

**STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2015

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**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
OFFICIAL ROSTER
JUNE 30, 2015**

Office of the State Treasurer

Tim Eichenberg, State Treasurer

Ricky Bejarano, Deputy State Treasurer

State Treasurer's Investment Committee

Tim Eichenberg, Chairman

Charmaine Cook, Chief Investment Officer, Investment Division Director

Paul Cassidy, Member

Mark Pike, Member

Jeff Primm, State Board of Finance Member

INDEPENDENT AUDITORS' REPORT

Honorable Susana Martinez, Governor
State Board of Finance
Honorable Tim Eichenberg, State Treasurer
Honorable Timothy Keller, State Auditor
State of New Mexico Office of the State Treasurer
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparison for the general fund, and each fiduciary fund, of the State of New Mexico Office of the State Treasurer (the Office) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Honorable Susana Martinez, Governor
State Board of Finance
Honorable Tim Eichenberg, State Treasurer
Honorable Timothy Keller, State Auditor
State of New Mexico Office of the State Treasurer

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, each fiduciary fund, and the aggregate remaining fund information of the Office as of June 30, 2015, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements of the State of New Mexico Office of the State Treasurer are intended to present the financial position, the changes in financial position, of only that portion of the governmental activities, and each major fund of the Office that is attributable to the transactions of the Office. They do not purport to, and do not present fairly the financial position of State of New Mexico as of June 30, 2015, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. Schedules 1 – 13 in the Supplementary Information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Susana Martinez, Governor
State Board of Finance
Honorable Tim Eichenberg, State Treasurer
Honorable Timothy Keller, State Auditor
State of New Mexico Office of the State Treasurer

Schedules 1 – 13 in the Supplementary Information section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 – 11 in the Supplementary Information section are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The vendor schedule, required by 2.2.2.10(A)(2)(g) NMAC, and schedule of arbitrage on tax exempt bonds have not been subjected to the auditing procedures applied in the audit of the basic and combining and individual fund financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015 on our consideration of the Office’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 25, 2015

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The State of New Mexico Office of the State Treasurer's (State Treasurer) Management's Discussion and Analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, provide an overview of the State Treasurer's financial activity, identify changes in the State Treasurer's financial position (ability to address future year challenges), identify any material deviations from the financial plan, and identify any fund issues of concern.

The MD&A is designed to focus on the past year's activities, resulting changes and currently known facts; please read it in conjunction with the State Treasurer's financial statements and notes which follow this section.

Financial Highlights

- The State Treasurer's net position decreased by \$61,347,332.
- The General Fund's main financing source was appropriations, which amounted to \$3,907,400 or 99.9% of all revenue.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the State Treasurer's basic financial statements. The State Treasurer's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide a broad overview of the State Treasurer's finances, in a manner similar to a private sector business. The statement of net position presents information on all of the State Treasurer's assets and liabilities, which is the difference between the two being reported as net position.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal year periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. The State Treasurer, like other State and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State Treasurer can be divided into two categories: governmental funds and fiduciary funds.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The State Treasurer maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, General Obligation Bond Fund and the Severance Tax Bond Fund. The General Obligation and Severance Tax Bond funds combine into a single, aggregated presentation of the activity of each individual bond issue.

Individual bond transaction data of these governmental funds is provided in the form of combining statements elsewhere in this report.

The State Treasurer adopts an annual operating budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the State Treasurer. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the State Treasurer's own programs.

Fiduciary funds provide the same type of information as the government-wide financial statements, only in more detail. The fiduciary fund financial statements provide separate information for the Short-term Investment Pool, Consolidated Investment Pool (comprised of the Bond Proceeds Investment Pools #1 (Tax Exempt) and #2 (Taxable)), and the State Funds Investment Pool. The State Treasurer's fiduciary funds account for cash, securities, and other investments identified and held on behalf of local and State government agencies. The Short-term Investment Pool accounts for the Local Government Investment Pool (LGIP), the Consolidated Investment Pool accounts for funds held in custody for both State and local government agencies, and the State Funds Investment Pool accounts for funds identified and held on behalf of State agencies. Collectively, these funds are shown on the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as the Investment Trust Fund. The Gaming Suspense Fund was established to collect monies owed to the State from gaming establishments. It is reported as an agency fund.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a user's full understanding of the data provided in the government-wide and fund financial statements, and begin on page 23 of this report.

Other Information. The combining statements referred to earlier in connection with the General Obligation and Severance Tax Bond funds are presented immediately following the notes to the financial statements. Combining statements, schedules of capital assets, and schedules of long-term debt can be found beginning on page 75 of this report. Fiduciary schedules begin on page 91.

Government-wide Financial Analysis

Net Position: Table A-1 summarizes the State Treasurer's net position as of June 30, 2015. Total State Treasurer net position for fiscal year 2015 is \$159,599,468, the majority of which is restricted as to purpose.

**Table A-1
The State Treasurer's Net Position**

	Years Ended June 30,	
	2015	2014
ASSETS		
Cash, Cash Equivalents and Repurchase Agreements	\$ 184,019,252	\$ 47,444,910
Due from Other Agencies	112,239,369	179,091,818
Bond Interest Receivable	660,636	-
Other Assets	3,451	4,359
Capital Assets, Net	17,539	32,542
Total Assets	<u>\$ 296,940,247</u>	<u>\$ 226,573,629</u>
CURRENT LIABILITIES		
Accounts Payable and Others	\$ 137,242,988	\$ 5,505,195
Compensated Absences, Amounts Due in One Year	97,791	121,634
Total Liabilities	<u>137,340,779</u>	<u>5,626,829</u>
NET POSITION		
Investment in Capital Assets	17,539	32,542
Restricted	159,670,836	221,027,008
Unrestricted	(88,907)	(112,750)
Total Net Position	<u>159,599,468</u>	<u>220,946,800</u>
Total Liabilities and Net Position	<u>\$ 296,940,247</u>	<u>\$ 226,573,629</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the State Treasurer, assets exceeded liabilities by \$159,599,468 at the close of the most recent fiscal year.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

By far, the largest portion of the State Treasurer's net position reflects amounts to be provided to satisfy its General Obligation and Severance Tax Bond obligations. It is the responsibility of the State Treasurer to record and administer debt on behalf of the agencies and departments of the State of New Mexico. The proceeds of bond issues authorized by the State Board of Finance are transferred to various State agencies in the form of grants.

The State Treasurer anticipates the future tax revenues generated will be adequate to service the debt obligations.

The restricted portion of the State Treasurer's net position, \$159,670,836, represents resources that are subject to external restrictions on their use.

Changes in Net Position: Governmental activities decreased the State Treasurer's net position by \$61,347,332. Key elements of this decrease are shown in Table A-2.

**Table A-2
Changes in the State Treasurer's Net Position**

	Years Ended June 30,	
	2015	2014
GOVERNMENTAL ACTIVITIES		
Revenues:		
Program Revenues:		
General Government	\$ -	\$ -
Total Program Revenues	-	-
General Revenues:		
State General Fund Appropriations, net	3,726,719	3,767,652
State Property Tax Levy	78,006,684	74,591,667
Severance and Other Taxes	426,330,559	569,569,009
Interest Revenue	6,551,241	6,535,757
Miscellaneous Revenue	-	-
Total General Revenues	<u>514,615,203</u>	<u>654,464,085</u>
Total Revenues	514,615,203	654,464,085

(Continued on next page)

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

**Table A-2
Changes in the State Treasurer's Net Position (Continued)**

	Years Ended June 30,	
	2015	2014
Expenses and Other Financing Sources (Uses):		
General Government	\$ (4,482,917)	\$ (4,946,079)
Debt Service Activity	(573,231,052)	(616,218,614)
Other Sources:		
Bond Proceeds	403,649	350,000
Transfers in from Other State Agencies	1,347,785	(115,654,197)
Net (Expenses) Revenue	<u>(575,962,535)</u>	<u>(736,468,890)</u>
Increase (Decrease) in Net Position	(61,347,332)	(82,004,805)
Net Position - Beginning of Year	220,946,800	241,780,324
Restatement	<u>-</u>	<u>61,171,281</u>
Net Position - Beginning of Year, Restated	<u>220,946,800</u>	<u>302,951,605</u>
Net Position - End of Year	<u><u>\$ 159,599,468</u></u>	<u><u>\$ 220,946,800</u></u>

Financial Analysis of the Government's Funds

As noted earlier, the State Treasurer uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the State Treasurer's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State Treasurer's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the State Treasurer's governmental funds reported combined ending fund balances of \$159,679,720, which is a decrease of \$61,356,172 in comparison with the prior year. The primary reason for the decrease in fund balance is debt service payments exceeding property and severance taxes and transfers in from other state agencies.

The fund balance of the State Treasurer's debt service funds decreased in comparison to the prior year due to large debt service payments offset by property and severance taxes and transfers in from other agencies as disclosed in Schedule 3 - Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Obligation Bond Debt Service Funds, and Schedule 5 - Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Severance Tax Bond Debt Service Funds.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

General Fund Budgetary Highlights

There were no significant variations between the original budget and the final amended budget.

There were no significant variances between final budget amounts and actual budget results for the General Fund. The General Fund actual expenditures were less than the final budgeted amounts by 4.6%.

Capital Assets and Debt Administration

Capital Assets. The State Treasurer's investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$17,539, net of accumulated depreciation. This investment in capital assets includes equipment. Additional information on the State Treasurer's capital assets can be found in Note 7 of this report.

Long-Term Debt. For the year ended June 30, 2015, the State Treasurer was responsible for administering debt service payments on total bonded debt outstanding of \$1,213,135,639, all of which is secured by pledged tax revenues. More detailed information about the State Treasurer's long-term debt is presented in Schedule 6. Long-term debt service requirements decreased by \$47,414,394 from the prior year as principal payments in fiscal year 2015 exceeded issuances.

	Years Ended June 30,	
	2015	2014
General obligation bonds	\$ 457,647,826	\$ 349,931,690
Severance tax bonds	755,487,813	910,618,343
Total principal balances	<u>\$ 1,213,135,639</u>	<u>\$ 1,260,550,033</u>

Significant Highlights

During fiscal year 2015, the State Treasurer's Office continued to hold operating costs down to stay within state budget constraints. The executive management team continued to closely review weekly budget status reports in order to identify potential cost savings. By the end of fiscal year 2015, cost savings yielded a \$180,681 reversion to the General Fund. Over the past five years, the State Treasurer's budget has been reduced by approximately \$131,500 through vacancies and other cost-saving measures.

Following the agency's stated objective of selecting investments based primarily on safety, then liquidity, and finally, yield, the agency ended fiscal year 2015 with unrealized gains of \$9,710,368 as compared to unrealized gains of \$7,083,996 in fiscal year 2014. Earnings decreased to \$26,082,419 in 2015 from \$26,658,045 in 2014, a decrease of 2.2%. The values of the agency's portfolios which are primarily bond portfolios benefited from historically low interest rates as the value of bonds rise as market interest rates fall. The low yields, however, caused the decline in interest earned. Balances of fiduciary funds managed by the State Treasurer totaled \$4,408,577,512 at June 30, 2015, a decrease of 0.9% from June 30, 2014 when balances totaled \$4,449,744,471.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The State Treasurer's office began working with the Department of Finance and Administration (DFA) and the Department of Information Technology (DoIT) on the remediation of the business processes and issues with the Statewide Human Resources, Accounting, and Management Reporting (SHARE) system that prevented DFA from performing a meaningful reconciliation between its general ledger and funds held by STO. On June 20, 2012, the "Current State Diagnostic of Cash Control" report was issued by consultants that were hired to assess the current state of cash reconciliation and make recommendations for remediation. The Diagnostic identified a number of issues that were preventing the completion of a timely and accurate statewide cash reconciliation and recommended an approach to remediate the current cash control issues. Deloitte was consultant prepared the diagnostic and performed project management.

Most issues are a result of inadequate implementation of the SHARE system in 2006. The SHARE system which is Oracle/PeopleSoft based did not have the full treasury management system implemented at conversion. This resulted in many processes being disjointed and the system that tracks the investment portfolios that the State Treasurer's office manages not integrated into SHARE.

Recommendations from the remediation project were implemented effective February 1, 2013 to facilitate a point forward reconciliation which included:

- Opening and aligning bank accounts by agency
- Creation of a GL account for each bank account
- Establishment of GL account 101800 (Agency Interest in SGFIP - "Remediated Process") to capture and report funds held by the State Treasurer's Office (STO) in the State General Fund Investment Pool (SGFIP) for the account of the State Agency.
- Modifications to the SHARE Accounts Payable, Accounts Receivable, and Treasury modules enhance the State's ability to reconcile cash.
- Business process changes to Third-Party Warrant Processing effective November 1, 2013.

DFA considers the remediation project to be a success and is reconciling on a monthly basis. Additional remediation recommendations require that the SHARE system receive hardware and software upgrades. The hardware is scheduled to be upgraded early in calendar year 2015 and is anticipated to provide the needed capacity for several critical functions. Implementation of the full treasury management module which will include the deal management module, which is an integrated investment and accounting system, is anticipated to occur after the SHARE software is upgraded in calendar year 2016.

The State Treasurer's Office continued the process of reviewing New Mexico statutes, which define the State Treasurer's authorities and responsibilities in law to determine which provisions are obsolete and what amendments are needed to align statutory provisions with current business practices, and banking and investment industry standards. The intent is to draft legislation to amend the statutes and seek legislative and executive support to incorporate these changes into law over the next several years.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

In fiscal year 2015, the State Treasurer also created the Financial Literacy Trainer position. This position provides financial literacy training in schools throughout New Mexico for students in grades 4 through 12. STO's HR Bureau Chief assumed the financial literacy duties in May 2015.

Staff development programs provided ongoing education and training for the State Treasurer's Office employees, providing training on supervisory skills, working in a union environment, defensive driving, civil rights, ethics sexual harassment prevention and EEOC. Other training was resourced on the benefits of the deferred compensation program, the state public employees retirement program and retiree health care coverage. The State Treasurer's Office continues to honor retiring employees and recognize employee years of service once they have been employed for five years or longer.

Planning and forecasting was also an important focus in the last part of fiscal year 2015, as an analysis was completed of our current investment accounting system, our cash management system and our process relationship to both DFA and DoIT. A strategic alliance was formed with both agencies and we initiated a special IT funding request for 1.9 million dollars for the implementation and configuration of the PeopleSoft "Treasury Management System." This proposed project passed legislation in 2013. A request to extend the appropriation through 2018 was submitted in October 2014. This extension was approved by the legislature in January 2015.

In fiscal year 2015, the State Treasurer's Office hosted ratings analysts from Standard & Poor's rating agency to review the status and management of the Local Government Investment Pool (LGIP), which is a pooled investment managed on behalf of local governments, school districts, higher education institutions, special districts, quasi-governmental agencies and Indian tribes and pueblos. While we have not yet received the official rating notification, the Standard & Poor's representatives shared that they firmly believed that the AAAM rating would be reaffirmed based on a strong analysis of credit quality, market price exposure and management.

The Investment Division made meaningful strides in hiring key staff and re-aligning job functions within the division, ensuring cross-training and back-ups.

The three staff members in the Investment Accounting Department were realigned under the Budget & Finance Division where the investment accounting functions now occur.

The Investment Division of the State Treasurer's Office hosted the 7th Annual LGIP Stakeholder Meeting in September 2015, inviting all participants to attend. The program was held in Albuquerque and included speakers such as James E. Glassman, Head Economist with JPMorgan Chase Bank and Barry Weiss, Director from Standard & Poor's. Participants heard presentations on management of the LGIP, market conditions, the economic outlook and other specific topics and issues. Participants found the meeting beneficial and it was hosted with minimal cost to the Treasurer's Office.

In May 2014, the new Investment Policies for the General Fund Investment Pool and the LGIP were approved and adopted by the State Treasurer and the State Board of Finance and were implemented on July 1, 2014.

In fiscal year 2015, the State Treasurer's Office implemented a new process for the selection of broker-dealers for the annual list of trading partners. The object of the revised process was to maximize usefulness to STO's investment strategy while keeping the list to a reasonable number per industry practice. The new process was well received and the Broker-Dealer list for FY16, effective 10/1/2015, was approved by the State Board of Finance.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

When anticipated SHARE updates are made, the PeopleSoft Treasury Management System will be integrated into the current SHARE configuration and it will include the Enhanced Cash Management module and the Deal Management module. Once this integration is complete, it will replace QED, the State Treasurer's Office legacy investment accounting software. Once this integration is completed, the State Treasurer's Office will not have to enter financial information into two different systems, which will simplify reconciliations.

The Investment Division outreach on behalf of the Local Government Investment Pool was continued in fiscal year 2015 through the New Mexico Association of Counties, and the New Mexico Municipal League.

The Investment Division reviewed additional repurchase agreements (REPO) and Triparty counterparties. On the topic of collateral, a state collateral pool program is being researched and discussed with the state's banking community. The Agency worked with the NM Board of Finance to conduct a new Fiscal Agent and Investment Custodian procurement. Additionally, the reintroduction of corporate credit into the investment portfolios was approved by Treasurer Eichenberg. Procedures and practices for corporate credit investments were in process as of year-end.

The State Treasurer places a high priority on active participation on all of the boards and commissions on which he serves. In fiscal year 2015, a significant amount of time was dedicated to service on boards and commissions.

Economic Factors and Next Year's Budgets and Rates

- Challenging economic conditions require state government to reduce expenditure levels and the State Treasurer's Office will continue to look for cost savings within these budget constraints.
- The State Treasurer's Office continues to reduce budget through vacancy savings and through attrition. Staffing levels were reduced and existing staff job duties were enhanced.
- The overall costs of facilities, equipment and transportation were reduced within current budget constraints.

These factors were considered in preparing the State Treasurer's budget for fiscal year 2015.

Contacting the State Treasurer's Financial Management

This financial report is designed to provide a general overview of the State Treasurer's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Tim Eichenberg, State Treasurer
Office of the State Treasurer
PO Box 5135
Santa Fe, New Mexico 87505

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Governmental Activities</u>
ASSETS	
Investment in State General Fund Investment Pool	\$ 303,060
Repurchase Agreements (Held in State General Fund Investment Pool)	183,716,192
Due from Other Agencies	112,239,369
Bond Interest Receivable	660,636
Other Assets	3,451
Capital Assets, Net of Accumulated Depreciation:	
Equipment	17,539
Total Assets	<u>\$ 296,940,247</u>
LIABILITIES	
Accounts Payable	195,152
Accrued Payroll	58,954
Other Liabilities	136,829,045
Accrued Payroll Taxes	15,410
Due to State General Fund	144,427
Compensated Absences	97,791
Total Liabilities	<u>137,340,779</u>
NET POSITION	
Investment in Capital Assets	
Restricted for:	17,539
Debt Service	159,670,836
Unrestricted	(88,907)
Total Net Position	<u>159,599,468</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 296,940,247</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
STATEMENT OF NET ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position Primary Government
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES			
General Government	\$ 4,482,917	\$ -	\$ (4,482,917)
Interest on Debt Service Activity	48,243,902	-	(48,243,902)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 52,726,819	\$ -	(52,726,819)
GENERAL REVENUES:			
State Property Tax Levy			78,006,684
Severance Taxes			426,330,559
BOND ACTIVITY:			
Bond Proceeds			403,649
Bond Principal Payments			(524,987,150)
TRANSFER FROM (TO) STATE AGENCY:			
State General Fund Appropriations			3,729,300
Special Appropriations			178,100
Reversions to State General Fund FY15			(180,681)
Other State Agencies			1,347,785
Interest			6,517,825
Federal Funds			33,416
Total General Revenues and Transfers			(8,620,513)
CHANGE IN NET POSITION			(61,347,332)
Net Position - Beginning			220,946,800
NET POSITION - ENDING			\$ 159,599,468

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	18200			Total Governmental Funds
	Major Funds			
	General Fund	General Obligation Bond Fund	Severance Tax Bond Fund	
ASSETS				
Investment in State General Fund				
Investment Pool	\$ 303,060	\$ -	\$ -	\$ 303,060
Repurchase Agreements (Held in				
State General Fund Investment Pool)	-	31,513,960	152,202,232	183,716,192
Other Assets	3,451	-	-	3,451
Bond Interest Receivable	-	160,825	499,811	660,636
Due from Other Agencies	-	15,447,556	96,791,813	112,239,369
	<u>306,511</u>	<u>47,122,341</u>	<u>249,493,856</u>	<u>296,922,708</u>
Total Assets	<u>\$ 306,511</u>	<u>\$ 47,122,341</u>	<u>\$ 249,493,856</u>	<u>\$ 296,922,708</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ 78,836	\$ -	\$ 116,316	\$ 195,152
Other Liabilities	-	-	136,829,045	136,829,045
Due to State General Fund	144,427	-	-	144,427
Accrued Payroll	58,954	-	-	58,954
Accrued Payroll Taxes	15,410	-	-	15,410
Total Liabilities	<u>297,627</u>	<u>-</u>	<u>136,945,361</u>	<u>137,242,988</u>
FUND BALANCES:				
Restricted for:				
Debt Service	-	47,122,341	112,548,495	159,670,836
Unassigned	8,884	-	-	8,884
Total Fund Balances	<u>8,884</u>	<u>47,122,341</u>	<u>112,548,495</u>	<u>159,679,720</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 306,511</u>	<u>\$ 47,122,341</u>	<u>\$ 249,493,856</u>	<u>\$ 296,922,708</u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total Fund Balance - Governmental Funds (Balance Sheet - Governmental Funds)	\$ 159,679,720
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position

Capital assets total acquisition value	263,731
Total accumulated depreciation	(246,192)
Total Capital Assets, Net	17,539

Some liabilities (compensated absences) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position

	(97,791)
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Net Position of Governmental Activities (Statement of Net Position)	<u><u>\$ 159,599,468</u></u>
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**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	Major Funds			Total Governmental Funds
	General Fund	General Obligation Bond Fund	Severance Tax Bond Fund	
REVENUES				
Interest Income - Debt Service	\$ -	\$ 995,011	\$ 5,552,933	\$ 6,547,945
Federal Funds	3,297	-	-	3,297
Severance Taxes	-	-	426,330,559	426,330,559
State Property Tax Levy	-	78,006,684	-	78,006,684
Total Revenues	<u>3,297</u>	<u>79,001,695</u>	<u>431,883,492</u>	<u>510,888,484</u>
EXPENDITURES				
Current:				
Personnel Services and Employee Benefits	2,836,603	-	-	2,836,603
Operating Costs:				
Contractual Services	299,794	-	-	299,794
Other Administrative Expenditures	593,619	-	-	593,619
Debt Service:				
Principal and Interest on Long-Term Debt	-	75,411,248	155,130,531	230,541,779
Principal and Interest on Short-Term Debt	-	-	342,689,273	342,689,273
Other Charges	-	301,663	460,078	761,741
Total Expenditures	<u>3,730,016</u>	<u>75,712,911</u>	<u>498,279,882</u>	<u>577,722,809</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,726,719)	3,288,784	(66,396,390)	(66,834,325)
OTHER FINANCING SOURCES (USES):				
State General Fund Appropriations	3,729,300	-	-	3,729,300
Special Appropriation	178,100	-	-	178,100
Reversions to State General Fund FY13	(180,681)	-	-	(180,681)
Bond Proceeds	-	403,649	-	403,649
Transfer (to) from Other State Agency	-	-	1,347,785	1,347,785
Total Other Financing Sources (Uses)	<u>3,726,719</u>	<u>403,649</u>	<u>1,347,785</u>	<u>5,478,153</u>
NET CHANGE IN FUND BALANCES	-	3,692,433	(65,048,605)	(61,356,172)
Fund Balances - Beginning of Year	<u>8,884</u>	<u>43,429,908</u>	<u>177,597,100</u>	<u>221,035,892</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 8,884</u></u>	<u><u>\$ 47,122,341</u></u>	<u><u>\$ 112,548,495</u></u>	<u><u>\$ 159,679,720</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ (61,356,172)
 Amounts reported for governmental activities in the Statement of Activities are different because:	
 Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
This is the amount by which depreciation expense of \$15,003 exceeded capital outlay expense of \$0 in the current period:	(15,003)
 Some expenses reported in the statement of activities do not require the use of current financial resources, and these are not reported as expenditures in governmental funds:	
Decrease in Compensated Absences	<u>23,843</u>
Change in Net Position of Governmental Activities	<u><u>\$ (61,347,332)</u></u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
STATEMENT OF REVENUES AND EXPENDITURES – GENERAL FUND -
BUDGET AND ACTUAL (Budgetary Basis)
YEAR ENDED JUNE 30, 2015**

	General Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
State General Fund Appropriation	\$ 3,729,300	\$ 3,729,300	\$ 3,729,300	\$ -
Federal Grants	4,000	4,000	3,297	(703)
Other	178,100	178,100	178,100	-
Total Revenues	<u>3,911,400</u>	<u>3,911,400</u>	<u>3,910,697</u>	<u>(703)</u>
EXPENDITURES				
Current:				
Personnel Services and Benefits	3,007,447	2,862,447	2,836,603	25,844
Contractual Services	312,053	357,053	299,794	57,259
Operating Costs	591,900	691,900	593,619	98,281
Total Expenditures	<u>3,911,400</u>	<u>3,911,400</u>	<u>3,730,016</u>	<u>181,384</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	180,681	<u>\$ 180,681</u>
RECONCILIATION TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE				
Unbudgeted Reversions to State General Fund			<u>(180,681)</u>	
NET CHANGE IN FUND BALANCES (GAAP BASIS)			<u>\$ -</u>	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

	Investment Trust Fund	Agency Fund - Gaming Suspense Fund
ASSETS		
Cash and Investments:		
Fiscal Agent Bank Account	\$ 85,318,980	\$ -
Cash in Banks	493,691,193	-
Certificates of Deposit	77,950,178	-
U.S. Government Securities	3,028,345,064	-
Municipal Bonds	64,129,385	-
Repurchase Agreements	606,000,000	-
Discounted Notes	41,641,606	-
Total Cash and Investments	4,397,076,406	-
Securities Receivable	18,958	-
Other Receivables	-	17,157,050
Accrued Interest Receivable	11,482,148	-
	11,482,148	-
TOTAL ASSETS	\$ 4,408,577,512	\$ 17,157,050
LIABILITIES		
Due to Broker	\$ 16,592,613	\$ -
Other Liabilities	28,307	-
Due To State General Fund	-	17,157,050
Total Liabilities	16,620,920	\$ 17,157,050
NET POSITION - HELD IN TRUST	4,391,956,592	
TOTAL LIABILITIES AND NET POSITION	\$ 4,408,577,512	

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2015**

	Investment Trust Fund
ADDITIONS	
Investment Income	\$ 26,082,419
Deposits	46,265,768,007
DEDUCTIONS	
Management Fees	(297,173)
Withdrawals	(46,304,164,686)
Change in Net Position	(12,611,433)
NET POSITION, HELD IN TRUST FOR POOL PARTICIPANTS, JUNE 30, 2014	4,404,568,025
NET POSITION, HELD IN TRUST FOR POOL PARTICIPANTS, JUNE 30, 2015	\$ 4,391,956,592

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 DEFINITION OF REPORTING ENTITY

The Office of the State Treasurer (State Treasurer) has existed continuously since 1851 (Laws 1851-1852). The Legislative Assembly of the Territory of New Mexico passed an act to establish and regulate the Treasury Department of the Territory of New Mexico. This act established the office of territorial Treasurer and designed the duties of Treasurer. The Office of the State Treasurer is established by the New Mexico Constitution, Article V, Section 1, which provides in part:

“The executive department shall consist of a governor, lieutenant governor, secretary of state, State auditor, State treasurer, attorney general, and commissioner of public lands, who shall, unless otherwise provided in the constitution of New Mexico, be elected for terms of four years beginning on the first day of January next after their election. The governor and lieutenant governor shall be elected jointly by the casting by each voter of a single vote applicable to both offices.”

Statutory powers and duties of the State Treasurer are contained in numerous articles of the New Mexico Statutes Annotated. Principal statutory provisions related to the New Mexico State Treasurer's Investment Fund are listed below:

- (1) Sections 8-6-1 through 8-6-7 NMSA 1978 (1983 Repl.), as amended. Section 8-6-3 NMSA 1978 (1983 Repl.) provides that the State Treasurer shall receive and keep all monies of the State, except when otherwise provided, shall disburse the public money upon lawful warrants and shall keep a just, true and comprehensive account of all monies received and disbursed.
- (2) Section 6-1-13 NMSA 1978 (1978 Repl.) provides that the State Treasurer shall authorize all State agency deposit accounts and shall establish conditions and reports appropriate to the accounts.
- (3) Section 6-8-2 NMSA 1978 (1988 Repl.) provides that the State Treasurer shall be a member of the State Investment Council. Section 6-8-6 NMSA 1978 (1988 Repl.) states that the State Treasurer shall maintain custody of the State permanent fund.
- (4) Sections 6-10-10 (G), (H), and (I) NMSA 1978 (1988 Supp.) empower the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in demand deposits and not immediately needed for the operation of State government in certain specified securities or investments.
- (5) Section 6-12A-2 NMSA 1978 is to ensure an orderly and uninterrupted flow of money to the general fund by anticipating the receipt of taxes and other State revenue.
- (6) Section 6-10-10.1 NMSA 1978. Short-term investment fund created; distribution of earnings; report of investment.

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

- a. There is created in the State treasury the "short-term investment fund." The fund shall consist of all deposits from governmental entities and Indian tribes or pueblos that are placed in the custody of the State Treasurer for short-term investment purposes pursuant to this section. The State Treasurer shall maintain a separate account for each governmental entity and Indian tribe or pueblo having deposits in the fund.
- b. If any local public body is unable to receive payment on public money at the rate of interest as set forth in Section 6-10-36 NMSA 1978 from financial institutions within the geographic boundaries of the governmental unit, then a local public finance official having money of that local public body in his custody required for expenditure within thirty days or less may, with the consent of the appropriate local board of finance, if any, remit some or all of such money to the State Treasurer, bank, savings and loan association or credit union for deposit for the purpose of short-term investment as allowed by this section.
- c. Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to this section, the local public body finance official shall notify and make sure funds are made available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts. To be eligible for such funds, the financial institution shall pay to the local public body the rate established by the State Treasurer pursuant to a policy adopted by the State Board of Finance for such short-term investments.
- d. The local public body finance official shall specify the length of time each deposit shall be in the short-term investment fund, but in any event the deposit shall not be made for more than thirty days. The State Treasurer, through the use of the State fiscal agent, shall separately track each such deposit and shall make such information available to the public upon written request.
- e. The State Treasurer shall invest the fund as provided for State funds under Section 6-10-10 NMSA 1978 and may elect to have the short-term investment fund consolidated for investment purposes with the State funds under the control of the State Treasurer, provided that accurate and detailed accounting records are maintained for the account of each participating entity and Indian tribe or pueblo and that a proportionate amount of interest earned is credited to each of the separate government accounts. The fund shall be invested to achieve its objective, which is to realize the maximum return consistent with safe and prudent management.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

- f. At the end of each month, all interest earned from investment of the short-term investment fund shall be distributed by the State Treasurer to the contributing entities and Indian tribes or pueblos in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts in the fund were invested. No fees or transfer expenses shall be charged to the participating entities and Indian tribes or pueblos for investment in the short-term investment fund.

The State Treasurer is responsible for making the State of New Mexico's debt service and interest payments on general obligation and severance tax bonds and maintaining the related accounting records. The proceeds from the issuance of these general obligation and severance tax bonds and the related debt are maintained in agency funds at the New Mexico Department of Finance and Administration (DFA) and are not part of this audit. Those funds are included in the DFA's financial statements. The debt service activity, including the ending balances for the general obligation and severance tax bonds and the amortization of bond premiums, discounts and issuance costs, is included in the Supplementary Information section of this report and the statewide Comprehensive Annual Financial Report (CAFR).

Certain investments owned and administered by the Department of Transportation are purchased through the State Treasurer's Office. The fair value and other gratuitous information related to these investments are not included in the financial statements of the Investment Trust Fund.

The State Treasurer's Office operates several investment pools which collectively represent the cash and investments held at the State Treasurer's Office. These pools represent amounts being held and invested for State agencies and for local governments. They have been identified as: 1) State funds investment pool, 2) short-term investment pool, 3) consolidated investment pool and 4) The Reserve Contingency Fund.

Advice and Consent by the State Board of Finance

The State Board of Finance (Board) by statute is comprised of the State of New Mexico governor, lieutenant governor, State treasurer and four members from the general public, and each is a voting member of the Board.

The Board has the responsibility for the issuance of the general obligation and severance tax bonds and for the investment and distribution of the proceeds from such bonds. In that regard, the Board approves the issuance of all such bonds, and provides information for bond prospectuses in order to ensure compliance with financial disclosure requirements and to present information concerning bond issues in a meaningful and informative format. Debt Service Funds are maintained by the State Treasurer for Bonds issued by the Board. The State Treasurer does not report the corresponding debt. The debt is reported on the financial statements of the CAFR. The details of the debt are reported in the supplementary and additional information sections in this report.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Reporting Entity

The financial statements for the State Treasurer have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The State Treasurer is an office of the State of New Mexico. The financial statements and notes to the financial statements include all funds for which the State Treasurer is responsible. These financial statements only present activity related to the State Treasurer's Office. The State Treasurer receives funding from State and federal sources and must comply with the requirements of these funding source entities. However, the State Treasurer is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the State Treasurer is elected by the public and has decision making authority, the power to designate management, and the ability to significantly influence operations and have primary financial accountability for fiscal matters. In addition, there are no component units as defined in GASB Statement 14 (amended by GASBs 39 and 61) which are included in the State Treasurer's reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. General State Levy and Severance Tax revenues are recognized as revenues in the year for which they are billed.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

The **General Fund (SHARE Fund 18200)** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is funded through the 2009 General Appropriation Act (Laws of 2009, Chapter 3, Section F) and is subject to reversion.

The government reports the following **Debt Service Funds**:

The General Obligation Bond Fund (see Schedules 2 and 3 in the Supplementary Information section for SHARE Fund numbers) accounts for payment of principal and interest on general obligation bonds. Financing sources are provided through the collection of property tax levies by other State agencies. The fund does not receive State General Fund appropriations that are subject to reversion.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Severance Tax Bond Fund (see Schedules 4 and 5 in the Supplementary Information section for SHARE Fund numbers) accounts for tax receipts levied by other State agencies upon natural resource products, severed and saved from the lands of the State of New Mexico, and to account for payment of principal and interest on severance tax bonds. The fund does not receive State General Fund appropriations that are subject to reversion.

Additionally, the government reports the following **Fiduciary Funds**:

The LGIP Short-Term Investment Pool (SHARE Fund 68590) accounts for cash, securities and other investments identified and held in custody only for the Local Government Investment Pool (LGIP).

The Consolidated Investment Pool (SHARE Fund 10190) accounts for cash and short-term securities, such as overnight repurchase contracts, held in custody for State agencies.

The State Funds Investment Pool (SHARE Fund 10090) accounts for securities and other investments identified and held in custody only for State agencies.

The Gaming Suspense Fund (SHARE Fund 02000) was established to collect monies owed to the State from gaming establishments. The fund does not receive State General Fund appropriations that are subject to reversion. This is an agency fund.

Amounts reported as **Program Revenues** include: 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as **General Revenues** rather than as program revenues. Likewise, general revenues include all taxes.

Deposits and Investments

The State Treasurer's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the State Treasurer to invest in, subject to various restrictions, U.S. government obligations; U.S. government agency obligations; commercial paper; corporate bonds; asset backed obligations; repurchase agreements; bank, savings and loan association or credit union deposits; variable rate notes; tax-exempt securities; securities issued by the State or a political subdivision of the State, or an agency, institution or instrumentality of the State, and money market mutual funds.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are not recorded as revenue until received.

Capital Assets

Capital assets, which include equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment, including software, is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5) and *AICPA Statement of Position 98-1*.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Equipment of the State Treasurer is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office Equipment	5
Computer Equipment	5

Compensated Absences

Employees are entitled to accumulate annual leave at the rate based on appointment date and length of continuous service. A maximum of 240 hours of such accumulated annual leave may be carried forward after the pay period beginning in December and ending in January. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours.

Employees are entitled to accumulate sick leave at the rate of 3.69 hours per pay period. There is no limit to the amount of sick leave which an employee may accumulate. State agencies are allowed to pay fifty percent (50%) of each employee's hourly rate for accumulated sick leave over 600 hours up to 120 hours. Payment may be made only once per fiscal year at an employee-specified pay period in either January or July.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are not reported as liabilities in the applicable governmental activities. The State Treasurer is not the issuer of the debt, nor is it ultimately responsible for the debt.

The State Treasurer reports the debt service activity of the State of New Mexico in its fund financial statements. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Since the State Treasurer reports the debt service activity in its fund financial statements, but does not report the related liabilities in the governmental activities, the State Treasurer reports the debt service activity of the State Board of Finance issued debt in its government-wide financial statements under general revenues and program expenses as follows:

Bond Proceeds. To report the proceeds received from bonds issued by the State Board of Finance.

Bond Premiums. To report premiums on bonds issued by the State Board of Finance.

Bond Principal Payments. To report principal payments on long-term debt made by the State Treasurer on debt issued by the State Board of Finance.

Bond Appropriations Expense. To report bond proceeds transferred to the DFA State Board of Finance for the agencies to draw down as needed.

Debt Issuance Costs. Debt issuance costs are reported as other charges and included in program expenses.

Fund Balance

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted or committed, assigned or unassigned. Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or, in some cases, by legislation. See Note 21 for additional information about fund balances.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's policy to spend committed resources first.

Net Position

The government-wide statements utilize a net position presentation categorized as follows:

The government-wide financial statements utilize a net asset presentation. Net position is categorized as investments in capital assets (net of related debt), restricted and unrestricted.

Net investments in capital assets is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital asset related debt. The net related debt is debt less the outstanding liquid assets and any associated unamortized cost.

Restricted assets are liquid assets (generated from revenues and not bond proceeds) which have third-party (statutory or granting agency) limitations that are legally enforceable on their use. When there is an option, the State Treasurer spends restricted resources first. Net position is restricted by the bond indenture for debt service. Restricted net position totals \$159,670,836.

Unrestricted assets are all other assets that do not meet the definition of "restricted assets" or "investments in capital assets".

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Office did not have any items that qualified for reporting in this category as of June 30, 2015.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Department did not have any items that were required to be reported in this category as of June 30, 2015.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

In January 2013, GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Compliant with the requirements of Government Accounting Standards Board Statement No.68 and No.71, the State of New Mexico has implemented the standards for the fiscal year ending June 30, 2015.

The Office, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, the total pension liability exceeds Plan net position resulting in a Net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

NOTE 3 STATE GENERAL FUND INVESTMENT POOL

Compliant with statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 STATE GENERAL FUND INVESTMENT POOL (CONTINUED)

Agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims were not reconciled from the inception of SHARE (the State's centralized accounting system), in July 2006, through January 2013, which caused uncertainty as to the validity of the claims and the ability of fiduciary resources to fulfill those claims. As a result of business process and systems configuration changes made during the Cash Management Remediation Project Phase I the Department of Finance and Administration's Financial Control division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a point- forward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation. The claims to resources reconciliation process has been applied to fiscal year-end 2014 and the months from January 2015 through June 2015.

Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

NOTE 4 INVESTMENT IN THE STATE GENERAL FUND INVESTMENT POOL

State law (Section 8-6-3 NMSA 1978) requires the State Treasurer's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the State Treasurer consist of an interest in the State General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

At June 30, 2015, the State Treasurer had \$303,060 invested in the State General Fund Investment Pool.

Interest Rate Risk - The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk - The New Mexico State Treasurer pools are not rated.

NOTE 5 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Per the General Appropriation Act, Laws of 2009, Chapter 28, Section 3, item N, "For the purpose of administering the General Appropriation Act of 2009 and approving operating budgets, the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration." The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgets and Budgetary Accounting (Continued)

year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget. Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses and encumbrances can no longer be charged to that budget. The legal level of budgetary control is at the appropriation unit level.

The debt service funds of the State Treasurer are not budgeted.

The State Treasurer follows these procedures in establishing the budgetary data reflected in the financial statements:

1. By September 1, the State Treasurer prepares a budget appropriation request by category to be presented to the next legislature.
2. The appropriation request is submitted to the DFA's Budget Division and to the Legislative Finance Committee (LFC).
3. The DFA makes recommendations and adjustments to the appropriation request which become the Governor's proposal to the Legislature.
4. LFC holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.
5. Both the DFA's and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budgetary control is exercised at the category level of the State Treasurer as a whole and changes are approved by the DFA.
7. Formal budgetary integration is employed as a management control device during the year for the General Fund only. The debt service funds (General Obligation Bond Funds and Severance Tax Bonding Funds) are non-budgeted funds.
8. The General Appropriations Act of 2004 established the modified accrual basis of accounting as the budgetary basis of accounting for the State of New Mexico beginning July 1, 2004. Accordingly, future budgets will be prepared using the modified accrual basis of accounting.
9. The State Treasurer's budget for the fiscal year ended June 30, 2015 was amended in a legally permissible manner by reallocating line item category totals as the need arose during the fiscal year. Individual amendments were not material in relation to the original budget.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS

Fiscal Agent Bank

The State Board of Finance entered into an agreement with Wells Fargo Bank in Albuquerque to provide banking services as Fiscal Agent for the State of New Mexico through May 1, 2016 with an option to renew to 2018.

Custody Bank

The State Board of Finance and JP Morgan Chase entered into an agreement whereby JP Morgan Chase would provide banking services as Custody Bank for the State of New Mexico effective July 1, 2014 for a two-year period, with the option to renew for up to six additional years at the discretion of the State Board of Finance.

Investment Trust Fund

Cash on deposit represents the demand deposit account with the fiscal agent bank. Current year transactions reflect all banking activity for the fiscal year as well as the activity of investments purchased and disposed of during the fiscal year.

The State Treasurer invests all public monies held in excess of the minimum compensating balance maintained with the fiscal agent bank in accordance with an investment policy approved by the State Board of Finance.

The State Treasurer has implemented GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments*. This statement requires certain investments as defined in GASB Statement No. 31 to be valued at fair value. Fair value is based on quoted market prices as of the valuation date. The change in fair value is recognized as a component of investment income in the current year.

The State Treasurer invests excess cash balances on behalf of certain earmarked funds of State agencies identified by State statute and local governments. Interest earnings are distributed based on average outstanding cash balances for local governments and the State agencies where interest is allowed to be earned. All other interest earnings are transferred to the State General Fund.

The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from fifty percent (50%) to one hundred two percent (102%) of the par value of the investment dependent upon the institution's operating results and capital. Collateral for the fiscal agent account is required in amounts equal to 50 percent (50%) of the average investment balance.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Trust Fund (Continued)

At June 30, 2015, collateral pledged to public money deposits was as follows:

	Fiscal Agent Account	Certificates of Deposit
Cash in Bank (Bank Balance)	\$ 38,005,944 *	\$ 65,950,000
Less FDIC Insurance Coverage	-	1,540,227
Total Unsecured Public Funds	\$ 38,005,944	\$ 64,409,773
Collateral Requirement (50%, 75% or 102%) of Uninsured Public Funds	\$ 19,002,972	\$ 49,427,387
Collateral Pledged:		
US Government Securities	44,488,777	78,290,842
Excess (Under) Collateralized	\$ 25,485,805	\$ 28,863,455

* Fiscal agent bank is required to collateralize the monthly average balance.

See Schedule 10 for reconciliation.

Brokered Transactions

The State Treasurer initiated electronic purchase trades with the following brokers during the year ended June 30, 2015:

<u>Broker Name</u>	<u>Number of Transactions</u>
BANK OF AMERICA	1
BANK OF OKLAHOM	5
BARCLAYS	9
BB&T CAPITAL MA	11
BMO CAPTIAL MAR	20
BNP PARIBAS	2
BOSC, INC	1
CASTLEOAK SECUR	16
CRT CAPITAL GRO	1
DAIWA CAPITAL M	2
DEUTSCHE BANK S	11
DREXEL HAMILTON	2
FIRST SOUTHWEST	19
FTN FINANCIAL S	6
GUGGENHEIM SECU	1
HSBC	4
INTL FCSTONE PA	11
J.P. MORGAN SEC	2
JEFFRIES & CO	4
KEYBANC CAPITAL	6
LAWSON FINANCIA	2

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Brokered Transactions (Continued)

<u>Broker Name</u>	<u>Transactions</u>
LOOP CAPITAL MA	2
MFR SECURITIES	1
MIZUHO SECURITI	14
MORGAN STANLEY	11
MURIEL SIEBERT	1
MUTUAL SECURITI	1
PIERPONT SECURI	2
RAMIREZ & CO, I	1
RBS	4
RBS GREENWICH C	1
ROBERT W BAIRD	11
SCOTT & STRINGF	2
SOC GEN AMERICA	11
SOUTH STREET SE	1
SOUTHWEST	32
STIFFEL NICOLAU	10
SUNTRUST ROBINS	1
TD SECURITIES	11
UBS	3
WEDBUSH SECURIT	18
WELLS FARGO SEC	31
ZIONS BANK	3
	<hr/>
Total	308
	<hr/> <hr/>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Balances

The fair value of investments administered by the State Treasurer at June 30, 2015 follows:

	<u>Cost</u>	<u>Carrying Amount Fair Value</u>
Fiscal Agent Bank Account	\$ 85,318,980	\$ 85,318,980
Certificates of Deposit	77,950,178	77,950,178
Cash in Bank	493,691,193	493,691,193
U.S. Government Securities	3,018,679,573	3,028,345,064
Investment in LGIP	12,380,592	12,380,592
Municipal Bonds	64,090,036	64,129,385
Repurchase Agreements	606,000,000	606,000,000
Discounted Notes	41,636,079	41,641,606
	<u>4,399,746,631</u>	<u>4,409,456,998</u>
Less interfund investments	(12,380,592)	(12,380,592)
Total	<u>\$ 4,387,366,039</u>	<u>\$ 4,397,076,406</u>

The fair value includes repurchase agreements of \$183,716,192 of debt service funds reported in the Statement of Net Position - Governmental Activities and Governmental Funds Activity for general obligation funds and severance tax bond funds. In addition, it includes \$303,060 of cash in STO's general fund.

General Fund Investment Pool

The General Fund is the State of New Mexico's main operating account. All State revenues are credited to the General Fund. Income taxes, sales taxes, rents and royalties, and other recurring revenues are deposited into the fund. The fund also comprises numerous State agency accounts whose assets, by statute, must be held at the State Treasury. Expenditures are disbursed only in accordance with appropriations authorized by the State Legislature.

Consolidated Investment Pool (Tax-Exempt Bond Proceeds Investment Pool # 1)

The Tax-Exempt Bond Proceeds Investment Pool comprises pooled assets received through the issuance of tax-exempt State of New Mexico general obligation bonds, severance tax bonds, and supplemental severance tax bonds. The fund's objective is to preserve capital, provide liquidity, and generate returns relative to the true interest cost of all State of New Mexico debt outstanding in accordance with the Investment Policy of the Office of the State Treasurer.

Consolidated Investment Pool (Taxable Bond Proceeds Investment Pool # 2)

The Taxable Bond Proceeds Investment Pool comprises pooled assets received through the issuance of State of New Mexico severance tax bonds. The fund's objective is to preserve capital, provide liquidity, and generate returns relative to a benchmark and in accordance with the State Treasurer's Investment Policy.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Local Government Investment Pool (Short Term Investment Pool)

Cities, counties, and other non-state agencies invest monies in the State Treasurer external investment pool (Local Government Investment Pool). The investments are recorded at fair value based on quoted market prices as of the valuation date in the financial statements; however, the individual participant balances remain at their carrying cost. At June 30, 2015, the Local Government Investment Pool carrying cost approximated the fair value.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10.1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies, and are either direct obligations of the United States or are backed by the full faith and credit of the United States government, or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other State investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the Local Government Investment Pool is voluntary. As of June 30, 2015, the WAM(R) of the LGIP was 54.6 days, and the WAM(F) was 77.7 days. The fund was rated AAAM by Standard & Poor's as of June 30, 2015.

Investment Guidelines and Limitations

The investment policy is a comprehensive guide governing the investment functions of the New Mexico State Treasurer with respect to all financial assets of the State of New Mexico invested by the State Treasurer in the exercise of his authority and for which the State Treasurer acts as the investing authority. These assets include, as examples only, the State General Fund, the Local Government Investment Pool, bond proceeds, bond debt service funds, and those pension and permanent funds and other special funds with respect to which the State Treasurer is the investing authority.

The investment policy and the public finance investment decisions of the State Treasurer must serve and satisfy several fiduciary, fiscal and financial obligations. In making these decisions and in resolving any conflict or competing considerations that may arise from time to time among these obligations, the State Treasurer will observe the following priority:

1. Preservation of Principal – to ensure the performance of basic governmental functions, the first priority must be accorded to the preservation and protection of the principal of the funds to be invested;
2. Maintenance of Liquidity – the second level of priority must be accorded to maintaining sufficient liquidity to satisfy the reasonably anticipated, continuing operational requirements of State Government, and

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Guidelines and Limitations (Continued)

3. Maximum Return – the third priority must be accorded to maximizing investment return, through budgetary and economic cycles, consistent with the higher priority accorded to the security and liquidity of principal.

The standard of prudence to be applied in the investment of State assets shall be the “Prudent Person” rule that specifies that: “Investments shall be made with the judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

The State Treasurer or his designees, acting in accordance with this policy and any other written procedures pertaining to the investment of public money and exercising due diligence, shall be relieved of personal responsibility, if any, for credit risk or market price changes of a particular security, provided that deviations from expectations are timely noted and appropriate action is taken to control and prevent further adverse developments.

The scope of investment authority of the State Treasurer is defined by the applicable investment statutes and constitutional provisions, principally Sections 6-10-10, 6-10-25, 6-10-26, 6-10-37, 6-10-44 and 6-14-10.1, NMSA 1978, as well as Article VIII, Section 4 of the New Mexico Constitution, specifying particular types of investments that may be made by the State Treasurer, which establish certain prerequisites, limitations and other requirements relating to those investments. Moreover, the State Treasurer, in his discretion, may further limit or restrict those investments.

The State Treasurer and the State Board of Finance have determined that only the following statutorily authorized investments may be made, and these investments shall be subject to further limitations or restrictions as follows:

Investments Permitted by Policy

1. U.S. Government Obligations – Securities backed by the full faith and credit of the U.S. government including direct obligations of the U.S. Treasury and obligations of U.S. Government agencies and instrumentalities which are guaranteed by the U.S. Treasury. Investments shall be limited to a maximum maturity of five (5) years at time of purchase, except securities for any advance refunding escrow which may be invested in securities with a maturity of more than five (5) years. These securities may be either fixed rate or variable rate.
2. U.S. Government Agency Obligations – Securities issued or guaranteed by U.S. Government agencies, instrumentalities or sponsored enterprises, but which are not backed by the full faith and credit of the U.S. Government. These securities include mortgage-backed certificates, collateralized mortgage obligations, and debentures issued by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Permitted by Policy (Continued)

Also included are direct obligations of the Federal Farm Credit Bank and the Federal Home Loan Bank. These obligations shall consist of discount notes, notes and debentures with either fixed or LIBOR-based floating rate coupons. Investments in U.S. government agency obligations shall be limited to a maximum maturity of five (5) years at time of purchase.

3. Commercial Paper – Unsecured obligations with a maturity up to 270 days at time of purchase issued by corporations organized and operating within the United States. The commercial paper shall have investment grade ratings and shall not be split-rated. If the rating declines below investment grade, the State Treasurer’s Investment Committee (STIC) will meet to evaluate a course of action.
4. Corporate Bonds – Debt instruments issued by a corporation organized and operating in the United States with a maturity not exceeding five (5) years at time of purchase. Corporate bonds with maturities up to three (3) years shall be rated A1 or better at the time of purchase. Corporate bonds with maturities between three (3) and five (5) years shall be rated AA or better. If the rating declines below investment grade, then the STIC will meet to evaluate a course of action.
5. Asset-Backed Obligations – Debt instruments which are backed by defined cash flows or receivables with a final maturity not exceeding five (5) years at time of purchase and rated AAA, or its equivalent, by all national rating agencies that rate the security. If the rating declines below AAA, or its equivalent, then the STIC will meet to evaluate a course of action.
6. Repurchase Agreements – Contracts for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the State. No contract shall be invested in unless the contract is fully secured by obligations of the United States, or its agencies or instrumentalities, or other securities backed by the United States having a market value of at least one hundred two percent (102%) of the amount of the contract. Repurchase agreements and flexible repurchase agreements shall be limited to a maximum maturity of one (1) year, but flexible repurchase agreements, in which bond proceeds are invested, may have a maximum maturity of three (3) years. Repurchase agreements for the Local Government Investment Pool shall be limited to a maximum maturity of thirty (30) days, although any underlying U.S. government obligations pledged as collateral may have maturities extending beyond the term of such repurchase agreements. Subject to these conditions and the prior approval of the State Board of Finance with respect to the custodial undertaking agreement, tri-party repurchase agreements are proper investments under this policy.

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Permitted by Policy (Continued)

7. Bank, Savings and Loan Association or Credit Union Deposits – Deposits are allowed in certified and designated New Mexico financial institutions whose deposits are insured by an agency of the United States. All deposits will comply with state statute and State Board of Finance policies related to interest rate and collateral requirements. CD deposits shall not be made with custodial banks. Deposits shall be limited to a maximum maturity of three (3) years. A deposit in any credit union shall be limited to the amount insured by an agency of the United States.
8. Variable Rate Notes – Variable rate notes (VRN) may be United States government obligations, commercial paper or repurchase agreements. The use of VRNs is considered to be prudent in the management of the portfolio within certain maturity, indexing and
9. Municipal Securities – Pursuant to 6-14-10.1, the State Treasurer or designee may also invest in municipal securities that at time of purchase are investment grade and have a final maturity of up to three (3) years. If the rating declines below investment grade, then the STIC will meet to evaluate a course of action.
10. Securities Issued by the State or a Political Subdivision of the State, or any Agency, Institution or Instrumentality of the State or a Political Subdivision – These include, but are not limited to, the New Mexico Mortgage Finance Authority, the New Mexico Finance Authority and the New Mexico Educational Assistance Foundation, if the statute authorizing the issuance of such securities expressly authorizes the State or the State Treasurer to purchase such security.
11. Government Money Market Mutual Funds – Shares of an open-ended diversified investment company that: (i) is registered with the United States Securities and Exchange Commission; (ii) complies with the diversification, quality and maturity requirements of Rule 2a-7, or any successor rule, of the United States Securities and Exchange Commission applicable to money market mutual funds; (iii) assesses no fees pursuant to Rule 12b-1, or any successor rule, of the United States Securities and Exchange Commission, no sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, however designated, provided that the State shall not, at any time, own more than five percent (5%) of a money market mutual fund's assets, and (iv) is rated AAA or equivalent by a nationally recognized rating agency. In addition, the State Treasurer may act as the investing authority for those agencies which have independent statutory authority to invest. The State Treasurer shall act in a manner consistent with each agency's guidelines and directives.
12. Local Government Investment Pool: General fund dollars may be invested in the Local Government Investment Pool (LGIP), up to five percent (5%) of the LGIP.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Unauthorized Investments/Investment Actions

The State Treasurer will not borrow funds for the sole purpose of investing those funds at a higher yield. The State Treasurer is not authorized by law to invest or as a matter of policy has determined not to invest in securities, assets, investment agreements or instruments except as specifically permitted in this Investment Policy. Accordingly, as examples only, the following securities, assets, investment agreements or instruments are presently impermissible:

1. Common or preferred stock
2. Exchange traded future contracts
3. Inverse floaters
4. Whole-loan mortgage obligations
5. Interest only and principal strips only as they relate to asset-backed obligations
6. Currency swaps
7. Range notes and index amortizing notes
8. Reverse repurchase agreements
9. Short sales

Custodial Credit Risk

Custodial credit risk is the risk that the State Treasurer will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counter party fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the State Treasurer and are held by either the counterparty of the counterparty's trust department of agent but not in the State Treasurer's name.

The State Treasurer's Investment Policy for safekeeping and custody states that all investment securities purchased by the State, held as collateral on repurchase agreements or held as collateral on securities lending arrangements shall be held in third-party safekeeping at a fiduciary qualified to act in this capacity. All securities held for the State account will be held free and clear of any lien and all transactions will be conducted in compliance with Section 6-10-10(O) NMSA 1978, which requires contemporaneous transfer and same day settlement. On a monthly basis, the custodian will provide reports which list all transactions that occurred during the month and all securities held for the State at month-end, including the book and market value of holdings. The Fiscal agent and representatives of the custodian responsible for, or in any manner involved with, the safekeeping and custody process of the State shall be bonded in such a fashion as to protect from losses from malfeasance and misfeasance.

The State Treasurer's Office Collateral Manager reviews and tracks all state funds held in state depository institutions. Deposits and collateral are reviewed almost daily and a statutorily required risk assessment is performed quarterly, although the assessments are not intended as an opinion as to the financial health of the subject institution. The \$687,334,239 in balances are collateralized in compliance with NMAC 2.60.4. Although in compliance with NMAC 2.60.4 as of June 30, 2015, there was \$111,181,239 of the State

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

Treasurer's bank balances of \$687,334,239 that was exposed to custodial credit risk as uninsured and uncollateralized.

Credit Risk

The State Treasurer's fixed income portfolio investment policy sets credit quality rating guidelines and benchmark indices for each of its sub-asset classes and/or as outlined in each portfolio manager contract.

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations (Standard & Poor's) at June 30, 2015 for the general fund investment pool are as follows:

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AAA:		
Municipals	\$ 3,198,170	0.14%
AA+:		
Treasuries	517,175,996	22.98%
Gov Agency	984,510,587	43.74%
Municipals	4,127,649	0.18%
Aa1:		
Municipals	3,963,548	0.18%
Aa2:		
Municipals	3,514,087	0.16%
Aa3:		
Municipals	753,060	0.03%
AA:		
Municipals	5,202,190	0.23%
AA-:		
Municipals	963,628	0.04%
A+:		
Municipals	202,674	0.01%
A:		
Municipals	5,375,950	0.24%

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
A-:		
Municipals	\$ 300,045	0.01%
A1:		
Municipals	207,544	0.01%
NR:		
Municipals	2,852,678	0.13%
Inv in LGIP	46,358	0.00%
Fiscal Agent Account	85,318,980	3.79%
Cash Miscellaneous	8,691,000	0.39%
Repurchase Agreements	359,184,465	15.96%
CD's	64,750,178	2.88%
Bank of the West	200,484,840	8.91%
Grand Total	<u><u>\$ 2,250,823,628</u></u>	<u><u>100.00%</u></u>

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations (Standard & Poor's) at June 30, 2015 for the local government investment pool are as follows:

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AA+:		
Gov Agency	\$ 364,212,149	51.77%
NR:		
Gov Agency	33,093,848	4.70%
Cash	284,515,353	40.44%
Discounted Notes	21,643,746	3.08%
Grand Total	<u><u>\$ 703,465,095</u></u>	<u><u>100.00%</u></u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations (Standard & Poor's) at June 30, 2015 for the Bond Proceeds Investment Pool #2 are as follows:

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AAA:		
Municipals	\$ 1,034,190	0.13%
AA+:		
Treasuries	344,836,150	42.96%
Gov Agency	318,289,861	39.65%
Municipals	275,014	0.03%
AA:		
Municipals	604,999	0.08%
Aa1:		
Municipals	5,236,440	0.65%
Aaa:		
Municipals	500,075	0.06%
A+:		
Municipals	400,592	0.05%
NR:		
Municipals	150,020	0.02%
Repurch	95,813,923	11.94%
CD's	10,200,000	1.27%
Cash Miscellaneous	19,997,860	2.49%
LGIP	5,312,665	0.66%
Grand Total	<u>\$ 802,651,788</u>	<u>100.00%</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations (Standard & Poor's) at June 30, 2015 for the Bond Proceeds Investment Pool # 1 are as follows:

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AAA:		
Municipals	\$ 2,928,298	0.45%
AA+:		
Treasury	275,236,220	42.18%
Gov Agency	190,990,254	29.27%
Municipals	2,811,333	0.43%
Aaa:		
Municipals	1,003,295	0.15%
Aa1:		
Municipals	10,887,825	1.67%
Aa2:		
Municipals	391,339	0.06%
Aa3:		
Municipals	46,421	0.01%
AA:		
Municipals	1,052,965	0.16%
AA-:		
Municipals	1,248,389	0.19%
A+:		
Municipals	1,509,619	0.23%
A1:		
Municipals	630,094	0.10%
A2:		
Municipals	320,053	0.05%
NR:		
Municipals	2,437,202	0.37%
Repurch	151,001,612	23.14%
Mutual Funds	7,021,569	1.08%
Certificate of Deposits	3,000,000	0.46%
Grand Total	<u><u>\$ 652,516,487</u></u>	<u><u>100.00%</u></u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. It is the policy of the State to diversify its investment portfolios. Assets shall be diversified to reduce the risk of loss resulting from an over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The following diversification limitations shall be imposed on the portfolio:

1. Investment maturities will be staggered to avoid undue concentration of assets in a specific maturity sector and to reflect cash flow requirements.
2. Investment in callable instruments is permitted for the State General Fund, but the amount invested in callable instruments should not exceed twenty-five percent (25%) of the total amount invested of each portfolio. Investment in callable investments may be allowed in the local government investment pool, bond proceeds, bond debt service funds and such pension and permanent fund monies for which the State Treasurer is the investing authority. Investment in callable investments is prohibited for tax and revenue anticipation note proceeds (and any other liquidity vehicle).
3. The maximum level of CD deposits for the entire portfolio shall be \$400 million with not more than \$30 million in any single financial institution. The State Board of Finance urges banks to loan this money out in their respective local communities to spur economic development.
4. Investments in commercial paper, corporate bonds and asset-backed obligations shall not exceed forty percent (40%) of assets of each portfolio. Commercial paper and corporate bonds shall be limited, per issuer, to five percent (5%) of each portfolio.
5. Investments in United States agency securities issued by any single agency shall be limited to thirty-five percent (35%) of the combined portfolios.
6. Investment in repurchase agreements from any single provider shall be limited to thirty-five percent (35%) of the combined portfolios.
7. Investment in commercial paper and corporate bonds guaranteed by the full faith and credit of the United States government, with a final maturity not to exceed the expiration date of any such guarantee, shall not exceed forty percent (40%) of the assets of each portfolio. Commercial paper and corporate bonds guaranteed by the full faith and credit of the United States government shall be limited, per issuer, to twenty percent (20%) of each portfolio.
8. United States Government Agency issued mortgage-backed securities and collateralized mortgage obligations shall be limited to twenty-five percent (25%) of a portfolio.
9. Securities issued by a municipal entity shall be limited to fifteen percent (15%) of a portfolio.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued)

10. Securities issued by the State or a political subdivision of the State, or any agency, institution or instrumentality of the State shall be limited to fifteen percent (15%) of the general fund portfolio.

The following lists investments held in the general fund investment pool with a single issuer as a percentage of total:

Securities	Fair Value	Percentage of Portfolio
U.S. Treasury Obligations:		
U.S. Treasuries	\$ 517,175,996	22.98%
U.S. Government Agency Obligations:		
FFCB	171,445,962	7.62%
FHLB	76,608,282	3.40%
FHLMC	331,383,555	14.72%
FNMA	405,072,789	18.00%
Municipals		
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	160,019	0.01%
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	200,022	0.01%
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	100,008	0.00%
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	518,560	0.02%
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	1,500,195	0.07%
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	1,047,130	0.05%
ALBUQUERQUE N MEX GROSS RCPTS LODGERS TAX REV RFDG	115,006	0.01%
ALBUQUERQUE N MEX GROSS RCPTS LODGERS TAX REV RFDG	205,056	0.01%
ALBUQUERQUE N MEX MET ARROYO FLOOD CTL AUTH	1,201,920	0.05%
ALBUQUERQUE N MEX MUN SCH DIST NO 012 ED	3,505,565	0.16%
ALBUQUERQUE N MEX MUN SCH DIST NO 012 SCH BLDG-SER	500,795	0.02%
AZTEC N MEX MUN SCH DIST NO 002 14/OCT/2008	100,779	0.00%
BELEN N MEX CONS SCH DIST NO 2 FORMERLY BELEN N	500,795	0.02%
BELEN N MEX CONS SCH DIST NO 2 FORMERLY BELEN N	509,080	0.02%
BERNALILLO N MEX MUN SCH DIST NO 1 RFDG-SCH	250,610	0.01%
BERNALILLO N MEX MUN SCH DIST NO 1 RFDG-SER B	125,185	0.01%
CHOCTAW CNTY MISS HOSP REV TAXABLE-CHOCTAW COUNTY	273,890	0.01%
CORRALES N MEX HOLD HARMLESS GROSS RCPTS TAX REV	136,521	0.01%
DONA ANA CNTY N MEX 26/NOV/2013 01/SEP/2015 2%	235,686	0.01%
FARMINGTON N MEX MUN SCH DIST NO 005 RFDG-SER B	867,612	0.04%
FARMINGTON N MEX MUN SCH DIST NO 005 SCH BLDG-SER	165,498	0.01%
GALLUP N MEX POLLUTION CTL REV RFDG-TR-STATE	5,054,648	0.23%
GRANTS / CIBOLA CNTY N MEX SCH DIST NO 1	130,554	0.01%
GRANTS / CIBOLA CNTY N MEX SCH DIST NO 1	172,815	0.01%
GUAM GOVT WTRWKS AUTH WTR & WASTEWTR SYS REV RFDG	300,045	0.01%
KNOX CNTY KY RFDG-KNOX CNTY HOSP PJ 01/DEC/2006	187,135	0.01%
KNOX CNTY KY RFDG-KNOX CNTY HOSP PJ 01/DEC/2006	364,069	0.02%
LAS CRUCES N MEX JT UTIL REV RFDG & IMPT	1,059,233	0.05%
LAS CRUCES N MEX JT UTIL REV RFDG & IMPT	1,104,602	0.05%
LAS VEGAS N MEX GROSS RCPTS TAX REV RFDG & IMPT	207,544	0.01%
LOS ALAMOS CNTY N MEX INC GROSS RCPTS TAX IMPT REV	167,859	0.01%
LOS LUNAS N MEX GROSS RCPT TAX REV RFDG	727,942	0.03%

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued)

Securities	Fair Value	Percentage of Portfolio
LOVINGTON N MEX MUN SCH DIST NO 001 18/MAR/2014	\$ 300,933	0.01%
MIDPENINSULA REGL OPEN SPACE DIST CALIF FING AUTH	249,950	0.01%
NEW MEXICO EDL ASSISTANCE FNDTN RFDG-ED LN-SER A-1	761,963	0.03%
NEW MEXICO FIN AUTH REV SUB LIEN PUB PROJ	333,229	0.02%
NEW MEXICO FIN AUTH REV TAXABLE-SR LIEN PUB PROJ	126,504	0.01%
NEW MEXICO FIN AUTH REV TAXABLE-SUB LIEN PUB PROJ	100,627	0.00%
NEW MEXICO FIN AUTH ST TRANSN REV RFDG-SUB	102,212	0.01%
NEW MEXICO FIN AUTH ST TRANSN REV SR LIEN-SER A	306,642	0.01%
NEW MEXICO MILITARY INST AT ROSWELL SYS REV	100,545	0.00%
NEW MEXICO ST SEVERANCE TAX SER A 21/JUN/2012	188,483	0.01%
NEW MEXICO ST UNIV REVS TAXABLE-RFDG & IMPT-SER C	581,479	0.03%
PASCO CNTY FLA SCH BRD CTFS PARTN SER A	321,302	0.01%
PROSPER TEX INDPT SCH DIST CAP APPREC 15/AUG/2006	481,080	0.02%
RUIDOSO N MEX MUN SCH DIST NO 3 RFDG 20/MAY/2014	225,351	0.01%
RUIDOSO N MEX WASTERWATER REV RFDG 12/JUL/2013	202,674	0.01%
SANDOVAL CNTY N MEX 07/MAY/2015 01/AUG/2015 2%	315,460	0.01%
SANDOVAL CNTY N MEX 07/MAY/2015 01/AUG/2016 2%	375,987	0.02%
SANDOVAL CNTY N MEX RFDG 13/DEC/2013 01/AUG/2015	200,308	0.01%
SANDOVAL CNTY N MEX RFDG 13/DEC/2013 01/AUG/2016	228,740	0.01%
SANTA FE N MEX GROSS RCPTS TAX REV RFDG-SUB	104,176	0.01%
SOUTHERN SANDOVAL CNTY N MEX ARROYO FLOOD CTL AUTH	25,037	0.00%
SYLACAUGA ALA HEALTH CARE AUTH REV COOSA VALLEY	522,267	0.02%
SYLACAUGA ALA HEALTH CARE AUTH REV COOSA VALLEY	793,800	0.04%
TAOS N MEX SCH DIST FOR ISSUES DATED PRIOR TO	337,181	0.02%
TRUTH OR CONSEQUENCES N MEX MUN SCH DIST NO 006	150,222	0.01%
TRUTH OR CONSEQUENCES N MEX MUN SCH DIST NO 006	126,933	0.01%
VOLUSIA CNTY FLA SCH BRD CTFS PARTN LEASE REV	753,060	0.03%
WESTMORELAND CNTY PA MUN AUTH MUN SVC REV SER K	299,997	0.01%
WILL CNTY ILL SCH DIST NO 122 PREREFUNDED-2013-SER	348,705	0.02%
CDs	64,750,178	2.88%
Cash Miscellaneous	8,691,000	0.39%
Fiscal Agent Account	85,318,980	3.79%
LGIP	46,358	0.00%
Repurchase Agreements	359,184,465	15.96%
Bank of the West	200,484,840	8.91%
Grand Total	\$ 2,250,823,628	100%

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued)

The following lists investments held in the local government investment pool with a single issuer as a percentage of total:

Securities	Fair Value	Percentage of Portfolio
U.S. Government Agency Obligations:		
FFCB	\$ 105,755,167	15.03%
FHLB	178,100,332	25.32%
FNMA	66,599,991	9.47%
FHLMC	46,850,506	6.66%
Cash	284,515,353	40.44%
Discounted Notes	21,643,746	3.08%
Grand Total	<u>\$ 703,465,095</u>	<u>100%</u>

The following lists investments held in the bond proceeds investment pool # 2 with a single issuer as a percentage of total:

Securities	Fair Value	Percentage of Portfolio
U.S. Treasury Obligations:		
U.S. Treasuries	\$ 344,836,150	42.96%
U.S. Government Agency Obligations:		
FFCB	43,530,290	5.42%
FHLMC	85,753,050	10.68%
FNMA	150,509,418	18.75%
FHLB	38,497,103	4.80%
Municipal Bonds		
ALAMOGORDO N MEX MUN SCH DIST NO 001 26/MAR/2013	350,518.00	0.04%
ALBUQUERQUE N MEX MUN SCH DIST NO 012 EDUCATION	175,504.00	0.02%
ALBUQUERQUE N MEX MUN SCH DIST NO 012 SCH BLDG-SER	200,836.00	0.03%
BERNALILLO N MEX MUN SCH DIST NO 1 RFDG	164,284.80	0.02%
COLFAX CNTY N MEX GROSS TAX RCPTS IMPT 24/FEB/2015	228,658.50	0.03%
GALLUP MC KINLEY CNTY N MEX SCH DIST NO 001	254,320.00	0.03%
LAS CRUCES N MEX SCH DIST NO 002 SCH 23/DEC/2013	550,841.50	0.07%
LAS CRUCES N MEX SCH DIST NO 002 SCH 23/DEC/2013	488,190.75	0.06%
LOS LUNAS N MEX SCH DIST NO 1 SCH BLDG-SER A	198,001.05	0.03%
NEW MEXICO FIN AUTH REV SR LIEN-PUB PROJ REVOLVING	1,034,190.00	0.13%
NEW MEXICO ST SEVERANCE TAX SER A-1 06/DEC/2011	150,019.50	0.02%
RIO RANCHO N MEX PUB SCH DIST NO 94 RFDG-SCH BLDG	1,101,716.00	0.14%
RIO RANCHO N MEX PUB SCH DIST NO 94 RFDG-SCH BLDG	610,434.00	0.08%
RUIDOSO N MEX MUN SCH DIST NO 3 12/FEB/2013	405,020.25	0.05%
RUIDOSO N MEX WASTERWATER REV RFDG 12/JUL/2013	400,592.00	0.05%

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued)

Securities	Fair Value	Percentage of Portfolio
SAN JUAN CNTY N MEX CENT CONS INDPT SCH DIST NO	\$ 400,968	0.05%
SAN JUAN CNTY N MEX CENT CONS INDPT SCH DIST NO	411,288.00	0.05%
SANTA FE CNTY N MEX 16/OCT/2007 01/JUL/2015 5.5%	500,075.00	0.06%
SANTA FE CNTY N MEX IMPT 04/JUN/2013 01/JUL/2015	275,013.75	0.03%
TORRANCE ETC CNTYS N MEX MUN SCH DIST NO 8	300,858.00	0.04%
Repurch	95,813,923	11.94%
Certificate of Deposit	10,200,000	1.27%
Cash Miscellaneous	19,997,860	2.49%
LGIP	5,312,665	0.66%
Grand Total	<u>\$ 802,651,788</u>	<u>100.00%</u>

The following lists investments held in the bond proceeds investment pool # 1 with a single issuer as a percentage of total:

Securities	Fair Value	Percentage of Portfolio
U.S. Treasury Obligations:		
U.S. Treasuries	\$ 275,236,220	42.18%
U.S. Government Agency Obligations:		
FFCB	23,053,660	3.53%
FHLMC	75,638,350	11.59%
FNMA	59,038,775	9.05%
FHLB	4,501,485	0.69%
Finance Corp	28,757,984	4.41%
Municipal Bonds		
ALAMOGORDO N MEX TAXABLE-SER A 24/DEC/2014	46,421.10	0.01%
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	1,567,590.00	0.24%
ALBUQUERQUE N MEX GROSS RCPTS TAX REV	1,120,000.00	0.17%
ALBUQUERQUE N MEX GROSS RCPTS TAX REV	600,120.00	0.09%
ALBUQUERQUE N MEX GROSS RCPTS TAX REV IMPT	900,045.00	0.14%
ALBUQUERQUE N MEX MET ARROYO FLOOD CTL AUTH	308,133.00	0.05%
ALBUQUERQUE N MEX MUN SCH DIST NO 012 ED	550,874.50	0.08%
ALBUQUERQUE N MEX MUN SCH DIST NO 012 EDUCATION	502,090.00	0.08%
CLOUDCROFT N MEX MUN SCH DIST NO 11 RFDG	550,814.00	0.08%

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued)

Securities	Fair Value	Percentage of Portfolio
GADSDEN N MEX INDPT SCH DIST NO 016 29/OCT/2014	\$ 3,264,983	0.50%
GADSDEN N MEX INDPT SCH DIST NO 016 29/OCT/2014	482,742.50	0.07%
GRANT CNTY N MEX RFDG 11/DEC/2014 01/SEP/2015 2%	340,969.00	0.05%
GRANT CNTY N MEX RFDG 11/DEC/2014 01/SEP/2016 2%	320,052.60	0.05%
HOBBS N MEX MUN SCH DIST NO 16 26/MAY/2015	1,736,401.00	0.27%
HOBBS N MEX MUN SCH DIST NO 16 26/MAY/2015	401,949.60	0.06%
LOS ALAMOS N MEX PUB SCH DIST SCH BLDG 17/AUG/2010	200,294.00	0.03%
NEW MEXICO EDL ASSISTANCE FNDTN ED LN-SR-SER B	503,240.00	0.08%
NEW MEXICO ST SEVERANCE TAX SER A-1 06/DEC/2011	1,350,175.50	0.21%
RIO RANCHO N MEX PUB SCH DIST NO 94 RFDG-SCH BLDG	670,455.60	0.10%
RIO RANCHO N MEX WTR & WASTEWTR SYS REV RFDG	1,248,389.40	0.19%
ROSWELL N MEX INDPT SCH DIST SCH BLDG-SER A	255,947.50	0.04%
SAN JUAN CNTY N MEX GROSS RCPTS TAX REV RFDG-SER A	767,850.00	0.12%
SAN JUAN CNTY N MEX GROSS RCPTS TAX REV RFDG-SER A	741,769.00	0.11%
SANDOVAL CNTY N MEX 07/MAY/2015 01/AUG/2017 3%	391,338.75	0.06%
SANTA FE CNTY N MEX SER A 06/DEC/2005 01/JUL/2015	500,055.00	0.08%
SANTA FE N MEX GROSS RCPTS TAX REV RFDG-SER A	1,243,742.50	0.19%
SANTA FE N MEX PUB SCH DIST FORMERLY SANTA FE N	2,720,200.00	0.42%
TORRANCE ETC CNTYS N MEX MUN SCH DIST NO 8	401,836.00	0.06%
TORRANCE ETC CNTYS N MEX MUN SCH DIST NO 8	202,202.00	0.03%
UNIVERSITY N MEX VALENCIA CNTY BRANCH CMNTY	746,057.90	0.11%
UNIVERSITY N MEX VALENCIA CNTY BRANCH CMNTY	630,093.60	0.10%
Repurch	151,001,612	23.14%
Mutual Funds	7,021,569	1.08%
Certificate of Deposits	3,000,000	0.46%
Grand Total	<u>\$ 652,516,487</u>	<u>100.00%</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The State Treasurer recognizes that any portfolio of marketable investment securities is subject to interest rate risk. The State Treasurer, in an attempt to limit the possibility of loss due to interest rate fluctuations, will attempt to match investments with anticipated cash requirements. The State Treasurer or designee shall give particular emphasis to the following factors when selecting a specific security for inclusion in the portfolio:

1. Relative Yield to Maturity: Comparison of return available from alternative investments for comparable maturity dates.
2. Marketability: Analysis of relative marketability of alternate investments in case of forced sale or possibility of future trades.
3. Intermarket Yield Analysis: Analysis of the spread relationship between sectors of the market (e.g., Treasury Bonds or Bills versus Agency Bonds or Discount Notes), to take advantage of aberrations in yield differentials.
4. Yield Curve Analysis: Analysis of the slope of the yield curve to determine the most attractive maturities for earning maximum return with minimal risk.
5. General Economic and Interest Rate Outlook: Review and analysis of current literature on interest rate projections to assist in timing transactions and selecting appropriate maturities.

Maturities on investments in the general fund investment pool are as follows:

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Maturities</u>	
		<u>Less than 1 Year</u>	<u>1-5 Years</u>
AAA:			
Municipals	\$ 3,198,170	\$ 2,512,034	\$ 686,136
AA+:			
Treasuries	517,175,996	-	517,175,996
Gov Agency	984,510,587	240,220,860	744,289,727
Municipals	4,127,649	2,401,940	1,725,709
Aa1:			
Municipals	3,963,548	3,154,720	808,828
Aa2:			
Municipals	3,514,087	1,804,759	1,709,329

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

Securities by Quality Rating	Fair Value	Maturities	
		Less than 1 Year	1-5 Years
Aa3:			
Municipals	\$ 753,060	\$ -	\$ 753,060
AA:			
Municipals	5,202,190	4,826,572	375,618
AA-:			
Municipals	963,628	963,628	-
A+:			
Municipals	202,674	-	202,674
A:			
Municipals	5,375,950	5,054,648	321,302
A-:			
Municipals	300,045	-	300,045
A1:			
Municipals	207,544	207,544	-
NR:			
Municipals	2,852,678	1,072,214	1,780,464
Inv in LGIP	46,358	46,358	-
Fiscal Agent Account	85,318,980	85,318,980	-
Cash Miscellaneous	8,691,000	8,691,000	-
Repurchase Agreements	359,184,465	359,184,465	-
CD's	64,750,178	64,750,178	-
Bank of the West	200,484,840	200,484,840	-
Grand Total	\$ 2,250,823,628	\$ 980,694,740	\$ 1,270,128,888

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

Maturities on investments in the local government investment pool are as follows:

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Maturities</u>	
		<u>Less than 1 Year</u>	<u>1-5 Years</u>
AA+:			
Gov Agency	\$ 364,212,149	\$ 364,212,149	\$ -
NR:			
Cash	33,093,848	33,093,848	-
Discounted Notes	284,515,353	284,515,353	-
	21,643,746	21,643,746	-
Grand Total	\$ 703,465,095	\$ 703,465,095	\$ -

Maturities on investments in the bond proceeds investment pool # 2 are as follows:

AA+:			
Treasuries	344,836,150	117,519,870	227,316,280
Gov Agency	318,289,861	174,100,103	144,189,758
Municipals	275,014	275,014	-
AA:			
Municipals	604,999	376,340	228,659
Aa1:			
Municipals	5,236,440	3,109,922	2,126,519
Aaa:			
Municipals	500,075	500,075	-
A+:			
Municipals	400,592	400,592	-

Maturities

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

Securities by Quality Rating	Fair Value	Maturities	
		Less than 1 Year	1-5 Years
NR:			
Municipals	\$ 150,020	\$ 150,020	\$ -
Repurch	95,813,923	95,813,923	-
CD's	10,200,000	10,200,000	-
Cash Miscellaneous	19,997,860	19,997,860	-
LGIP	5,312,665	5,312,665	-
Grand Total	\$ 802,651,788	\$ 428,790,573	\$ 373,861,215

Maturities on investments in the bond proceeds investment pool # 1 are as follows:

Securities by Quality Rating	Fair Value	Maturities	
		Less than 1 Year	1-5 Years
AAA:			
Municipals	\$ 2,928,298	\$ 900,045	\$ 2,028,253
AA+:			
Treasury	275,236,220	125,793,950	149,442,270
Gov Agency	190,990,254	72,545,463	118,444,791
Municipals	2,811,333	1,243,743	1,567,590
Aaa:			
Municipals	1,003,295	1,003,295	-
Aa1:			
Municipals	10,887,825	6,824,783	4,063,042
Aa2:			
Municipals	391,339	-	391,339
Aa3:			
Municipals	46,421	-	46,421
AA:			
Municipals	1,052,965	1,052,965	-
AA-:			
Municipals	1,248,389	1,248,389	-
A+:			
Municipals	1,509,619	767,850	741,769

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Maturities</u>	
		<u>Less than 1 Year</u>	<u>1-5 Years</u>
A1:			
Municipals	\$ 630,094	\$ -	\$ 630,094
A2:			
Municipals	320,053	-	320,053
NR:			
Municipals	2,437,202	2,437,202	-
Repurch	151,001,612	151,001,612	-
Mutual Funds	7,021,569	7,021,569	-
Certificate of Deposits	3,000,000	3,000,000	-
Grand Total	\$ 652,516,487	\$ 374,840,866	\$ 277,675,621

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State Treasurer's investment policy does not have a specific policy on foreign currency risk. However, the listing of permissible investments includes descriptions on the limitations related to each investment type.

All holdings at June 30, 2015 were denominated in United States Dollars.

* This symbol denotes an investment by the State General Fund Investment Pool in the Local Government Fund Investment Pool. Both are part of the Investment Trust Fund, and whenever a combined presentation of the Investment Trust Fund is presented, this investment is removed.

Securities Collateralizing Repurchase Agreements

The State's Investment Policy states that no repurchase agreements shall be entered into unless the contract is fully secured by deliverable obligations of the United States or other securities backed by the United States having a market value of at least one hundred two percent (102%) of the amount of the contract. The State's collateral requirements follow:

1. The market value of the collateral including accrued interest must be equal to one hundred two percent (102%) of the amount of cash transferred by the State Treasurer to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the market value of securities held as collateral slips below one hundred two percent (102%) of the value of the cash transferred plus accrued interest, then additional cash and/or acceptable securities must be delivered to the third party custodian sufficient to cure any deficiency, and

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 DEPOSITS AND INVESTMENTS (CONTINUED)

Securities Collateralizing Repurchase Agreements (Continued)

2. For repurchase agreements with terms to maturity of greater than one (1) day, the State will value the collateral securities continuously and require that, if additional collateral is required, then that collateral must be delivered within one business day. If a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated, and
3. The collateral on all repurchase agreements will have a maturity date that exceeds the term of the repurchase agreement. If the duration of the collateral is longer than ten (10) years than the term of the repurchase agreement, then the collateral margin must be 103% to compensate for market risk.

Credit ratings and concentration of risk on collateral securities are as follows:

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AA+:		
U.S. Government Agency Obligations	\$ 619,939,444	100.00%
Grand Total	<u>\$ 619,939,444</u>	<u>100.00%</u>

Maturities on collateral are as follows:

Securities by Quality Rating	Fair Value	Maturities				
		Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 20 Years
AA+:						
U.S. Government Mortgage Backed Securities	\$ 619,939,444	\$ -	\$ -	\$ 305,365,000	\$ 127,825,731	\$ 186,748,713
Grand Total	<u>\$ 619,939,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,365,000</u>	<u>\$ 127,825,731</u>	<u>\$ 186,748,713</u>

Schedule 10 discloses collateral pledged for repurchase agreements.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance, June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2015</u>
Governmental Activities:				
Depreciable Assets:				
Equipment	\$ 263,731	\$ -	\$ -	\$ 263,731
Total Capital Assets	263,731	-	-	263,731
Less Accumulated Depreciation:				
Equipment	231,189	15,003	-	246,192
Total	<u>\$ 32,542</u>	<u>\$ (15,003)</u>	<u>\$ -</u>	<u>\$ 17,539</u>

Depreciation expense was charged to functions/programs of the State Treasurer's Office as follows:

Governmental activities:	
General government	<u>\$ 15,003</u>

NOTE 8 LONG-TERM OBLIGATIONS

Compensated Absences

As in prior years, the general fund is used to liquidate compensated absences. Following are the changes in compensated absences for the year ended June 30, 2015:

	<u>Balance, June 30, 2014</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance, June 30, 2015</u>	<u>Amounts Due within One Year</u>
Compensated Absences	<u>\$ 121,634</u>	<u>\$ 96,014</u>	<u>\$ (119,857)</u>	<u>\$ 97,791</u>	<u>\$ 97,791</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 CONDENSED FINANCIAL STATEMENTS

Condensed financial statements of the Investment Trust Fund, inclusive of external and internal participants for the fiscal year ended June 30, 2015 are as follows:

ASSETS

Investments	\$ 4,397,076,407
Due from Broker	18,958
Interest and Other Receivables	11,482,147
Total Assets	<u>\$ 4,408,577,512</u>

LIABILITIES

Due to Broker	\$ 16,592,613
Other Liabilities	28,307

NET POSITION

External Participant Account Balances	676,957,496
Other Internal Participant Account Balances:	
Primary Government	3,714,999,096
Total Liabilities And Net Position	<u>\$ 4,408,577,512</u>

At June 30, 2015, the State Treasurer's investment income earnings were as follows:

Local Government Investment Pool	\$ 978,879
Consolidated Investment Pool	7,256,865
State Funds Investment Pool	17,846,675
Total	<u>\$ 26,082,419</u>

NOTE 10 APPROPRIATIONS

The State Treasurer received the following appropriations for the year ended June 30, 2015:

General Fund	
General Appropriation (General Appropriation Act)	\$ 3,729,300
Appropriation from LGIP to the Office's General Fund for Management of LGIP assets	178,100
Total Appropriations	<u>\$ 3,907,400</u>

NOTE 11 COLLATERAL IN TRUST

The State Treasurer holds a variety of different types of collateral, government guaranteed loans and mortgages, certificates of deposit, surety bonds, etc., for certain State agencies, which are not included in the financial statements.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 DUE TO/FROM OTHER STATE AGENCIES

Due to State Treasurer's Office	Fund No.	Amount	Due from Agency/Purpose	Fund No.	Amount
Severance Tax Bonding Fund	41000	\$ 95,525,278	Tax & Revenue Dept. of Finance & Administration	83300	\$ 95,525,278
G.O. 2009 Series Debt Service	10630	4,684,353	Dept. of Finance & Administration	80000	4,684,353
G.O. 2011 Series Debt Service	11630	463,024	Dept. of Finance & Administration	80000	463,024
G.O. 2013 Series Debt Service	11680	2,376,782	Dept. of Finance & Administration	80000	2,376,782
G.O. 2007 Series Debt Service	28800	1,657,670	Dept. of Finance & Administration	80000	1,657,670
G.O. 2015 Series Debt Service	35170	6,265,727	Dept. of Finance & Administration	80000	6,265,727
Severance Tax Bonding Fund	41000	<u>1,266,535</u>	Board of Finance	34103	<u>1,266,535</u>
		<u>\$ 112,239,369</u>			<u>\$ 112,239,369</u>

Purpose: To receive tax receipts billed by other state agencies.

NOTE 13 TRANSFERS

Interfund Transfers

Interfund transfers are completed to move revenue from Fund 41000, Severance Tax Bonding Fund, to the specific Debt Service funds per bond resolutions.

**Debt Service:
Severance Tax Bonds:**

SHARE Fund	Transfer from	Amount	SHARE Fund	Transfer to	Amount
41000	Severance Tax Bond Fund	\$ 19,404,512	10750	2009-A Series - Debt Service	\$ 19,404,512
41000	Severance Tax Bond Fund	16,944,759	10950	2010-A Series - Debt Service	16,944,759
41000	Severance Tax Bond Fund	12,737,022	10960	2010-B Series - Debt Service	12,737,022
41000	Severance Tax Bond Fund	10,409,945	11190	2010-C Series - Debt Service	10,409,945
41000	Severance Tax Bond Fund	32,502,584	11280	Series 2011A-1 Refunding	32,502,584
41000	Severance Tax Bond Fund	8,209,915	11480	2010-D Series - Debt Service	8,209,915
41000	Severance Tax Bond Fund	19,145,237	11770	Series 2013A	19,145,237
41000	Severance Tax Bond Fund	10,625,793	12160	Series 2014A	10,625,793
41000	Severance Tax Bond Fund	17,458,761	30820	Series 2012A - Refunding	17,458,761
41000	Severance Tax Bond Fund	6,218,585	30830	Series 2011A-2 Refunding	6,218,585
11980	2013 S-C Maturity	2,510	41000	Severance Tax Bond Fund	<u>3,277</u>
49200	2004-A Series Debt Service	767			
		<u>\$153,660,390</u>			<u>\$ 153,660,390</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13 TRANSFERS (CONTINUED)

General Obligation Bonds:

SHARE Fund	Transfer from	Amount	SHARE Fund	Transfer to	Amount
10630	Series 2009 Debt Service	4,000,000	03200	2005 Series Debt Service	4,000,000
03100	2003 Series-Debt Service	787,199	10630	Series 2009 Debt Service	380,134
03200	2005 Series Debt Service	388,663	11630	2011 Series-Debt Service	380,134
41400	2001 Series-Debt Service	341,528	11680	2013 Series-Debt Service	380,134
73010	2008A Series - Debt Service	3,146	28800	2007 Series Debt Service	380,134
		<u>\$ 5,520,536</u>			<u>\$ 5,520,536</u>

Interagency Transfers

Severance Tax Bonds:

Transfers In from Other State Agencies

Transfers from (Purpose)	Fund No.	Amount	Transfers to (Purpose)	Fund No.	Amount
Board of Finance	34103	<u>\$ 1,347,785</u>	Severance Tax Bonding Fund	41000	<u>\$ 1,347,785</u>
		<u>\$ 1,347,785</u>			<u>\$ 1,347,785</u>

Transfers Out to Other State Agencies

Transfers from (Purpose)	Fund No.	Amount	Transfers to (Purpose)	Fund No.	Amount
STB Bond Fund	41000	<u>\$ 97</u>	Sev Tax Perm Fd.	60200	<u>\$ 97</u>
Total - Severance Tax Bond Funds		<u>\$ 97</u>			<u>\$ 97</u>

NOTE 14 PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

Substantially all of the State Treasurer's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 14 PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

PERA, PO Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy

Plan members are required to contribute 8.92% of their gross salary. The State Treasurer's Office is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the State Treasurer's Office are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The State Treasurer's contributions to PERA for the fiscal years ended June 30, 2015, 2014 and 2013 were \$334,242, \$332,687 and \$287,778, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 15 POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description

The State Treasurer's Office contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978).

The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years, and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 15 POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1, and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary, and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The State Treasurer's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$39,361, \$40,179 and \$38,166, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 RISK MANAGEMENT

The State Treasurer is exposed to various risks of loss for which the State Treasurer carries insurance (auto; employee fidelity bond; general liability; civil rights and foreign jurisdiction; money and securities; property, and workers' compensation) with the State of New Mexico Risk Management Division. Public employee fidelity bonding coverage is self-insured by the State of New Mexico. The current policy year is July 1, 2014 to June 30, 2015. The limit of coverage is \$5,000,000, with \$1,000 deductible per occurrence. All State Treasurer employees are covered by this bond.

The State Treasurer had no significant reductions in insurance coverage from coverage in the prior year. In the fiscal years ended June 30, 2015, 2014 and 2013, there were no settlements that exceeded insurance coverage.

NOTE 17 MEMORANDUMS OF UNDERSTANDING

The Office is party to the following Memorandums of Understanding, both of which may be terminated by either party upon thirty days' written notice to the other party.

- (a) New Mexico State Personnel Office (NMSPO) dated April 21, 2015. Under this agreement, the NMSPO assumes the human resource functions of the Office to include oversight of day-to-day operations, the payroll process, and maintenance and housing of the Office's personnel files and position records. Compensation to NMSPO was waived from April 1, 2015 through June 30, 2015; the standard reimbursement would have been \$6,000 for a total of 30 FTE positions. This Memorandum of Understanding was terminated by NMSPO subsequent to the end of fiscal year 2015.
- (b) New Mexico Educational Retirement Board (NMERB) dated June 17, 2015. Under this agreement, the Office invests certain monies belonging to NMERB within the Local Government Investment Pool (LGIP) in accordance with the Office's investment policies. The parties agree that the management fee on the LGIP is 0.05% (five basis points); the Office agrees to notify NMERB should the rate of return on LGIP assets fall below the management fee.

NOTE 18 REVERSION TO THE STATE GENERAL FUND

Under State Statute 6-5-10 NMSA, 1978, all unassigned fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30 shall revert by September 30 to the general fund. The division may adjust the reversion within forty-five days of release of the audit report for that fiscal year.

The amount expected to revert to the State General Fund as of June 30, 2015 is \$180,681.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 18 REVERSION TO THE STATE GENERAL FUND (CONTINUED)

Amounts reverted to the State General Fund during 2015 were as follows:

	<u>Appropriation</u>	<u>Reversion</u>
Reversion to State General Fund Fiscal Year 2015	\$ 3,729,300	\$ 180,681
Special Appropriations	<u>178,100</u>	<u>-</u>
Total Due to State General Fund	<u>\$ 3,907,400</u>	<u>\$ 180,681</u>

NOTE 19 SHORT-TERM DEBT

Sponge Bonds

The State Board of Finance issues one to three day sponge bonds. Sponge bonds were purchases on the dates specified below. Bond proceeds are recorded by the State Board of Finance. Principal and interest payments were made from the Severance Tax Bonding Fund (SHARE Fund 41000) as follows:

	<u>Purchased</u>	<u>Matured</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
Sponge Bond - Senior Note	12/30/2014	12/31/2014	\$ 10,705,350	\$ 62	\$ 10,705,412
Sponge Bond - Supplemental Not	12/30/2014	12/31/2014	154,580,500	902	154,581,402
Sponge Bond - Senior Note	6/29/2015	6/30/2015	117,511,200	768	117,511,968
Sponge Bond - Supplemental Not	6/29/2015	6/30/2015	<u>59,890,100</u>	<u>391</u>	<u>59,890,491</u>
Total			<u>\$ 342,687,150</u>	<u>\$ 2,123</u>	<u>\$ 342,689,273</u>

Short-term debt activity for the year ended June 30, 2015 was as follows:

	<u>Balance, June 30, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Issuance Costs</u>	<u>Balance, June 30, 2015</u>
Sponge Bonds	<u>\$ -</u>	<u>\$ 342,687,150</u>	<u>\$ 342,687,150</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 20 BOND ISSUANCE ACTIVITY

During fiscal year 2015, there was one new bond issue as noted below:

- \$141,635,000 GO Bond Series 2015

Total activity related to the bonds was approximately as follows: costs - \$403,649; premiums - \$26,119,851; and total capital project deposits - \$142,038,649.

Rather than being recorded in the financial statements of a specific component unit, the long-term debt associated with this issuance is only recorded in the State of New Mexico Comprehensive Annual Financial Report.

NOTE 21 FUND BALANCES

The Department's fund balances represent: 1) Restricted purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; 2) Committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 3) Assigned purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2015 follows:

	General Fund	General Obligation Bond Fund	Severance Tax Bond Fund
Fund Balances:			
Restricted for:			
Debt Service	\$ -	\$ 47,122,341	\$ 112,548,495
Unrestricted, Unassigned	8,884	-	-
Total Fund Balances	\$ 8,884	\$ 47,122,341	\$ 112,548,495

NOTE 22 SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

GASB has issues the following statements, which are applicable in future years. At this time, management has not determined the impact, if any on the Agency.

**Statement No. 72
*Fair Value Measurement and Application***

Effective Date: The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 22 SUBSEQUENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement No. 73

Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

Effective Date: The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 22 SUBSEQUENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

This Statement also clarifies the application of certain provisions of Statements 67 and 68 with regard to the following issues:

1. Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
2. Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions.
3. Timing of employer recognition of revenue for the support of nonemployer contributing entities *not* in a special funding situation.

Statement No. 74

Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

Establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 22 SUBSEQUENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria.

GASB Statement No. 76

The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
 SCHEDULE 1 - CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
 SCHEDULE OF CHANGES BY ASSET CLASS AND SOURCE
 YEAR ENDED JUNE 30, 2015**

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
GOVERNMENTAL FUNDS				
CAPITAL ASSETS				
Equipment, Furniture and Fixtures	<u>\$ 263,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,731</u>
TOTAL GOVERNMENTAL FUNDS				
CAPITAL ASSETS				
BY SOURCE	<u>\$ 263,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,731</u>
INVESTMENTS IN GOVERNMENTAL				
FUNDS CAPITAL ASSETS				
General Fund Revenues	<u>\$ 263,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,731</u>
TOTAL GOVERNMENTAL FUNDS				
CAPITAL ASSETS	263,731	-	-	263,731
Less Accumulated Depreciation Equipment	<u>231,189</u>	<u>15,003</u>	<u>-</u>	<u>246,192</u>
Total	<u>\$ 32,542</u>	<u>\$ (15,003)</u>	<u>\$ -</u>	<u>\$ 17,539</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 2 - COMBINING BALANCE SHEET - GENERAL OBLIGATION BONDS -
GENERAL OBLIGATION BOND DEBT SERVICE FUNDS
JUNE 30, 2015**

	SHARE Fund	Assets				Total Assets
		Repurchase Agreements	Bond Interest Receivable	Due From Other Agencies	Accrued Interest Receivable	
2003 Series - Debt Service	03100	\$ 141	\$ -	\$ -	\$ -	\$ 141
2005 Series - Debt Service	03200	140	-	1	-	141
2007 Series - Debt Service	28800	2,075,894	1,174	1,657,670	-	3,734,738
2001 Series - Debt Service	41400	117	-	-	-	117
2003B Series - Refunding	41800	3,980	2	-	-	3,982
2009 Series - Debt Service	10630	14,355,265	8,399	4,684,352	-	19,048,016
2011 Series - Debt Service	11630	4,014,553	2,503	463,024	-	4,480,080
2013 Series - Debt Service	11680	5,654,347	42,249	2,376,782	-	8,073,378
2008A Series - Redemption	73030	220,699	-	-	-	220,699
2008A Series - Debt Service	73010	-	-	-	-	-
2015 Series - Debt Service	35170	4,420,940	105,954	6,265,727	-	10,792,621
Total Debt Service		30,746,076	160,281	15,447,556	-	46,353,913
2003 Series - Rebate	41300	4,816	-	-	-	4,816
2001 Series - Rebate	41500	56	-	-	-	56
2003 Refunding Series - Rebate	41900	9	-	-	-	9
2005 Series - Rebate	42600	642,681	544	-	-	643,225
911 - Rebate	48800	-	-	-	-	-
Total Rebate Accounts		647,562	544	-	-	648,106
2009 Series - Cost of Issuance	10650	-	-	-	-	-
2011 Series - Cost of Issuance	11320	(650)	-	-	-	(650)
2013 Series - Cost of Issuance	11620	13,826	-	-	-	13,826
2015 Series - Cost of Issuance Fund	40130	107,146	-	-	-	107,146
Total Cost of Issuance		120,322	-	-	-	120,322
COMBINED TOTAL		\$ 31,513,960	\$ 160,825	\$ 15,447,556	\$ -	\$ 47,122,341

Liabilities			Fund Balance		Total Liabilities & Fund Equity
Due to Other Agencies	Accounts Payable	Total Liabilities	Balance Restricted for Debt Service	Total Fund Balance	
\$ -	\$ -	\$ -	\$ 141	\$ 141	\$ 141
-	-	-	141	141	141
-	-	-	3,734,738	3,734,738	3,734,738
-	-	-	117	117	117
-	-	-	3,982	3,982	3,982
-	-	-	19,048,016	19,048,016	19,048,016
-	-	-	4,480,080	4,480,080	4,480,080
-	-	-	8,073,378	8,073,378	8,073,378
-	-	-	220,699	220,699	220,699
-	-	-	-	-	-
-	-	-	10,792,621	10,792,621	10,792,621
-	-	-	46,353,913	46,353,913	46,353,913
-	-	-	4,816	4,816	4,816
-	-	-	56	56	56
-	-	-	9	9	9
-	-	-	643,225	643,225	643,225
-	-	-	-	-	-
-	-	-	648,106	648,106	648,106
-	-	-	-	-	-
-	-	-	(650)	(650)	(650)
-	-	-	13,826	13,826	13,826
-	-	-	107,146	107,146	107,146
-	-	-	120,322	120,322	120,322
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,122,341</u>	<u>\$ 47,122,341</u>	<u>\$ 47,122,341</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 3 - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GENERAL OBLIGATION DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2015**

	SHARE Fund	Revenues		Expenditures	
		Interest Income	State Property Tax Levy	Principal and Interest on Long-Term Debt	Other Charges
2003 Series - Debt Service	03100	\$ 2,241	\$ -	\$ -	\$ -
2005 Series Debt Service	03200	25,308	3,323,263	14,490,000	2,103
2007 Series - Debt Service	28800	36,756	13,364,918	17,468,250	683
2001 Series - Debt Service	41400	1,028	-	-	-
2003-B Series - Refunding	41800	11	-	-	-
2009 Series - Debt Service	10630	101,458	32,382,260	25,882,500	683
2011 Series - Debt Service	11630	20,802	3,059,611	2,247,550	683
2013 Series - Debt Service	11680	473,517	15,383,349	15,322,948	683
2008A Series - Redemption	73030	-	-	-	-
2008A Series - Debt Service	73010	5	-	-	-
2015 Series - Debt Service	35170	299,338	10,493,283	-	-
Total Debt Service		960,464	78,006,684	75,411,248	4,835
2003 Series - Rebate	41300	25	-	-	-
2001 Series - Rebate	41500	-	-	-	-
2003 Series - Refunding	41900	-	-	-	-
2005 Series - Rebate	42600	34,522	-	-	-
911 - Rebate	48800	-	-	-	-
Total Rebate Accounts		34,547	-	-	-
2009 Series - Cost of Issuance	10650	-	-	-	-
2011 Series - Cost of Issuance	11320	-	-	-	-
2013 Series - Cost of Issuance	11620	-	-	-	325
2015 Series - Cost of Issuance Fund	40130	-	-	-	296,503
Total Cost of Issuance		-	-	-	296,828
COMBINED TOTAL		\$ 995,011	\$ 78,006,684	\$ 75,411,248	\$ 301,663

Total Expenditures	Excess (Deficiency) of Revenues Over (Under) Expenditures	Other Financing Sources (Uses)			
		Transfers (to) from Other State Agencies	Bond Proceeds	Capital Projects Reversions	Interfund Transfers
\$ -	\$ 2,241	\$ -	\$ -	\$ -	\$ (787,199)
14,492,103	(11,143,532)	-	-	-	3,611,337
17,468,933	(4,067,259)	-	-	-	380,134
-	1,028	-	-	-	(341,528)
-	11	-	-	-	-
25,883,183	6,600,535	-	-	-	(3,619,866)
2,248,233	832,180	-	-	-	380,134
15,323,631	533,235	-	-	-	380,134
-	-	-	-	-	-
-	5	-	-	-	(3,146)
-	10,792,621	-	-	-	-
75,416,083	3,551,065	-	-	-	-
-	25	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	34,522	-	-	-	-
-	-	-	-	-	-
-	34,547	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
325	(325)	-	-	-	-
296,503	(296,503)	-	403,649	-	-
296,828	(296,828)	-	403,649	-	-
<u>\$ 75,712,911</u>	<u>\$ 3,288,784</u>	<u>\$ -</u>	<u>\$ 403,649</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 3 - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GENERAL OBLIGATION DEBT SERVICE FUNDS
(CONTINUED)
YEAR ENDED JUNE 30, 2015**

	SHARE Fund	Net Change in Fund Balance	Beginning Fund Balances	Fund Balances June 30, 2015
2003 Series - Debt Service	03100	\$ (784,958)	\$ 785,099	\$ 141
2005 Series Debt Service	03200	(7,532,195)	7,532,336	141
2007 Series - Debt Service	28800	(3,687,125)	7,421,863	3,734,738
2001 Series - Debt Service	41400	(340,500)	340,617	117
2003-B Series - Refunding	41800	11	3,971	3,982
2009 Series - Debt Service	10630	2,980,669	16,067,347	19,048,016
2011 Series - Debt Service	11630	1,212,314	3,267,766	4,480,080
2013 Series - Debt Service	11680	913,369	7,160,009	8,073,378
2008A Series - Redemption	73030	-	220,699	220,699
2008A Series - Debt Service	73010	(3,141)	3,141	-
2015 Series - Debt Service	35170	10,792,621	-	10,792,621
		<u>3,551,065</u>	<u>42,802,848</u>	<u>46,353,913</u>
Total Debt Service		3,551,065	42,802,848	46,353,913
2003 Series - Rebate	41300	25	4,791	4,816
2001 Series - Rebate	41500	-	56	56
2003 Series - Refunding	41900	-	9	9
2005 Series - Rebate	42600	34,522	608,703	643,225
911 - Rebate	48800	-	-	-
		<u>34,547</u>	<u>613,559</u>	<u>648,106</u>
Total Rebate Accounts		34,547	613,559	648,106
2009 Series - Cost of Issuance	10650	-	-	-
2011 Series - Cost of Issuance	11320	-	(650)	(650)
2013 Series - Cost of Issuance	11620	(325)	14,151	13,826
2015 Series - Cost of Issuance Fund	40130	107,146	-	107,146
		<u>106,821</u>	<u>13,501</u>	<u>120,322</u>
Total Cost of Issuance		106,821	13,501	120,322
COMBINED TOTAL		<u>\$ 3,692,433</u>	<u>\$ 43,429,908</u>	<u>\$ 47,122,341</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 4 - COMBINING BALANCE SHEET - SEVERANCE TAX BONDS -
SEVERANCE TAX BOND DEBT SERVICE FUNDS
JUNE 30, 2015**

	SHARE Fund	Assets				
		Repurchase Agreements	Bond Interest Receivable	Due From Other Agencies	Accrued Interest Receivable	Prepaid Expense
2009-A Series - Debt Service	10750	\$ 17,339,125	\$ 4,620	\$ -	\$ -	\$ -
2010-A Series - Debt Service	10950	14,824,250	3,144	-	-	-
2010-B Series - Debt Service	10960	11,231,775	251	-	-	-
2010-C Series - Debt Service	11190	10,162,875	213	-	-	-
2010-D Series - Debt Service	11280	30,660,125	642	-	-	-
Series 2013A	11770	16,564,500	54,286	-	-	-
2013 S-C Maturity	11980	-	-	-	-	-
Series 2014A	12160	7,534,250	82,734	-	-	-
Series 2011A-1	30830	5,638,519	9,468	-	-	-
Series 2011A-2 Refunding	30820	15,912,625	333	-	-	-
2012-A Series - Debt Service	11480	6,961,000	8,183	-	-	-
2004-A Series Debt Service	49200	-	-	-	-	-
2004-B Series Debt Service	18300	92	-	-	-	-
2005-B1 Series Debt Service	38800	2,016	-	-	-	-
Severance Tax Bonding	41000	14,970,901	331,058	96,791,813	-	-
2005-A Series Debt Service	41200	107,101	67	-	-	-
2003-B Series-Debt Service	48400	218	-	-	-	-
2007-A Debt Service	53700	59,427	134	-	-	-
2005-B2 Series Debt Service	57100	1,484	1	-	-	-
2008A-1 Series - Debt Service	72010	112,197	4,598	-	-	-
2008A-2 Series - Debt Service	72070	1,496	4	-	-	-
2006-A Series Debt Service	96300	2,484	2	-	-	-
Total Debt Service		152,086,460	499,738	96,791,813	-	-
2004-B Series-Rebate	41100	294	-	-	-	-
2003-B Supp-Rebate	42000	12,831	8.00	-	-	-
2005-A Series-Rebate	48300	45,574	29.00	-	-	-
2005-B1 Series-Rebate	57000	11,230	7.00	-	-	-
2005-B2 Series-Rebate	96000	6,590	4.00	-	-	-
2006-A Series-Rebate	96400	39,253	25.00	-	-	-
Total Rebate Accounts		115,772	73	-	-	-
COMBINED TOTAL		\$ 152,202,232	\$ 499,811	\$ 96,791,813	\$ -	\$ -

Liabilities						
Total Assets	Due to Other Funds	Due to Other Agencies	Accounts Payable	Other Liabilities	Deferred Revenue	Total Liabilities
\$ 17,343,745	\$ -	\$ -	\$ -	\$ 17,339,125	\$ -	\$ 17,339,125
14,827,394	-	-	-	14,824,250	-	14,824,250
11,232,026	-	-	-	11,231,775	-	11,231,775
10,163,088	-	-	-	10,162,875	-	10,162,875
30,660,767	-	-	-	30,660,125	-	30,660,125
16,618,786	-	-	-	16,564,500	-	16,564,500
-	-	-	-	-	-	-
7,616,984	-	-	-	7,534,250	-	7,534,250
5,647,987	-	-	-	5,638,519	-	5,638,519
15,912,958	-	-	-	15,912,625	-	15,912,625
6,969,183	-	-	-	6,961,000	-	6,961,000
-	-	-	-	-	-	-
92	-	-	-	-	-	-
2,016	-	-	-	-	-	-
112,093,772	-	-	115,101	1	-	115,102
107,168	-	-	-	-	-	-
218	-	-	-	-	-	-
59,561	-	-	-	-	-	-
1,485	-	-	-	-	-	-
116,795	-	-	-	-	-	-
1,500	-	-	1,215	-	-	1,215
2,486	-	-	-	-	-	-
249,378,011	-	-	116,316	136,829,045	-	136,945,361
294	-	-	-	-	-	-
12,839	-	-	-	-	-	-
45,603	-	-	-	-	-	-
11,237	-	-	-	-	-	-
6,594	-	-	-	-	-	-
39,278	-	-	-	-	-	-
115,845	-	-	-	-	-	-
\$ 249,493,856	\$ -	\$ -	\$ 116,316	\$ 136,829,045	\$ -	\$ 136,945,361

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 4 - COMBINING BALANCE SHEET - SEVERANCE TAX BONDS -
SEVERANCE TAX BOND DEBT SERVICE FUNDS (CONTINUED)
JUNE 30, 2015**

	Fund Equity		Total Liabilities & Fund Equity
	Restricted for Debt Service	Total Fund Equity	
2009-A Series - Debt Service	\$ 4,620	\$ 4,620	\$ 17,343,745
2010-A Series - Debt Service	3,144	3,144	14,827,394
2010-B Series - Debt Service	251	251	11,232,026
2010-C Series - Debt Service	213	213	10,163,088
2010-D Series - Debt Service	642	642	30,660,767
Series 2013A	54,286	54,286	16,618,786
2013 S-C Maturity	-	-	-
Series 2014A	82,734	82,734	7,616,984
Series 2011A-1	9,468	9,468	5,647,987
Series 2011A-2 Refunding	333	333	15,912,958
2012-A Series - Debt Service	8,183	8,183	6,969,183
2004-A Series Debt Service	-	-	-
2004-B Series Debt Service	92	92	92
2005-B1 Series Debt Service	2,016	2,016	2,016
Severance Tax Bonding	111,978,670	111,978,670	112,093,772
2005-A Series Debt Service	107,168	107,168	107,168
2003-B Series-Debt Service	218	218	218
2007-A Debt Service	59,561	59,561	59,561
2005-B2 Series Debt Service	1,485	1,485	1,485
2008A-1 Series - Debt Service	116,795	116,795	116,795
2008A-2 Series - Debt Service	284	284	1,500
2006-A Series Debt Service	2,487	2,487	2,486
Total Debt Service	112,432,650	112,432,650	249,378,011
2004-B Series-Rebate	294	294	294
2003-B Supp-Rebate	12,839	12,839	12,839
2005-A Series-Rebate	45,603	45,603	45,603
2005-B1 Series-Rebate	11,237	11,237	11,237
2005-B2 Series-Rebate	6,594	6,594	6,594
2006-A Series-Rebate	39,278	39,278	39,278
Total Rebate Accounts	115,845	115,845	115,845
COMBINED TOTAL	\$ 112,548,495	\$ 112,548,495	\$ 249,493,856

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 5 - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - SEVERANCE TAX BOND DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2015**

	Revenues			Expenditures	
	SHARE Fund	Interest Income	Severance Taxes	Principal and Interest on Long-Term Debt	Other Charges
2009-A Series - Debt Service	10750	\$ 40,143	\$ -	\$ 19,448,250	\$ -
2010-A Series - Debt Service	10950	30,521	-	16,978,500	-
2010-B Series - Debt Service	10960	797	-	12,738,550	-
2010-C Series - Debt Service	11190	257	-	10,410,750	-
2010-D Series - Debt Service	11280	957	-	32,505,250	-
Series 2013A	11770	565,858	-	19,764,000	-
2013 S-C Maturity	11980	-	-	-	-
Series 2014A	12160	647,491	-	11,205,943	-
2011A-1 Series	30830	88,071	-	6,312,038	-
2011A-2 Series Refunding	30820	595	-	17,460,250	-
2012A - Series	11480	85,763	-	8,307,000	-
2004-A Series Debt Service	49200	71	-	-	-
2004-B Series Debt Service	18300	-	-	-	-
2005-B1 Series Debt Service	38800	10	-	-	-
Severance Tax Bonding	41000	4,036,699	426,330,559	342,689,273	459,350
2005-A Series -Debt Service	41200	639	-	-	-
2003-B Series-Debt Service	48400	-	-	-	-
2007-A Series-Debt Service	53700	4,471	-	-	-
2005-B2 Series Debt Service	57100	8	-	-	-
2008A-1 Debt Service	72010	49,957	-	-	-
2008A-2 Debt Service	72070	8	-	-	-
2006-A Series Debt Service	96300	13	-	-	-
Total Debt Service		5,552,329	426,330,559	497,819,804	459,350
2004-B Series-Rebate	41100	4	-	-	728
2003-B Supp-Rebate	42000	67	-	-	-
2005-A Series-Rebate	48300	237	-	-	-
2005-B1 Series-Rebate	57000	58	-	-	-
2005-B2 Series-Rebate	96000	34	-	-	-
2006-A Series-Rebate	96400	204	-	-	-
Total Rebate Accounts		604	-	-	728
COMBINED TOTAL		\$ 5,552,933	\$ 426,330,559	\$ 497,819,804	\$ 460,078

Other Financing Sources (Uses)						
Total	Excess (Deficiency) of Revenues Over (Under) Expenditures	Bond Proceeds	Transfers (to) from Other State Agencies	Interfund Transfers	Payment to Escrow Agent	Severance Tax Permanent Fund Reversions
Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures
\$ 19,448,250	\$ (19,408,107)	\$ -	\$ -	\$ 19,404,512	\$ -	\$ -
16,978,500	(16,947,979)	-	-	16,944,759	-	-
12,738,550	(12,737,753)	-	-	12,737,022	-	-
10,410,750	(10,410,493)	-	-	10,409,945	-	-
32,505,250	(32,504,293)	-	-	32,502,584	-	-
19,764,000	(19,198,142)	-	-	19,145,237	-	-
-	-	-	-	(2,510)	-	-
11,205,943	(10,558,452)	-	-	10,625,793	-	-
6,312,038	(6,223,967)	-	-	6,218,585	-	-
17,460,250	(17,459,655)	-	-	17,458,761	-	-
8,307,000	(8,221,237)	-	-	8,209,915	-	-
-	71	-	-	(767)	-	-
-	-	-	-	-	-	-
-	10	-	-	-	-	-
343,148,623	87,218,635	-	1,347,785	(153,653,836)	-	-
-	639	-	-	-	-	-
-	-	-	-	-	-	-
-	4,471	-	-	-	-	-
-	8	-	-	-	-	-
-	49,957	-	-	-	-	-
-	8	-	-	-	-	-
-	13	-	-	-	-	-
498,279,154	(66,396,266)	-	1,347,785	-	-	-
728	(724)	-	-	-	-	-
-	67	-	-	-	-	-
-	237	-	-	-	-	-
-	58	-	-	-	-	-
-	34	-	-	-	-	-
-	204	-	-	-	-	-
728	(124)	-	-	-	-	-
<u>\$ 498,279,882</u>	<u>\$ (66,396,390)</u>	<u>\$ -</u>	<u>\$ 1,347,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 5 - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - SEVERANCE TAX BOND DEBT SERVICE FUNDS
(CONTINUED)
YEAR ENDED JUNE 30, 2015**

	SHARE	Total Other Financing Sources (Uses)	Net Change in Fund Balance	Beginning Fund Balance	Fund Balances June 30, 2015
2009-A Series - Debt Service	10750	\$ 19,404,512	\$ (3,595)	\$ 8,215	\$ 4,620
2010-A Series - Debt Service	10950	16,944,759	(3,220)	6,364	3,144
2010-B Series - Debt Service	10960	12,737,022	(731)	982	251
2010-C Series - Debt Service	11190	10,409,945	(548)	761	213
2010-D Series - Debt Service	11280	32,502,584	(1,709)	2,351	642
Series 2013A	11770	19,145,237	(52,905)	107,191	54,286
2013 S-C Maturity	11980	(2,510)	(2,510)	2,510	-
Series 2014A	12160	10,625,793	67,341	15,393	82,734
2011A-1 Series	30830	6,218,585	(5,382)	14,850	9,468
2011A-2 Series Refunding	30820	17,458,761	(894)	1,227	333
2012A - Series	11480	8,209,915	(11,322)	19,505	8,183
2004-A Series Debt Service	49200	(767)	(696)	696	-
2004-B Series Debt Service	18300	-	-	92	92
2005-B1 Series Debt Service	38800	-	10	2,006	2,016
Severance Tax Bonding	41000	(152,306,051)	(65,087,416)	177,066,086	111,978,670
2005-A Series -Debt Service	41200	-	639	106,529	107,168
2003-B Series-Debt Service	48400	-	-	218	218
2007-A Series-Debt Service	53700	-	4,471	55,090	59,561
2005-B2 Series Debt Service	57100	-	8	1,477	1,485
2008A-1 Debt Service	72010	-	49,957	66,838	116,795
2008A-2 Debt Service	72070	-	8	276	284
2006-A Series Debt Service	96300	-	13	2,474	2,487
Total Debt Service		1,347,785	(65,048,481)	177,481,131	112,432,650
2004-B Series-Rebate	41100	-	(724)	1,018	294
2003-B Supp-Rebate	42000	-	67	12,772	12,839
2005-A Series-Rebate	48300	-	237	45,366	45,603
2005-B1 Series-Rebate	57000	-	58	11,179	11,237
2005-B2 Series-Rebate	96000	-	34	6,560	6,594
2006-A Series-Rebate	96400	-	204	39,074	39,278
Total Rebate Accts.		-	(124)	115,969	115,845
COMBINED TOTAL		\$ 1,347,785	\$ (65,048,605)	\$ 177,597,100	\$ 112,548,495

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 6 - SUMMARY OF LONG-TERM DEBT OBLIGATIONS -
LONG-TERM DEBT ROLLFORWARD
YEAR ENDED JUNE 30, 2015**

Issue	SHARE Fund	Date of Issue	Issue Amount	Interest Rate	Unpaid Balance June 30, 2014
General Obligation and Revenue Bonds:					
Series 2005 Debt Service	3200	3/1/05	\$ 111,850,000	5.00%	\$ 13,800,000
Series 2007 Debt Service	28800	3/1/07	134,870,000	5.00%	47,565,000
Series 2009 Debt Service	10630	5/28/09	196,330,000	5.00%	112,050,000
Series 2011 Debt Service	11630	5/26/11	18,645,000	2.00-4.00%	13,530,000
Series 2013 Debt Service	11680	4/23/13	137,220,000	2.00-2.40%	124,325,000
Series 2015 Debt Service	35170	2/17/15	<u>141,635,000</u>	5.00%	<u>-</u>
Total General Obligation Bonds			740,550,000		311,270,000
Severance Tax Bonds:					
Series 2009A Refunding	10750	7/30/09	218,450,000	2.00-5.00%	84,365,000
Series 2010A	10950	3/24/10	132,265,000	3.00-5.00%	86,170,000
Series 2010B Supplemental	10960	3/24/10	100,000,000	4.00-5.00%	62,520,000
Series 2010C Refunding	11190	6/30/10	43,780,000	4.00-5.00%	9,915,000
Series 2010D Refunding	11280	12/8/10	140,520,000	3.00-5.00%	73,805,000
Series 2011A-1	30830	12/6/11	47,790,000	3.00-5.00%	38,215,000
Series 2011A-2 Refunding	30820	12/6/11	75,715,000	4.00-5.00%	61,905,000
Series 2012A	11480	6/21/12	57,990,000	3.00-5.00%	53,840,000
Series 2013A	11770	6/21/12	157,560,000	2.00-5.00%	145,575,000
Series 2014A	12160	6/21/12	<u>143,770,000</u>	3.00-5.00%	<u>143,770,000</u>
Total Severance Tax Bonds			<u>1,117,840,000</u>		<u>760,080,000</u>
TOTAL GENERAL LONG-TERM DEBT			<u>\$ 1,858,390,000</u>		<u>\$ 1,071,350,000</u>
			<u>Premium/Discount</u>		
Current Year Bond Premiums:					
GOB, Series 2015			<u>\$ 26,119,851</u>		
TOTAL CURRENT YEAR BOND PREMIUMS			<u>\$ 26,119,851</u>		

New Bonds	Reductions			Unpaid Balance June 30, 2015	Interest to Maturity	Debt Service Requirements
	Refunded Debt	Principal Payments	Total Reductions			
\$ -	\$ -	\$ 13,800,000	\$ 13,800,000	\$ -	\$ -	\$ -
-	-	15,090,000	15,090,000	32,475,000	2,455,500	34,930,500
-	-	20,280,000	20,280,000	91,770,000	11,751,250	103,521,250
-	-	1,725,000	1,725,000	11,805,000	1,666,500	13,471,500
-	-	12,740,000	12,740,000	111,585,000	11,012,193	122,597,193
141,635,000	-	-	-	141,635,000	41,492,383	183,127,383
141,635,000	-	63,635,000	63,635,000	389,270,000	68,377,826	457,647,826
-	-	15,230,000	15,230,000	69,135,000	8,857,750	77,992,750
-	-	12,670,000	12,670,000	73,500,000	11,383,750	84,883,750
-	-	9,725,000	9,725,000	52,795,000	7,519,500	60,314,500
-	-	9,915,000	9,915,000	-	-	-
-	-	28,815,000	28,815,000	44,990,000	2,985,750	47,975,750
-	-	4,965,000	4,965,000	33,250,000	3,448,963	36,698,963
-	-	14,365,000	14,365,000	47,540,000	4,831,250	52,371,250
-	-	5,615,000	5,615,000	48,225,000	10,126,000	58,351,000
-	-	13,365,000	13,365,000	132,210,000	25,885,100	158,095,100
-	-	4,000,000	4,000,000	139,770,000	39,034,750	178,804,750
-	-	118,665,000	118,665,000	641,415,000	114,072,813	755,487,813
\$ 141,635,000	\$ -	\$ 182,300,000	\$ 182,300,000	\$ 1,030,685,000	\$ 182,450,639	\$ 1,213,135,639

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 6 - SUMMARY OF LONG-TERM DEBT OBLIGATIONS (CONTINUED)
SCHEDULE OF DEBT SERVICE MATURITIES
YEAR ENDED JUNE 30, 2015**

Issue	SHARE Fund	2016	2017
General Obligation Bonds:			
Series 2007	28800	\$ 17,463,750	\$ 17,466,750
Series 2009 Debt Service	10630	25,878,500	25,879,000
Series 2011	11630	2,243,550	2,246,950
Series 2013	11670	15,323,148	15,323,248
Series 2015	35170	17,209,633	18,436,750
Total General Obligation Bonds		78,118,581	79,352,698
Severance Tax Bonds:			
Series 2009A Refunding	10750	1,728,375	19,066,500
Series 2010A	10950	1,837,500	16,642,500
Series 2010B Supplemental	10960	1,263,650	12,223,675
Series 2010D Refunding	11280	1,124,750	31,757,875
Series 2011A-1 Refunding	30830	549,394	6,183,412
Series 2011A-2 Refunding	30820	1,188,500	17,080,000
Series 2012A	11480	1,205,625	8,163,750
Series 2013A	11770	2,865,375	19,410,000
Series 2014A	12160	3,494,250	15,373,500
Total Severance Tax Bonds		15,257,419	145,901,212
TOTAL DEBT SERVICE REQUIREMENTS		\$ 93,376,000	\$ 225,253,910

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Thereafter</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 34,930,500
25,881,250	25,882,500	-	-	103,521,250
2,246,000	2,244,200	2,244,400	2,246,400	13,471,500
15,323,147	15,327,747	15,326,848.00	45,973,055.00	122,597,193
<u>18,437,500</u>	<u>18,433,500</u>	<u>18,433,500.00</u>	<u>92,176,500.00</u>	<u>183,127,383</u>
61,887,897	61,887,947	36,004,748	140,395,955	457,647,826
19,065,500	19,067,375	19,065,000	-	77,992,750
16,625,875	16,610,125	16,593,500	16,574,250	84,883,750
11,989,675	11,781,175	11,586,425	11,469,900	60,314,500
15,093,125	-	-	-	47,975,750
6,176,163	6,256,788	5,857,750	11,675,456	36,698,963
17,062,125	17,040,625	-	-	52,371,250
8,166,125	8,163,000	8,163,625	24,488,875	58,351,000
19,395,875	19,375,750	19,439,100	77,609,000	158,095,100
<u>17,663,750</u>	<u>18,649,375</u>	<u>20,627,750</u>	<u>102,996,125</u>	<u>178,804,750</u>
<u>131,238,213</u>	<u>116,944,213</u>	<u>101,333,150</u>	<u>244,813,606</u>	<u>755,487,813</u>
<u>\$ 193,126,110</u>	<u>\$ 178,832,160</u>	<u>\$ 137,337,898</u>	<u>\$ 385,209,561</u>	<u>\$ 1,213,135,639</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
 SCHEDULE 6 - SUMMARY OF LONG-TERM DEBT OBLIGATIONS (CONTINUED) -
 ADDITIONAL INFORMATION
 JUNE 30, 2015**

ADDITIONAL INFORMATION RELATED TO LONG-TERM DEBT OBLIGATIONS

The following information is presented as additional explanation of the long-term debt obligations of the State of New Mexico as detailed in Schedule 6 of this report.

GENERAL OBLIGATION BONDS

General Obligation Bonds are issued to provide funds for capital expenditures for construction, acquisition, or improvement of the projects specified in the Acts authorized by the Legislature of the State of New Mexico. Funds are provided through the collection of property tax levies levied by other State agencies.

The annual requirements to amortize the combined General Obligation Bond issues outstanding as of June 30, 2015, including interest payments, are as follows (see details on Schedule 6):

Years Ending June 30:	Amount
2016	\$ 78,118,581
2017	79,352,698
2018	61,887,897
2019	61,887,947
2020	36,004,748
Thereafter	140,395,955
Total	\$ 457,647,826

SEVERANCE TAX BONDS:

Severance tax bonds are for State agencies, local governments and public and higher education, including a broad range of State and local capital needs. Funds are provided through tax receipts levied upon natural resource products, severed and saved from the lands of the State of New Mexico.

The annual requirements to amortize the combined Severance Tax Bond issues outstanding as of June 30, 2015, including interest payments, are as follows (see details on Schedule 6):

Years Ending June 30:	Amount
2016	\$ 15,257,419
2017	145,901,212
2018	131,238,213
2019	116,944,213
2020	101,333,150
Thereafter	244,813,606
Total	\$ 755,487,813

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS
JUNE 30, 2015**

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
GENERAL FUND INVESTMENT POOL:					
Repurchase Agreements	Various	Various	\$ 359,184,465	\$ 359,184,465	\$ -
Bank of The West	Various	Various	200,484,840	200,484,840	-
Certificates of Deposit	Various	Various	64,750,178	64,750,178	-
Cash Miscellaneous	Various	Various	8,691,000	8,691,000	-
Fiscal Agent Bank Account	0.000%	N/A	85,318,980	85,318,980	-
Mutual Funds (LGIP Participant)	Various	Various	46,358	46,358	-
Municipal Bonds:					
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	4.500%	7/1/2025	160,000	160,019	19
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	4.250%	7/1/2015	200,000	200,022	22
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	3.000%	7/1/2015	100,000	100,008	8
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	4.000%	7/1/2016	515,742	518,560	2,818
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	5.000%	7/1/2015	1,500,000	1,500,195	195
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	5.000%	7/1/2016	1,041,416	1,047,130	5,714
ALBUQUERQUE N MEX GROSS RCPTS LODGERS TAX REV RFDG	2.000%	7/1/2015	115,000	115,006	6
ALBUQUERQUE N MEX GROSS RCPTS LODGERS TAX REV RFDG	3.000%	7/1/2016	204,860	205,056	196
ALBUQUERQUE N MEX MET ARROYO FLOOD CTL AUTH	2.000%	8/1/2015	1,201,814	1,201,920	106
ALBUQUERQUE N MEX MUN SCH DIST NO 012 ED	2.000%	8/1/2015	3,505,329	3,505,565	236
ALBUQUERQUE N MEX MUN SCH DIST NO 012 SCH BLDG-SER	2.000%	8/1/2015	500,662	500,795	133
AZTEC N MEX MUN SCH DIST NO 002 14/OCT/2008	3.250%	10/1/2015	100,732	100,779	47
BELEN N MEX CONS SCH DIST NO 2 FORMERLY BELEN N	2.000%	8/1/2015	500,641	500,795	154
BELEN N MEX CONS SCH DIST NO 2 FORMERLY BELEN N	2.000%	8/1/2016	506,635	509,080	2,445
BERNALILLO N MEX MUN SCH DIST NO 1 RFDG-SCH	3.125%	8/1/2015	250,561	250,610	49
BERNALILLO N MEX MUN SCH DIST NO 1 RFDG-SER B	2.000%	8/1/2015	125,160	125,185	25
CHOCTAW CNTY MISS HOSP REV TAXABLE-CHOCTAW COUNTY	7.500%	8/1/2028	273,487	273,890	403
CORRALES N MEX HOLD HARMLESS GROSS RCPTS TAX REV	2.000%	5/1/2016	136,401	136,521	120
DONA ANA CNTY N MEX 26/NOV/2013 01/SEP/2015 2%	2.000%	9/1/2015	235,605	235,686	81
FARMINGTON N MEX MUN SCH DIST NO 005 RFDG-SER B	2.000%	9/1/2015	867,474	867,612	138
FARMINGTON N MEX MUN SCH DIST NO 005 SCH BLDG-SER	2.000%	9/1/2015	165,472	165,498	26
GALLUP N MEX POLLUTION CTL REV RFDG-TR-STATE	5.000%	8/15/2015	5,053,047	5,054,648	1,601
GRANTS / CIBOLA CNTY N MEX SCH DIST NO 1	2.000%	10/1/2015	130,535	130,554	19
GRANTS / CIBOLA CNTY N MEX SCH DIST NO 1	2.000%	10/1/2016	172,725	172,815	90
GUAM GOVT WTRWKS AUTH WTR & WASTEWTR SYS REV RFDG	5.875%	7/1/2035	300,000	300,045	45
KNOX CNTY KY RFDG-KNOX CNTY HOSP PJ 01/DEC/2006	5.800%	12/1/2019	187,362	187,135	(227)
KNOX CNTY KY RFDG-KNOX CNTY HOSP PJ 01/DEC/2006	5.875%	12/1/2036	364,376	364,069	(307)
LAS CRUCES N MEX JT UTIL REV RFDG & IMPT	2.000%	6/1/2016	1,059,300	1,059,233	(67)
LAS CRUCES N MEX JT UTIL REV RFDG & IMPT	2.000%	6/1/2017	1,105,628	1,104,602	(1,026)
LAS VEGAS N MEX GROSS RCPTS TAX REV RFDG & IMPT	2.000%	6/1/2016	207,721	207,544	(177)
LOS ALAMOS CNTY N MEX INC GROSS RCPTS TAX IMPT REV	5.750%	6/1/2016	167,641	167,859	218
LOS LUNAS N MEX GROSS RCPT TAX REV RFDG	2.000%	4/1/2016	727,914	727,942	28
LOVINGTON N MEX MUN SCH DIST NO 001 18/MAR/2014	2.000%	9/1/2015	300,832	300,933	101
MIDPENINSULA REGL OPEN SPACE DIST CALIF FING AUTH	0.000%	9/1/2015	249,802	249,950	148
NEW MEXICO EDL ASSISTANCE FNDTN RFDG-ED LN-SER A-1	4.000%	12/1/2015	761,628	761,963	335
NEW MEXICO FIN AUTH REV SUB LIEN PUB PROJ	3.000%	6/15/2016	332,804	333,229	425
NEW MEXICO FIN AUTH REV TAXABLE-SR LIEN PUB PROJ	2.500%	6/1/2016	127,078	126,504	(574)
NEW MEXICO FIN AUTH REV TAXABLE-SUB LIEN PUB PROJ	1.250%	6/15/2016	100,000	100,627	627
NEW MEXICO FIN AUTH ST TRANSN REV RFDG-SUB	5.000%	12/15/2015	102,125	102,212	87
NEW MEXICO FIN AUTH ST TRANSN REV SR LIEN-SER A	5.000%	12/15/2015	306,352	306,642	290
NEW MEXICO MILITARY INST AT ROSWELL SYS REV	1.182%	6/1/2016	100,000	100,545	545
NEW MEXICO ST SEVERANCE TAX SER A 21/JUN/2012	5.000%	7/1/2016	187,694	188,483	789
NEW MEXICO ST UNIV REVS TAXABLE-RFDG & IMPT-SER C	1.000%	4/1/2016	580,000	581,479	1,479
PASCO CNTY FLA SCH BRD CTFS PARTN SER A	5.000%	8/1/2030	321,289	321,302	13
PROSPER TEX INDPT SCH DIST CAP APPREC 15/AUG/2006	0.000%	8/15/2040	487,654	481,080	(6,574)
RUIDOSO N MEX MUN SCH DIST NO 3 RFDG 20/MAY/2014	2.000%	8/1/2015	225,326	225,351	25
RUIDOSO N MEX WASTERWATER REV RFDG 12/JUL/2013	2.000%	7/1/2016	202,384	202,674	290
SANDOVAL CNTY N MEX 07/MAY/2015 01/AUG/2015 2%	2.000%	8/1/2015	315,436	315,460	24
SANDOVAL CNTY N MEX 07/MAY/2015 01/AUG/2016 2%	2.000%	8/1/2016	375,977	375,986	9
SANDOVAL CNTY N MEX RFDG 13/DEC/2013 01/AUG/2015	2.000%	8/1/2015	200,258	200,308	50

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)
JUNE 30, 2015

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Municipal Bonds (Continued)					
SANDOVAL CNTY N MEX RFDG 13/DEC/2013 01/AUG/2016	2.000%	8/1/2016	\$ 228,130	\$ 228,740	\$ 610
SANTA FE N MEX GROSS RCPTS TAX REV RFDG-SUB	5.000%	6/1/2016	104,111	104,176	65
SOUTHERN SANDOVAL CNTY N MEX ARROYO FLOOD CTL AUTH	2.000%	8/1/2015	25,028	25,037	9
SYLACAUGA ALA HEALTH CARE AUTH REV COOSA VALLEY	5.375%	8/1/2015	522,234	522,267	33
SYLACAUGA ALA HEALTH CARE AUTH REV COOSA VALLEY	6.000%	8/1/2035	793,850	793,800	(50)
TAOS N MEX SCH DIST FOR ISSUES DATED PRIOR TO	4.000%	9/1/2015	337,104	337,181	77
TRUTH OR CONSEQUENCES N MEX MUN SCH DIST NO 006	2.000%	8/1/2015	150,179	150,222	43
TRUTH OR CONSEQUENCES N MEX MUN SCH DIST NO 006	2.000%	8/1/2016	126,345	126,933	588
VOLUSIA CNTY FLA SCH BRD CTFS PARTN LEASE REV	5.000%	8/1/2027	753,022	753,060	38
WESTMORELAND CNTY PA MUN AUTH MUN SVC REV SER K	0.000%	7/1/2015	300,000	299,997	(3)
WILL CNTY ILL SCH DIST NO 122 PREREFUNDED-2013-SER	4.500%	10/1/2024	348,572	348,705	133
Total Municipal Bonds			<u>30,648,454</u>	<u>30,661,224</u>	<u>12,770</u>
US Government Securities:					
US Treasury Notes:					
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	5/31/2017	19,854,750	19,996,800	142,050
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	11/30/2017	19,785,830	19,914,000	128,170
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	4/30/2018	24,609,505	24,775,500	165,995
UNITED STATES OF AMERICA NOTES FIXED .75%	0.750%	6/30/2017	19,890,181	20,039,000	148,819
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	12/31/2016	25,036,437	25,146,500	110,063
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	1/31/2017	20,009,206	20,111,000	101,794
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	2/28/2017	33,501,781	33,680,565	178,784
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	1/31/2018	4,945,033	5,000,800	55,767
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	7/15/2017	29,945,238	30,124,200	178,962
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	9/15/2017	9,987,412	10,057,800	70,388
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	8/31/2016	20,016,315	20,143,800	127,485
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	3/31/2017	20,032,733	20,153,200	120,467
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	5/31/2018	24,837,270	25,007,750	170,480
UNITED STATES OF AMERICA NOTES FIXED 1.125%	1.125%	3/31/2020	33,345,027	33,016,950	(328,077)
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	4/30/2020	5,010,729	4,945,300	(65,429)
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	11/30/2018	19,980,917	20,154,600	173,683
UNITED STATES OF AMERICA NOTES FIXED 1.5%	1.500%	10/31/2019	24,437,540	24,513,475	75,935
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	3/31/2019	34,848,988	35,418,250	569,262
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	12/31/2019	26,209,840	26,007,226	(202,614)
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	7/31/2019	14,234,351	14,119,280	(115,071)
UNITED STATES OF AMERICA NOTES FIXED 2.375%	2.375%	7/31/2017	20,514,567	20,695,400	180,833
UNITED STATES OF AMERICA NOTES FIXED 3%	3.000%	2/28/2017	20,705,231	20,814,000	108,769
UNITED STATES OF AMERICA NOTES FIXED 4.25%	4.250%	11/15/2017	21,478,315	21,626,600	148,285
UNITED STATES OF AMERICA NOTES FIXED 4.75%	4.750%	8/15/2017	21,560,504	21,714,000	153,496
Total US Treasury Notes			<u>514,777,700</u>	<u>517,175,996</u>	<u>2,398,296</u>
Federal Farm Credit Banks Cons Long:					
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	1.150%	9/18/2017	4,497,998	4,533,570	35,572
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	1.900%	9/18/2019	12,989,512	13,214,630	225,118
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	1.820%	1/8/2020	21,209,801	21,088,830	(120,971)
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.900%	6/9/2016	25,000,000	25,162,000	162,000
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	3.020%	7/14/2017	9,355,161	9,403,380	48,219
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	1.100%	1/26/2017	25,000,000	25,143,000	143,000
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.770%	8/1/2016	15,993,096	16,038,560	45,464
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.980%	4/10/2017	8,994,470	9,045,900	51,430
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.930%	5/1/2017	7,994,196	8,027,760	33,564
FEDERAL FARM CREDIT BANK BOND FIXED .52%	0.520%	6/17/2016	7,500,000	7,514,775	14,775
FEDERAL FARM CREDIT BANK BOND FIXED .64%	0.640%	1/28/2016	3,005,394	3,007,800	2,406
FEDERAL FARM CREDIT BANK BOND FIXED .875%	0.875%	8/18/2015	20,016,167	20,020,600	4,433
FEDERAL FARM CREDIT BANK BOND FIXED 1.8%	1.800%	11/12/2019	8,001,258	8,057,840	56,582
FEDERAL FARM CREDIT BANK BOND FIXED 5.125%	5.125%	8/25/2016	1,185,586	1,187,317	1,731
Total Federal Farm Credit Banks			<u>170,742,639</u>	<u>171,445,962</u>	<u>703,323</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)
JUNE 30, 2015**

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Federal Home Loan Banks:					
FEDERAL HOME LOAN BANKS BOND FIXED .875%	0.875%	3/10/2017	\$ 20,030,905	\$ 20,067,800	\$ 36,895
FEDERAL HOME LOAN BANKS BOND FIXED 1% 09/JUN/2017	1.000%	6/9/2017	23,031,983	23,102,810	70,827
FEDERAL HOME LOAN BANKS BOND FIXED 1% 13/FEB/2017	1.000%	2/13/2017	19,990,245	20,116,600	126,355
FEDERAL HOME LOAN BANKS BOND FIXED 4.75%	4.750%	12/16/2016	10,587,706	10,594,600	6,894
FEDERAL HOME LOAN BANKS CALLABLE BOND FIXED 2.5%	2.500%	7/9/2019	<u>2,763,596</u>	<u>2,726,471</u>	<u>(37,125)</u>
Total Federal Home Loan Banks			<u>76,404,435</u>	<u>76,608,281</u>	<u>203,846</u>
Federal Home Loan Mortgage Corporation					
FEDERAL HOME LOAN MORTGAGE CORP CALLABLE MEDIUM	1.110%	9/18/2017	4,957,136	4,957,425	289
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .875%	0.875%	10/14/2016	30,005,160	30,168,000	162,840
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .875%	0.875%	2/22/2017	19,982,741	20,091,000	108,259
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 0.875%	0.875%	3/7/2018	14,772,171	14,947,800	175,629
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1%	1.000%	3/8/2017	39,987,367	40,252,000	264,633
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1%	1.000%	6/29/2017	30,011,297	30,164,700	153,403
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1%	1.000%	7/28/2017	25,547,384	25,618,830	71,446
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1%	1.000%	9/29/2017	29,960,054	30,070,800	110,746
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1.75%	1.750%	9/10/2015	20,028,796	20,061,200	32,404
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 2%	2.000%	8/25/2016	40,534,038	40,708,800	174,762
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 2.5%	2.500%	5/27/2016	20,255,156	20,388,000	132,844
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 3.75%	3.750%	3/27/2019	21,433,797	21,728,600	294,803
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 5.125%	5.125%	10/18/2016	21,180,162	21,222,600	42,438
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 5.5%	5.500%	8/23/2017	<u>10,937,642</u>	<u>11,003,800</u>	<u>66,158</u>
Total Federal Home Loan Mortgage Corporation			<u>329,592,901</u>	<u>331,383,555</u>	<u>1,790,654</u>
Federal National Mortgage Association					
FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE	1.100%	3/13/2018	15,000,000	14,958,150	(41,850)
FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE	1.140%	9/22/2017	4,031,318	4,032,004	686
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	5.000%	3/15/2016	61,837,272	61,991,400	154,128
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	5.375%	7/15/2016	20,875,612	21,022,600	146,988
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	2.375%	4/11/2016	35,935,443	36,066,225	130,782
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.250%	9/28/2016	40,163,185	40,385,600	222,415
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.125%	7/20/2018	19,964,133	19,984,800	20,667
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.250%	1/30/2017	40,122,362	40,414,800	292,438
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.125%	4/27/2017	10,013,655	10,075,900	62,245
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.500%	7/2/2015	33,999,996	34,000,340	344
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.875%	10/26/2017	24,835,063	25,011,500	176,437
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.875%	9/18/2018	20,273,783	20,431,800	158,017
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.625%	11/27/2018	14,939,690	15,181,500	241,810
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.875%	2/19/2019	20,138,383	20,377,000	238,617
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.000%	9/27/2017	14,961,008	15,057,150	96,142
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.750%	11/26/2019	14,031,602	14,073,500	41,898
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.375%	12/21/2015	<u>12,005,688</u>	<u>12,008,520</u>	<u>2,832</u>
Total Federal National Mortgage Corporation			<u>403,128,193</u>	<u>405,072,789</u>	<u>1,944,596</u>
Total US Government Securities			<u>1,494,645,868</u>	<u>1,501,686,583</u>	<u>7,040,715</u>
Total General Fund Investment Pool (State Funds Investment Pool)			<u>2,243,770,143</u>	<u>2,250,823,628</u>	<u>7,053,485</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)
JUNE 30, 2015**

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
LOCAL GOVERNMENT INVESTMENT POOL:					
Bank Accounts:					
BANK OF THE WEST	Variable	12/31/2049	\$ 139,174,175	\$ 139,174,175	\$ -
US BANK	Variable	12/31/2049	30,157,499	30,157,499	-
WELLS FARGO CHECKING	0.15%	12/31/2049	112,818,975	112,818,975	-
WELLS FARGO SAVINGS	Variable	12/31/2049	2,364,704	2,364,704	-
Total Bank Accounts			284,515,353	284,515,353	-
Discounted Notes:					
FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	0.000%	7/24/2015	12,643,793	12,644,836	1,043
FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	0.000%	9/4/2015	3,998,980	3,999,560	580
FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	0.000%	9/16/2015	4,997,899	4,999,350	1,451
Total Discounted Notes			21,640,672	21,643,746	3,074
US Government Securities:					
Federal National Mortgage Association:					
FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE	2.000%	3/10/2016	8,942,950	8,942,112	(838)
FEDERAL NATIONAL MORTGAGE ASSOCIATION DISCOUNT	0.000%	5/15/2016	2,492,017	2,491,450	(567)
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	5.000%	3/15/2016	5,166,086	5,165,950	(136)
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	4.375%	10/15/2015	7,327,547	7,327,169	(378)
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	2.250%	3/15/2016	9,824,532	9,824,013	(519)
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.500%	9/28/2015	5,003,949	4,999,050	(4,899)
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.500%	3/30/2016	15,026,400	15,020,850	(5,550)
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.625%	10/26/2015	12,829,216	12,829,397	181
Total Federal National Mortgage Association			66,612,697	66,599,991	(12,706)
Federal Farm Credit Bank:					
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	2.125%	9/15/2015	17,144,948	17,146,333	1,385
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	Floating	7/1/2015	20,000,000	20,000,000	-
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.140%	8/3/2015	5,000,000	5,000,050	50
FEDERAL FARM CREDIT BANK BOND FIXED .2%	0.200%	12/7/2015	2,499,990	2,499,575	(415)
FEDERAL FARM CREDIT BANK BOND FIXED .875%	0.875%	8/18/2015	10,008,200	10,010,300	2,100
FEDERAL FARM CREDIT BANK BOND VARIABLE 01/OCT/2015	Floating	10/1/2015	14,701,118	14,699,853	(1,265)
FEDERAL FARM CREDIT BANK BOND VARIABLE 02/DEC/2015	Floating	12/2/2015	14,999,684	14,998,350	(1,334)
FEDERAL FARM CREDIT BANK BOND VARIABLE 03/AUG/2015	Floating	8/3/2015	1,400,000	1,400,056	56
FEDERAL FARM CREDIT BANK BOND VARIABLE 22/OCT/2015	Floating	10/22/2015	15,002,525	15,002,100	(425)
FEDERAL FARM CREDIT BANK BOND VARIABLE 29/MAR/2016	Floating	3/29/2016	4,999,614	4,998,550	(1,064)
Total Federal Farm Credit Bank			105,756,079	105,755,167	(912)
Federal Home Loan Bank:					
FEDERAL HOME LOAN BANKS BOND FIXED .125%	0.125%	11/18/2015	9,996,666	9,998,500	1,834
FEDERAL HOME LOAN BANKS BOND FIXED .14%	0.001%	8/24/2015	4,999,896	5,000,050	154
FEDERAL HOME LOAN BANKS BOND FIXED .14%	0.001%	11/18/2015	10,000,078	9,997,910	(2,168)
FEDERAL HOME LOAN BANKS BOND FIXED .15%	0.002%	10/19/2015	9,998,700	9,999,500	800
FEDERAL HOME LOAN BANKS BOND FIXED .16%	0.160%	12/1/2015	6,998,163	6,998,740	577
FEDERAL HOME LOAN BANKS BOND FIXED .16%	0.002%	10/9/2015	4,999,682	5,000,050	368
FEDERAL HOME LOAN BANKS BOND FIXED .19%	0.190%	9/11/2015	4,999,773	5,000,400	627
FEDERAL HOME LOAN BANKS BOND FIXED .19%	0.190%	9/29/2015	9,999,920	10,002,200	2,280
FEDERAL HOME LOAN BANKS BOND FIXED .2% 01/FEB/2016	0.002%	2/1/2016	19,996,417	19,992,800	(3,617)
FEDERAL HOME LOAN BANKS BOND FIXED .2% 17/AUG/2015	0.200%	8/17/2015	5,000,013	5,000,700	687
FEDERAL HOME LOAN BANKS BOND FIXED .21%	0.210%	8/21/2015	10,000,000	10,001,500	1,500
FEDERAL HOME LOAN BANKS BOND FIXED .22%	0.220%	12/4/2015	4,999,936	5,001,150	1,214
FEDERAL HOME LOAN BANKS BOND FIXED .375%	0.375%	2/19/2016	10,007,488	10,005,700	(1,788)
FEDERAL HOME LOAN BANKS BOND FIXED 1.75%	1.750%	9/11/2015	9,494,063	9,494,909	846
FEDERAL HOME LOAN BANKS BOND VARIABLE 07/OCT/2015	Floating	10/7/2015	9,001,461	9,000,000	(1,461)
FEDERAL HOME LOAN BANKS BOND VARIABLE 07/OCT/2015	Floating	10/7/2015	26,506,436	26,503,975	(2,461)
FEDERAL HOME LOAN BANKS BOND VARIABLE 07/OCT/2015	Floating	10/7/2015	8,001,509	8,001,200	(309)
FEDERAL HOME LOAN BANKS BOND VARIABLE 19/AUG/2015	Floating	8/19/2015	13,101,583	13,101,048	(535)
Total Home Loan Bank			178,101,784	178,100,332	(1,452)

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)
JUNE 30, 2015**

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Federal Home Loan Mortgage Corp:					
FEDERAL HOME LOAN MORTGAGE CORP DISCOUNT NOTES	0.000%	7/15/2015	\$ 1,999,857	\$ 1,999,900	\$ 43
FEDERAL HOME LOAN MORTGAGE CORP MEDIUM TERM NOTE	0.000%	8/31/2015	4,999,068	4,997,650	(1,418)
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .4%	0.400%	3/15/2016	4,795,923	4,795,306	(617)
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .45%	0.450%	9/4/2015	5,002,962	5,003,550	588
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 0.5%	0.500%	8/28/2015	10,005,730	10,004,500	(1,230)
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1.75%	1.750%	9/10/2015	10,029,380	10,030,600	1,220
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 4.375%	4.375%	7/17/2015	10,018,599	10,019,000	401
Total Federal Home Loan Mortgage Corp			<u>46,851,519</u>	<u>46,850,506</u>	<u>(1,013)</u>
Total Governmental Bonds			<u>397,322,079</u>	<u>397,305,996</u>	<u>(16,083)</u>
Total Local Government Investment Pool (Short-term Investment Pool)			703,478,104	703,465,095	(13,009)

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS
JUNE 30, 2015**

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
BOND PROCEEDS INVESTMENT POOL #2 (TAXABLE):					
Repurchase Agreements	Various	Various	\$ 95,813,923	\$ 95,813,923	\$ -
Certificates of Deposit	Various	Various	10,200,000	10,200,000	-
Discounted Notes	Various	Various	19,995,407	19,997,860	2,453
Mutual Funds (LGIP Pool Participant)	Various	Various	5,312,665	5,312,665	-
Municipal Bonds:					
ALAMOGORDO N MEX MUN SCH DIST NO 001 26/MAR/2013	2.000%	8/1/2015	350,433	350,518	85
ALBUQUERQUE N MEX MUN SCH DIST NO 012 EDUCATION	3.500%	8/1/2015	175,480	175,504	24
ALBUQUERQUE N MEX MUN SCH DIST NO 012 SCH BLDG-SER	5.000%	8/1/2015	200,769	200,836	
BERNALILLO N MEX MUN SCH DIST NO 1 RFDG	3.000%	8/1/2016	164,413	164,285	(128)
COLFAX CNTY N MEX GROSS TAX RCPTS IMPT 24/FEB/2015	2.000%	8/1/2016	228,820	228,659	(161)
GALLUP MC KINLEY CNTY N MEX SCH DIST NO 001	2.000%	8/1/2016	253,477	254,320	843
LAS CRUCES N MEX SCH DIST NO 002 SCH 23/DEC/2013	2.000%	8/1/2015	550,727	550,841	114
LAS CRUCES N MEX SCH DIST NO 002 SCH 23/DEC/2013	3.000%	8/1/2016	487,041	488,191	1,150
LOS LUNAS N MEX SCH DIST NO 1 SCH BLDG-SER A	2.000%	7/15/2016	198,132	198,001	(131)
NEW MEXICO FIN AUTH REV SR LIEN-PUB PROJ REVOLVING	4.000%	6/1/2016	1,031,354	1,034,190	2,836
NEW MEXICO ST SEVERANCE TAX SER A-1 06/DEC/2011	5.000%	7/1/2015	150,000	150,019	19
RIO RANCHO N MEX PUB SCH DIST NO 94 RFDG-SCH BLDG	2.000%	8/1/2015	1,101,455	1,101,716	261
RIO RANCHO N MEX PUB SCH DIST NO 94 RFDG-SCH BLDG	2.000%	8/1/2016	608,737	610,434	1,697
RUIDOSO N MEX MUN SCH DIST NO 3 12/FEB/2013	2.000%	7/1/2015	405,000	405,020	20
RUIDOSO N MEX WASTERWATER REV RFDG 12/JUL/2013	2.000%	8/1/2015	400,492	400,592	100
SAN JUAN CNTY N MEX CENT CONS INDPT SCH DIST NO	3.000%	8/1/2015	400,871	400,968	97
SAN JUAN CNTY N MEX CENT CONS INDPT SCH DIST NO	3.000%	8/1/2016	410,144	411,288	1,144
SANTA FE CNTY N MEX 16/OCT/2007 01/JUL/2015 5.5%	5.500%	7/1/2015	500,000	500,075	75
SANTA FE CNTY N MEX IMPT 04/JUN/2013 01/JUL/2015	2.000%	7/1/2015	275,000	275,014	14
TORRANCE ETC CNTYS N MEX MUN SCH DIST NO 8	2.000%	9/1/2015	300,862	300,858	(4)
Total Municipal Bonds			8,193,207	8,201,329	8,122
US Government Securities:					
US Treasury Notes:					
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	12/15/2016	\$ 19,988,433	\$ 20,040,600	\$ 52,167
UNITED STATES OF AMERICA NOTES FIXED 3.125%	3.125%	10/31/2016	20,672,994	20,714,000	41,006
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	7/31/2015	10,010,734	10,014,100	3,366
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	11/30/2015	15,063,636	15,080,850	17,214
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	12/31/2015	15,126,499	15,146,550	20,051
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	2/29/2016	15,168,897	15,190,950	22,053
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	5/31/2016	15,167,987	15,195,750	27,763
UNITED STATES OF AMERICA NOTES FIXED 1.5%	1.500%	6/30/2016	30,288,718	30,346,800	58,082
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	9/30/2016	15,060,095	15,113,700	53,605
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	10/31/2016	15,073,139	15,113,700	40,561
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	11/30/2016	20,034,714	20,117,200	82,486
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	1/31/2017	15,041,337	15,083,250	41,913
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	2/28/2017	5,007,163	5,026,950	19,787
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	3/31/2017	20,052,327	20,153,200	100,873
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	5/31/2017	24,861,971	24,996,000	134,029
UNITED STATES OF AMERICA NOTES FIXED .75%	0.750%	6/30/2017	4,974,697	5,009,750	35,053
UNITED STATES OF AMERICA NOTES FIXED .5%	0.500%	7/31/2017	4,958,220	4,982,400	24,180
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	8/31/2017	10,917,693	10,981,080	63,387
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	1/31/2018	19,832,810	20,003,200	170,390
UNITED STATES OF AMERICA NOTES FIXED .75%	0.750%	2/28/2018	14,818,222	14,940,300	122,078
UNITED STATES OF AMERICA NOTES FIXED .25%	0.250%	4/15/2016	16,525,910	16,544,869	18,959
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	7/15/2016	15,014,641	15,040,950	26,309
Total US Treasury Notes			343,660,837	344,836,149	1,175,312

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS
JUNE 30, 2015**

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Federal Farm Credit Banks Cons Long:					
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.430%	7/31/2014	15,497,301	15,517,050	19,749
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.650%	1/8/2016	7,966,069	7,992,640	26,571
FEDERAL FARM CREDIT BANK BOND FIXED .875%	0.875%	8/18/2015	20,016,401	20,020,600	4,199
Total Federal Farm Credit Banks			43,479,771	43,530,290	50,519
Federal Home Loan Banks:					
FEDERAL HOME LOAN BANKS BOND FIXED .3% 01/MAR/2016	0.300%	3/1/2016	13,450,655	13,449,193	(1,462)
FEDERAL HOME LOAN BANKS BOND FIXED 1% 09/JUN/2017	1.000%	6/9/2017	15,050,345	15,067,050	16,705
FEDERAL HOME LOAN BANKS CALLABLE BOND FIXED 1%	1.000%	12/29/2017	10,000,000	9,980,860	(19,140)
Total Federal Home Loan Banks			38,501,000	38,497,103	(3,897)
Federal Home Loan Mortgage Corporation					
FEDERAL HOME LOAN MORTGAGE CORP CALLABLE NOTES	0.500%	2/27/2018	10,000,000	10,000,400	400
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 0.5%	0.500%	8/28/2015	15,001,335	15,006,750	5,415
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1%	1.000%	3/8/2017	10,040,846	10,063,000	22,154
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1.75%	1.750%	9/10/2015	15,040,825	15,045,900	5,075
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 2%	2.000%	8/25/2016	25,206,016	25,443,000	236,984
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 2.5%	2.500%	5/27/2016	10,182,287	10,194,000	11,713
Total Federal Home Loan Mortgage Corporation			85,471,309	85,753,050	281,741
Federal National Mortgage Association					
FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE	1.750%	11/24/2017	7,587,480	7,589,948	2,468
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	5.000%	5/11/2017	10,785,422	10,791,700	6,278
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	5.000%	3/15/2016	12,892,302	12,914,875	22,573
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	2.250%	3/15/2016	8,822,697	8,829,446	6,749
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.125%	7/20/2018	14,964,157	14,988,600	24,443
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.375%	12/21/2015	19,992,843	20,014,200	21,357
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.500%	3/30/2016	14,995,883	15,020,850	24,967
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.750%	9/12/2019	20,074,507	20,160,200	85,693
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.750%	11/26/2019	20,019,777	20,105,000	85,223
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.625%	10/26/2015	20,048,867	20,094,600	45,733
Total Federal National Mortgage Corporation			150,183,935	150,509,419	325,484
Total US Government Securities			661,296,852	663,126,011	1,829,159
Total Bond Proceeds Investment Pool #2 (Tax Exempt) (Part 1 of the Consolidated Investment Pool)			800,812,054	802,651,788	1,839,734

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)
JUNE 30, 2015**

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
BOND PROCEEDS INVESTMENT POOL #1 (TAX EXEMPT):					
Certificates of Deposit	Various	Various	\$ 3,000,000	\$ 3,000,000	\$ -
Repurchase Agreements	Various	Various	151,001,612	151,001,612	-
Mutual Funds (LGIP Pool Participant)	Various	Various	7,021,569	7,021,569	-
Municipal Bonds:					
ALAMOGORDO N MEX TAXABLE-SER A 24/DEC/2014	4.000%	8/1/2016	46,426	46,421	(5)
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	5.000%	7/1/2026	1,567,127	1,567,590	463
ALBUQUERQUE N MEX GROSS RCPTS TAX REV	0.550%	7/1/2016	1,120,000	1,120,000	-
ALBUQUERQUE N MEX GROSS RCPTS TAX REV	1.050%	7/1/2017	600,000	600,120	120
ALBUQUERQUE N MEX GROSS RCPTS TAX REV IMPT	2.000%	7/1/2015	900,000	900,045	45
ALBUQUERQUE N MEX MET ARROYO FLOOD CTL AUTH	2.000%	8/1/2017	307,728	308,133	405
ALBUQUERQUE N MEX MUN SCH DIST NO 012 ED	2.000%	8/1/2015	550,662	550,875	213
ALBUQUERQUE N MEX MUN SCH DIST NO 012 EDUCATION	5.000%	8/1/2015	502,029	502,090	61
CLOUDCROFT N MEX MUN SCH DIST NO 11 RFDG	2.000%	8/1/2015	550,709	550,814	105
GADSDEN N MEX INDPT SCH DIST NO 016 29/OCT/2014	4.000%	8/15/2015	3,264,898	3,264,982	84
GADSDEN N MEX INDPT SCH DIST NO 016 29/OCT/2014	2.000%	8/15/2016	482,163	482,742	579
GRANT CNTY N MEX RFDG 11/DEC/2014 01/SEP/2015 2%	2.000%	9/1/2015	340,962	340,969	7
GRANT CNTY N MEX RFDG 11/DEC/2014 01/SEP/2016 2%	2.000%	9/1/2016	320,129	320,053	(76)
HOBBS N MEX MUN SCH DIST NO 16 26/MAY/2015	2.000%	9/15/2015	1,736,387	1,736,401	14
HOBBS N MEX MUN SCH DIST NO 16 26/MAY/2015	3.000%	9/15/2016	401,554	401,950	396
LOS ALAMOS N MEX PUB SCH DIST SCH BLDG 17/AUG/2010	2.000%	8/1/2015	200,295	200,294	(1)
NEW MEXICO EDL ASSISTANCE FNDTN ED LN-SR-SER B	4.000%	9/1/2015	503,151	503,240	89
NEW MEXICO ST SEVERANCE TAX SER A-1 06/DEC/2011	5.000%	7/1/2015	1,350,000	1,350,175	175
RIO RANCHO N MEX PUB SCH DIST NO 94 RFDG-SCH BLDG	1.000%	8/1/2015	670,428	670,456	28
RIO RANCHO N MEX WTR & WASTEWTR SYS REV RFDG	3.000%	5/15/2016	1,245,965	1,248,389	2,424
ROSWELL N MEX INDPT SCH DIST SCH BLDG-SER A	2.000%	8/1/2017	255,656	255,947	291
SAN JUAN CNTY N MEX GROSS RCPTS TAX REV RFDG-SER A	3.000%	6/15/2016	768,105	767,850	(255)
SAN JUAN CNTY N MEX GROSS RCPTS TAX REV RFDG-SER A	4.000%	6/15/2017	742,339	741,769	(570)
SANDOVAL CNTY N MEX 07/MAY/2015 01/AUG/2017 3%	3.000%	8/1/2017	391,834	391,339	(495)
SANTA FE CNTY N MEX SER A 06/DEC/2005 01/JUL/2015	4.000%	7/1/2015	500,000	500,055	55
SANTA FE N MEX GROSS RCPTS TAX REV RFDG-SER A	2.000%	6/1/2016	1,240,332	1,243,743	3,411
SANTA FE N MEX PUB SCH DIST FORMERLY SANTA FE N	5.000%	8/1/2017	2,711,085	2,720,200	9,115
TORRANCE ETC CNTYS N MEX MUN SCH DIST NO 8	1.000%	5/15/2016	401,558	401,836	278
TORRANCE ETC CNTYS N MEX MUN SCH DIST NO 8	1.500%	9/1/2016	202,322	202,202	(120)
UNIVERSITY N MEX VALENCIA CNTY BRANCH CMNTY	2.000%	8/1/2015	745,335	746,058	723
UNIVERSITY N MEX VALENCIA CNTY BRANCH CMNTY	2.000%	8/1/2016	629,195	630,094	899
Total Municipal Bonds			<u>25,248,374</u>	<u>25,266,832</u>	<u>18,458</u>
US Government Securities:					
US Treasury Notes/Securities:					
UNITED STATES OF AMERICA NOTES FIXED .25%	0.250%	9/15/2015	9,999,423	10,003,100	3,677
UNITED STATES OF AMERICA NOTES FIXED .25%	0.250%	4/15/2016	14,971,522	14,995,350	23,828
UNITED STATES OF AMERICA NOTES FIXED .375%	0.375%	3/31/2016	14,996,513	15,015,300	18,787
UNITED STATES OF AMERICA NOTES FIXED .375%	0.375%	1/15/2016	15,004,472	15,021,150	16,678
UNITED STATES OF AMERICA NOTES FIXED .5%	0.500%	7/31/2017	4,958,220	4,982,400	24,180
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	12/15/2016	14,977,833	15,030,450	52,617
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	11/30/2017	14,932,437	14,935,500	3,063
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	7/15/2016	15,014,549	15,040,950	26,401
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	11/15/2016	14,986,150	15,038,700	52,550

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)
JUNE 30, 2015**

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
US Government Securities (Continued):					
UNITED STATES OF AMERICA NOTES FIXED .75%	0.750%	6/30/2017	\$ 4,974,697	\$ 5,009,750	\$ 35,053
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	1/31/2017	15,038,918	15,083,250	44,332
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	2/28/2017	15,021,490	15,080,850	59,360
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	3/15/2018	25,067,651	25,058,500	(9,151)
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	9/30/2016	14,064,057	14,106,120	42,063
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	10/31/2016	10,075,844	10,075,800	(44)
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	11/30/2015	15,063,636	15,080,850	17,214
UNITED STATES OF AMERICA NOTES FIXED 1.5%	1.500%	6/30/2016	15,147,497	15,173,400	25,903
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	5/31/2016	15,167,987	15,195,750	27,763
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	12/31/2015	15,126,499	15,146,550	20,051
UNITED STATES OF AMERICA NOTES FIXED 2.625%	2.625%	2/29/2016	10,148,148	10,162,500	14,352
Total US Treasury Notes/Securities			<u>274,737,543</u>	<u>275,236,220</u>	<u>498,677</u>
Federal National Mortgage Association:					
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	5.000%	5/11/2017	16,179,190	16,187,550	8,360
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	5.000%	3/15/2016	7,735,381	7,748,925	13,544
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.375%	11/15/2016	5,011,205	5,058,800	47,595
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.375%	12/21/2015	9,996,421	10,007,100	10,679
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.875%	5/21/2018	4,978,838	4,970,050	(8,788)
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.000%	9/27/2017	4,987,003	5,019,050	32,047
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.625%	10/26/2015	10,041,838	10,047,300	5,462
Total Federal National Mortgage Association			<u>58,929,876</u>	<u>59,038,775</u>	<u>108,899</u>
Federal Farm Credit Bank:					
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.675%	1/19/2016	3,004,850	3,005,760	910
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.650%	7/10/2017	4,978,793	4,995,400	16,607
FEDERAL FARM CREDIT BANK BOND FIXED 1% 25/SEP/2017	1.000%	9/25/2017	15,046,357	15,052,500	6,143
Total Federal Farm Credit Bank			<u>23,030,000</u>	<u>23,053,660</u>	<u>23,660</u>
Federal Home Loan Bank:					
FEDERAL HOME LOAN BANKS CALLABLE BOND STEP CPN	Floating	4/28/2017	4,500,000	4,501,485	1,485
Total Home Loan Bank			<u>4,500,000</u>	<u>4,501,485</u>	<u>1,485</u>
Federal Home Loan Mortgage Corp:					
FEDERAL HOME LOAN MORTGAGE CORP CALLABLE NOTES	Floating	4/13/2018	10,000,000	10,001,200	1,200
FEDERAL HOME LOAN MORTGAGE CORP CALLABLE NOTES	1.200%	6/28/2018	5,000,000	4,995,700	(4,300)
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 0.5%	0.500%	8/28/2015	15,001,335	15,006,750	5,415
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1%	1.000%	3/8/2017	10,040,880	10,063,000	22,120
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1%	1.000%	7/28/2017	5,021,429	5,023,300	1,871
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 2%	2.000%	8/25/2016	20,195,433	20,354,400	158,967
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 2.5%	2.500%	5/27/2016	10,182,287	10,194,000	11,713
Total Federal Home Loan Mortgage Corp			<u>75,441,364</u>	<u>75,638,350</u>	<u>196,986</u>
Miscellaneous Government Securities:					
EGYPT GOVERNMENT AID BONDS BOND FIXED 4.45%	4.450%	9/15/2015	16,543,768	16,535,628	(8,140)
TENNESSEE VALLEY AUTHORITY BOND FIXED 4.5%	4.500%	4/1/2018	5,468,088	5,453,100	(14,988)
TENNESSEE VALLEY AUTHORITY BOND FIXED 6.25%	6.250%	12/15/2017	6,764,135	6,769,256	5,121
Total Miscellaneous Government Securities			<u>28,775,991</u>	<u>28,757,984</u>	<u>(18,007)</u>
Total Governmental Bonds			<u>465,414,774</u>	<u>466,226,474</u>	<u>811,700</u>
Total Bond Proceeds Investment Pool #1 (Tax Exempt) (Part 2 of the Consolidated Investment Pool)			651,686,329	652,516,487	830,158

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)
JUNE 30, 2015**

Security Description	Book Value	Market Value	Unrealized Gain (Loss)
Local Government Investment Pool (Short-term Investment Pool)	\$ 703,478,104	\$ 703,465,095	\$ (13,009)
General Fund Investment Pool (State Funds Investment Pool)	2,243,770,143	2,250,823,628	7,053,485
Bond Proceeds Taxable (Consolidated Investment Pool)	800,812,054	802,651,788	1,839,734
Bond Proceeds Tax Exempt (Consolidated Investment Pool)	<u>651,686,329</u>	<u>652,516,487</u>	<u>830,158</u>
Grand Total of All Funds	<u><u>\$ 4,399,746,630</u></u>	<u><u>\$ 4,409,456,998</u></u>	<u><u>\$ 9,710,368</u></u>

Reconciliation to Financial Statements:

Per Schedule of Investments	\$ 4,409,456,998
Less: Interfund Investments in Local Government Investment Pool, General Fund Investment Pool*	(46,358)
Bond Proceeds Taxable*	(5,312,665)
Bond Proceeds Tax Exempt*	<u>(7,021,569)</u>
Total Interfund Investments	<u>(12,380,592)</u>
Total Cash and Investments, Statement of Fiduciary Net Position	<u><u>\$ 4,397,076,406</u></u>

* Amounts are deducted from respective pools.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 8 - COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

	Investment Trust Funds			Total
	LGIP Short-term Investment Pool	Consolidated Investment Pool BPIP #1 and #2	General Fund Investment Pool	
ASSETS				
Cash and Investments:				
Fiscal Agent Bank Account	\$ -	\$ -	\$ 85,318,980	\$ 85,318,980
Cash in Banks	284,515,353	-	209,175,840	493,691,193
Certificates of Deposit	-	13,200,000	64,750,178	77,950,178
U.S. Government Securities	397,305,996	1,129,352,485	1,501,686,583	3,028,345,064
Municipal Bonds	-	33,468,161	30,661,224	64,129,385
Interfund Investments	(12,380,592)	12,334,234	46,358	-
Repurchase Agreements	-	246,815,535	359,184,465	606,000,000
Discounted Notes	21,643,746	19,997,860	-	41,641,606
Total Cash and Investments	691,084,503	1,455,168,275	2,250,823,628	4,397,076,406
Due from Broker	18,958	-	-	18,958
Accrued Interest Receivable	899,393	3,468,289	7,114,466	11,482,148
TOTAL ASSETS	\$ 692,002,854	\$ 1,458,636,564	\$ 2,257,938,094	\$ 4,408,577,512
LIABILITIES				
Due to Broker	\$ 15,045,358	\$ 1,374,530	\$ 172,725	\$ 16,592,613
Other Liabilities	-	-	28,307	28,307
TOTAL LIABILITIES	15,045,358	1,374,530	201,032	16,620,920
NET POSITION - HELD IN TRUST	676,957,496	1,457,262,034	2,257,737,062	4,391,956,592
TOTAL LIABILITIES AND NET POSITION	\$ 692,002,854	\$ 1,458,636,564	\$ 2,257,938,094	\$ 4,408,577,512

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 9 - COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2015**

	Investment Trust Fund			Total
	LGIP Short-term Investment Pool	Consolidated Investment Pool BPIP #1 and #2	General Fund Investment Pool	
Additions:				
Investment Income	\$ 978,879	\$ 7,256,865	\$ 17,846,675	\$ 26,082,419
Deposits	1,615,431,955	776,292,633	43,874,043,419	46,265,768,007
Deductions:				
Expenses - Management Fees	(297,173)	-	-	(297,173)
Withdrawals	(1,473,211,344)	(627,043,776)	(44,203,909,566)	(46,304,164,686)
Subtotal of Change in Net Position	142,902,317	156,505,722	(312,019,472)	(12,611,433)
Net Position, Held in Trust for Pool Participants, June 30, 2014	<u>534,055,179</u>	<u>1,300,756,312</u>	<u>2,569,756,534</u>	<u>4,404,568,025</u>
Net Position, Held in Trust for Pool Participants, June 30, 2015	<u>\$ 676,957,496</u>	<u>\$ 1,457,262,034</u>	<u>\$ 2,257,737,062</u>	<u>\$ 4,391,956,592</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 10 - SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
JUNE 30, 2015**

Location of Depository	Name of Institution	Deposits	FDIC	Collateral Required	Collateral Pledged		Excess (Under)
					Surety Bond Letter of Credit	Securities	
BANKS:							
Alamogordo (FHLB)	First National Bank	\$ 117,182	\$ 117,182	\$ -	\$ -	\$ 1,379,759	\$ 1,379,759
(FHLB)	Western Bank	3,600,000	250,000	1,675,000	-	2,143,440	468,440
Albuquerque							
(WFB)	Bank of America	1,087,552	250,000	418,776	-	701,687	282,911
(WFB)	Bank of the West	340,847,418	250,000	170,298,709	-	242,446,133	72,147,424
(WFB)	Compass Bank	2,124,898	250,000	1,912,396	2,500,000	-	587,604
(FHLB)	U.S. Bank N.A.	31,460,970	250,000	15,605,485	40,000,000	-	24,394,515
(WFB)	New Mexico Bank & Trust	144,030	144,030	-	-	269,850	269,850
(USB)	Wells Fargo Bank, N.A.	176,939,835	250,000	88,344,918	-	226,448,362	138,103,445
Artesia							
(FHLB)	First American Bank	67,175	67,175	-	-	-	-
Belen							
(USB)	My Bank	366,162	250,000	58,081	250,000	-	191,919
Carlsbad							
(FHLB)	Carlsbad National Bank	800	800	-	-	-	-
(FHLB)	Western Commerce Bank	4,158,756	250,000	1,954,378	-	3,792,326	1,837,948
Clayton							
(FHLB)	Farmers & Stockmens Bank	10,057,274	250,000	4,903,637	-	5,041,897	138,260
(FHLB)	First National Bank of NM	388,574	250,000	69,287	-	1,740,340	1,671,053
Clovis							
(TIB)	Bank of Clovis	451,616	250,000	100,808	-	788,501	687,693
	Citizens Bank	26,727	26,727	-	-	-	-
(FHLB)	Western Bank	3,100,000	250,000	1,425,000	-	2,519,913	1,094,913
Grants							
(TIB)	Grants State Bank	150	150	-	-	-	-
Hobbs							
(TIB)	Lea County State Bank	167,817	167,817	-	100,000	-	100,000
Las Cruces							
(TIB)	Citizens Bank	3,601	3,601	-	-	-	-
Las Vegas							
(FHLB)	Southwest Capital Bank	10,768,596	250,000	5,259,298	-	5,439,585	180,287
(FHLB)	Community First Bank LV	363,755	250,000	116,030	-	412,819	296,789
SUBTOTAL		586,242,888	4,027,482	292,141,803	42,850,000	493,124,612	243,832,809

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 10 - SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY (CONTINUED)
JUNE 30, 2015**

Location of Depository	Name of Institution	Deposits	FDIC	Collateral Required	Collateral Pledged		Excess (Under)
					Surety Bond Letter of Credit	Securities	
BANKS (Continued)							
Lordsburg							
(FHLB)	Western Bank	\$ 163,913	\$ 163,913	\$ -	\$ -	\$ -	\$ -
Los Alamos							
(FHLB)	Los Alamos National Bank	3,476	3,476	-	-	-	-
Portales							
(TIB)	James Polk Stone Community Bank	169,009	169,009	-	-	154,283	154,283
Raton							
(TIB)	International State Bank	105,930	105,930	-	-	148,000	148,000
Roswell							
(FHLB)	Bank of the Southwest	1,057,209	250,000	403,605	300,000	188,846	85,242
(TIB)	Valley Bank of Commerce	149,805	149,805	-	-	-	-
Santa Fe							
(FHLB)	Century Bank	3,001,023	250,000	1,375,512	-	1,823,678	448,167
(FHLB)	Community Bank	122,206	122,206	-	-	-	-
(WFB)	First National Bank	55,060,876	250,000	55,907,094	-	56,490,433	583,339
Socorro							
(BA)	First State Bank	58,341	58,341	-	-	-	-
Taos							
(TIB)	Centinel Bank	89,853	89,853	-	-	-	-
(FHLB)	Peoples Bank	47,094	47,094	-	-	-	-
SAVINGS AND LOANS:							
Alamogordo							
(FHLB)	BANK'34	2,000,000	250,000	1,785,000	-	2,439,255	654,255
Roswell							
(FHLB)	Washington Federal	34,651	34,651	-	-	-	-
CREDIT UNION:							
Santa Fe	Guadalupe Credit Union	250,000	250,000	-	-	-	-
SUBTOTAL		62,313,386	2,194,278	59,471,210	300,000	61,244,495	2,073,285

Details of the collateral pledged are on file with the Office of the State Treasurer.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 10 - SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY (CONTINUED)
JUNE 30, 2015**

Location of Depository	Name of Institution	Deposits	FDIC	Collateral Required	Collateral Pledged		Excess (Under)
					Surety Bond Letter of Credit	Securities	
ANCILLARY RECEIVERSHIP ACCOUNTS:							
Santa Fe							
(WFB)	Century Bank	\$ 1,395,236	\$ 250,000	\$ 572,618	\$ -	\$ 994,319	\$ 421,701
FISCAL AGENT BANK:							
(USB)	Wells Fargo Bank N.A.	38,005,944	-	19,002,972	-	44,488,777	25,485,805
SUBTOTAL		<u>39,401,180</u>	<u>250,000</u>	<u>19,575,590</u>	<u>-</u>	<u>45,483,096</u>	<u>25,907,506</u>
TOTAL		<u>\$ 687,957,454</u>	<u>\$ 6,471,760</u>	<u>\$ 371,188,602</u>	<u>\$ 43,150,000</u>	<u>\$ 599,852,203</u>	<u>\$ 271,813,601</u>
Reconciliation to Note 3:							
	Fiscal Agent Account	\$ 38,005,944	\$ -	\$ 19,002,972	\$ -	\$ 44,488,777	\$ 25,485,805
	Certificates of Deposit	65,950,000	1,540,227	49,427,387	-	78,290,842	28,863,455
		<u>103,955,944</u>	<u>1,540,227</u>	<u>68,430,359</u>	<u>-</u>	<u>122,779,619</u>	<u>54,349,260</u>
Add:							
	Agency Deposits	581,983,059	4,680,670	301,601,844	43,150,000	477,005,148	218,553,304
	Ancillary Receivership Accounts	1,395,236	250,000	572,618	-	994,319	421,701
		<u>583,378,295</u>	<u>4,930,670</u>	<u>302,174,462</u>	<u>43,150,000</u>	<u>477,999,467</u>	<u>218,975,005</u>
		<u>\$ 687,334,239</u>	<u>\$ 6,470,897</u>	<u>\$ 370,604,821</u>	<u>\$ 43,150,000</u>	<u>\$ 600,779,086</u>	<u>\$ 273,324,265</u>
Custodial Banks:							
(USB)	US Bank						
(FHLB)	Fed. Home Loan Bank Dallas						
(WFB)	Wells Fargo Bank						
(TIB)	The Independent Bankers Bank						

Details of the collateral pledged are on file with the Office of the State Treasurer.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 10 - SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY (CONTINUED)
JUNE 30, 2015**

REPURCHASE AGREEMENTS:

Name of Custodian	Location of Custodian	Repurchase Agreements per Financial Statement	Collateral Required	Collateral Pledged Mortgage Backed Securities (MBS) *	Issuer	CUSIP Number	Excess (Under) Collateralized
JP Morgan Chase	New York, NY	\$ 124,301,000	\$ 126,787,020	\$ 127,825,731	FHLMC	3128MMSV6	\$ 1,038,711
JP Morgan Chase	New York, NY	300,000,000	306,000,000	305,365,000	GOVT	912828WZ9	(635,000)
JP Morgan Chase	New York, NY	136,798,000	139,533,960	140,551,393	FHLMC	31300MUR2	1,017,433
JP Morgan Chase	New York, NY	44,901,000	45,799,020	46,197,320	FNMA	3138EBQJ7	398,300
Total		<u>\$ 606,000,000</u>	<u>\$ 618,120,000</u>	<u>\$ 619,939,444</u>			<u>\$ 1,819,444</u>

* Mortgaged Backed Securities is a type of asset backed security that is secured by a mortgage or collection of mortgages.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 11 - SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
GAMING SUSPENSE FUND
YEAR ENDED JUNE 30, 2015**

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2015</u>
ASSETS				
Investment in State General Fund				
Investment Pool	\$ -	\$ 66,846,386	\$ 66,846,386	\$ -
Other Receivables	-	17,157,050	-	17,157,050
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 84,003,436</u>	<u>\$ 66,846,386</u>	<u>\$ 17,157,050</u>
LIABILITIES				
Due to State General Fund	\$ -	\$ 84,003,436	\$ 66,846,386	\$ 17,157,050
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 84,003,436</u>	<u>\$ 66,846,386</u>	<u>\$ 17,157,050</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
 SCHEDULE 12 - SCHEDULE OF VENDOR INFORMATION FOR PURCHASES
 EXCEEDING \$60,000 (EXCLUDING GRT) - UNAUDITED
 YEAR ENDED JUNE 30, 2015**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address, Per the Procurement Documentation, of <u>ALL</u> Vendor(s) That Responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds, Answer N/A</i>	<i>Brief Description of the Scope of Work</i>
No purchases exceeding \$60,000								

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE 13 - SCHEDULE OF ARBITRAGE ON TAX EXEMPT BONDS - UNAUDITED
YEAR ENDED JUNE 30, 2015**

	First Computation Date	First Payment Due to IRS	First Computation of Arbitrage Completed	Last / Next Payment Due to IRS
General Obligation Bonds Series 2007	3/1/2012	4/30/2012	X	3/1/2017
General Obligation Bonds Series 2009	5/28/2014	7/28/2014	X	3/1/2019
General Obligation Bonds Series 2011	5/26/2016	7/25/2016	X	3/1/2021
General Obligation Bonds Series 2013	4/23/2018	6/22/2018	X	3/1/2023
General Obligation Bonds Series 2015	3/25/2020	5/26/2020		3/1/2025
Severance Tax Bonds Series 2009A	7/30/2014	9/29/2014	X	7/1/2019
Severance Tax Bonds Series 2010A	3/24/2015	5/26/2015	X	3/24/2020
Supplemental Severance Tax Bonds Series 2010B	3/24/2015	5/26/2015	X	3/24/2020
Severance Tax Bonds Refunding Series 2010D	12/8/2015	2/8/2016	X	7/1/2017
Severance Tax Bonds Series 2011A-1	12/6/2016	2/6/2017	X	7/1/2021
Severance Tax Bonds Refunding Series 2011A-2	12/6/2016	2/6/2017	X	7/1/2021
Severance Tax Bonds Series 2012A	6/21/2017	8/21/2017	X	6/21/2022
Severance Tax Bonds Series 2013A	7/23/2018	9/24/2018	X	7/1/2023
Severance Tax Bonds Series 2014A	6/24/2019	8/23/2019	X	6/24/2024

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Susana Martinez, Governor
State Board of Finance
Honorable Tim Eichenberg, State Treasurer
Honorable Timothy Keller, State Auditor
State of New Mexico Office of the State Treasurer
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund, fiduciary fund and the combining and individual funds presented as supplementary information of the State of New Mexico, Office of the State Treasurer (the Office), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, and have issued our report thereon dated November 25, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Office's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Audit Findings and Responses as 2007-04 to be a material weakness.

Honorable Susana Martinez, Governor
State Board of Finance
Honorable Tim Eichenberg, State Treasurer
Honorable Timothy Keller, State Auditor
State of New Mexico Office of the State Treasurer

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Audit Findings and Responses as 2015-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Office's Response to Findings

The Office's responses to the findings identified in our audit are described in the accompanying Schedule of Audit Findings and Responses. The Office's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 25, 2015

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
JUNE 30, 2015**

SECTION I – FINANCIAL STATEMENT FINDINGS

Finding 2015-001 Accounts Payable (Significant Deficiency)

Condition: During our search for unrecorded liabilities, we encountered a payment to the Department of Information and Technology (DOIT) in the amount of \$11.5K that related to the Public Education Retirement Association (PERA) rather than the New Mexico State Treasurer's Office (the Office). The amount was approved for payment by the CFO of the Office.

Criteria: Policies in place at the Office require CFO review and approval of all invoices prior to payment. In the case of the payment encountered during the search for unrecorded liabilities, the invoice was approved but the supporting documentation was not properly reviewed.

Cause: During the fiscal year the New Mexico State Treasurer's Office had an employee transfer from the PERA. This employee received an invoice via email from the DOIT and set the invoice up for payment. The employee did not realize that the invoice did not relate to the Office. All supporting documentation was given to the CFO for approval.

Effect: The payment of this invoice suggests controls governing the review and approval process are not functioning as intended which could result in additional improper payments.

Recommendation: We recommend that Management carefully review all invoices before approving them for payment.

State Treasurer's Office Response: The Budget and Finance Division has internal controls in place and, although this payment was completed erroneously, it was discovered by the CFO as a result of the internal controls and was corrected immediately. As a result of this erroneous payment, additional internal controls have since been put in place. All invoices are now reviewed by the respective Division Director to determine validity and to ensure services were rendered; invoices are also compared to the most recent previously paid invoice for any differences in charges or services. The additional controls are already in place, with ultimate responsibility delegated to the CFO.

Finding 2007-04 Reporting of Agency Interest in the State General Fund Investment Pool (Material Weakness) – Repeated and Modified

Condition: On July 1, 2006, the State of New Mexico implemented the SHARE accounting system requiring changes to business processes at the State Treasurer's Office, DFA and other State Agencies. The State Treasurer's Office was not allowed to maintain the TRACS subsidiary system that provided for reporting of each State Agency's interest in the State General Fund Investment Pool (SGFIP) when the transition to the SHARE system occurred due to lack of funding for redundant systems.

In June 2012, the State Controller of the Financial Control Division at the DFA commissioned a diagnostic report with the purpose of assessing the current state of cash reconciliation and determining recommendations for remediating the system configuration and business process issues pertaining to the book to bank processes. Some key observations revealed by the diagnostic report relating to the Treasury application are summarized below:

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
JUNE 30, 2015**

SECTION I – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2007-04 Reporting of Agency Interest in the State General Fund Investment Pool (Material Weakness) – Repeated and Modified (Continued)

1. Complete functionality available in the SHARE Treasury application was not implemented. The premise of the reconciliation functionality in PeopleSoft is that all system transactions have an accounting entry on the GL and that each bank transaction reconciles to the system transaction. This is not the case for the current implementation of SHARE.

Management's Progress for Repeat Findings: Management continues to work with DFA and DoIT to rectify the issue, with the most recent iteration being the possibility of an independent subsidiary system put into operation for the purpose of tracking each State Agency's interest in the SGFIP.

Criteria: A Treasury system should allow for proper reconciliation of bank transactions against the general ledger.

Cause: When SHARE was first implemented in fiscal year 2007, the implementation was not thoroughly and properly planned by the State, nor was it implemented to incorporate the full functionality of the system.

Effect: Due to the change in business processes and system configuration, the Treasury application does not allow for proper reconciliation of bank transactions to the GL. Without this ability, verification of individual agency balances is not possible and there is a higher risk of fraudulent activity and misrepresentation of agency balances in the State General Fund Investment Pool.

Recommendation: We recommend that the State Treasurer continue efforts to address this issue as described below:

Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) is taking aggressive action to resolve this serious problem. DFA/FCD commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert.

The Remediation Project made changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure.

The initial phase of the Remediation Project, completed on October 11, 2012, focused on developing a project plan and documenting current statewide business processes. The work product of the initial phase of the Remediation Project is a document entitled, "Cash Management Plan and Business Processes". This document is available on the Cash Control page of the DFA/FCD's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
JUNE 30, 2015**

SECTION I – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2007-04 Reporting of Agency Interest in the State General Fund Investment Pool (Material Weakness) - Repeated and Modified (Continued)

State Treasurer’s Office Response: The Financial Control Division of the New Mexico Department of Finance and Administration, in collaboration with the State Treasurer’s Office, successfully completed a cash remediation project initiated in February 2013 to address some of the issues concerning cash accounting, policies and procedures, business practices, bank account structure and the ability to properly reconcile bank transactions to the GL.

The issues concerning cash have been resolved, including monthly reconciliation by DFA of book to bank balances pursuant to section 6-5-2.1 (j) which requires the New Mexico Department of Finance and Administration to perform monthly reconciliations with the balances and accounts kept by the State Treasurer. In addition, the State Treasurer’s Office is now able to provide reporting on agency balances in the State General Fund Investment Pool (SGFIP). Claims on the Pool are reported as assets by the various agencies investing in the Pool. This reporting is extracted from the SHARE system and is reliant upon the accuracy and timing of the general ledger accounting.

The State Treasurer’s Office concurs with the significance of this condition and is committed to continued communication, collaboration and cooperation with DFA, DoIT and other agencies to improve the cash reconciliation process, with responsibility for completion delegated to the Deputy State Treasurer.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2015**

SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Finding 2014-001 Year End Accounts Payable (Control Deficiency) – Resolved

Condition: During our search for unrecorded liabilities, we encountered a payment in the amount of \$26.8K for fund 18200 that should have been accrued for at year end and was not.

Finding 2014-002 Interagency Transactions (Material Weakness) – Resolved

Condition: During the audit, it was identified that the Department is not recording interagency transactions in a consistent manner with other state agencies. As a result of these inconsistencies, a restatement of the Department's Severance Tax Bond revenue was required in the amount of approximately \$37.7m.

Finding 2007-04 Reporting of Agency Interest in the State General Fund Investment Pool (Material Weakness) – Repeated and Modified

Condition: On July 1, 2006, the State of New Mexico implemented the SHARE accounting system requiring changes to business processes at the State Treasurer's Office, DFA and other State Agencies. The State Treasurer's Office was not allowed to maintain the TRACS subsidiary system that provided for reporting of each State Agency's interest in the State General Fund Investment Pool (SGFIP) when the transition to the SHARE system occurred due to lack of funding for redundant systems.

In June 2012, the State Controller of the Financial Control Division at the DFA commissioned a diagnostic report with the purpose of assessing the current state of cash reconciliation and determining recommendations for remediating the system configuration and business process issues pertaining to the book to bank processes. Some key observations revealed by the diagnostic report relating to the Treasury application are summarized below:

1. Complete functionality available in the SHARE Treasury application was not implemented.

SECTION III – OTHER MATTERS

Finding 2014-003 Reported Earnings to the NM State General Fund (Material Non-Compliance) – Resolved

Condition: The earnings allocation from the State General Fund Investment Pool to the NM State General Fund was overstated by \$17.2 million. The \$17.2 million included investment earnings from the Bond Proceeds Investment Pools. The allocation was reduced by \$17.2 million, during the course of the audit.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER
EXIT CONFERENCE
June 30, 2015**

An exit conference was held with the State Treasurer's Office on November 24, 2015. The conference was held at the State Treasurer's offices in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

**STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER**

Tim Eichenberg, State Treasurer
Sam Collins, Deputy State Treasurer
Charmaine Cook, Chief Investment Officer, Investment Division Director
Clarence L. Smith, Chief Operations Officer, Operations Division Director
Leo Marquez, Chief Financial Officer, Budget and Finance Division Director
Christina Baca, Budget and Finance Bureau Chief
Edward Gallegos, State Cash Manager
Steve Vigil, Investment Accounting Bureau Chief

CLIFTONLARSONALLEN LLP

Georgie Ortiz, CPA, CGMA, Principal
Kimberly Clay, CPA, CGFM, Manager
Christopher W. Gregory, CPA, Senior Associate

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the independent auditor and were reviewed and approved by the State Treasurer's Office. However, the financial statements remain the responsibility of management, as addressed in the Independent Auditors' Report. Management reviewed and approved the financial statements.