utilized
Personal services	\$ 4,966,146	639,692	12.9%
Travel costs	214,448	9,062	4.2%
Professional services	2,741,100	242,803	8.9%
Operating costs	1,195,850	189,084	15.8%
Totals	\$ 9,117,544	1,080,641	11.9%

Loans By Type

Loan Type	Fiscal year 2016 as of August 31		Fiscal year 2015 as of August 31	
	Number	Volume	Number	Volume
Public Project Revolving Loan Fund	659	\$1,231,095,854	656	\$1,201,285,690
Water Trust Board	171	\$25,218,858	155	\$21,232,955
Drinking Water	64	\$84,393,891	53	\$67,988,254
Colonias	51	\$1,697,957	22	\$928,718
Primary Care	8	\$3,816,352	9	\$3,532,484
Behavioral Health	3	\$962,663	4	\$1,172,731
Child Care	1	\$12,382	1	\$18,765
SSBCI	12	\$4,675,847	9	\$3,294,753
Smart Money	5	\$3,842,932	5	\$3,974,735
New Market Tax Credits	13	\$154,286,000	13	\$154,286,000

Recent Bond Issues

Lien	Closing date	Status	S&P	Moodys	Amount
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
Senior 2015C	8/12/2015	Tax Exempt	AAA	Aa1	\$46,310,000
Sublien 2015D	8/12/2015	Tax Exempt	AA+	Aa2	\$29,540,000

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	Jicarilla Apache Nation	\$62,745,000
	PPRF	City of Bloomfield	\$9,009,000
	WTB	Eastern NM WUA	\$3,200,000
	PPRF	Mesa Vista Consolidated Schools	\$1,785,000
	PPRF	Taos Regional Landfill Board	\$1,376,046

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*	Completed
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

* FY15 Entrance Conference held, fieldwork to begin 9/14.

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	<i>In Progress</i>

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
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

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.

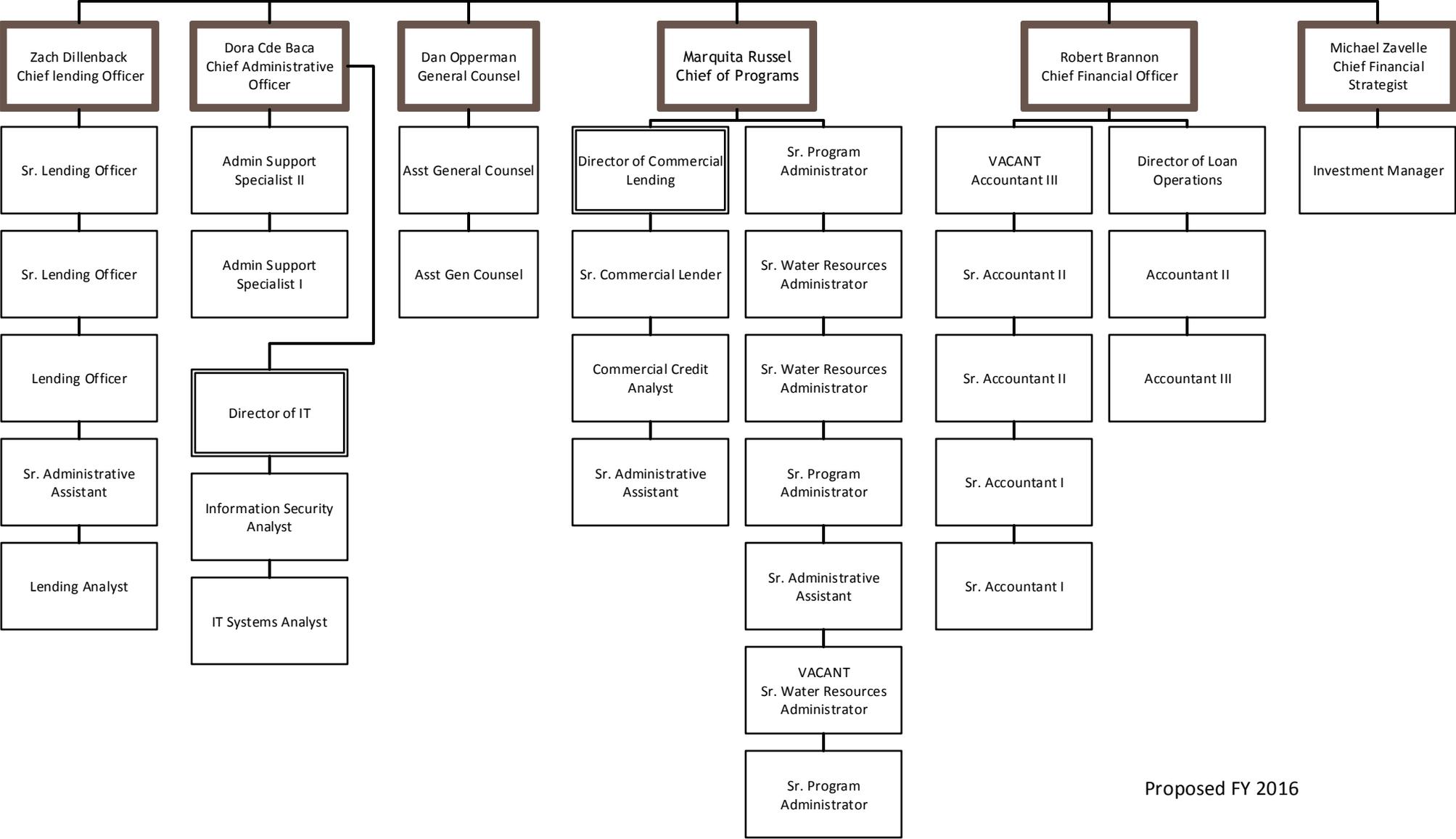
The NMFA's Board is composed of eleven members. The Secretary of the Department of Finance and Administration; the Secretary of Economic Development; the Secretary of Energy, Minerals and Natural Resources; the Secretary of the Environment Department; the Executive Director of the New Mexico Municipal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

VACANT
Compliance Officer

Robert P. Coalter
CEO

Connie Marquez-Valencia
Exec Ast/Records Mgr



Proposed FY 2016