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A large, light green circle on the left side of the page, partially overlapping a larger grey circle in the background.

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

**FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2020

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CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

CONTENTS

	Page
OFFICIAL ROSTER	1
INDEPENDENT AUDITORS' REPORT	2-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	5-12
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities.....	14
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	18
Statement of Revenues and Expenditures – General Fund – Budget and Actual (Budgetary Basis)	19
Statement of Fiduciary Net Position.....	20
Statement of Changes in Fiduciary Net Position.....	21
NOTES TO FINANCIAL STATEMENTS.....	22-70
SUPPLEMENTARY INFORMATION	
Schedule 1 – Combining Balance Sheet – General Obligation Bonds – General Obligation Bond Debt Service Funds	71-72
Schedule 2 – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Obligation Debt Service Funds	73-74

Schedule 3 – Combining Balance Sheet – Severance Tax Bonds – Severance Tax Bond Debt Service Funds.....	75-76
Schedule 4 – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Severance Tax Bond Debt Service Funds.....	77-78
Schedule 5 – Schedule of Investments – Fiduciary Funds	79-90
Schedule 6 – Combining Statement of Fiduciary Net Position.....	91
Schedule 7 – Combining Statement of Changes in Fiduciary Net Position	92
Schedule 8 – Schedule of Collateral Pledged by Depository.....	93-96
Schedule 9 – Schedule of Changes in Assets and Liabilities – Governmental Fund – Gaming Suspense Fund.....	97
Schedule 10 – Schedule of Asset Management Costs (Unaudited)	98
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 <i>GOVERNMENT AUDITING STANDARDS</i>	99-100
SCHEDULE OF FINDINGS AND RESPONSES	101
EXIT CONFERENCE	102

State of New Mexico
Office of the State Treasurer

OFFICIAL ROSTER

June 30, 2020

Office of the State Treasurer

Tim Eichenberg	State Treasurer
Sam Collins	Deputy State Treasurer
David Mahooty	Chief Financial Officer
Charmaine Cook	State Cash Manager

State Treasurer's Investment Committee

Tim Eichenberg	State Treasurer
Ashley Leach	State Board of Finance
Mark Pike	Public Member
Cilia Agliodoro	Public Member
Charmaine Cook	State Cash Manager

INDEPENDENT AUDITORS' REPORT

Honorable Michelle Lujan Grisham, Governor and
President, State Board of Finance
and
Honorable Tim Eichenberg, State Treasurer
New Mexico Office of the State Treasurer
and
Honorable Brian Colón, State Auditor
New Mexico Office of the State Auditor
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, 2020, and the related notes to the financial statements, which collectively comprise the Office'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 Office'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 Office'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.

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, the budgetary comparison for the general fund and the aggregate remaining fund information of the Office as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Reporting Entity

As discussed in Note B2, the financial statements of the State of New Mexico Office of the State Treasurer are intended to present the financial position and 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, 2020, 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.

Pension Accounting and Reporting

As discussed in Note P, the State of New Mexico, as a single employer, follows Governmental Accounting Standards Board (GASB) Standards No. 68 *Accounting and Financial Reporting for Pensions*, as of June 30, 2020, in the Comprehensive Annual Financial Reports (CAFR). Accordingly, there is no allocation of the proportional share of the net pension liability to individual agencies or to the Office's financial statements. All other required footnotes and other disclosures required by the Governmental Accounting Standards Board are included in the State of New Mexico CAFR for June 30, 2020. Our opinion is not modified with respect to this matter.

Postemployment Benefits Other Than Pensions Accounting and Reporting

As discussed in Note Q, the State of New Mexico, as a single employer, follows GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of June 30, 2020, in the CAFR. Accordingly, there is no allocation of the proportional share of the net OPEB liability to individual agencies or to the Office's financial statements. All other required footnotes and other disclosures required by the Governmental Accounting Standards Board are included in the State of New Mexico CAFR for June 30, 2020. 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 12 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 – 10 in the Supplementary Information section within the Table of Contents are required by 2.2.2 NMAC, and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 1 – 10 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. Except for Schedule 10, 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 – 9 in the Supplementary Information section required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole. Schedule 10 is presented as unaudited information

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2020, 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.

ATKINSON & CO., LTD

Atkinson & Co., Ltd.

Albuquerque, New Mexico
October 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2020

The New Mexico Office of the State Treasurer's (State Treasurer or STO) 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 net position held in trust for state agencies and local government pool participants for fiscal year 2020 was \$7,450,114,111. The net position held in trust for state agencies and local government investment pool participants for fiscal year 2019 was \$6,909,953,211. The increase of \$540,160,900 was due primarily to investment earnings and increases in bond proceeds and local government investment pool balances. These investment trust funds were held primarily in high-quality U.S. Treasury and agency securities and cash bank accounts.

The State Treasurer's total net position for the fiscal year 2020 was \$326,434,442. Net position in fiscal year 2019 was \$429,843,936. The \$103,409,494 decrease was primarily due to transfers to the other state agencies to satisfy General Obligation and Severance Tax Bond obligations.

The General Fund's main financing source was appropriations, which amounted to \$4,171,500 or 97.1% of all general fund revenue.

The State Treasurer's total governmental fund revenues for fiscal year 2020 were \$743,088,336. The governmental fund revenues in fiscal year 2019 were \$784,090,827. Governmental fund revenues decreased in 2020 by \$41,002,491, substantially due to a decrease in Severance Tax collections.

The State Treasurer's total expenses for fiscal year 2020 were \$4,747,711. The expenses in fiscal year 2019 were \$4,393,562. Expenditures increased in fiscal year 2020 by \$354,149. This was mostly due to increases in personnel and other operating costs.

Transfers to other state agencies for general obligation and severance tax bond debt service payments for fiscal year 2020 were \$845,238,637. Transfers to other state agencies for fiscal year 2019 were \$741,488,582. Transfers to other state agencies for debt service payments increased by \$103,750,055 during fiscal 2020. This was primarily due to increased levels of General Obligation and Severance Tax Bond obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2020

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).

Net Position – Table A-1 summarizes the State Treasurer's net position as of June 30, 2020. Total State Treasurer net position for fiscal year 2020 is \$326,434,442, the majority of which is restricted as to purpose.

Government-wide Financial Analysis

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2020

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, the Severance Tax Bond Fund and the Gaming Suspense 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. During 2017, the State Treasurer adopted a new accounting policy issued by the Department of Finance and Administration (DFA) to transfer the Gaming Suspense Fund as an agency fund included within the Statement of Fiduciary Net Position into the Balance Sheet – Governmental Funds as a change in accounting policy. In addition, all debt service principal and interest expenditures related to general obligation and severance tax bond payments made on behalf of the State Board of Finance were reclassified to transfers to other state agencies. The Gaming Suspense Fund was established to collect monies owed to the State from gaming establishments. It is no longer reported as an agency fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2020

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.

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 22 of this report.

Anticipated Changes

After initially being allocated \$3,936,700 for fiscal year 2021 by the Legislature, a special session to make statewide cuts in response to the COVID-19 pandemic left the State Treasurer with a 2021 budget of \$3,696,300. For fiscal year 2022, the State Treasurer is requesting \$3,999,800. If the State Treasurer receives the total requested appropriation, the increase over the current fiscal year 2021 operating budget will be used primarily to fund costs associated with implementation of the New Mexico Work and Save program.

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. Schedules of capital assets can be found on page 59 of this report. Fiduciary schedules begin on page 79.

State of New Mexico
Office of the State Treasurer

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2020

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

	June 30,	
	2020	2019
ASSETS		
Cash, Cash Equivalents and Repurchase Agreements	\$ 250,723,350	\$ 304,423,115
Due from Other Agencies	78,385,939	127,443,630
Other Receivables	5,490,543	19,902,834
Other Assets	-	-
Capital Assets, Net	1,085,893	1,485,802
Total Assets	\$ 335,685,725	\$ 453,255,381
CURRENT LIABILITIES		
Accounts Payable and Others	\$ 9,094,723	\$ 23,284,730
Compensated Absences, Amounts Due in One Year	156,560	126,715
Total Liabilities	9,251,283	23,411,445
NET POSITION		
Investment in Capital Assets	1,085,893	1,485,802
Restricted	325,505,109	428,484,849
Unrestricted	(156,560)	(126,715)
Total Net Position	326,434,442	429,843,936
Total Liabilities and Net Position	\$ 335,685,725	\$ 453,255,381

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 \$326,434,442 at the close of the most recent fiscal year.

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 service payments 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, \$325,505,109, represents resources that are subject to external restrictions on their use.

State of New Mexico
Office of the State Treasurer

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2020

Changes in Net Position: Governmental activities decreased the State Treasurer's net position by \$103,409,494. Key elements of this decrease are shown in Table A-2.

**Table A-2
The State Treasurer's Statement of Activities**

	Years Ended June 30,	
	2020	2019
GOVERNMENTAL ACTIVITIES		
Revenues:		
Program Revenues:		
General Government	\$ -	\$ -
Total Program Revenues	-	-
General Revenues and transfers from (to) state agencies:		
State General Fund Appropriations, net of reversion	3,686,719	3,411,250
Special Appropriations	108,600	47,700
State Property Tax Levy	88,509,799	87,862,307
Severance Taxes	631,710,032	672,441,063
Interest Revenue	22,867,119	23,785,828
Miscellaneous Revenue	-	673,587
Other State/Federal Revenue	124,339	126,229
Transfers (to) other state agencies	(845,238,637)	(741,488,582)
Total General Revenues	(98,232,029)	46,859,382
Total Revenues and transfers from (to) state agencies	(98,232,029)	46,859,382
Expenses and Other Financing Uses:		
General Government	(5,177,465)	(5,465,675)
Other Sources:		
Transfers in from Other State Agencies	-	-
Net Expenses	(5,177,465)	(5,465,675)
(Decrease) Increase in Net Position	(103,409,494)	41,393,707
Net Position - Beginning of Year	429,843,936	388,450,229
Net Position - End of Year	\$ 326,434,442	\$ 429,843,936

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2020

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 \$326,434,442, which is a decrease of \$103,409,494 in comparison with the prior year. The primary reason for the decrease in fund balance is property and severance taxes and transfers in from other state agencies exceeding debt service payments recorded as transfers to 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 on page 73 in Schedule 2 – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Obligation Bond Debt Service Funds, and disclosed on page 77 in Schedule 4 – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Severance Tax Bond Debt Service Funds.

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 8.7%. This included a restricted beginning net position of \$0.

Capital Assets and Debt Administration

Capital Assets – The State Treasurer's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$1,085,893, 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 H of this report.

Administered Debt Service Payments – For the year ended June 30, 2020, the State Treasurer was responsible for administering debt service payments on total bonded debt service requirements of \$820,936,054, all of which is secured by pledged tax revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2020

Significant Highlights

During fiscal year 2020, 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 2020, cost savings yielded a \$376,181 reversion to the General Fund.

The agency's stated objective of selecting investments is based primarily on safety, then liquidity, and finally, yield. Assets of fiduciary funds managed by the State Treasurer totaled \$7,544,778,508 at June 30, 2020, as compared to \$6,956,507,502 at June 30, 2019, an increase of 8.5%. This increase is due primarily to a rise in the balance of the State General Fund Investment Pool which has been positively impacted by increasing tax revenues related to oil and gas pricing and production. Earnings increased to \$178,619,361 from \$172,362,014 in 2020, an increase of 3.6%. This increase was due primarily to the growth of total assets under management. The agency ended fiscal year 2020 with unrealized gains of \$95,824,958 as compared to unrealized gains of \$32,053,424 at the end of fiscal year 2019. The values of the agency's portfolios which are primarily bond portfolios were positively impacted as market interest rates declined prior to the end of fiscal year 2020. The market value of bonds increase as market interest rates decrease. Unrealized gains and losses are recorded as an adjustment of earnings.

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.

In fiscal year 2020, 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. Standard & Poor's representatives confirmed that the AAAM rating was reaffirmed based on a strong analysis of credit quality, market price exposure and management.

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 87508

State of New Mexico
Office of the State Treasurer

STATEMENT OF NET POSITION

June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Investment in State General Fund Investment Pool	\$ 3,313,034
Repurchase agreements (Held in State General Fund Investment Pool)	247,410,316
Due from other agencies	78,385,939
Other receivables	5,490,543
Capital assets, net of accumulated depreciation	<u>1,085,893</u>
 Total assets	 <u>\$ 335,685,725</u>
 LIABILITIES	
Accounts payable	\$ 361,941
Receipts held in suspense	3,118,834
Accrued payroll	98,971
Accrued payroll taxes	24,434
Due to State General Fund	5,490,543
Compensated absences	<u>156,560</u>
 Total liabilities	 9,251,283
 NET POSITION	
Investment in capital assets	1,085,893
Restricted for:	
Debt service	325,505,109
Unrestricted	<u>(156,560)</u>
 Total net position	 <u>326,434,442</u>
 Total liabilities and net position	 <u>\$ 335,685,725</u>

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Office of the State Treasurer

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	Expenses	Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position Primary Government
PRIMARY GOVERNMENT			
Governmental activities			
General government	\$ 5,177,465	\$ -	\$ (5,177,465)
Total governmental activities	\$ 5,177,465	\$ -	(5,177,465)
GENERAL REVENUES			
State property tax levy			88,509,799
Severance taxes			631,710,032
TRANSFER FROM (TO) STATE AGENCIES			
State General Fund appropriations			4,062,900
State General Fund compensation appropriation			108,600
Reversions to State General Fund FY20			(376,181)
Other state agencies			(845,238,637)
Interest revenue			22,867,119
Miscellaneous revenue			653
Other state funds			122,300
Federal funds			1,386
Total general revenues and transfers			(98,232,029)
Change in net position			(103,409,494)
Net position, beginning			429,843,936
Net position, ending			\$ 326,434,442

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Office of the State Treasurer

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund (18200)	General Obligation Bond Fund (Various Funds)	Severance Tax Bond Fund (Various Funds)	Gaming Suyspense Fund (02000)	
ASSETS					
Investment in State General Fund					
Investment Pool	\$ 3,313,034	\$ -	\$ -	\$ -	\$ 3,313,034
Repurchase agreements (held in State General Fund Investment Pool)	-	71,537,403	175,872,913	-	247,410,316
Due from other agencies	-	1,475,836	76,910,103	-	78,385,939
Other receivables	-	-	-	5,490,543	5,490,543
Total assets	\$ 3,313,034	\$ 73,013,239	\$ 252,783,016	\$ 5,490,543	\$ 334,599,832
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 70,795	\$ -	\$ 291,146	\$ -	\$ 361,941
Receipts held in suspense	3,118,834	-	-	-	3,118,834
Accrued payroll	98,971	-	-	-	98,971
Accrued payroll taxes	24,434	-	-	-	24,434
Due to State General Fund	-	-	-	5,490,543	5,490,543
Total liabilities	3,313,034	-	291,146	5,490,543	9,094,723
FUND BALANCES					
Restricted for:					
Debt service	-	73,013,239	252,491,870	-	325,505,109
Unassigned	-	-	-	-	-
Total fund balances	-	73,013,239	252,491,870	-	325,505,109
Total liabilities and fund balances	\$ 3,313,034	\$ 73,013,239	\$ 252,783,016	\$ 5,490,543	\$ 334,599,832

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Office of the State Treasurer

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

Year Ended June 30, 2020

Total Fund Balance - Governmental Funds (Balance Sheet - Governmental Funds)	\$ 325,505,109
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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	2,106,981
Total accumulated depreciation	<u>(1,021,088)</u>
Total capital assets, net	1,085,893

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

	<u>(156,560)</u>
Net Position of Governmental Activities (Statement of Net Position)	<u>\$ 326,434,442</u>

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Office of the State Treasurer

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS**

Year Ended June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund (18200)	General Obligation Bond Fund (Various Funds)	Severance Tax Bond Fund (Various Funds)	Gaming Suspense Fund (02000)	
REVENUES					
Severance taxes	\$ -	\$ -	\$ 631,710,032	\$ -	\$ 631,710,032
State property tax levy	-	88,509,799	-	-	88,509,799
Interest income - debt service	-	4,853,540	18,013,579	-	22,867,119
Federal funds	1,386	-	-	-	1,386
Total revenues	1,386	93,363,339	649,723,611	-	743,088,336
EXPENDITURES					
Current:					
Personnel services and employee benefits	2,820,981	-	-	-	2,820,981
Operating costs:					
Contractual services	412,869	-	-	-	412,869
Other administrative expenditures	685,808	-	28,368	-	714,176
Other charges	-	262,496	537,189	-	799,685
Total expenditures	3,919,658	262,496	565,557	-	4,747,711
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,918,272)	93,100,843	649,158,054	-	738,340,625
OTHER FINANCING SOURCES (USES)					
State General Fund appropriations	4,062,900	-	-	-	4,062,900
State General Fund compensation appropriation	108,600	-	-	-	108,600
Miscellaneous other sources	122,953	-	-	-	122,953
Reversions to State General Fund FY20	(376,181)	-	-	-	(376,181)
Transfer (to) from other state agencies	-	(86,657,813)	(758,580,824)	-	(845,238,637)
Total other financing sources (uses)	3,918,272	(86,657,813)	(758,580,824)	-	(841,320,365)
NET CHANGE IN FUND BALANCES	-	6,443,030	(109,422,770)	-	(102,979,740)
Fund balances, beginning of year	-	66,570,209	361,914,640	-	428,484,849
Fund balances, end of year	<u>\$ -</u>	<u>\$ 73,013,239</u>	<u>\$ 252,491,870</u>	<u>\$ -</u>	<u>\$ 325,505,109</u>

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Office of the State Treasurer

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ (102,979,740)
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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.

Capital outlay	-
Depreciation expense	<u>(399,909)</u>
Depreciation expense in excess of capital outlay	(399,909)

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:

Increase in compensated absences	<u>(29,845)</u>
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Change in Net Position of Governmental Activities	<u>\$ (103,409,494)</u>
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The accompanying notes are an integral part of this financial statement.

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, 2020

	General Fund (18200)			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
State General Fund appropriations	\$ 4,062,900	\$ 4,062,900	\$ 4,062,900	\$ -
State General Fund compensation appropriation	108,600	108,600	108,600	-
Federal grants	2,000	2,000	1,386	(614)
Other	122,300	122,300	122,953	653
Total Revenues	4,295,800	4,295,800	4,295,839	39
EXPENDITURES				
Personnel services and benefits	3,186,800	2,956,800	2,820,981	135,819
Contractual services	541,700	441,700	412,869	28,831
Other operating costs	567,300	897,300	685,808	211,492
Total Expenditures	4,295,800	4,295,800	3,919,658	376,142
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	376,181	\$ 376,181
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance Unbudgeted reversions to state general fund			(376,181)	
Net change in fund balances (GAAP basis)			\$ -	

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Office of the State Treasurer

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2020

	<u>Investment Trust Fund</u>
ASSETS	
Cash and Investments:	
Fiscal agent bank account	\$ 108,910,616
Cash in banks	1,061,946,489
Certificates of deposit	12,200,000
Government bonds	3,529,880,133
Commercial paper	2,549,608
Municipal bonds	10,278,783
Repurchase agreements	612,000,000
Corporate bonds	426,137,915
Discounted notes	955,959,259
Money market mutual funds	805,483,497
Bank acceptances	<u>2,483,851</u>
 Total cash and investments	 7,527,830,151
 Accrued interest receivable	 <u>16,948,357</u>
 Total assets	 <u>\$ 7,544,778,508</u>
LIABILITIES	
Due to broker	<u>\$ 94,664,397</u>
 Total liabilities	 94,664,397
 FIDUCIARY NET POSITION - held in trust for pool participants	 <u>7,450,114,111</u>
 Total liabilities and fiduciary net position	 <u>\$ 7,544,778,508</u>

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Office of the State Treasurer

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2020

	<u>Investment Trust Fund</u>
ADDITIONS	
Investment income	\$ 178,619,361
Deposits	80,403,294,302
DEDUCTIONS	
Management fees	-
Withdrawals	<u>(80,041,752,763)</u>
Change in fiduciary net position	540,160,900
Fiduciary net position, held in trust for pool participants, beginning of year	<u>6,909,953,211</u>
Fiduciary net position, held in trust for pool participants, end of year	<u><u>\$ 7,450,114,111</u></u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A – DEFINITION OF REPORTING ENTITY

The financial reporting entity is a department of the State of New Mexico and these statements do not represent the complete reporting entity for the State, only New Mexico Office of the State Treasurer as a Department thereof. The Office of the State Treasurer (State Treasurer or the Office or STO) 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 the 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. Items a – f follow.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE A – 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.
- 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE A – DEFINITION OF REPORTING ENTITY – CONTINUED

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 on behalf of the Department of Finance and Administration (DFA) recorded as transfers out to other state agencies. The proceeds from the issuance of these general obligation and severance tax bonds and the related debt are not part of this audit.

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 record the corresponding debt obligation itself, which is a liability reported by DFA on behalf of the State. The debt is reported on the financial statements of the CAFR and the Department of Finance and Administration.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. **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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Financial Reporting Entity and Basis of Presentation

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 GASB Statements 39 and 61) which are included in the State Treasurer's reporting entity.

The Office adopted Governmental Accounting Standards Board Statement No. 79 *Certain External Investment Pools and Pool Participants* (GASB 79) in FY16 to address changes in the regulatory provisions referenced by previous accounting and financial reporting standards for certain external investment pools and their participants. Those provisions were based on the Investment Company Act of 1940, Rule 2a7 whereby external investment pool investments were measured at amortized cost. Rule 2a7 contains the Securities and Exchange Commission's (SEC) regulations that apply to money market funds and the SEC essentially eliminated Rule 2a7 in 2014. GASB 79 provides for continuation of amortized cost accounting and reporting for external investment pools such as the Local Government Investment Pool (LGIP), which is a 2a7-like pool, instead of converting to fair value measurement. The New Mexico LGIP has implemented GASB 79 and its participants qualify for accounting for the investment pool at amortized cost which approximates fair value.

On June 23, 2017, the New Mexico State Department of Finance and Administration (DFA) issued Accounting Policy Statement Three (APS #3), *Interfund Transactions*, which requires debt service (principal and interest) bond payments in their entirety related to general obligation and severance tax bond payments made on behalf of the State Board of Finance to be reported by another state agency for reporting in the State's Comprehensive Annual Financial Report (CAFR) in accordance with DFA's interpretation of GASB 34. Due to this change, the Office will no longer report bond principal and interest payments as its own expenditures but instead report these cash disbursements as transfers out to other state agencies.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Financial Reporting Entity and Basis of Presentation – Continued

In addition, DFA issued Accounting Policy Statement Four (APS #4), *Custodial Funds*, which affected the accounting for funds held by one state agency on behalf of another state agency within the State as a collective whole. Funds previously reported as agency funds, held in trust by STO, are not agency funds held on behalf of third parties (outside of the State collectively) and this reclassification is intended by DFA to help eliminate double-counting of balances and transactions in the State's CAFR. Thus, the gaming suspense funds have been classified as due to other state agencies in order to eliminate interagency fund balances for the purposes of reporting within the State's CAFR. As an agency fund of the State, the Gaming Suspense Fund was transferred from the Trust Fund BU 39401 to the Office as a major fund within BU 39400. The Gaming Suspense Fund 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. Because the Gaming Suspense Fund has no net assets, there was no impact on the Statement of Activities and Statement of Net Position.

3. 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.

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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. 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 60 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:

General Fund

The government's primary operating fund is the General Fund (SHARE Fund 18200). 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 2019 General Appropriation Act (Laws of 2019, Chapter 271, Section 4), Senate Bill 536 (Laws of 2019, Chapter 278), and 2019 House Bill 548 (Laws of 2019, Chapter 279) and is subject to reversions.

Debt Service Funds

The General Obligation Bond Fund (see Schedules 1 and 2 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

The Severance Tax Bond Fund (see Schedules 3 and 4 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.

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.

Additionally, the government reports the following fiduciary funds:

The LGIP Short-Term Investment Pool (SHARE Fund 68599) 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 10199) 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 10099) accounts for securities and other investments identified and held in custody only for State agencies.

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.

5. 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 debt securities; U.S. government agency debt securities; commercial paper; corporate bonds; asset backed debt securities; 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Receivables and Payables

Activities 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 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.

7. Capital Assets

Capital assets, which include equipment and major SHARE software upgrades, 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 per 12-6-10 NMSA 1978. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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).

Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized in the year in which the project was completed.

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
Computer Software	5

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. 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.

9. 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 details of the long-term debt are reported on the financial statements of the CAFR and the Department of Finance and Administration.

10. 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 T for additional information about fund balances.

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 spendable (assigned and unassigned) resources are available, it is the State's policy to spend committed resources first.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. 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 Investment 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.

Restricted Net Position – Expendable 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 \$325,505,109.

Unrestricted Net Position are all other assets that do not meet the definition of “restricted assets” or “investments in capital assets”.

12. 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, 2020.

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 Office did not have any items that were required to be reported in this category as of June 30, 2020.

13. Subsequent Events

Subsequent events have been evaluated through October 31, 2020, the date the financial statements were available for issuance, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2020. Management believes no material subsequent events have arisen that would require adjustment or disclosure.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE C – 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. Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

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 the 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 (DFA/FCD) 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 State Controller indicated that the comprehensive cash reconciliation model has been determined to be sound and DFA has been fully compliant with the monthly process; therefore, resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the SGFIP and that all claims will be honored at face value.

The State Treasurer has established daily and monthly procedures that mitigate the risk of misstatement of the Board's balances within the Pool. In addition, as required by Section 6-5-2.1 (J) NMSA 1978, DFA/FCD is to complete, on a monthly basis, reconciliation with the balances and accounts kept by the State Treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE D – INVESTMENT IN THE STATE GENERAL FUND INVESTMENT POOL

At June 30, 2020, the State Treasurer's Office had \$3,313,034 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 E – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Per the General Appropriation Act, 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 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE E – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

Budgets and Budgetary Accounting – Continued

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 program activity 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, 2020, 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.

NOTE F – DEPOSITS AND INVESTMENTS

1. Fiscal Agent Bank

As of May 1, 2014, 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 for a period of two years, with three options to extend the contract by two years each, for a maximum term of eight years. The second option was exercised in December 2018 to extend the term until April 30, 2022.

2. 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. The Office exercised its option to extend the term until June 30, 2021.

3. 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.

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

3. Investment Trust Fund – Continued

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 Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurements and Application (GASB 72)*, which requires certain assets and liabilities to be measured at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. 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.

At June 30, 2020, collateral pledged to public money deposits was as follows:

	Fiscal Agent Account	Certificates of Deposit
Cash in bank (bank balance)	\$ 46,304,021 *	\$ 12,200,000
Less: FDIC insurance coverage	-	1,000,000
	<hr/>	<hr/>
Total unsecured public funds	\$ 46,304,021	\$ 11,200,000
	<hr/>	<hr/>
Collateral requirement (50%, 75% or 102%) of uninsured public funds	\$ 23,152,011	\$ 5,600,000
Collateral Pledged:		
US Government Securities	77,693,195	11,662,047
Surety bond letter of credit	-	2,000,000
	<hr/>	<hr/>
Excess (Under) Collateralized	\$ 54,541,184	\$ 8,062,047
	<hr/>	<hr/>

* Fiscal agent bank is required to collateralize the monthly average balance.
See Schedule 8 for reconciliation.

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

4. Brokered Transactions

The State Treasurer initiated electronic purchase trades with the following brokers during the year ended June 30, 2020:

Broker Name	Number of Transactions
ACADEMY SECURITIES	8
BANCROFT CAPITAL	14
BARCLAYS CAPITAL	39
BB&T SECURITIES	4
BMO CAPITAL MARKET CORP	30
BOK FINANCIAL SECURITIES INC	17
CANTOR FITZGERALD	3
CASTLEOAK SECURITIES LP	18
CIBC	10
DAIWA CAPITAL MARKETS AMERICA INC	19
DEUTSCHE BANK SECURITIES	9
FTN FINANCIAL CAPITAL MARKETS	3
GUGGENHEIM SECURITIES LLC	1
HSBC SECURITIES USA INC	221
INCAPITAL, LLC	12
INTL FCSTONE FINANCIAL INC	13
ISSUER DIRECT PURCHASES	39
JEFFERIES LLC	10
JP MORGAN	16
KEYBANC CAPITAL MARKETS	15
LOOP CAPITAL MARKETS	22
MIZUHO SECURITIES USA INC	48
MORGAN STANLEY SMITH BARNEY LLC	29
MUTUAL SECURITIES	7
NATWEST MARKETS FKA RBS	6
PIPER JAFFRAY	3
RAMIREZ & CO INC	22
RBC CAPITAL MARKETS	12
SIEBERT WILLIAMS SHANK FKA WILLIAMS CAPITAL	16
STIFEL NICOLAUS & COMPANY	4
STO INTERFUND TRANSFER	2
TD SECURITIES USA LLC	39
WELLS FARGO SECURITIES LLC	48
Total	759

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

5. Investment Balances

The fair value of investments administered by the State Treasurer at June 30, 2020, follows:

	Fair Value Measurements Using			Fair Value June 30, 2020
	Quoted Prices in Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	
Debt securities:				
U.S. government bonds	\$ -	\$ 3,529,880,133	\$ -	\$ 3,529,880,133
Repurchase agreements	-	612,000,000	-	612,000,000
Discounted notes	-	955,959,259	-	955,959,259
Commercial paper	-	2,549,608	-	2,549,608
Corporate bonds	-	426,137,915	-	426,137,915
Municipal bonds	-	10,278,783	-	10,278,783
Money market mutual funds	805,483,497	-	-	805,483,497
Bankers acceptances	-	2,483,851	-	2,483,851
Total investments measured at fair value	<u>\$ 805,483,497</u>	<u>\$ 5,539,289,549</u>	<u>\$ -</u>	<u>\$ 6,344,773,046</u>

The fair value includes repurchase agreements of \$247,410,316 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 \$3,313,034 of cash in STO's general fund.

6. 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.

During fiscal year 2020, the State Treasurer added mutual funds to the eligible investment options to provide additional liquidity investment alternatives.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

7. 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.

8. 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.

9. Local Government Investment Pool (LGIP) (Short Term Investment Pool)

Cities, counties, and other agencies invest monies in the State Treasurer external investment pool (LGIP). In fiscal year 2016 LGIP implemented a portion of GASB No. 79 *Certain External Investment Pools and Pool Participants* (see Note G for further detail), which permits external investments pools to elect to measure all of their investments at amortized cost. The LGIP investments are presented at fair value based on the valuation date in the financial statements. The individual participant balances remain at their amortized cost. As of June 30, 2020, LGIP amortized cost approximated fair value, the difference is immaterial (see Schedule 5).

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, 2020, the WAM(R) of the LGIP was 25 days, and the WAM(F) was 77 days. The fund was rated AAAM by Standard & Poor's as of June 30, 2020.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

10. 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
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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

11. Investments Permitted by Policy

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:

- a. 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.
- b. 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.

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.

- c. 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.
- d. 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 State Treasurer’s Investment Committee (STIC) will meet to evaluate a course of action.
- e. 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

11. Investments Permitted by Policy – Continued

- f. 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.
- g. 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.
- h. 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 and index rating.
- i. 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.
- j. 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

11. Investments Permitted by Policy – Continued

- k. 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.
- l. 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.

12. 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 sale

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

13. 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 or the counterparty’s trust department or 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 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 \$1,169,836,285 in balances are collateralized in compliance with NMAC 2.60.4. Although in compliance with NMAC 2.60.4 as of June 30, 2020, there was \$37,986,565 of the State Treasurer’s bank balances exposed to custodial credit risk as uninsured and uncollateralized.

14. 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, 2020, for the General Fund Investment Pool are as follows:

Securities by Quality Rating	Fair Value	Percentage of Portfolio
AAA:		
Government agency securities	\$ 33,023,230	0.66%
Municipal bonds	7,749,710	0.15%
AAAm:		
Money market mutual funds	570,695,048	11.33%

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

14. Credit Risk – Continued

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AA+:		
Government agency securities	2,400,454,853	47.66%
Discounted notes	288,441,665	5.73%
Corporate bonds	88,812,626	1.76%
AA:		
Corporate bonds	29,580,393	0.59%
AA-:		
Corporate bonds	49,501,100	0.98%
A+:		
Corporate bonds	183,944,221	3.65%
A:		
Corporate bonds	7,756,650	0.15%
Not Rated:		
Repurchase agreements	470,000,000	9.33%
Commercial paper	2,549,608	0.05%
Cash in banks	786,599,276	15.62%
Fiscal agent account	108,910,616	2.16%
Municipal bonds	2,029,000	0.04%
Certificates of deposit	6,000,000	0.12%
Investment in LGIP	702,117	0.01%
Total	<u>\$ 5,036,750,113</u>	<u>100.00%</u>

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations (Standard & Poor's) at June 30, 2020, for the Local Government Investment Pool are as follows:

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AAA:		
Government agency securities	\$ 10,000,990	1.02%

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

14. Credit Risk – Continued

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AA+:		
Government agency securities	230,551,465	23.40%
Discounted notes	469,626,963	47.65%
Not Rated:		
Cash in banks	275,312,066	27.94%
Total	<u>\$ 985,491,484</u>	<u>100.00%</u>

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations (Standard & Poor's) at June 30, 2020, 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:		
Government agency securities	\$ 10,000,000	1.00%
Corporate bonds	9,310,741	0.93%
Municipal bonds	250,043	0.03%
AAAm:		
Money market mutual funds	211,538,881	21.19%
AA+:		
Government agency securities	587,501,911	58.85%
Corporate bonds	10,418,477	1.04%
Discounted notes	132,920,500	13.32%
AA-:		
Corporate bonds	4,998,750	0.50%
A+:		
Corporate bonds	17,361,906	1.74%
A:		
Corporate bonds	7,756,650	0.78%

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

14. Credit Risk – Continued

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Not Rated:		
Certificates of deposit	6,200,000	0.62%
Total	<u>\$ 998,257,859</u>	<u>100.00%</u>

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations (Standard & Poor's) at June 30, 2020, 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:		
Government agency securities	\$ 9,999,734	1.97%
Municipal bonds	250,030	0.05%
AAAm:		
Money market mutual funds	23,249,568	4.57%
AA+:		
Government agency securities	248,347,950	48.88%
Discounted notes	64,970,131	12.79%
AA:		
Corporate bonds	4,004,800	0.79%
AA-:		
Bankers acceptances	2,483,851	0.49%
A+:		
Corporate bonds	12,691,601	2.50%
Not Rated:		
Repurchase agreements	142,000,000	27.95%
Cash	35,147	0.01%
Total	<u>\$ 508,032,812</u>	<u>100.00%</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

15. 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.

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

15. Concentration of Credit Risk – Continued

9. Securities issued by a municipal entity shall be limited to fifteen percent (15%) of a portfolio.
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.
11. Investment in money market mutual funds shall be limited to open-ended 2a-7 rated funds that invest in U.S. Treasury and agency securities and shall be limited to 10% of a 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 securities	\$ 1,420,668,283	28.21%
U.S. government agency securities:		
FFCB	317,142,093	6.30%
FHLB	217,722,175	4.32%
FHLMC	100,574,500	2.00%
FNMA	231,112,675	4.58%
FAGM	96,774,897	1.92%
Supranationals	33,023,230	0.66%
Miscellaneous	16,460,230	0.33%
Municipal bonds:		
CITY OF ALBUQUERQUE-GENERAL OBLIGATION	6,500,000	0.12%
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	500,085	0.01%
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	749,625	0.01%
PP- CNM TAXABLE-GENERAL OBLIGATION BONDS, SERIES	2,029,000	0.04%
Corporate bonds:		
3M CO CALLABLE MEDIUM TERM NOTE FIXED 3%	4,119,880	0.08%
APPLE INC CALLABLE NOTES FIXED .75% 11/MAY/2023	7,073,780	0.14%
APPLE INC CALLABLE NOTES FIXED 1.125% 11/MAY/2025	30,290,635	0.60%
APPLE INC CALLABLE NOTES FIXED 1.7% 11/SEP/2022	5,149,300	0.10%
APPLE INC CALLABLE NOTES FIXED 2.1% 12/SEP/2022	20,729,906	0.41%
APPLE INC CALLABLE NOTES FIXED 2.75% 13/JAN/2025	3,256,380	0.06%
APPLE INC CALLABLE NOTES FIXED 2.85% 06/MAY/2021	14,739,465	0.29%
APPLE INC CALLABLE NOTES FIXED 3% 09/FEB/2024 USD	7,573,160	0.15%
BANK OF NEW YORK MELLON CORP/THE CALLABLE MEDIUM	7,756,650	0.15%
PFIZER INC CALLABLE NOTES FIXED 2.8% 11/MAR/2022	5,206,200	0.10%

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

15. Concentration of Credit Risk – Continued

Securities	Fair Value	Percentage of Portfolio
Corporate bonds - continued :		
PFIZER INC CALLABLE NOTES FIXED 3% 15/SEP/2021 USD	5,160,650	0.10%
TOYOTA MOTOR CREDIT CORP CALLABLE MEDIUM TERM NOTE	39,277,940	0.78%
TOYOTA MOTOR CREDIT CORP CALLABLE MEDIUM TERM NOTE	5,828,347	0.12%
TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE FIXED	18,646,560	0.37%
TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE FIXED	20,283,600	0.40%
US BANCORP CALLABLE MEDIUM TERM NOTE FIXED 2.35%	10,389,485	0.21%
US BANCORP CALLABLE MEDIUM TERM NOTE FIXED 2.625%	13,427,960	0.27%
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	4,998,750	0.10%
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	10,365,000	0.21%
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	7,290,080	0.14%
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	6,080,220	0.12%
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	10,400,200	0.21%
WALMART INC CALLABLE NOTES FIXED 2.65% 15/DEC/2024	26,576,793	0.53%
WALMART INC NOTES VARIABLE 23/JUN/2021 USD 1000	3,003,600	0.06%
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	20,071,400	0.40%
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	3,113,520	0.06%
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	15,296,550	0.30%
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	23,370,990	0.46%
WELLS FARGO BANK NA MEDIUM TERM NOTE FIXED 2.6%	10,117,989	0.20%
Money market mutual funds	570,695,048	11.33%
Discounted notes	288,441,665	5.73%
Commercial paper	2,549,608	0.05%
Certificates of deposit	6,000,000	0.11%
Investment in LGIP	702,117	0.01%
Fiscal agent account	108,910,616	2.16%
Repurchase agreements	470,000,000	9.33%
Cash in Banks	786,599,276	15.66%
Total	<u>\$ 5,036,750,113</u>	<u>100.00%</u>

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

15. 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. Treasury securities	\$ 55,071,150	5.59%
U.S. government agency securities:		
FFCB	91,709,285	9.31%
FHLB	41,000,450	4.16%
FNMA	12,009,640	1.22%
FHLMC	30,760,940	3.12%
Supranationals	10,000,990	1.01%
Cash	275,312,066	27.94%
Discounted notes	469,626,963	47.65%
Total	<u>\$ 985,491,484</u>	<u>100.00%</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 securities	\$ 292,440,100	29.30%
U.S. government agency securities:		
FFCB	139,269,042	13.95%
FHLMC	31,066,120	3.11%
FNMA	58,099,415	5.81%
FHLB	40,307,820	4.04%
Miscellaneous	26,319,414	2.63%
Supranationals	10,000,000	0.99%
Municipal bonds:		
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	250,043	0.03%

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

15. Concentration of Credit Risk – Continued

Securities	Fair Value	Percentage of Portfolio
Corporate bonds:		
APPLE INC CALLABLE NOTES FIXED 1.8% 11/SEP/2024	5,236,000	0.51%
APPLE INC CALLABLE NOTES FIXED 2.1% 12/SEP/2022	5,182,477	0.52%
BANK OF NEW YORK MELLON CORP/THE CALLABLE MEDIUM	7,756,650	0.77%
MICROSOFT CORP CALLABLE NOTES FIXED 2% 03/NOV/2020	9,310,741	0.93%
TOYOTA MOTOR CREDIT CORP CALLABLE MEDIUM TERM NOTE	7,235,410	0.72%
TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE FIXED	5,070,900	0.51%
TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE VARIABLE	1,956,836	0.20%
US BANCORP CALLABLE MEDIUM TERM NOTE FIXED 2.625%	3,098,760	0.31%
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	4,998,750	0.50%
Money market mutual funds	211,538,881	21.19%
Discounted notes	132,920,500	13.31%
Certificate of deposit	6,200,000	0.67%
Total	<u>\$ 998,257,859</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 securities	\$ 212,486,884	41.83%
U.S. government agency securities:		
FHLMC	9,984,400	1.97%
FNMA	20,661,800	4.07%
FHLB	10,037,300	1.98%
Miscellaneous	5,177,300	1.02%
Municipal bonds:		
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	250,030	0.05%

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

15. Concentration of Credit Risk – Continued

Securities	Fair Value	Percentage of Portfolio
Corporate bonds:		
TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE FIXED	5,704,762	1.12%
WALMART INC NOTES VARIABLE 23/JUN/2021 USD 1000	4,004,800	0.78%
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	3,009,736	0.59%
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	3,977,103	0.78%
Money market mutual funds	23,249,568	4.58%
Discounted notes	64,970,131	12.79%
Bankers acceptances	2,483,851	0.49%
Repurchase agreements	142,000,000	27.94%
Cash	35,147	0.01%
Total	<u>\$ 508,032,812</u>	<u>100.00%</u>

16. 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.

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

16. Interest Rate Risk – Continued

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:			
Government agency securities	\$ 33,023,230	\$ 16,926,617	\$ 16,096,613
Municipal bonds	7,749,710	6,500,000	1,249,710
AAAm:			
Money market mutual funds	570,695,048	-	570,695,048
AA+:			
Government agency securities	2,400,454,853	566,043,348	1,834,411,505
Discounted notes	288,441,665	288,441,665	-
Corporate bonds	88,812,626	14,739,465	74,073,161
AA:			
Corporate bonds	29,580,393	3,003,600	26,576,793
AA-:			
Corporate bonds	49,501,100	6,080,220	43,420,880
A+:			
Corporate bonds	183,944,221	40,791,074	143,153,147
A:			
Corporate bonds	7,756,650	-	7,756,650
Not Rated:			
Repurchase agreements	470,000,000	-	470,000,000
Commercial paper	2,549,608	-	2,549,608
Cash in banks	786,599,276	-	786,599,276
Fiscal agent account	108,910,616	-	108,910,616
Municipal bonds	2,029,000	-	2,029,000
Certificates of deposit	6,000,000	-	6,000,000
Investment in LGIP	702,117	-	702,117
Total	<u>\$ 5,036,750,113</u>	<u>\$ 942,525,989</u>	<u>\$ 4,094,224,124</u>

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

16. Interest Rate Risk – Continued

Maturities on investments in the Local Government Investment Pool are as follows:

Securities by Quality Rating	Fair Value	Maturities	
		Less than 1 Year	1-5 Years
AAA:			
Government agency securities	\$ 10,000,990	\$ 10,000,990	\$ -
AA+:			
Government agency securities	230,551,465	178,642,780	51,908,685
Discounted notes	469,626,963	469,626,963	-
Not Rated:			
Cash in banks	275,312,066	275,312,066	-
Total	\$ 985,491,484	\$ 933,582,799	\$ 51,908,685

Maturities on investments in the Bond Proceeds Investment Pool #2 are as follows:

Securities by Quality Rating	Fair Value	Maturities	
		Less than 1 Year	1-5 Years
AAA:			
Government agency securities	\$ 9,999,734	\$ 9,999,734	\$ -
Municipal bonds	250,030	-	250,030
AAAm:			
Money market mutual funds	23,249,568	-	23,249,568
AA+:			
Government agency securities	248,347,950	181,557,750	66,790,200
Discounted notes	64,970,131	64,970,131	-
AA:			
Corporate bonds	4,004,800	4,004,800	-
AA-:			
Bankers acceptances	2,483,851	2,483,851	-
A+:			
Corporate bonds	12,691,601	5,704,762	6,986,839
Not Rated:			
Repurchases agreements	142,000,000	142,000,000	-
Cash	35,147	35,147	-
Total	\$ 508,032,812	\$ 410,756,175	\$ 97,276,637

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

16. Interest Rate Risk – Continued

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:			
Government agency securities	\$ 10,000,000	\$ 10,000,000	\$ -
Corporate bonds	9,310,741	9,310,741	-
Municipal bonds	250,043	-	250,043
AAAm:			
Money market mutual funds	211,538,881	-	211,538,881
AA+:			
Government agency securities	587,501,911	157,396,154	430,105,757
Corporate bonds	10,418,477	-	10,418,477
Discounted notes	132,920,500	132,920,500	-
AA-:			
Corporate bonds	4,998,750	-	4,998,750
A+:			
Corporate bonds	17,361,906	7,027,736	10,334,170
A:			
Corporate bonds	7,756,650	-	7,756,650
Not Rated:			
Certificates of deposit	6,200,000	3,600,000	2,600,000
Total	<u>\$ 998,257,859</u>	<u>\$ 320,255,131</u>	<u>\$ 678,002,728</u>

17. 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, 2020, were denominated in United States Dollars.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

18. 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
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>
Not Rated:		
U.S. Treasury securities	\$ 612,000,000	100%
Total	<u>\$ 612,000,000</u>	<u>100%</u>

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

18. Securities Collateralizing Repurchase Agreements – Continued

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
Not Rated:						
U.S. Treasury securities	\$ 612,000,000	\$ 612,000,000	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ 612,000,000</u>	<u>\$ 612,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule 8 discloses collateral pledged for repurchase agreements.

19. Fair Value of Financial Instruments

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE F – DEPOSITS AND INVESTMENTS – CONTINUED

19. Fair Value of Financial Instruments – Continued

The State Treasurer has the following recurring fair value measurements as of June 30, 2020:

	Fair Value Measurements Using			Fair Value June 30, 2020
	Quoted Prices in Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	
Debt securities:				
U.S. government bonds	\$ -	\$ 3,529,880,133	\$ -	\$ 3,529,880,133
Repurchase agreements	-	612,000,000	-	612,000,000
Discounted notes	-	955,959,259	-	955,959,259
Commercial paper	-	2,549,608	-	2,549,608
Corporate bonds	-	426,137,915	-	426,137,915
Municipal bonds	-	10,278,783	-	10,278,783
Money market mutual funds	805,483,497	-	-	805,483,497
Bankers acceptances	-	2,483,851	-	2,483,851
<hr/>				
Total investments measured at fair value	<u>\$ 805,483,497</u>	<u>\$ 5,539,289,549</u>	<u>\$ -</u>	<u>\$ 6,344,773,046</u>

NOTE G – EXTERNAL INVESTMENT POOL (LGIP) – AMORTIZED COST

Most provisions of GASB No. 79 were effective for reporting periods beginning after June 15, 2015. Specifically, GASB Statement No. 79 allows the use of amortized cost for all of the investments of a pool if the pool uses a stable net asset value (NAV) per share and meets specific criterion under *all* of the following five components; maturity, quality, diversification, liquidity and shadow pricing (shadow pricing = NAV per share calculated using total investments measured at fair value at the calculation date), which must deviate by no more than 0.5 percent from the share price at amortized cost. Certain provisions relating to portfolio quality, custodial credit risk, and shadow pricing are effective for reporting periods beginning after December 15, 2015. STO elected to implement the amortized cost provision of GASB 79 as of June 30, 2016.

STO implemented the provisions of GASB 79 as to the portfolio quality, custodial credit risk, and shadow pricing as of June 30, 2017. STO reviewed each of the requirements listed in GASB 79 to allow election of amortized cost accounting and determined the criteria is consistent with the requirements of Standard and Poor's to ensure compliance with the delayed implementation. STO calculates NAV and submits pool data to S&P on a weekly basis. As for shadow pricing, STO performs a daily calculation that compares the market value of the assets held by the pool to the balances due to the participants. STO has determined that the assets exceed liabilities at June 30, 2020. The difference between the amortized cost and fair value is immaterial for the year ended June 30, 2020.

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE G – EXTERNAL INVESTMENT POOL (LGIP) – AMORTIZED COST – CONTINUED

Below are the limitations or restrictions on LGIP participant withdrawals:

- Amounts less than \$30 million may be withdrawn within 24 hours of notice to the State Treasurer;
- Amounts of \$30 million to \$60 million require notice of 2 business days to the State Treasurer;
- Amounts of \$60 million to \$100 million require notice of 5 business days to the State Treasurer;
- Amounts in excess of \$100 million require notification of 10 business days to the State Treasurer.

Notwithstanding the withdrawal guidelines, the State Treasurer reserves the right to limit participant withdrawals if the State Treasurer determines that doing so is required to ensure the stability of the LGIP.

The State General Fund Investment Pool is part of the Local Government Fund Investment Pool (LGIP), and whenever a combined presentation of the Investment Trust Fund is presented, these investments are eliminated.

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Balance at June 30, 2020</u>
Depreciable assets:					
Equipment, Furniture, and Fixtures	\$ 2,106,981	\$ -	\$ -	\$ -	\$ 2,106,981
Total depreciable assets	2,106,981	-	-	-	2,106,981
Accumulated depreciation	<u>621,179</u>	<u>399,909</u>	<u>-</u>	<u>-</u>	<u>1,021,088</u>
Total capital assets, net	<u>\$ 1,485,802</u>	<u>\$ (399,909)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,085,893</u>

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

General government	<u>\$ 399,909</u>
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State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE I – 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, 2020:

	Balance at June 30, 2019	Increase	(Decrease)	Balance at June 30, 2020	Amounts due within one year
Compensated absences	\$ 126,715	\$ 134,672	\$ (104,827)	\$ 156,560	\$ 156,560

NOTE J – CONDENSED FINANCIAL STATEMENTS

Condensed financial statements of the Investment Trust Fund, inclusive of external and internal participants for the fiscal year ended June 30, 2020, are as follows:

ASSETS

Investments	\$ 7,527,830,151
Interest and other receivables	16,948,357
Total assets	\$ 7,544,778,508

LIABILITIES

Due to broker	\$ 94,664,397
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FIDUCIARY NET POSITION

External participant account balances	945,051,007
Other internal participant account balances:	
Primary government	6,505,063,104
Total liabilities and fiduciary net position	\$ 7,544,778,508

At June 30, 2020, the State Treasurer's investment income earnings were as follows:

Local Government Investment Pool	\$ 13,920,616
Consolidated Investment Pool	28,992,642
State Funds Investment Pool	135,706,103
Total	\$ 178,619,361

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE K – APPROPRIATIONS

The State Treasurer received the following appropriations for the year ended June 30, 2020:

General fund appropriation (Chapter 271, Laws of 2019)	\$ 3,704,300
General fund compensation appropriation (Chapter 271, Laws of 2019)	108,600
General fund appropriation (Chapter 279, Laws of 2019)	100,000
General fund appropriation (Chapter 278, Laws of 2019)	150,000
Total appropriations	\$ 4,062,900

NOTE L – 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 these financial statements and are reported by those certain State agencies.

NOTE M – DUE TO/FROM OTHER STATE AGENCIES

Tax receipts billed by other state agencies due to State Treasurer's Office consist of the following at June 30, 2020:

Due to State Treasurer's Office	Fund No.	Amount	Due from Other State Agencies	Fund No.	Amount
Severance Tax Bonding Fund	41000	\$ 76,910,103	Tax & Revenue Dept. of Finance	83300	\$ 76,910,103
G.O. 2011 Series Debt Service	11630	6,054	& Administration Dept. of Finance	80000	6,054
G.O. 2015 Series Debt Service	35170	279,617	& Administration Dept. of Finance	80000	279,617
G.O. 2017A Series Debt Service	50440	404,510	& Administration Dept. of Finance	80000	404,510
G.O. 2017B Series Debt Service	68150	403,758	& Administration Dept. of Finance	80000	403,758
G.O. 2019 Series Debt Service	20990	381,897	& Administration	80000	381,897
		\$ 78,385,939			\$ 78,385,939

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE N – TRANSFERS

1. Interfund Transfers

Interfund transfers are completed to move revenue from various debt service funds to specific debt service funds per bond resolutions, to cover principal and interest payments.

General Obligation Bonds (see Schedule 2):

SHARE Fund	Transfer from	Amount	SHARE Fund	Transfer to	Amount
50440	2017A Series - Debt Service	\$ 9,695,618	20990	2019 Series - Debt Service	\$ 17,381,396
68150	2017B Series - Debt Service	<u>7,685,778</u>			
		<u>\$ 17,381,396</u>			<u>\$ 17,381,396</u>

Severance Tax Bonds (see Schedule 4):

SHARE Fund	Transfer from	Amount	SHARE Fund	Transfer to	Amount
41000	Severance Tax Bond Fund	\$ 16,975,733	10950	2010A Series Debt Service	\$ 16,975,733
41000	Severance Tax Bond Fund	11,692,864	10960	2010B Series Debt Service	11,692,864
41000	Severance Tax Bond Fund	3,744,162	30830	Series 2011A-1 Refunding	3,744,162
41000	Severance Tax Bond Fund	8,331,319	11480	Series 2012A	8,331,319
41000	Severance Tax Bond Fund	9,075,943	50170	Series 2015B	9,075,943
41000	Severance Tax Bond Fund	18,744,510	50180	Series 2015A	18,744,510
41000	Severance Tax Bond Fund	1,189,502	43160	Series 2016D	1,189,502
41000	Severance Tax Bond Fund	46,337,326	43230	Series 2016A and 2016B	46,337,326
41000	Severance Tax Bond Fund	7,316,114	43290	Series 2016E	7,316,114
41000	Severance Tax Bond Fund	8,463,914	50370	Series 2017A	8,463,914
41000	Severance Tax Bond Fund	11,572,802	50450	Series 2016C	11,572,802
41000	Severance Tax Bond Fund	<u>12,477,575</u>	20660	Series 2018A	<u>12,477,575</u>
		<u>\$ 155,921,764</u>			<u>\$ 155,921,764</u>

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE N – TRANSFERS – CONTINUED

2. Interagency Transfers

Transfers to/from Other State Agencies – General Obligation Bonds

<u>Transfers (from) to</u>	<u>Fund No.</u>	<u>Amount</u>	<u>Transfers (to) from</u>	<u>Fund No.</u>	<u>Amount</u>
Board of Finance	20810	\$ 90,816,238	General Obligation Bonding Funds	Various*	\$ 90,816,238
Board of Finance	20990	(1,616)	2019 Series Debt Service	20990	(1,616)
Board of Finance	71840	(370,000)	2019 Series Cost of Issuance	71840	(370,000)
Board of Finance	35160	(8,140)	Reversion	35170	(8,140)
Board of Finance	20810	<u>(3,778,669)</u>	2015 Series Debt Service	35170	<u>(3,778,669)</u>
		<u>\$ 86,657,813</u>			<u>\$ 86,657,813</u>

Transfers to/from Other State Agencies – Severance Tax Bonds

<u>Transfers (from) to</u>	<u>Fund No.</u>	<u>Amount</u>	<u>Transfers (to) from</u>	<u>Fund No.</u>	<u>Amount</u>
Board of Finance	20810	\$ 168,382,472	Severance Tax Bonding Funds	Various*	\$ 168,382,472
Board of Finance	20810	(3,411,624)	Severance Tax Bonding Fund	41000	(3,411,624)
Board of Finance	20810	561,737,343	Severance Tax Sponge Bond Fund	41000	561,737,343
State Investment Council	60200	<u>31,872,633</u>	Severance Tax Bonding Fund	41000	<u>31,872,633</u>
Total - Severance Tax Bond Funds		<u>\$ 758,580,824</u>			<u>\$ 758,580,824</u>

* See Schedules 2 and 4 for listing of each individual fund.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE O – LEASES

The Office is committed under various noncancelable operating leases primarily for office buildings and equipment. Future minimum lease commitments are as follows for the years ending June 30:

2021	\$	209,242
2022		<u>3,395</u>
	\$	<u>212,637</u>

Lease expenditures were \$247,655 for the year ended June 30, 2020.

NOTE P – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

The State Treasurer's 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). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and 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.

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

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

**NOTE P – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION –
CONTINUED**

Funding Policy

Plan members are required to contribute 8.92% of their gross salary. The State Treasurer's Office is required to contribute 17.24% of the gross covered salary for fiscal year 2020. 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, 2020, 2019 and 2018 were \$351,545, \$340,776 and \$326,170, respectively, which equal the amount of the required contributions for each fiscal year.

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

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 postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The Other Postemployment Benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability 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 liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR), and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

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).

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE Q – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN – CONTINUED

Funding Policy

For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2020, 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. The State Treasurer's contributions to the RHCA for the years ended June 30, 2020, 2019 and 2018 were \$40,817, \$40,115 and \$38,396, respectively, which equal the required contributions for each year.

NOTE R – 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, 2019, to June 30, 2020. 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. The Office's risk management policy may require it to share in legal settlements after July 1, 2019, on a case by case basis. There were no legal settlements outstanding at June 30, 2020, through October 31, 2020, in connection with the risk policy.

NOTE S – 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 Department of Finance and Administration may adjust the reversion within forty-five days of release of the audit report for that fiscal year.

The amount reverted to the State General Fund as of June 30, 2020, was \$376,181.

State of New Mexico
Office of the State Treasurer

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE T – FUND BALANCES

The Office’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, 2020, follows:

	General Fund	General Obligation Bond Fund	Severance Tax Bond Fund
Fund Balances:			
Restricted for:			
Debt Service	\$ -	\$ 73,013,239	\$ 252,491,870
Unassigned	-	-	-
Total Fund Balances	\$ -	\$ 73,013,239	\$ 252,491,870

NOTE U – CASH CONFIRMATION PROCESS

The 2019 New Mexico State Auditor Rule, 2.2.2.10 NMAC Section P (3) (f) (cash confirm rule) states that auditors of state agencies are required to obtain a cash confirmation from the New Mexico State Treasurer’s Office (STO). STO prepared book, not bank, balance cash confirmations as of June 30, 2020, to provide information to auditors of state agencies about each agency’s interest in the State General Fund Investment Pool (SGFIP). STO’s cash confirmations reflect individual state agency balances derived from accounting periods zero (0) through twelve (12) for FY20 based on cash banking activity as recorded within the SHARE general ledger and reconciled by DFA. Due to the possibility of entries posted in SHARE in period 998 that affect cash balances subsequent to the issuance of the confirmation, STO did not issue any additional cash confirmations for the fiscal year-end. The confirmation that was provided to all state agencies by the State Cash Manager indicated that only activity recorded in periods 0 through 12 were considered in confirming cash balances at fiscal year-end.

STO does not have access to general ledger accounting information regarding individual state agency cash balances due to the current limitations of the State’s PeopleSoft enterprise accounting system (SHARE). As a result, STO has no knowledge of outstanding warrants or ACH payments that affect book balances within SHARE by agency. In addition, STO, as the State bank, does not have control over the process of reconciling book balances to bank balances, which is a function performed by DFA (as the State’s controller/accountant).

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE U – CASH CONFIRMATION PROCESS – CONTINUED

Another factor in the cash confirmation process is that the bank activity information provided by Wells Fargo does not track cash disbursements at the individual state agency level. STO's State Cash Manager complies with 8-6-3.1 B (2) NMSA 1978, *State Cash Manager; Powers and Duties*, which requires STO to "obtain from each state agency periodic reports of all money from any source in the agency's custody, including detail information on receipts, disbursements and balances on hand or on deposit in a financial institution." There are approximately 130 Zero Balance Accounts (ZBAs) that exist with Wells Fargo Bank. In addition, there are also several special disbursement accounts held with Wells Fargo, such as for HSD specific for Medicaid payments or for NMTRD specific to state income tax disbursements along with a few others. Each individual ZBA account is assigned to an individual state agency and is used by the assigned agency only to deposit cash receipts. Deposits into the ZBA accounts are swept into the Wells Fargo Master Depository Account daily. However, cash disbursements at the state agency level do not pass through their assigned ZBA accounts. Rather, cash disbursements are funded from accounts which contain activity from several agencies. These disbursement accounts are then funded from the Wells Fargo Master Depository Account and are not tracked at the state agency level; STO does not have the necessary information to determine each agency's interest in the State General Fund Investment Pool without relying on the general ledger (GL) accounting. Additionally, non-cash interagency transfers occur that impact the agencies' fund balances but these general ledger book transfers do not impact total cash on hand.

The State's bank balance available from funds held within the SGFIP and Bond Proceeds Investment Pool (BPIP) trust held with JP Morgan (custodial bank) and Wells Fargo (operating bank) was approximately \$6.5 billion on June 30, 2020. Outstanding warrants and late June ACH payments settled in early July were approximately \$108.5 million in total, which represents the fiscal year-end reconciling difference between the actual bank balance and the recorded book balance for the SGFIP and BPIP combined. In compliance with the cash confirmation rule, STO performed an independent analysis of the reasonableness of the overall cash book balance on June 30, 2020, of approximately \$6.4 billion, which was reconciled to the bank balance by the Department of Finance and Administration (DFA). In total, the GL activity matches bank activity on a test basis.

NOTE V – SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

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

GASB 84 – Fiduciary Activities

GASB Statement No. 84, *Fiduciary Activities* (GASB 84) establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE V – SUBSEQUENT ACCOUNTING PRONOUNCEMENTS – CONTINUED

GASB 84 – Fiduciary Activities – Continued

with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 is effective for periods beginning after December 15, 2019 (FY 21). Management has not yet determined the impact of this statement.

GASB 87 – Leases

GASB Statement No. 87, *Leases* (GASB 87) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Lessor accounting for recognition of lease receivables and deferred inflows of receivables at commencement of the lease term will need to be considered. The lessor should not derecognize the asset underlying the lease. Lessee accounting for operating leases also will be more like capital lease accounting.

GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 is effective for periods beginning after December 15, 2020 (FY 22). This statement may have some impact on the assets and liabilities of the Office.

GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE V – SUBSEQUENT ACCOUNTING PRONOUNCEMENTS – CONTINUED

GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance – Continued

- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

Many of the above issued GASB standards were set for implementation in FY20 and thus are delayed until FY21.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

GASB 96 – Subscription-Based Information Technology Arrangements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96) provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB 96 is effective for periods beginning after June 15, 2022 (FY 23). This statement may have some impact on the assets and liabilities of the Office.

SUPPLEMENTARY INFORMATION

State of New Mexico
Office of the State Treasurer

**SCHEDULE 1 – COMBINING BALANCE SHEET – GENERAL OBLIGATION BONDS –
GENERAL OBLIGATION BOND DEBT SERVICE FUNDS**

June 30, 2020

	SHARE Fund	Assets		
		Repurchase Agreements	Due From Other Agencies	Total Assets
2007 Series - Debt Service	28800	\$ 4,356	\$ -	\$ 4,356
2009 Series - Debt Service	10630	457,251	-	457,251
2011 Series - Debt Service	11630	2,358,313	6,054	2,364,367
2013 Series - Debt Service	11680	6,260	-	6,260
2015 Series - Debt Service	35170	17,594,785	279,617	17,874,402
2017A Series - Debt Service	50440	15,306,557	404,510	15,711,067
2017B Series - Debt Service	68150	13,870,638	403,758	14,274,396
2019 Series - Debt Service	20990	21,410,808	381,897	21,792,705
Total Debt Service		71,008,968	1,475,836	72,484,804
2015 Series - Cost of Issuance	40130	29,497	-	29,497
2017A Series - Cost of Issuance	50390	367,137	-	367,137
2019 Series - Cost of Issuance	71840	131,801	-	131,801
Total Cost of Issuance		528,435	-	528,435
COMBINED TOTAL		\$ 71,537,403	\$ 1,475,836	\$ 73,013,239

Liabilities		Fund Balance Restricted for Debt Service	Total Fund Balance	Total Liabilities & Fund Equity
Accounts Payable	Total Liabilities			
\$ -	\$ -	\$ 4,356	\$ 4,356	\$ 4,356
-	-	457,251	457,251	457,251
-	-	2,364,367	2,364,367	2,364,367
-	-	6,260	6,260	6,260
-	-	17,874,402	17,874,402	17,874,402
-	-	15,711,067	15,711,067	15,711,067
-	-	14,274,396	14,274,396	14,274,396
-	-	21,792,705	21,792,705	21,792,705
-	-	72,484,804	72,484,804	72,484,804
-	-	29,497	29,497	29,497
-	-	367,137	367,137	367,137
-	-	131,801	131,801	131,801
-	-	528,435	528,435	528,435
\$ -	\$ -	\$ 73,013,239	\$ 73,013,239	\$ 73,013,239

State of New Mexico
Office of the State Treasurer

**SCHEDULE 2 – COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GENERAL OBLIGATION DEBT SERVICE FUNDS**

Year Ended June 30, 2020

	SHARE Fund	Revenues		Expenditures			Excess (Deficiency) of Revenues Over (Under) Expenditures
		Interest Income	State Property Tax Levy	Principal and Interest on Long-Term Debt	Other Charges	Total Expenditures	
2007 Series - Debt Service	28800	\$ 4,356	\$ -	\$ -	\$ -	\$ -	\$ 4,356
2009 Series - Debt Service	10630	18,097	-	-	-	-	18,097
2011 Series - Debt Service	11630	39,671	2,260,653	-	750	750	2,299,574
2013 Series - Debt Service	11680	6,260	-	-	-	-	6,260
2015 Series - Debt Service	35170	278,466	17,502,001	-	-	-	17,780,467
2017A Series - Debt Service	50440	1,354,581	15,702,738	-	-	-	17,057,319
2017B Series - Debt Service	68150	326,624	16,382,861	-	-	-	16,709,485
2019 Series - Debt Service	20990	2,825,485	36,661,546	-	-	-	39,487,031
Total Debt Service		4,853,540	88,509,799	-	750	750	93,362,589
2015 Series - Cost of Issuance	40130	-	-	-	22,297	22,297	(22,297)
2017A Series - Cost of Issuance	50390	-	-	-	1,250	1,250	(1,250)
2019 Series - Cost of Issuance	71840	-	-	-	238,199	238,199	(238,199)
Total Cost of Issuance		-	-	-	261,746	261,746	(261,746)
COMBINED TOTAL		\$ 4,853,540	\$ 88,509,799	\$ -	\$ 262,496	\$ 262,496	\$ 93,100,843

Other Financing Sources (Uses)

Transfers (to) from Other State Agencies	Interfund Transfers	Total Other Financing Sources (Uses)	Net Change in Fund Balance	Beginning Fund Balances	Fund Balances June 30, 2020
\$ -	\$ -	\$ -	\$ 4,356	\$ -	\$ 4,356
-	-	-	18,097	439,154	457,251
(2,244,400)	-	(2,244,400)	55,174	2,309,193	2,364,367
-	-	-	6,260	-	6,260
(14,646,691)	-	(14,646,691)	3,133,776	14,740,626	17,874,402
(17,197,250)	(9,695,618)	(26,892,868)	(9,835,549)	25,546,616	15,711,067
(17,863,750)	(7,685,778)	(25,549,528)	(8,840,043)	23,114,439	14,274,396
(35,075,722)	17,381,396	(17,694,326)	21,792,705	-	21,792,705
(87,027,813)	-	(87,027,813)	6,334,776	66,150,028	72,484,804
-	-	-	(22,297)	51,794	29,497
-	-	-	(1,250)	368,387	367,137
370,000	-	370,000	131,801	-	131,801
370,000	-	370,000	108,254	420,181	528,435
<u>\$ (86,657,813)</u>	<u>\$ -</u>	<u>\$ (86,657,813)</u>	<u>\$ 6,443,030</u>	<u>\$ 66,570,209</u>	<u>\$ 73,013,239</u>

State of New Mexico
Office of the State Treasurer

**SCHEDULE 3 – COMBINING BALANCE SHEET – SEVERANCE TAX BONDS –
SEVERANCE TAX BOND DEBT SERVICE FUNDS**

June 30, 2020

	SHARE Fund	Assets		
		Repurchase Agreements	Due From Other Agencies	Total Assets
2009-A Series - Debt Service	10750	\$ 111,761	\$ -	\$ 111,761
2010-A Series - Debt Service	10950	16,574,942	-	16,574,942
2010-B Series - Debt Service	10960	11,470,379	-	11,470,379
2010-C Series - Debt Service	11190	231	-	231
2010-D Series - Debt Service	11280	1,278	-	1,278
Series 2013A	11770	212,144	-	212,144
Series 2014A	12160	120,392	-	120,392
Series 2011A-1	30830	3,643,408	-	3,643,408
Series 2011A-2 Refunding	30820	67,764	-	67,764
2012-A Series - Debt Service	11480	7,774,560	-	7,774,560
2004-B Series Debt Service	18300	108	-	108
2005-B1 Series Debt Service	38800	2,404	-	2,404
Severance Tax Bonding	41000	30,935,822	76,910,103	107,845,925
2005-A Series Debt Service	41200	117,321	-	117,321
Series 2016A & Refunding Series 2016B	43230	41,415,922	-	41,415,922
2003-B Series-Debt Service	48400	481	-	481
Series 2015B	50170	8,126,503	-	8,126,503
Series 2015A	50180	16,605,767	-	16,605,767
Series 2016C	50450	11,566,763	-	11,566,763
2007-A Debt Service	53700	64,817	-	64,817
2005-B2 Series Debt Service	57100	1,738	-	1,738
2008A-1 Series - Debt Service	72010	201,524	-	201,524
2008A-2 Series - Debt Service	72070	1,628	-	1,628
2006-A Series Debt Service	96300	3,443	-	3,443
2016D Series Debt Service	43160	674,920	-	674,920
2016E Series Debt Service	43290	7,262,203	-	7,262,203
2017A Series Debt Service	50370	7,529,707	-	7,529,707
2017SC Series Debt Service	67980	33	-	33
2018A Series Debt Service	20660	11,263,806	-	11,263,806
Total Debt Service		175,751,769	76,910,103	252,661,872
2004-B Series-Rebate	41100	327	-	327
2003-B Supp-Rebate	42000	13,424	-	13,424
2005-A Series-Rebate	48300	47,681	-	47,681
2005-B1 Series-Rebate	57000	11,749	-	11,749
2005-B2 Series-Rebate	96000	6,895	-	6,895
2006-A Series-Rebate	96400	41,068	-	41,068
Total Rebate Accounts		121,144	-	121,144
COMBINED TOTAL		\$ 175,872,913	\$ 76,910,103	\$ 252,783,016

Liabilities		Fund Equity		Total
Accounts Payable	Total Liabilities	Restricted for Debt Service	Total Fund Equity	Liabilities & Fund Equity
\$ -	\$ -	\$ 111,761	\$ 111,761	\$ 111,761
-	-	16,574,942	16,574,942	16,574,942
-	-	11,470,379	11,470,379	11,470,379
-	-	231	231	231
-	-	1,278	1,278	1,278
-	-	212,144	212,144	212,144
-	-	120,392	120,392	120,392
-	-	3,643,408	3,643,408	3,643,408
-	-	67,764	67,764	67,764
-	-	7,774,560	7,774,560	7,774,560
-	-	108	108	108
-	-	2,404	2,404	2,404
289,931	289,931	107,555,994	107,555,994	107,845,925
-	-	117,321	117,321	117,321
-	-	41,415,922	41,415,922	41,415,922
-	-	481	481	481
-	-	8,126,503	8,126,503	8,126,503
-	-	16,605,767	16,605,767	16,605,767
-	-	11,566,763	11,566,763	11,566,763
-	-	64,817	64,817	64,817
-	-	1,738	1,738	1,738
-	-	201,524	201,524	201,524
1,215	1,215	413	413	1,628
-	-	3,443	3,443	3,443
-	-	674,920	674,920	674,920
-	-	7,262,203	7,262,203	7,262,203
-	-	7,529,707	7,529,707	7,529,707
-	-	33	33	33
-	-	11,263,806	11,263,806	11,263,806
291,146	291,146	252,370,726	252,370,726	252,661,872
-	-	327	327	327
-	-	13,424	13,424	13,424
-	-	47,681	47,681	47,681
-	-	11,749	11,749	11,749
-	-	6,895	6,895	6,895
-	-	41,068	41,068	41,068
-	-	121,144	121,144	121,144
<u>\$ 291,146</u>	<u>\$ 291,146</u>	<u>\$ 252,491,870</u>	<u>\$ 252,491,870</u>	<u>\$ 252,783,016</u>

State of New Mexico
Office of the State Treasurer

**SCHEDULE 4 – COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – SEVERANCE TAX BOND DEBT SERVICE FUNDS**

Year Ended June 30, 2020

	SHARE Fund	Revenues		Expenditures			Excess (Deficiency) of Revenues Over (Under) Expenditures
		Interest Income	Severance Taxes	Principal and Interest on Long-Term Debt	Other Charges	Total Expenditures	
2009-A Series - Debt Service	10750	\$ 99,964	\$ -	\$ -	\$ -	\$ -	\$ 99,964
2010-A Series - Debt Service	10950	760	-	-	-	-	760
2010-B Series - Debt Service	10960	521	-	-	-	-	521
2010-C Series - Debt Service	11190	4	-	-	-	-	4
2010-D Series - Debt Service	11280	24	-	-	-	-	24
Series 2013A	11770	41,373	-	-	-	-	41,373
Series 2014A	12160	107,049	-	-	-	-	107,049
2011A-1 Series	30830	1,468	-	-	-	-	1,468
2011A-2 Series Refunding	30820	1,293	-	-	-	-	1,293
2012A - Series	11480	9,780	-	-	-	-	9,780
2004-B Series Debt Service	18300	2	-	-	-	-	2
2005-B1 Series Debt Service	38800	46	-	-	-	-	46
Severance Tax Bonding	41000	14,542,397	631,710,032	-	565,556	565,556	645,686,873
2005-A Series -Debt Service	41200	2,238	-	-	-	-	2,238
Series 2016A & Refunding Series 2016B	43230	384,497	-	-	-	-	384,497
2003-B Series-Debt Service	48400	9	-	-	-	-	9
Series 2015B	50170	212,685	-	-	-	-	212,685
Series 2015A	50180	234,056	-	-	-	-	234,056
Series 2016C	50450	122,769	-	-	-	-	122,769
2007-A Series-Debt Service	53700	1,237	-	-	-	-	1,237
2005-B2 Series Debt Service	57100	33	-	-	-	-	33
2008A-1 Debt Service	72010	4,143	-	-	-	-	4,143
2008A-2 Debt Service	72070	31	-	-	-	-	31
2006-A Series Debt Service	96300	66	-	-	-	-	66
2016D Series Debt Service	43160	132,960	-	-	-	-	132,960
2016E Series Debt Service	43290	101,660	-	-	-	-	101,660
2017A Series Debt Service	50370	590,083	-	-	-	-	590,083
2017SC Series Debt Service	67980	-	-	-	-	-	-
2018A Series Debt Service	20660	1,420,119	-	-	1	1	1,420,118
Total Debt Service		18,011,267	631,710,032	-	565,557	565,557	649,155,742
2004-B Series-Rebate	41100	6	-	-	-	-	6
2003-B Supp-Rebate	42000	256	-	-	-	-	256
2005-A Series-Rebate	48300	910	-	-	-	-	910
2005-B1 Series-Rebate	57000	224	-	-	-	-	224
2005-B2 Series-Rebate	96000	132	-	-	-	-	132
2006-A Series-Rebate	96400	784	-	-	-	-	784
Total Rebate Accounts		2,312	-	-	-	-	2,312
COMBINED TOTAL		\$ 18,013,579	\$ 631,710,032	\$ -	\$ 565,557	\$ 565,557	\$ 649,158,054

Other Financing Sources (Uses)

Transfers (to) from Other State Agencies	Interfund Transfers	Total Other Financing Sources (Uses)	Net Change in Fund Balance	Beginning Fund Balance	Fund Balances June 30, 2020
\$ (19,065,000)	\$ -	\$ (19,065,000)	\$ (18,965,036)	\$ 19,076,797	\$ 111,761
(16,593,500)	16,975,733	382,233	382,993	16,191,949	16,574,942
(11,586,425)	11,692,864	106,439	106,960	11,363,419	11,470,379
-	-	-	4	227	231
-	-	-	24	1,254	1,278
-	-	-	41,373	170,771	212,144
(16,072,000)	-	(16,072,000)	(15,964,951)	16,085,343	120,392
(3,705,325)	3,744,162	38,837	40,305	3,603,103	3,643,408
-	-	-	1,293	66,471	67,764
(8,163,625)	8,331,319	167,694	177,474	7,597,086	7,774,560
-	-	-	2	106	108
-	-	-	46	2,358	2,404
(590,198,351)	(155,921,764)	(746,120,115)	(100,433,242)	207,989,236	107,555,994
-	-	-	2,238	115,083	117,321
(23,173,800)	46,337,326	23,163,526	23,548,023	17,867,899	41,415,922
-	-	-	9	472	481
(9,826,750)	9,075,943	(750,807)	(538,122)	8,664,625	8,126,503
(18,648,875)	18,744,510	95,635	329,691	16,276,076	16,605,767
(14,604,500)	11,572,802	(3,031,698)	(2,908,929)	14,475,692	11,566,763
-	-	-	1,237	63,580	64,817
-	-	-	33	1,705	1,738
-	-	-	4,143	197,381	201,524
-	-	-	31	382	413
-	-	-	66	3,377	3,443
(1,336,250)	1,189,502	(146,748)	(13,788)	688,708	674,920
(2,835,798)	7,316,114	4,480,316	4,581,976	2,680,227	7,262,203
(6,960,875)	8,463,914	1,503,039	2,093,122	5,436,585	7,529,707
-	-	-	-	33	33
(15,809,750)	12,477,575	(3,332,175)	(1,912,057)	13,175,863	11,263,806
(758,580,824)	-	(758,580,824)	(109,425,082)	361,795,808	252,370,726
-	-	-	6	321	327
-	-	-	256	13,168	13,424
-	-	-	910	46,771	47,681
-	-	-	224	11,525	11,749
-	-	-	132	6,763	6,895
-	-	-	784	40,284	41,068
-	-	-	2,312	118,832	121,144
<u>\$ (758,580,824)</u>	<u>\$ -</u>	<u>\$ (758,580,824)</u>	<u>\$ (109,422,770)</u>	<u>\$ 361,914,640</u>	<u>\$ 252,491,870</u>

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS

June 30, 2020

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
GENERAL FUND INVESTMENT POOL:					
Fiscal agent bank account	0.000%	N/A	\$ 108,910,616	\$ 108,910,616	\$ -
Cash in banks	Various	Various	786,599,276	786,599,276	-
Repurchase agreements	Various	Various	470,000,000	470,000,000	-
Certificates of deposit	Various	Various	6,000,000	6,000,000	-
Investment in LGIP	Various	Various	702,117	702,117	-
Municipal bonds:					
CITY OF ALBUQUERQUE-GENERAL OBLIGATION	2.439%	07/01/2020	6,500,000	6,500,000	-
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	0.473%	07/01/2022	500,000	500,085	85
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	0.553%	07/01/2023	750,000	749,625	(375)
PP- CNM TAXABLE-GENERAL OBLIGATION BONDS, SERIES	0.000%	08/15/2020	2,029,000	2,029,000	-
Total municipal bonds			9,779,000	9,778,710	(290)
Corporate bonds:					
3M CO CALLABLE MEDIUM TERM NOTE FIXED 3%	3.000%	09/14/2021	3,996,619	4,119,880	123,261
APPLE INC CALLABLE NOTES FIXED .75% 11/MAY/2023	0.750%	05/11/2023	6,981,829	7,073,780	91,951
APPLE INC CALLABLE NOTES FIXED 1.125% 11/MAY/2025	1.125%	05/11/2025	30,089,594	30,290,635	201,041
APPLE INC CALLABLE NOTES FIXED 1.7% 11/SEP/2022	1.700%	09/11/2022	4,999,374	5,149,300	149,926
APPLE INC CALLABLE NOTES FIXED 2.1% 12/SEP/2022	2.100%	09/12/2022	20,025,328	20,729,906	704,578
APPLE INC CALLABLE NOTES FIXED 2.75% 13/JAN/2025	2.750%	01/13/2025	3,127,361	3,256,380	129,019
APPLE INC CALLABLE NOTES FIXED 2.85% 06/MAY/2021	2.850%	05/06/2021	14,467,023	14,739,465	272,442
APPLE INC CALLABLE NOTES FIXED 3% 09/FEB/2024 USD	3.000%	02/09/2024	7,243,751	7,573,160	329,409
BANK OF NEW YORK MELLON CORP/THE CALLABLE MEDIUM	1.850%	01/27/2023	7,495,478	7,756,650	261,172
PFIZER INC CALLABLE NOTES FIXED 2.8% 11/MAR/2022	2.800%	03/11/2022	4,999,827	5,206,200	206,373
PFIZER INC CALLABLE NOTES FIXED 3% 15/SEP/2021 USD	3.000%	09/15/2021	4,997,231	5,160,650	163,419
TOYOTA MOTOR CREDIT CORP CALLABLE MEDIUM TERM NOTE	2.150%	09/08/2022	38,023,008	39,277,940	1,254,932
TOYOTA MOTOR CREDIT CORP CALLABLE MEDIUM TERM NOTE	2.150%	09/27/2024	5,980,000	5,828,347	(151,653)
TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE FIXED	2.650%	04/12/2022	17,993,158	18,646,560	653,402
TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE FIXED	3.050%	01/08/2021	20,027,776	20,283,600	255,824
US BANCORP CALLABLE MEDIUM TERM NOTE FIXED 2.35%	2.350%	01/29/2021	10,322,882	10,389,485	66,603
US BANCORP CALLABLE MEDIUM TERM NOTE FIXED 2.625%	2.625%	01/24/2022	13,156,279	13,427,960	271,681
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	1.289%	01/21/2022	5,000,000	4,998,750	(1,250)
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	1.950%	01/09/2023	9,993,094	10,365,000	371,906
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	2.650%	05/23/2022	6,995,247	7,290,080	294,833
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	3.000%	02/04/2021	6,006,190	6,080,220	74,030
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	3.450%	11/16/2021	9,993,497	10,400,200	406,703
WALMART INC CALLABLE NOTES FIXED 2.65% 15/DEC/2024	2.650%	12/15/2024	26,429,569	26,576,793	147,224
WALMART INC NOTES VARIABLE 23/JUN/2021 USD 1000	0.535%	06/23/2021	3,000,000	3,003,600	3,600
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	1.543%	07/23/2021	20,024,040	20,071,400	47,360
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	3.625%	10/22/2021	3,066,381	3,113,520	47,139
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	2.897%	05/27/2022	15,307,300	15,296,550	(10,750)
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	2.082%	09/09/2022	23,000,000	23,370,990	370,990
WELLS FARGO BANK NA MEDIUM TERM NOTE FIXED 2.6%	2.600%	01/15/2021	10,035,373	10,117,989	82,616
Total corporate bonds			352,777,209	359,594,990	6,817,781

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS – CONTINUED

June 30, 2020

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Discounted notes:					
UNITED STATES OF AMERICA BILL ZERO CPN 01/OCT/2020	0.000%	10/01/2020	34,985,462	34,986,000	538
UNITED STATES OF AMERICA BILL ZERO CPN 02/JUL/2020	0.000%	07/02/2020	49,999,722	50,000,000	278
UNITED STATES OF AMERICA BILL ZERO CPN 09/JUL/2020	0.000%	07/09/2020	49,998,568	49,998,500	(68)
UNITED STATES OF AMERICA BILL ZERO CPN 11/AUG/2020	0.000%	08/11/2020	49,991,784	49,992,500	716
UNITED STATES OF AMERICA BILL ZERO CPN 22/SEP/2020	0.000%	09/22/2020	49,981,239	49,984,500	3,261
UNITED STATES OF AMERICA BILL ZERO CPN 24/SEP/2020	0.000%	09/24/2020	49,980,456	49,983,000	2,544
UNITED STATES OF AMERICA BILL ZERO CPN 24/DEC/2020	0.000%	12/24/2020	3,497,177	3,497,165	(12)
Total discounted notes			288,434,408	288,441,665	7,257
Commerical paper:					
PRIVATE EXP. FUNDING CORPORATE COMMERCIAL PAPER	0.000%	8/10/2020	2,546,442	2,549,608	3,166
Total commerical paper			2,546,442	2,549,608	3,166
Money market mutual funds:					
GOLDMAN SACHS FIN SQ TR OB-FS	0.000%	12/31/2049	139,125,330	139,125,330	-
GOLDMAN SACHS TRUST FINL SQUARE GOVT FD INSTL CL	0.000%	12/31/2049	431,569,718	431,569,718	-
Total money market mutual funds			570,695,048	570,695,048	-
U.S. government securities:					
Treasury securities:					
UNITED STATES OF AMERICA NOTES FIXED .375%	0.375%	03/31/2022	25,062,518	25,089,000	26,482
UNITED STATES OF AMERICA NOTES FIXED .375%	0.375%	04/30/2025	35,077,876	35,158,550	80,674
UNITED STATES OF AMERICA NOTES FIXED 1.125%	1.125%	06/30/2021	20,898,551	21,197,610	299,059
UNITED STATES OF AMERICA NOTES FIXED 1.125%	1.125%	08/31/2021	44,762,427	45,492,300	729,873
UNITED STATES OF AMERICA NOTES FIXED 1.125%	1.125%	09/30/2021	24,629,554	25,297,000	667,446
UNITED STATES OF AMERICA NOTES FIXED 1.25%	1.250%	07/31/2023	16,711,484	17,353,224	641,740
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	04/30/2021	17,344,718	17,672,200	327,482
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	08/31/2020	24,949,486	25,049,500	100,014
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	09/30/2020	62,816,474	63,187,110	370,636
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	09/30/2023	19,835,808	20,772,600	936,792
UNITED STATES OF AMERICA NOTES FIXED 1.5%	1.500%	09/30/2024	43,804,059	46,344,320	2,540,261
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	07/31/2020	20,001,225	20,024,000	22,775
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	10/31/2023	20,029,530	20,954,000	924,470
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	05/31/2022	43,067,344	44,295,160	1,227,816
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	09/30/2022	26,670,436	27,749,524	1,079,088
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	10/31/2020	41,038,506	41,211,970	173,464
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	11/30/2021	44,418,997	46,003,950	1,584,953
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	12/31/2020	20,036,199	20,154,600	118,401
UNITED STATES OF AMERICA NOTES FIXED 1.875%	1.875%	01/31/2022	9,915,179	10,267,600	352,421
UNITED STATES OF AMERICA NOTES FIXED 1.875%	1.875%	02/28/2022	24,740,721	25,705,000	964,279
UNITED STATES OF AMERICA NOTES FIXED 1.875%	1.875%	03/31/2022	24,607,233	25,741,250	1,134,017
UNITED STATES OF AMERICA NOTES FIXED 1.875%	1.875%	08/31/2022	69,186,696	72,578,800	3,392,104
UNITED STATES OF AMERICA NOTES FIXED 1.875%	1.875%	10/31/2022	9,970,548	10,396,500	425,952
UNITED STATES OF AMERICA NOTES FIXED 2%	2.000%	01/15/2021	49,850,678	50,488,500	637,822
UNITED STATES OF AMERICA NOTES FIXED 2%	2.000%	04/30/2024	17,609,018	18,692,275	1,083,257
UNITED STATES OF AMERICA NOTES FIXED 2%	2.000%	07/31/2020	24,986,595	25,037,750	51,155
UNITED STATES OF AMERICA NOTES FIXED 2%	2.000%	07/31/2022	20,049,472	20,762,600	713,128

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS – CONTINUED

June 30, 2020

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Treasury securities - continued :					
UNITED STATES OF AMERICA NOTES FIXED 2%	2.000%	11/30/2020	20,017,874	20,146,800	128,926
UNITED STATES OF AMERICA NOTES FIXED 2%	2.000%	11/30/2022	19,934,971	20,880,400	945,429
UNITED STATES OF AMERICA NOTES FIXED 2%	2.000%	12/31/2021	24,872,761	25,681,750	808,989
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	02/29/2024	30,805,453	33,174,960	2,369,507
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	06/30/2022	20,103,216	20,781,200	677,984
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	07/31/2024	17,197,793	18,307,470	1,109,677
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	08/31/2020	28,976,381	29,093,380	116,999
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	11/30/2023	24,578,317	26,640,750	2,062,433
UNITED STATES OF AMERICA NOTES FIXED 2.25%	2.250%	01/31/2024	27,821,606	30,047,640	2,226,034
UNITED STATES OF AMERICA NOTES FIXED 2.375%	2.375%	01/31/2023	24,726,063	26,415,000	1,688,937
UNITED STATES OF AMERICA NOTES FIXED 2.375%	2.375%	03/15/2021	29,962,266	30,462,900	500,634
UNITED STATES OF AMERICA NOTES FIXED 2.375%	2.375%	03/15/2022	41,487,319	41,496,800	9,481
UNITED STATES OF AMERICA NOTES FIXED 2.375%	2.375%	04/15/2021	24,953,496	25,431,750	478,254
UNITED STATES OF AMERICA NOTES FIXED 2.375%	2.375%	08/15/2024	15,571,420	16,319,550	748,130
UNITED STATES OF AMERICA NOTES FIXED 2.5%	2.500%	05/15/2024	14,224,620	15,232,140	1,007,520
UNITED STATES OF AMERICA NOTES FIXED 2.625%	2.625%	06/15/2021	19,992,683	20,467,200	474,517
UNITED STATES OF AMERICA NOTES FIXED 2.625%	2.625%	07/15/2021	24,949,102	25,633,750	684,648
UNITED STATES OF AMERICA NOTES FIXED 2.625%	2.625%	08/31/2020	24,998,768	25,101,250	102,482
UNITED STATES OF AMERICA NOTES FIXED 2.625%	2.625%	12/15/2021	24,956,372	25,890,750	934,378
UNITED STATES OF AMERICA NOTES FIXED 2.75%	2.750%	08/15/2021	24,995,879	25,717,750	721,871
UNITED STATES OF AMERICA NOTES FIXED 2.75%	2.750%	07/31/2023	19,961,810	21,576,600	1,614,790
UNITED STATES OF AMERICA NOTES FIXED 2.75%	2.750%	08/31/2023	24,988,708	27,021,500	2,032,792
UNITED STATES OF AMERICA NOTES FIXED 2.75%	2.750%	09/15/2021	24,979,067	25,775,500	796,433
UNITED STATES OF AMERICA NOTES FIXED 2.875%	2.875%	10/15/2021	19,970,613	20,694,600	723,987
Total treasury securities			1,377,097,890	1,420,668,283	43,570,393
Federal Farm Credit Banks (FFCB):					
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	0.440%	04/11/2022	15,000,000	15,033,600	33,600
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	0.440%	12/12/2022	10,000,000	10,012,500	12,500
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	0.440%	05/20/2022	6,000,000	6,014,880	14,880
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	0.250%	05/06/2022	24,970,659	25,005,750	35,091
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	1.210%	03/03/2025	14,805,675	15,004,310	198,635
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	1.230%	03/04/2024	23,919,379	24,162,854	243,475
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	1.600%	09/17/2024	20,603,420	21,522,335	918,915
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	1.650%	01/23/2025	7,819,773	7,907,775	88,002
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	1.770%	06/26/2023	20,062,306	21,011,909	949,603
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	1.900%	07/01/2024	11,593,419	12,283,459	690,040
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	2.125%	09/06/2022	20,087,189	20,807,400	720,211
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	2.540%	04/05/2021	11,722,781	11,936,993	214,212
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	2.550%	03/01/2022	25,009,330	25,969,750	960,420
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	2.875%	12/21/2023	16,227,217	17,509,233	1,282,016
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	3.000%	12/06/2023	31,259,531	33,968,135	2,708,604
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	3.050%	11/06/2023	21,946,386	23,989,460	2,043,074
FEDERAL FARM CREDIT BANKS FUNDING CORP CALLABLE	0.400%	11/04/2021	25,000,000	25,001,750	1,750
Total Federal Farm Credit Banks			306,027,065	317,142,093	11,115,028

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS – CONTINUED

June 30, 2020

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Federal Home Loan Banks (FHLB):					
FEDERAL HOME LOAN BANKS BOND FIXED .25%	0.250%	06/03/2022	14,997,955	15,005,100	7,145
FEDERAL HOME LOAN BANKS BOND FIXED 1.125%	1.125%	07/14/2021	4,994,769	5,048,750	53,981
FEDERAL HOME LOAN BANKS BOND FIXED 1.375%	1.375%	02/18/2021	33,971,072	34,249,560	278,488
FEDERAL HOME LOAN BANKS BOND FIXED 1.375%	1.375%	09/28/2020	6,998,184	7,020,510	22,326
FEDERAL HOME LOAN BANKS BOND FIXED 1.875%	1.875%	03/08/2024	14,589,681	14,744,805	155,124
FEDERAL HOME LOAN BANKS BOND FIXED 2.25%	2.250%	03/11/2022	2,000,456	2,066,120	65,664
FEDERAL HOME LOAN BANKS BOND FIXED 2.5%	2.500%	03/11/2022	34,655,510	35,830,665	1,175,155
FEDERAL HOME LOAN BANKS BOND FIXED 2.625%	2.625%	10/01/2020	4,998,659	5,030,600	31,941
FEDERAL HOME LOAN BANKS BOND FIXED 2.75%	2.750%	03/10/2023	25,051,068	26,563,750	1,512,682
FEDERAL HOME LOAN BANKS BOND FIXED 2.875%	2.875%	06/14/2024	20,765,533	21,942,600	1,177,067
FEDERAL HOME LOAN BANKS BOND FIXED 3.375%	3.375%	12/08/2023	46,291,102	50,219,715	3,928,613
Total Federal Home Loan Banks			209,313,989	217,722,175	8,408,186
Federal Home Loan Mortgage Corporation (FHLMC):					
FEDERAL HOME LOAN MORTGAGE CORP CALLABLE MEDIUM	0.480%	10/21/2021	20,000,000	20,015,800	15,800
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .25%	0.250%	06/26/2023	24,927,331	24,961,000	33,669
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .375%	0.375%	04/20/2023	19,953,258	20,054,600	101,342
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .375%	0.375%	05/05/2023	24,990,021	25,065,000	74,979
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1.5%	1.500%	02/12/2025	9,992,864	10,478,100	485,236
Total Federal Home Loan Mortgage Corporation			99,863,474	100,574,500	711,026
Federal National Mortgage Association (FNMA):					
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.250%	05/22/2023	24,927,463	24,973,750	46,287
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.625%	04/22/2025	19,960,308	20,162,000	201,692
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.375%	02/26/2021	2,495,671	2,518,375	22,704
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.375%	10/07/2021	4,997,814	5,074,900	77,086
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.500%	07/30/2020	19,998,350	20,022,200	23,850
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.625%	01/07/2025	19,942,046	21,070,600	1,128,554
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.750%	07/02/2024	19,938,581	21,114,800	1,176,219
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	2.500%	02/05/2024	25,922,998	28,042,300	2,119,302
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	2.500%	04/13/2021	19,991,991	20,365,400	373,409
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	2.750%	06/22/2021	19,998,459	20,497,000	498,541
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	2.875%	09/12/2023	24,932,639	27,092,750	2,160,111
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	2.875%	10/30/2020	19,998,031	20,178,600	180,569
Total Federal National Mortgage Corporation			223,104,351	231,112,675	8,008,324
Federal Agricultural Mortgage Corp. (FAGM)					
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.650%	04/28/2025	24,820,004	25,076,632	256,628
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	1.390%	02/12/2024	3,615,999	3,661,245	45,246
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	1.560%	01/22/2024	13,000,000	13,555,230	555,230
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	1.900%	09/01/2022	9,998,887	10,354,600	355,713
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	2.150%	06/05/2024	10,044,817	10,695,200	650,383
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	2.250%	11/01/2022	24,996,563	26,148,000	1,151,437
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	2.660%	04/12/2022	7,117,383	7,283,990	166,607
Total Federal Agricultural Mortgage Corporation			93,593,653	96,774,897	3,181,244

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS – CONTINUED

June 30, 2020

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Miscellaneous government securities					
TENNESSEE VALLEY AUTHORITY BOND ZERO CPN	0.000%	03/15/2023	2,817,152	2,948,700	131,548
TENNESSEE VALLEY AUTHORITY NOTES FIXED .75%	0.750%	05/15/2025	4,985,699	5,065,450	79,751
UNITED STATES DEPARTMENT OF HOUSING AND URBAN	2.547%	08/01/2022	4,000,000	4,179,800	179,800
UNITED STATES DEPARTMENT OF HOUSING AND URBAN	2.618%	08/01/2023	4,000,000	4,266,280	266,280
Total miscellaneous government securities			15,802,851	16,460,230	657,379
Supranationals:					
INTER-AMERICAN DEVELOPMENT BANK BOND VARIABLE	0.180%	10/09/2020	16,932,982	16,926,617	(6,365)
INTER-AMERICAN DEVELOPMENT BANK BOND FIXED .5%	0.500%	05/24/2023	15,994,885	16,096,613	101,728
Total supranationals			32,927,867	33,023,230	95,363
Total U.S. government securities			2,357,731,140	2,433,478,083	75,746,943
Total General Fund Investment Pool (State Funds Investment Pool)			<u>\$ 4,954,175,256</u>	<u>\$ 5,036,750,113</u>	<u>\$ 82,574,857</u>

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
LOCAL GOVERNMENT INVESTMENT POOL:					
Bank accounts:					
BANK OF THE WEST	Variable	N/A	\$ 140,566,339	\$ 140,566,339	\$ -
BBVA COMPASS BANK	Variable	N/A	19,508,767	19,508,767	-
WELLS FARGO CHECKING	0.15%	N/A	115,236,960	115,236,960	-
Total bank accounts			275,312,066	275,312,066	-
Discounted notes:					
FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	0.000%	07/08/2020	9,999,629	9,999,767	138
FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	0.000%	07/22/2020	9,999,275	9,999,300	25
FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	0.000%	07/31/2020	9,986,554	9,999,000	12,446
FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	0.000%	09/23/2020	9,993,002	9,996,733	3,731
FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	0.000%	07/21/2020	9,997,151	9,999,333	2,182
UNITED STATES OF AMERICA BILL ZERO CPN 01/OCT/2020	0.000%	10/01/2020	39,984,113	39,984,000	(113)
UNITED STATES OF AMERICA BILL ZERO CPN 02/JUL/2020	0.000%	07/02/2020	40,719,793	40,720,000	207
UNITED STATES OF AMERICA BILL ZERO CPN 07/JUL/2020	0.000%	07/07/2020	19,999,607	19,999,600	(7)
UNITED STATES OF AMERICA BILL ZERO CPN 09/JUL/2020	0.000%	07/09/2020	29,999,082	29,999,100	18
UNITED STATES OF AMERICA BILL ZERO CPN 10/SEP/2020	0.000%	09/10/2020	19,993,417	19,994,600	1,183
UNITED STATES OF AMERICA BILL ZERO CPN 11/AUG/2020	0.000%	08/11/2020	9,998,340	9,998,500	160
UNITED STATES OF AMERICA BILL ZERO CPN 14/JUL/2020	0.000%	07/14/2020	19,999,215	19,999,200	(15)
UNITED STATES OF AMERICA BILL ZERO CPN 15/OCT/2020	0.000%	10/15/2020	19,990,720	19,990,800	80
UNITED STATES OF AMERICA BILL ZERO CPN 15/SEP/2020	0.000%	09/15/2020	19,993,323	19,994,000	677
UNITED STATES OF AMERICA BILL ZERO CPN 16/JUL/2020	0.000%	07/16/2020	19,998,855	19,999,000	145
UNITED STATES OF AMERICA BILL ZERO CPN 17/NOV/2020	0.000%	11/17/2020	9,992,888	9,993,200	312
UNITED STATES OF AMERICA BILL ZERO CPN 17/SEP/2020	0.000%	09/17/2020	19,992,565	19,993,800	1,235
UNITED STATES OF AMERICA BILL ZERO CPN 18/AUG/2020	0.000%	08/18/2020	19,996,593	19,996,400	(193)

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS – CONTINUED

June 30, 2020

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Discounted notes - continued:					
UNITED STATES OF AMERICA BILL ZERO CPN 20/AUG/2020	0.000%	08/20/2020	19,996,434	19,996,400	(34)
UNITED STATES OF AMERICA BILL ZERO CPN 21/JUL/2020	0.000%	07/21/2020	6,090,296	6,090,635	339
UNITED STATES OF AMERICA BILL ZERO CPN 22/SEP/2020	0.000%	09/22/2020	19,992,496	19,993,800	1,304
UNITED STATES OF AMERICA BILL ZERO CPN 24/NOV/2020	0.000%	12/24/2020	1,396,984	1,397,147	163
UNITED STATES OF AMERICA BILL ZERO CPN 25/AUG/2020	0.000%	08/25/2020	39,991,722	39,991,600	(122)
UNITED STATES OF AMERICA BILL ZERO CPN 28/JUL/2020	0.000%	07/28/2020	17,610,302	17,610,239	(63)
UNITED STATES OF AMERICA BILL ZERO CPN 30/JUL/2020	0.000%	07/30/2020	3,908,580	3,908,609	29
UNITED STATES OF AMERICA BILL ZERO CPN 31/DEC/2020	0.000%	12/31/2020	19,983,407	19,982,200	(1,207)
Total discounted notes			469,604,343	469,626,963	22,620
U.S. government securities:					
Treasury securities:					
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	09/30/2020	9,993,743	10,029,700	35,957
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	07/31/2020	20,000,480	20,024,000	23,520
UNITED STATES OF AMERICA NOTES VARIABLE	0.265%	01/31/2021	14,995,347	15,008,250	12,903
UNITED STATES OF AMERICA NOTES VARIABLE	0.289%	04/30/2021	9,999,877	10,009,200	9,323
Total treasury securities			54,989,447	55,071,150	81,703
Federal National Mortgage Association (FNMA):					
FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE	1.250%	08/28/2020	999,304	1,001,760	2,456
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES	0.300%	03/16/2022	5,000,000	5,004,500	4,500
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES	0.230%	12/09/2021	5,000,000	4,998,000	(2,000)
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.500%	11/30/2020	999,184	1,005,380	6,196
Total Federal National Mortgage Association			11,998,488	12,009,640	11,152
Federal Farm Credit Banks (FFCB):					
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	2.590%	04/16/2021	10,000,000	10,004,900	4,900
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	2.605%	06/03/2021	10,000,000	10,001,500	1,500
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	2.365%	08/24/2020	16,805,156	16,811,050	5,894
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	2.435%	12/13/2021	1,900,855	1,900,285	(570)
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	2.600%	01/14/2021	10,000,000	9,996,700	(3,300)
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	2.510%	01/14/2022	10,000,000	9,999,900	(100)
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	2.440%	01/15/2021	8,000,000	7,999,200	(800)
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	2.480%	08/17/2020	9,999,870	9,999,500	(370)
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	2.414%	09/23/2021	10,000,000	9,996,000	(4,000)
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	2.141%	12/28/2020	4,997,766	5,000,250	2,484
Total Federal Farm Credit Banks			91,703,647	91,709,285	5,638
Federal Home Loan Banks (FHLB):					
FEDERAL HOME LOAN BANKS BOND VARIABLE	0.185%	10/01/2020	4,000,000	4,000,000	-
FEDERAL HOME LOAN BANKS BOND VARIABLE	0.110%	08/05/2020	5,000,000	4,999,650	(350)
FEDERAL HOME LOAN BANKS BOND VARIABLE	0.200%	10/07/2020	10,000,000	10,000,400	400
FEDERAL HOME LOAN BANKS BOND VARIABLE	0.165%	09/11/2020	7,000,000	6,999,650	(350)
FEDERAL HOME LOAN BANKS BOND VARIABLE	0.210%	10/16/2020	10,000,000	10,001,700	1,700
FEDERAL HOME LOAN BANKS CALLABLE BOND VARIABLE	0.105%	09/28/2020	5,000,000	4,999,050	(950)
Total Federal Home Loan Banks			41,000,000	41,000,450	450

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS – CONTINUED

June 30, 2020

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Federal Home Loan Mortgage Corporation (FHLMC):					
FEDERAL HOME LOAN MORTGAGE CORP CALLABLE MEDIUM	0.480%	10/21/2021	5,000,000	5,003,950	3,950
FEDERAL HOME LOAN MORTGAGE CORP CALLABLE MEDIUM	1.500%	09/30/2020	749,423	752,340	2,917
FEDERAL HOME LOAN MORTGAGE CORP MEDIUM TERM NOTE	0.120%	09/10/2020	10,000,000	9,998,600	(1,400)
FEDERAL HOME LOAN MORTGAGE CORP MEDIUM TERM NOTE	0.400%	09/23/2021	5,000,000	5,010,050	10,050
FEDERAL HOME LOAN MORTGAGE CORP MEDIUM TERM NOTE	0.220%	12/10/2021	5,000,000	4,998,550	(1,450)
FEDERAL HOME LOAN MORTGAGE CORP MEDIUM TERM NOTE	0.230%	03/04/2022	5,000,000	4,997,450	(2,550)
Total Federal Home Loan Mortgage Corporation			30,749,423	30,760,940	11,517
Supernationals:					
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	0.300%	08/21/2020	10,001,395	10,000,990	(405)
Total supernationals			10,001,395	10,000,990	(405)
Total U.S. governmental securities			240,442,400	240,552,455	110,055
Total Local Government Investment Pool (Short-term Investment Pool)			\$ 985,358,809	\$ 985,491,484	\$ 132,675
Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
BOND PROCEEDS INVESTMENT POOL #2 (TAXABLE):					
Certificates of deposit	Various	Various	\$ 6,200,000	\$ 6,200,000	\$ -
Municipal bonds:					
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	0.473%	07/01/2022	250,000	250,043	43
Total municipal bonds			250,000	250,043	43
Corporate bonds:					
APPLE INC CALLABLE NOTES FIXED 1.8% 11/SEP/2024	1.800%	09/11/2024	4,990,364	5,236,000	245,636
APPLE INC CALLABLE NOTES FIXED 2.1% 12/SEP/2022	2.100%	09/12/2022	5,006,332	5,182,477	176,145
BANK OF NEW YORK MELLON CORP/THE CALLABLE MEDIUM	1.850%	01/27/2023	7,495,478	7,756,650	261,172
MICROSOFT CORP CALLABLE NOTES FIXED 2% 03/NOV/2020	2.000%	11/03/2020	9,277,719	9,310,741	33,022
TOYOTA MOTOR CREDIT CORP CALLABLE MEDIUM TERM NOTE	2.150%	09/08/2022	7,005,843	7,235,410	229,567
TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE FIXED	3.050%	01/08/2021	5,006,944	5,070,900	63,956
TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE VARIABLE	1.191%	04/26/2021	1,962,237	1,956,836	(5,401)
US BANCORP CALLABLE MEDIUM TERM NOTE FIXED 2.625%	2.625%	01/24/2022	3,036,064	3,098,760	62,696
US BANK NA/CINCINNATI OH CALLABLE MEDIUM TERM NOTE	1.289%	01/21/2022	5,000,000	4,998,750	(1,250)
Total corporate bonds:			48,780,981	49,846,524	1,065,543

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS – CONTINUED

June 30, 2020

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Discounted notes:					
FEDERAL FARM CREDIT DISCOUNT NOTES DISCOUNT NOTES	0.000%	04/08/2021	19,971,900	19,973,461	1,561
FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	0.000%	07/31/2020	14,997,475	14,998,500	1,025
FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	0.000%	09/16/2020	14,990,682	14,995,509	4,827
UNITED STATES OF AMERICA BILL ZERO CPN 01/OCT/2020	0.000%	10/01/2020	9,995,808	9,996,000	192
UNITED STATES OF AMERICA BILL ZERO CPN 24/DEC/2020	0.000%	12/24/2020	19,984,286	19,983,800	(486)
UNITED STATES OF AMERICA BILL ZERO CPN 25/AUG/2020	0.000%	08/25/2020	29,994,348	29,993,700	(648)
UNITED STATES OF AMERICA BILL ZERO CPN 31/DEC/2020	0.000%	12/31/2020	22,980,918	22,979,530	(1,388)
Total discounted notes			132,915,417	132,920,500	5,083
Money market mutual funds:					
FEDERATED GOVERNMENT OBLIGATIONS FUND OPEN-END	0.000%	12/31/2049	34,162,690	34,162,690	-
GOLDMAN SACHS FIN SQ TR OB-FS	0.000%	12/31/2049	86,752,437	86,752,437	-
GOLDMAN SACHS TRUST FINL SQUARE GOVT FD INSTL CL	0.000%	12/31/2049	90,623,754	90,623,754	-
Total money market mutual funds			211,538,881	211,538,881	-
U.S. government securities:					
Treasury securities:					
UNITED STATES OF AMERICA NOTES FIXED .375%	0.375%	03/31/2022	20,064,642	20,071,200	6,558
UNITED STATES OF AMERICA NOTES FIXED 1.125%	1.125%	08/31/2021	14,772,603	15,164,100	391,497
UNITED STATES OF AMERICA NOTES FIXED 1.125%	1.125%	09/30/2021	19,870,362	20,237,600	367,238
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	08/31/2020	14,971,521	15,029,700	58,179
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	09/30/2020	14,957,648	15,044,550	86,902
UNITED STATES OF AMERICA NOTES FIXED 1.5%	1.500%	07/15/2020	4,997,946	5,002,550	4,604
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	06/30/2021	10,001,602	10,145,300	143,698
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	10/15/2020	11,969,292	12,049,800	80,508
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	01/31/2023	10,037,064	10,404,300	367,236
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	05/31/2022	20,595,180	20,602,400	7,220
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	06/30/2022	20,620,961	20,629,600	8,639
UNITED STATES OF AMERICA NOTES FIXED 1.875%	1.875%	01/31/2022	24,913,558	25,669,000	755,442
UNITED STATES OF AMERICA NOTES FIXED 2%	2.000%	01/15/2021	4,990,458	5,048,850	58,392
UNITED STATES OF AMERICA NOTES FIXED 2%	2.000%	11/30/2020	19,954,274	20,146,800	192,526
UNITED STATES OF AMERICA NOTES FIXED 2.375%	2.375%	03/15/2021	10,009,414	10,154,300	144,886
UNITED STATES OF AMERICA NOTES FIXED 2.375%	2.375%	03/15/2022	10,365,729	10,374,200	8,471
UNITED STATES OF AMERICA NOTES FIXED 2.5%	2.500%	02/15/2022	20,756,039	20,751,600	(4,439)
UNITED STATES OF AMERICA NOTES FIXED 2.625%	2.625%	06/15/2021	9,996,342	10,233,600	237,258
UNITED STATES OF AMERICA NOTES FIXED 2.625%	2.625%	07/15/2021	19,987,785	20,507,000	519,215
UNITED STATES OF AMERICA NOTES FIXED 2.875%	2.875%	10/15/2021	4,992,653	5,173,650	180,997
Total treasury securities			288,825,073	292,440,100	3,615,027
Federal Farm Credit Banks (FFCB):					
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	0.284%	11/18/2021	10,000,000	10,010,700	10,700
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND	0.440%	12/12/2022	5,000,000	5,006,250	6,250
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	0.150%	03/26/2021	24,992,754	24,998,750	5,996
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	1.625%	12/27/2021	25,326,530	25,526,750	200,220
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	1.750%	07/01/2022	19,972,329	20,594,800	622,471
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	1.770%	06/26/2023	22,252,199	23,287,981	1,035,782
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	1.850%	07/19/2022	9,985,938	10,324,700	338,762
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	1.950%	06/13/2024	10,000,320	10,617,300	616,980
FEDERAL FARM CREDIT BANKS FUNDING CORP BOND FIXED	2.800%	12/17/2021	8,602,908	8,901,811	298,903
Total Federal Farm Credit Banks			136,132,978	139,269,042	3,136,064

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS – CONTINUED

June 30, 2020

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Federal Home Loan Banks (FHLB):					
FEDERAL HOME LOAN BANKS BOND FIXED 1.875%	1.875%	03/08/2024	4,170,328	4,217,320	46,992
FEDERAL HOME LOAN BANKS BOND FIXED 2.25%	2.250%	03/11/2022	10,308,197	10,330,600	22,403
FEDERAL HOME LOAN BANKS BOND FIXED 2.5%	2.500%	03/11/2022	10,045,806	10,385,700	339,894
FEDERAL HOME LOAN BANKS BOND FIXED 2.625%	2.625%	10/01/2020	4,998,659	5,030,600	31,941
FEDERAL HOME LOAN BANKS BOND FIXED 2.625%	2.625%	12/10/2021	10,275,132	10,343,600	68,468
Total Federal Home Loan Banks			39,798,122	40,307,820	509,698
Federal Home Loan Mortgage Corporation (FHLMC):					
FEDERAL HOME LOAN MORTGAGE CORP CALLABLE MEDIUM	1.750%	08/28/2020	998,879	1,002,440	3,561
FEDERAL HOME LOAN MORTGAGE CORP CALLABLE MEDIUM	1.650%	07/10/2020	5,080,000	5,081,880	1,880
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .25%	0.250%	01/26/2023	19,941,865	19,968,800	26,935
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .375%	0.375%	05/05/2023	4,998,004	5,013,000	14,996
Total Federal Home Loan Mortgage Corporation			31,018,748	31,066,120	47,372
Federal National Mortgage Association (FNMA):					
FEDERAL NATIONAL MORTGAGE ASSOCIATION CALLABLE	1.200%	07/28/2020	1,997,645	2,001,420	3,775
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.250%	05/22/2023	4,985,493	4,994,750	9,257
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.500%	06/17/2025	9,979,434	10,003,800	24,366
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.625%	01/07/2025	19,942,046	21,070,600	1,128,554
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.875%	04/05/2022	9,691,604	9,780,345	88,741
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	2.750%	06/22/2021	9,999,227	10,248,500	249,273
Total Federal National Mortgage Corporation			56,595,449	58,099,415	1,503,966
Miscellaneous government securities					
RESOLUTION FUNDING CORP BOND ZERO CPN 15/JAN/2021	0.000%	01/15/2021	3,109,326	3,131,165	21,839
RESOLUTION FUNDING CORP BOND ZERO CPN 15/OCT/2020	0.000%	10/15/2020	13,169,821	13,191,249	21,428
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	1.406%	01/03/2022	10,000,000	9,997,000	(3,000)
Total miscellaneous government securities			26,279,147	26,319,414	40,267
Supranationals:					
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	0.000%	07/01/2020	9,999,880	10,000,000	120
Total supranationals			9,999,880	10,000,000	120
Total U.S. government securities			588,649,397	597,501,911	8,852,394
Total Bond Proceeds Investment Pool #2 (Taxable) (Part 1 of the Consolidated Investment Pool)			<u>\$ 988,334,676</u>	<u>\$ 998,257,859</u>	<u>\$ 9,923,063</u>

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS – CONTINUED

June 30, 2020

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
BOND PROCEEDS INVESTMENT POOL #1 (TAX EXEMPT):					
Cash in banks	Various	Various	\$ 35,147	\$ 35,147	\$ -
Repurchase agreements	Various	Various	142,000,000	142,000,000	-
Municipal Bonds:					
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	0.473%	07/01/2022	250,000	250,030	30
Total municipal bonds			250,000	250,030	30
Corporate bonds:					
TOYOTA MOTOR CREDIT CORP MEDIUM TERM NOTE FIXED	3.050%	01/08/2021	5,650,866	5,704,762	53,896
WALMART INC NOTES VARIABLE 23/JUN/2021 USD 1000	0.535%	06/23/2021	4,000,000	4,004,800	4,800
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	3.625%	10/22/2021	2,964,169	3,009,736	45,567
WELLS FARGO BANK NA CALLABLE MEDIUM TERM NOTE	2.897%	05/27/2022	3,979,898	3,977,103	(2,795)
Total corporate bonds:			16,594,933	16,696,401	101,468
Discounted notes:					
FEDERAL FARM CREDIT DISCOUNT NOTES DISCOUNT NOTES	0.000%	04/08/2021	9,985,950	9,986,731	781
FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN	0.000%	07/31/2020	14,997,475	14,998,500	1,025
UNITED STATES OF AMERICA BILL ZERO CPN 01/OCT/2020	0.000%	10/01/2020	9,995,808	9,996,000	192
UNITED STATES OF AMERICA BILL ZERO CPN 04/AUG/2020	0.000%	08/04/2020	9,998,578	9,998,700	122
UNITED STATES OF AMERICA BILL ZERO CPN 15/SEP/2020	0.000%	09/15/2020	9,996,662	9,997,000	338
UNITED STATES OF AMERICA BILL ZERO CPN 17/NOV/2020	0.000%	11/17/2020	9,992,888	9,993,200	312
Total discounted notes			64,967,361	64,970,131	2,770
Money market mutual funds:					
GOLDMAN SACHS TRUST FINL SQUARE GOVT FD INSTL CL	0.000%	12/31/2049	23,249,568	23,249,568	-
Total money market mutual funds			23,249,568	23,249,568	-
Bankers acceptance notes:					
US BANK N.A. BANKERS' ACCEPTANCE DISCOUNT DTD	0.000%	08/25/2020	2,483,851	2,483,851	-
Total bankers acceptance notes			2,483,851	2,483,851	-
U.S. government securities:					
Treasury securities:					
UNITED STATES OF AMERICA NOTES FIXED 1.25%	1.250%	03/31/2021	19,943,389	20,161,000	217,611
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	08/31/2020	9,997,635	10,019,800	22,165
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	09/30/2020	9,985,216	10,029,700	44,484
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	07/31/2020	9,998,009	10,012,000	13,991
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	10/15/2020	19,980,194	20,083,000	102,806
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	11/30/2020	19,978,570	20,117,200	138,630
UNITED STATES OF AMERICA NOTES FIXED 1.75%	1.750%	12/31/2020	24,994,039	25,193,250	199,211
UNITED STATES OF AMERICA NOTES FIXED 2%	2.000%	01/15/2021	20,019,886	20,195,400	175,514
UNITED STATES OF AMERICA NOTES FIXED 2.25%	2.250%	04/30/2021	20,074,611	20,343,800	269,189
UNITED STATES OF AMERICA NOTES FIXED 2.375%	2.375%	03/15/2022	10,365,729	10,374,200	8,471
UNITED STATES OF AMERICA NOTES FIXED 2.625%	2.625%	06/15/2021	4,998,171	5,116,800	118,629

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS – CONTINUED

June 30, 2020

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (Loss)
Treasury securities - continued :					
UNITED STATES OF AMERICA NOTES FIXED 2.625%	2.625%	07/15/2021	14,991,754	15,380,250	388,496
UNITED STATES OF AMERICA NOTES FIXED 2.75%	2.750%	08/15/2021	9,998,352	10,287,100	288,748
UNITED STATES OF AMERICA NOTES FIXED 2.875%	2.875%	10/15/2021	4,992,653	5,173,650	180,997
Total treasury securities			200,318,208	202,487,150	2,168,942
Federal Home Loan Banks (FHLB):					
FEDERAL HOME LOAN BANKS BOND FIXED 2.625%	2.625%	10/01/2020	4,998,659	5,030,600	31,941
FEDERAL HOME LOAN BANKS CALLABLE BOND FIXED 1.75%	1.750%	07/30/2020	5,000,000	5,006,700	6,700
Total Federal Home Loan Banks			9,998,659	10,037,300	38,641
Federal National Mortgage Association (FNMA):					
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.250%	05/22/2023	4,985,493	4,994,750	9,257
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	2.750%	06/22/2021	9,999,227	10,248,500	249,273
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	2.875%	09/12/2023	4,986,528	5,418,550	432,022
Total Federal National Mortgage Association			19,971,248	20,661,800	690,552
Federal Home Loan Mortgage Corporation (FHLMC):					
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .25%	0.250%	06/26/2023	9,970,932	9,984,400	13,468
Total Federal Home Loan Mortgage Corporation			9,970,932	9,984,400	13,468
Miscellaneous government securities:					
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	1.900%	09/01/2022	4,999,443	5,177,300	177,857
Total miscellaneous government securities			4,999,443	5,177,300	177,857
Supranationals:					
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	0.000%	07/01/2020	4,999,940	5,000,000	60
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	0.000%	07/15/2020	4,999,279	4,999,734	455
Total supranationals			9,999,219	9,999,734	515
Total U.S. governmental securities			255,257,709	258,347,684	3,089,975
Total Bond Proceeds Investment Pool #1 (Tax Exempt) (Part 2 of the Consolidated Investment Pool)			<u>\$ 504,838,569</u>	<u>\$ 508,032,812</u>	<u>\$ 3,194,243</u>

State of New Mexico
Office of the State Treasurer

SCHEDULE 5 – SCHEDULE OF INVESTMENTS – FIDUCIARY FUNDS – CONTINUED

June 30, 2020

Security Description	Book Value	Market Value	Unrealized Gain (Loss)
Local Government Investment Pool (Short-term Investment Pool)	\$ 985,358,809	\$ 985,491,484	\$ 132,675
General Fund Investment Pool (State Funds Investment Pool)	4,954,175,256	5,036,750,113	82,574,857
Bond Proceeds Taxable (Consolidated Investment Pool)	988,334,676	998,257,859	9,923,183
Bond Proceeds Tax Exempt (Consolidated Investment Pool)	<u>504,838,569</u>	<u>508,032,812</u>	<u>3,194,243</u>
Grand total of all funds	<u>\$ 7,432,707,310</u>	<u>\$ 7,528,532,268</u>	<u>\$ 95,824,958</u>

Reconciliation to financial statements:

Total investments per schedule of investments	\$ 7,528,532,268
Less: Interfund investments in Local Government Investment Pool, General fund investment pool	<u>(702,117)</u>
Total interfund investments	<u>(702,117)</u>
Total cash and investments, Statement of Fiduciary Net Position	<u>\$ 7,527,830,151</u>

* Amounts are deducted from respective pools.

State of New Mexico
Office of the State Treasurer

SCHEDULE 6 – COMBINING STATEMENT OF FIDUCIARY NET POSITION

June 30, 2020

	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	\$ -	\$ -	\$ 108,910,616	\$ 108,910,616
Cash in banks	275,312,066	35,147	786,599,276	1,061,946,489
Certificates of Deposit	-	6,200,000	6,000,000	12,200,000
Government bonds	240,552,455	855,849,595	2,433,478,083	3,529,880,133
Municipal bonds	-	500,073	9,778,710	10,278,783
Bank acceptances	-	2,483,851	-	2,483,851
Interfund investments	(702,117)	-	702,117	-
Repurchase agreements	-	142,000,000	470,000,000	612,000,000
Corporate bonds	-	66,542,925	359,594,990	426,137,915
Commercial paper	-	-	2,549,608	2,549,608
Money market mutual funds	-	234,788,449	570,695,048	805,483,497
Discounted notes	469,626,963	197,890,631	288,441,665	955,959,259
Total cash and investments	984,789,367	1,506,290,671	5,036,750,113	7,527,830,151
Accrued Interest Receivable	237,373	3,695,244	13,015,740	16,948,357
TOTAL ASSETS	\$ 985,026,740	\$ 1,509,985,915	\$ 5,049,765,853	\$ 7,544,778,508
LIABILITIES				
Due to Broker	\$ 39,975,733	\$ 53,438,664	\$ 1,250,000	\$ 94,664,397
TOTAL LIABILITIES	39,975,733	53,438,664	1,250,000	94,664,397
NET POSITION - HELD IN TRUST	945,051,007	1,456,547,251	5,048,515,853	7,450,114,111
TOTAL LIABILITIES AND NET POSITION	\$ 985,026,740	\$ 1,509,985,915	\$ 5,049,765,853	\$ 7,544,778,508

State of New Mexico
Office of the State Treasurer

SCHEDULE 7 – COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2020

	Investment Trust Fund			Total
	LGIP Short-term Investment Pool	Consolidated Investment Pool BPIP #1 and #2	General Fund Investment Pool	
Additions:				
Investment income	\$ 13,920,616	\$ 28,992,642	\$ 135,706,103	\$ 178,619,361
Deposits	22,087,103,270	972,814,640	57,343,376,392	80,403,294,302
Deductions:				
Expenses - management fees	-	(81,113)	81,113	-
Withdrawals	(21,957,316,313)	(590,590,302)	(57,493,846,148)	(80,041,752,763)
Subtotal of change in net position	143,707,573	411,135,867	(14,682,540)	540,160,900
Net position, held in trust for pool participants, June 30, 2019	801,343,434	1,045,411,384	5,063,198,393	6,909,953,211
Net position, held in trust for pool participants, June 30, 2020	\$ 945,051,007	\$ 1,456,547,251	\$ 5,048,515,853	\$ 7,450,114,111

State of New Mexico
Office of the State Treasurer

SCHEDULE 8 – SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY

June 30, 2020

Location of Depository	Name of Institution	Deposits	FDIC	Collateral Required	Collateral Pledged		Excess (Under)	Uninsured/ Uncollateralized
					Surety Bond Letter of Credit	Securities		
BANKS:								
Alamogordo								
(FHLB)	First National Bank	\$ 67,127	\$ 67,127	\$ -	\$ -	\$ 640,060	\$ 640,060	\$ -
(FHLB)	First Savings Bank	3,600,000	250,000	2,512,500	2,000,000	-	(512,500)	1,350,000
Albuquerque								
(WFB)	Bank of America	133,749	133,749	-	-	245,016	245,016	-
	Bank of Albuquerque	189	189	-	100,000	-	100,000	-
(WFB)	Bank of the West	601,472,222	250,000	300,611,111	715,000,000	-	414,388,889	-
(WFB)	BBVA USA	274,149,510	250,000	279,377,500	281,000,000	-	1,622,500	-
(FHLB)	U.S. Bank N.A.	1,179,171	250,000	464,586	1,100,000	-	635,414	-
(WFB)	New Mexico Bank & Trust	264,298	250,000	7,149	-	252,500	245,351	-
(USB)	Wells Fargo Bank, N.A.	156,312,123	250,000	78,031,062	-	215,194,657	137,163,595	-
Artesia								
(FHLB)	First American Bank	2,539,345	250,000	1,144,673	-	1,473,941	329,268	815,404
Aztec								
	Citizens Bank	255	255	-	-	-	-	-
Belen								
(USB)	United Business	351,593	250,000	50,797	250,000	-	199,203	-
Carlsbad								
(FHLB)	Carlsbad National Bank	600	600	-	-	-	-	-
(FHLB)	Western Commerce Bank	56,087	56,087	-	-	2,260,977	2,260,977	-
Clayton								
(FHLB)	Farmers & Stockmens Bank	37,459	37,459	-	100,000	-	100,000	-
(FHLB)	First National Bank of NM	4,422,974	250,000	2,086,487	-	4,640,791	2,554,304	-
Clovis								
(TIB)	Bank of Clovis	726,970	250,000	238,485	-	818,103	579,618	-
	Citizens Bank	6,232	6,232	-	-	-	-	-
(FHLB)	Western Bank	2,600,000	250,000	1,175,000	-	1,100,564	(74,436)	1,249,436
Hobbs								
(TIB)	Lea County State Bank	48,525	48,525	-	-	-	-	-
Las Vegas								
(FHLB)	Southwest Capital Bank	720,432	250,000	235,216	500,000	-	264,784	-
(FHLB)	Community First Bank LV	108,234	108,234	-	-	541,373	541,373	-
Subtotal		1,048,797,095	3,458,457	665,934,566	1,000,050,000	227,167,982	561,283,416	3,414,840

State of New Mexico
Office of the State Treasurer

SCHEDULE 8 – SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY – CONTINUED

June 30, 2020

Location of Depository	Name of Institution	Deposits	FDIC	Collateral Required	Collateral Pledged		Excess (Under)	Uninsured/ Uncollateralized
					Surety Bond Letter of Credit	Securities		
BANKS (Continued)								
Lordsburg (FHLB)	Western Bank	797,321	250,000	273,661	-	426,210	152,549	121,111
Los Alamos (FHLB)	Enterprise Bank & Trust	1,320	1,320	-	-	-	-	-
Raton (BBW)	International State Bank	301,526	301,526	-	-	-	-	-
Roswell (FHLB)	Bank of the Southwest	641,929	250,000	195,965	450,000	53,471	307,506	-
(TIB)	Valley Bank of Commerce	40,915	40,915	-	-	-	-	-
Santa Fe (FHLB)	Century Bank	500	500	-	-	-	-	-
Socorro (BA)	First State Bank	59,779	59,779	-	-	-	-	-
Taos (TIB)	Centinel Bank	23,043	23,043	-	-	-	-	-
SAVINGS AND LOANS:								
Roswell (FHLB)	Washington Federal	71,626,937	250,000	35,688,469	-	36,792,076	1,103,607	34,584,861
ANCILLARY RECEIVERSHIP ACCOUNTS:								
Santa Fe (WFB)	Century Bank	1,241,899	250,000	495,950	-	1,250,920	754,970	-
FISCAL AGENT BANK:								
(USB)	Wells Fargo Bank N.A.	46,304,021	-	23,152,011	-	77,693,195	54,541,184	-
SUBTOTAL		<u>121,039,190</u>	<u>1,427,083</u>	<u>59,806,056</u>	<u>450,000</u>	<u>116,215,872</u>	<u>56,859,816</u>	<u>34,705,972</u>
TOTAL		<u>\$ 1,169,836,285</u>	<u>\$ 4,885,540</u>	<u>\$ 725,740,622</u>	<u>\$ 1,000,500,000</u>	<u>\$ 343,383,854</u>	<u>\$ 618,143,232</u>	<u>\$ 38,120,812</u>

State of New Mexico
Office of the State Treasurer

SCHEDULE 8 – SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY – CONTINUED

June 30, 2020

Location of Depository	Name of Institution	Deposits	FDIC	Collateral Required	Collateral Pledged		Excess (Under)	Uninsured/ Uncollateralized
					Surety Bond Letter of Credit	Securities		
Reconciliation to Note F3:								
Fiscal agent account		\$ 46,304,021	\$ -	\$ 23,152,011	\$ -	\$ 77,693,195	\$ 54,541,184	\$ -
Certificates of deposit		12,200,000	1,000,000	5,600,000	2,000,000	11,662,047	8,062,047	-
		58,504,021	1,000,000	28,752,011	2,000,000	89,355,242	62,603,231	-
Add:								
Agency deposits		1,110,090,365	3,584,014	696,492,661	998,500,000	252,777,692	554,785,031	38,120,812
Ancillary receivership accounts		1,241,899	250,000	495,950	-	1,250,920	754,970	-
		1,111,332,264	3,834,014	696,988,611	998,500,000	254,028,612	555,540,001	38,120,812
		<u>\$ 1,169,836,285</u>	<u>\$ 4,834,014</u>	<u>\$ 725,740,622</u>	<u>\$ 1,000,500,000</u>	<u>\$ 343,383,854</u>	<u>\$ 618,143,232</u>	<u>\$ 38,120,812</u>

Custodial Banks:

(BBW)	Bankers Bank of the West
(FHLB)	Fed. Home Loan Bank Dallas
(TIB)	The Independent Bankers Bank
(USB)	US Bank
(WFB)	Wells Fargo 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 8 – SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY – CONTINUED

June 30, 2020

REPURCHASE AGREEMENTS:

Name of Custodian	Location of Custodian	Repurchase Agreements per Financial Statement	Collateral Required	Collateral Pledged By United States Treasuries	Issuer	CUSIP Number	Excess (Under) Collateralized
JP Morgan Chase	New York, NY	\$ 71,353,517	\$ 72,780,587	\$ 72,809,711	GOVT	912828ZJ2	\$ 29,124
JP Morgan Chase	New York, NY	142,000,000	144,840,000	145,007,344	GOVT	912828U24	167,344
JP Morgan Chase	New York, NY	97,387,500	100,309,125	99,375,000	GOVT	912810RA8*	(934,125)
JP Morgan Chase	New York, NY	156,258,983	159,384,163	159,477,942	GOVT	912828ZD5	93,779
JP Morgan Chase	New York, NY	145,000,000	147,900,000	147,959,910	GOVT	912828B66	59,910
Total		<u>\$ 612,000,000</u>	<u>\$ 625,213,875</u>	<u>\$ 624,629,907</u>			<u>\$ (583,968)</u>

* The State Treasurer's Office Investment Policy requires investments that have maturities in excess of 10 years must be collateralized at 103% vs. 102% for those investment with maturities under 10 years. Investments with CUSIP 912810RA8 have maturity dates of 2/15/2043 and were incorrectly collateralized at 102% at 6/30/2020.

State of New Mexico
Office of the State Treasurer

**SCHEDULE 9 – SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES –
GOVERNMENTAL FUND – GAMING SUSPENSE FUND**

Year Ended June 30, 2020

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2020</u>
ASSETS				
Investment in State General Fund				
Investment Pool	\$ -	\$ 59,856,333	\$ 59,856,333	\$ -
Other receivables	<u>19,902,834</u>	<u>5,490,543</u>	<u>19,902,834</u>	<u>5,490,543</u>
Total assets	<u>\$ 19,902,834</u>	<u>\$ 65,346,876</u>	<u>\$ 79,759,167</u>	<u>\$ 5,490,543</u>
LIABILITIES				
Due to State General Fund	<u>\$ 19,902,834</u>	<u>\$ 5,490,543</u>	<u>\$ 19,902,834</u>	<u>\$ 5,490,543</u>
Total liabilities	<u>\$ 19,902,834</u>	<u>\$ 5,490,543</u>	<u>\$ 19,902,834</u>	<u>\$ 5,490,543</u>

State of New Mexico
Office of the State Treasurer

**SCHEDULE 10 – SCHEDULE OF ASSET
MANAGEMENT COSTS (UNAUDITED)**

Year Ended June 30, 2020

2.2.2.12(G)(1)

For all asset classes except private asset classes and alternative investment classes:

<u>Consultant</u>	<u>Location</u>	<u>Description of Investments Subject to the Agreement</u>	<u>Fees</u>
Government Portfolio Advisors, LLC	2188 SW Park Place, Suite 100 Portland, OR 97205	Provides investment management consulting services and performance management for the portfolios the State Treasurer's Office maintains, primarily consisting of domestic fixed income securities and repurchase agreements.	\$ 73,587.50 per annum

**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 Michelle Lujan Grisham, Governor
State Board of Finance
Honorable Tim Eichenberg, State Treasurer
Honorable Brian Colón, State Auditor
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 Schedules 1-9 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, 2020, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, and have issued our report thereon dated October 31, 2020.

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.

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 Office's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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* or 2.2.2 NMAC.

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 Office'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 Office's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATKINSON & CO., LTD

Atkinson & Co., Ltd.

Albuquerque, New Mexico
October 31, 2020

State of New Mexico
Office of the State Treasurer

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2020

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

INTERNAL CONTROL OVER FINANCIAL REPORTING

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None
Reported

COMPLIANCE AND OTHER MATTERS

Noncompliance material to the financial statements noted? Yes X No

RESOLUTION TO PRIOR YEAR FINDINGS

No prior year findings

FINANCIAL STATEMENT FINDINGS

None

FINDINGS IN ACCORDANCE WITH 2.2.2. NMAC – OTHER

None

State of New Mexico
Office of the State Treasurer

EXIT CONFERENCE

June 30, 2020

An exit conference was held with the State Treasurer's Office on October 27, 2020. The conference was held online using a virtual forum as allowed in accordance with 2.2.2.10(M)(1) NMAC. 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
David Mahooty, Chief Financial Officer, Budget and Finance Division Director
Charmaine Cook, State Cash Manager
Dominic Donio, Administrative Ops Manager

Atkinson & Co., Ltd.

Clarke Cagle, CPA, CGFM, Shareholder
David Thomas, CPA, Senior Manager
Deidre Grabke, CPA, Manager

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.

ATKINSON & CO. LTD
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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