

# STATE OF NEW MEXICO ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020



*NM State capitol building*

*Source – CityofSantaFe tweet*

# STATE OF NEW MEXICO

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For the Year Ended June 30, 2020

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# INTRODUCTORY SECTION



THE TRELLIS NEAR CLOUDCROFT  
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**STATE OF NEW MEXICO**  
**DEPARTMENT OF FINANCE AND ADMINISTRATION**  
**FINANCIAL CONTROL DIVISION**  
**407 GALISTEO STREET**  
**BATAAN MEMORIAL BUILDING, ROOM 166**  
**SANTA FE, NEW MEXICO 87501**  
**(505) 827-3682 FAX (505) 827-3692**

Michelle Lujan Grisham  
Governor

Deborah K. Romero  
Cabinet Secretary

Donna Montoya Trujillo  
State Controller

To the Governor, the State Legislature and the Citizens of New Mexico:

In accordance with Chapter 6-5-4.1 of the New Mexico Statutes Annotated 1978 (NMSA 1978), the Financial Control Division of the Department of Finance and Administration transmits the State of New Mexico's Comprehensive Annual Financial Report (Report) for the fiscal year ended June 30, 2020.

The Comprehensive Annual Financial Report presents the financial position and operating results of the State, compliant with generally accepted accounting principles (GAAP) applicable to state and local governments, as established by the Governmental Accounting Standards Board (GASB). The purpose of this report is to provide complete and reliable information as a basis for making management decisions, assessing adherence to and compliance with legal requirements, and evaluating stewardship of the state's assets. The basic financial statements and required supplemental information include a required narrative introduction, referred to as Management's Discussion and Analysis (MD&A). This transmittal letter complements the MD&A, which is located immediately following the independent auditors' report, and should be read in conjunction with this letter.

CliftonLarsonAllen LLP (CLA), an independent accounting firm and the New Mexico Office of the State Auditor, have audited the basic financial statements contained in this report. Their audit was conducted in accordance with the generally accepted government auditing standards and their auditor's report precedes the basic financial statements. The goal of an independent audit is to provide reasonable assurance that the State of New Mexico's basic financial statements for the fiscal year ended June 30, 2020 are free of material misstatement. Independent audit procedures include examining, on a test basis, supporting amounts and disclosures, assessing the accounting principles used, review of any significant estimates made by management, and evaluating the overall basic financial statement presentation. An audit also includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate under the circumstances, but not for expressing an opinion on the effectiveness of the State's internal controls over financial reporting. Accordingly, the independent auditor expressed no opinion on the internal controls over financial reporting.

Under statute (12.6.3 NMSA 1978), every state agency must be audited annually. To avoid duplication of effort, the Comprehensive Annual Financial Report audit relies and builds upon agency audits. The existing group audit process affects timeliness, as the Consolidated Annual Financial Report development may only commence after completion of the underlying agency audits, which are generally not available until the December following fiscal year-end.

In terms of audit timing, fiscal year 2020 saw additional challenges due to the COVID-19 Pandemic (Pandemic). The Public Health Emergency that was declared on March 11, 2020 in response to the global COVID-19 Pandemic did further affect the preparation of this Report. New Mexico has taken an aggressive approach to mitigating the public health and economic impacts of the Pandemic. As such, federal funds received by the state through the Corona Relief Fund (CRF) were directed to agencies performing critical functions related to COVID-19. In addition, significant agencies of the state received direct funding from the federal government for COVID response. These federal funds were utilized in fiscal year 2020 and continue to be utilized in the current fiscal year. Guidance related to the funds was not finalized by the federal government



until January 2021 which caused audits of significant agencies to be reported late thus impacting the preparation of this Consolidated Annual Financial Report.

In general however, ongoing discussions continue within the Department of Finance and Administration (DFA) and the State Auditor's Office (SAO) to look for ways to streamline and shorten the overall Report preparation process. In addition, the State Auditor's Office is jointly auditing the Report to learn more about the process and make recommendations for changes to state law, rules, and regulations.

We are proud of the improvements in controls and processes over recent years that have allowed for the production of a reliable and auditable Comprehensive Annual Financial Report; the benefits of these enhancements continue.

## **PROFILE OF STATE OF NEW MEXICO**

New Mexico, became the forty-seventh state of the United States of America when it entered the union on January 6, 1912. Its borders encompass 121,589 square miles of the Great Plains, Rocky Mountains, and the Rio Grande River with elevations ranging from 2,842 to 13,161 feet above sea level. Nicknamed the Land of Enchantment, the state's landscape ranges from wide, rose-colored deserts to broken mesas and high, snow-capped peaks. The Sangre de Cristo Mountains, the southernmost part of the Rocky Mountains, run north to south along the east side of the Rio Grande. The state is home to the White Sands National Monument, which contains the largest gypsum dune field in the world. The State's major economic sectors include agriculture, mining, energy production, federal technology laboratories, and tourism. The estimated population of the state was 2,117,522 as of the most recent census count released April 26, 2021.

Structure – The State Constitution divides the powers of government among three equal and independent branches: Legislative, Executive, and Judicial, shown in the organizational chart on page xiii. The powers and duties of each branch of government are outlined in the Constitution of the State of New Mexico, which can be amended only by a majority vote of the State's citizens. The State of New Mexico Consolidated Annual Financial Report includes the primary government (i.e., legislative agencies, departments and agencies, commissions, the Governor and Cabinet, boards of the executive branch, various offices relating to the judicial branch, the education institutions created by the Constitution of the State of New Mexico, Article XII, Section 11, and discrete component units of the State of New Mexico. Internal Controls – In accordance with the provisions of Chapter 6-5-2.C, NMSA 1978, the Financial Control Division of the Department of Finance and Administration is responsible for ensuring government agencies fulfill their responsibility for implementing and sustaining effective internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and reliability of financial records used for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from its use, and the evaluation of costs and benefits requires managerial estimates and judgments. All internal control evaluations occur within this framework. Consideration as to the adequacy of internal controls is paramount in developing and maintaining the State's accounting system, and the effectiveness and adequacy of internal controls are evaluated during internal reviews performed by the Department of Finance and Administration and annual external audits.

Types and levels of services provided – The State of New Mexico provides its citizens with the following governmental types of services: educational, environmental, health and human services, highway and transportation services, public safety, legislative, judicial, as well as cultural, recreational and natural resource services. The State of New Mexico also administers two cost-sharing multiple-employer public employee retirement systems and three single-employer public employee retirement systems.

Brief summary of budget process – The Governor is required to submit a balanced budget by agency, program, activity and category to the Legislature annually. The Legislature authorizes expenditures in the annual General Appropriations Act by source, which is then signed into law by the Governor. Unless otherwise indicated, annual appropriations lapse at fiscal year-end. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the Legislature to address any budget shortfalls. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that departments and funds will not end the fiscal year in a deficit position. Expenditures are controlled at the program appropriation level. The budget is administered using the modified accrual basis of accounting; however, the budgetary basis is not consistent with GAAP.

## **ECONOMIC CONDITIONS AND OUTLOOK**

New Mexico utilizes a consensus revenue estimating group (CREG) comprised of legislative and executive economists to forecast General Fund revenue so that the Executive and Legislature work with the same revenue forecast in preparing their respective General Fund operating budget recommendations.

New Mexico state revenues are highly sensitive to boom and bust cycles in the energy industry; the CREG conducts a Stress-Test on state revenues during the process. The establishment and use of Stress-Testing hedges against an economic downturn or an unforeseen downswing in the energy sector by targeting appropriate levels of general fund reserves to offset the impact of a major downturn.

The New Mexico economy, on a year-over-year basis, grew slightly in fiscal year 2020 with real gross domestic product growing by 1.6 percent. New Mexico's economic growth, state wages and salaries grew by 3 percent, and total personal income in the state grew by 5.9 percent. During fiscal year 2020, New Mexico's employment declined 7.4 percent which represents a loss of 63,400 jobs. At the start of fiscal year, the Mining Sector grew and set new record levels for rig count, oil production, and taxable gross receipts. However, the COVID-19 healthcare crisis and the oil price war early in the second half of the calendar year impacted the industry with supply and demand-side shocks. In March 2020, the price of oil collapsed and while it has recovered since then, it impacted rig counts and oil production towards the end of the fiscal year.

Looking forward to fiscal year 2021, the negative impacts of the economic downturn have also been mitigated by unprecedented national fiscal stimulus measures totaling \$5.9 trillion. These fiscal stimulus packages are the CARES Act (\$2.4 trillion), the December 2020 stimulus package (\$900 billion), and, in early 2021, the American Rescue Plan (\$1.9 trillion). The three fiscal stimulus measures provided crucial assistance and prevented downturn. Measures employed included unemployment insurance, stimulus checks to individuals, aid to small businesses, and aid to state and local governments. Lastly, in New Mexico, the better-than-expected oil price recovery and oil production has had a significant impact on overall general fund revenues into fiscal year 2021.

## **LONG-TERM FINANCING**

The State of New Mexico's Constitution and laws authorize the State to issue general obligation bonds, severance tax bonds and revenue bonds to finance or refinance the cost of State capital projects. General obligation bonds are secured by the full faith and credit of the State and are repaid from a dedicated statewide property tax. Article 9, Section 8 of the New Mexico Constitution limits General Obligation indebtedness to no more than one percent of the assessed valuation of all the property subject to taxation in the State. Severance Tax Bonds are used to finance statewide capital projects that have been authorized by the Legislature and approved by the Governor. Severance and Supplemental Severance Tax Bonds are repaid from revenues deposited into the Severance Tax Bonding Fund, which primarily include taxes on mineral production in the State. The State continues to maintain a strong creditworthiness rating from Moody's Investors Services and Standard and Poor's Corporation.

## **ACKNOWLEDGMENTS**

This report could not have been prepared without the cooperation of all State agencies, the Legislature, and the Judiciary. Executive Management of the Department of Finance and Administration would also like to express our gratitude to the dedicated professionals in the State Financial Reporting and Accountability Bureau, whose work made possible the preparation of this report. The coordinated and collaborative effort have produced a report that will provide a means for government, the financial community, decision makers, and concerned citizens to better understand and evaluate the State's financial condition.

Sincerely,



Deborah K. Romero  
Cabinet Secretary

# STATE OF NEW MEXICO

## SELECTED STATE OFFICIALS

June 30, 2020

### Executive

**Michelle Lujan Grisham, Governor**

**Howie Morales, Lieutenant Governor**

<b>Maggie Toulouse Oliver</b> Secretary of State	<b>Brian S. Colón</b> State Auditor	<b>Tim Eichenberg</b> State Treasurer	<b>Hector H. Balderas</b> Attorney General	<b>Stephanie Garcia Richard</b> Commissioner of Public Lands
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- **Cynthia B. Hall**, Public Regulation Commission • **Jefferson L. Byrd**, Public Regulation Commission • **Joseph Maestas**, Public Regulation Commission • **T. Becenti Aguilar**, Public Regulation Commission • **Stephen Fischmann**, Public Regulation Commission

### Judicial

<b>Michael E. Vigil</b> Chief Justice of the Supreme Court	<b>Barbara J. Vigil</b> Justice of the Supreme Court	<b>Julie J. Vargas</b> Justice of the Supreme Court	<b>C. Shannon Bacon</b> Justice of the Supreme Court	<b>David K. Thomson</b> Justice of the Supreme Court
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- **J. Miles Hanisee**, Chief Judge of the Court of Appeals • **Jennifer L. Attrep**, Judge of the Court of Appeals • **Kristina Bogardus**, Judge of the Court of Appeals • **Jacqueline R. Medina**, Judge of the Court of Appeals • **Megan P. Duffy**, Judge of the Court of Appeals • **Briana H. Zamora**, Judge of the Court of Appeals • **Zachary A. Ive**, Judge of the Court of Appeals • **Shammara H. Henderson**, Judge of the Court of Appeals • **Jane B. Yohalem**, Judge of the Court of Appeals

### Legislative - Senate

<b>Mimi Stewart</b> President Pro Tempore	<b>Peter Wirth</b> Majority Floor Leader	<b>Gregory A. Baca</b> Minority Floor Leader	<b>Linda M. Lopez</b> Majority Whip
<b>Craig W. Brandt</b> Minority Whip			

### Legislative – House of Representatives

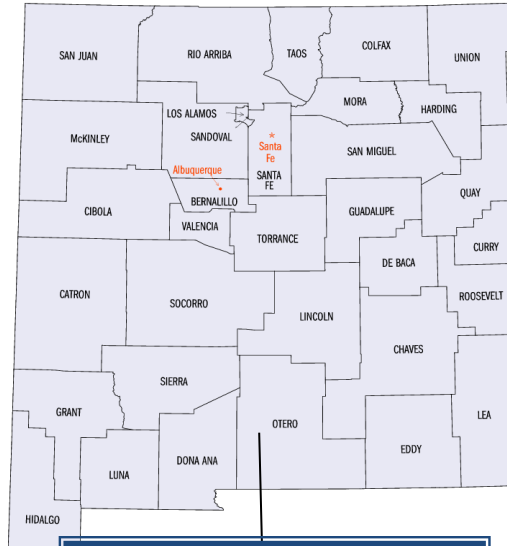
<b>Brian Egolf, Jr.</b> Speaker of the House	<b>Sheryl Williams Stapleton</b> Majority Floor Leader	<b>James G. Townsend</b> Minority Floor Leader	<b>Doreen Y. Gallegos</b> Majority Whip
<b>Rod Montoya</b> Minority Whip			

# STATE OF NEW MEXICO

## ORGANIZATIONAL CHART

June 30, 2020

### Citizens of New Mexico



<b>GOVERNOR'S CABINET</b>	
African American Affairs Office	Aging and Long-Term Services Department
Department of Agriculture	Children, Youth and Families Department
Corrections Department	Cultural Affairs Department
Economic Development Department	Energy, Minerals and Natural Resources Department
Office of the State Engineer	Environment Department
Department of Finance and Administration	General Services Department
Department of Health	Higher Education Department
Department of Homeland Security and Emergency Management	Human Services Department
Information Technology Department	Indian Affairs Department
Public Education Department	State Personnel Office
Regulation and Licensing Department	Department of Public Safety
Tourism Department	Taxation and Revenue Department
Department of Veterans' Services	Department of Transportation
Department of Workforce Solutions	Worker's Compensation Administration
	Early Childhood Education and Care Department

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STATE OF NEW MEXICO  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**FINANCIAL  
SECTION  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS  
PLUS INDEPENDENT AUDIT REPORT**



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## INDEPENDENT AUDITORS' REPORT

The Honorable Michelle Lujan-Grisham, Governor of the State of New Mexico  
Ms. Debbie Romero, Secretary of the New Mexico Department of  
Finance and Administration,  
Ms. Donna M. Trujillo, State Controller of the New Mexico Department  
of Finance and Administration, and  
Mr. Brian Colón, New Mexico State Auditor

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Mexico (State), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State'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 did not audit the financial statements of certain components of the State, which represent the indicated percent of total assets and total revenues as presented in the table below. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those components, is based solely on the reports of the other auditors.

The Honorable Michelle Lujan-Grisham, Governor of the State of New Mexico  
 Ms. Debbie Romero, Secretary of the New Mexico Department of  
 Finance and Administration,  
 Ms. Donna M. Trujillo, State Controller of the New Mexico Department  
 of Finance and Administration, and  
 Mr. Brian Colón, New Mexico State Auditor

**Percentage Audited by Other Auditors**

<b><u>Government-Wide</u></b>	<b><u>Total Assets</u></b>	<b><u>Total Revenues</u></b>
Governmental activities	86%	55%
Business-type activities	93%	99%
Aggregate discretely presented component units	66%	42%

**Fund Statements**

Major governmental fund - General Fund	50%	50%
Major governmental fund - Debt Service Fund	80%	100%
Major governmental fund - Capital Projects Fund	31%	3%
Major governmental fund - Severance Tax Permanent Fund	100%	100%
Major governmental fund - Land Grant Permanent Fund	100%	100%
Major enterprise fund - Educational Institutions Fund	100%	100%
Major enterprise fund – Unemployment Insurance Fund	100%	100%
Aggregate remaining fund information	45%	75%

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. 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 auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



The Honorable Michelle Lujan-Grisham, Governor of the State of New Mexico  
 Ms. Debbie Romero, Secretary of the New Mexico Department of  
 Finance and Administration,  
 Ms. Donna M. Trujillo, State Controller of the New Mexico Department  
 of Finance and Administration, and  
 Mr. Brian Colón, New Mexico State Auditor

<b><u>Opinion Unit</u></b>	<b><u>Type of Opinion</u></b>
Governmental activities	Qualified
Business-type activities	Unmodified
Major governmental fund – General Fund	Unmodified
Major governmental fund – Debt Service Fund	Unmodified
Major governmental fund – Capital Projects Fund	Unmodified
Major governmental fund – Severance Tax Fund	Unmodified
Major governmental fund – Land Grant Fund	Unmodified
Major enterprise fund - Educational Institutions Fund	Unmodified
Major enterprise fund – Unemployment Insurance Fund	Unmodified
Aggregate remaining fund information	Unmodified
Aggregate discretely presented component units	Unmodified

***Basis for Qualified Opinion on Governmental Activities***

The component auditor of the General Services Department, a significant component of the State, was unable to obtain sufficient audit evidence to support the completeness, existence, accuracy, and valuation of the reported land and construction in process balances on the General Services Department’s separately issued financial statements. As a result, the component auditor issued a qualified opinion as reported in their separate opinion of the General Services Department financial statements.

**Qualified Opinion**

In our opinion, based on our audit and the reports of the other auditors, except for the matters described in the “*Basis for Qualified Opinion on Governmental Activities*” paragraph above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities 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.

The Honorable Michelle Lujan-Grisham, Governor of the State of New Mexico  
Ms. Debbie Romero, Secretary of the New Mexico Department of  
Finance and Administration,  
Ms. Donna M. Trujillo, State Controller of the New Mexico Department  
of Finance and Administration, and  
Mr. Brian Colón, New Mexico State Auditor

## **Unmodified Opinions**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the opinion units identified as “Unmodified” in the schedule “Summary of Opinions” of the State, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

### Correction of Errors

As described in Note 9 to the financial statements, the State restated beginning balances resulting from the correction of accounting errors that occurred in the prior period. 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 (pages 7-25), Budgetary Comparison Schedule – General Fund and Notes to Budgetary Reporting (pages 205-212), Schedules of Changes in Net Pension Liability (pages 213-217), Schedule of Changes in Net OPEB Liability (page 218); Schedules of Net Pension Liability (pages 219-223), Schedules of Net OPEB Liability (page 224-227), Schedules of Employer Contributions - Pension (pages 228-237), Schedules of Employer Contributions – OPEB (pages 238-240), Schedules of Investment Returns - Pension (pages 241-242), Schedule of Investment Returns – OPEB (pages 243-245), Schedule of Actuarial Methods and Assumptions – All Retirement Systems (page 246), Schedule of Actuarial Methods and Assumptions – New Mexico Retiree Health Care Authority (page 247), Schedule of the State of New Mexico’s Proportionate Share of the Net Pension Liability (pages 249-254), Schedule of the State of New Mexico’s Proportionate Share of the Net OPEB Liability (pages 255-256), and Schedule of the State’s Contributions (pages 258-265) 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 who 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 and the other auditors 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.

The Honorable Michelle Lujan-Grisham, Governor of the State of New Mexico  
Ms. Debbie Romero, Secretary of the New Mexico Department of  
Finance and Administration,  
Ms. Donna M. Trujillo, State Controller of the New Mexico Department  
of Finance and Administration, and  
Mr. Brian Colón, New Mexico State Auditor

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining statements and individual fund financial statements and schedules, introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and individual fund financial statements and schedules presented as other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2021 on our consideration of the State'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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's 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 State's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
April 29, 2021

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

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### INTRODUCTION

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The following Management's Discussion and Analysis (MD&A) is required supplementary information to the State of New Mexico's financial statements. It describes and analyzes the financial performance and position of the state, and also provides an overview of the State's activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section. The subsequent information is highly summarized, and in order to gain a comprehensive understanding of the State's financial condition it should be reviewed in its entirety. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

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### FINANCIAL HIGHLIGHTS

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#### Government-wide

##### Net Position of the Primary Government

- The primary government (governmental activities and business-type activities) ended fiscal year 2020 with a net position of \$33.3 billion, an increase of \$1.8 billion, or 5.9 percent, from the previous year.
- The net position is comprised of \$7.8 billion in capital assets, net of related debt, \$31.1 billion in restricted, and a deficit \$5.6 billion in unrestricted, excluding component units.
- As a result of operating activities, the primary government's total net position increased by \$1.8 billion, or 5.9 percent, in fiscal year 2020 when compared to the previous year's ending net position. The net position of governmental activities increased \$1.1 billion, or 3.8 percent, from previous year's ending net position.
- Program revenues for the primary government increased around 20.2 percent on a year to year basis. Taxes and other general revenues decreased by 12.6 percent from previous year. Expenses of \$21.7 billion, increased by \$2.6 billion, with the majority of the increase being in Education and Health and Human Services.
- The net position of the business-type activities increased by \$700 million or 55.9 percent, from the previous year's ending net position. The business-type activities from the prior fiscal year saw an increase in total revenue by \$1.3 billion and an increase in expenses by \$392 million. Program revenue increased by \$1.3 billion while transfers increased by \$97 million.

##### Long-term Debt

- The State's long-term bonded debt decreased a net of \$268 million for both governmental and business-type activities, combined, due to the payment on the prior year bonds was higher than the issuance of new bonds. New bond issuance for governmental activities was composed of \$140 million for general obligation bonds. New bond issuance for business type activities was \$92 million in revenue bonds. See Note 8 for more detailed information on long-term liabilities. More detailed information regarding the government-wide, fund level, and long-term debt activities can be found in the capital asset and debt administration section of this management's discussion and analysis (MD&A).

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

### Fund Level

#### Governmental Funds

- As of June 30, 2020, the State's combined governmental funds reported an ending fund balance of \$31 billion, an increase of \$1.2 billion, or 3.92 percent, from fiscal year 2019 year's ending net position, (see the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances).
- Year to year there was an increase in revenue of \$267 million, primarily the result of higher Federal Revenues and strengthened Selective Tax Revenues. Year to year, expenditures increased by \$2.5 billion. Operationally, expenditure increases in the areas of Education and Health and Human Services are the primary drivers.
- The unassigned fund balance as of the end of fiscal year 2020 was \$525.5 million.

#### Proprietary Funds

- The proprietary funds reported net position of \$2 billion as of June 30, 2020, an increase of \$700 million, or 55.9 percent, from fiscal year 2019 ending net position.

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## OVERVIEW OF THE FINANCIAL STATEMENTS

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The focus of this annual report is on reporting for the state as a whole and on the major individual funds. The report presents a more comprehensive view of the state's financial activities. The Financial Section of this Annual Financial Report presents the State's financial position and activities in four parts:

- Management's Discussion and Analysis (this part)
- Basic Financial Statements
  - Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to the Financial Statements
- Required Supplementary Information other than MD&A
- Other Supplementary Information presenting combining statements and schedules

This report also includes statistical data.

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

### Reporting on the State as a Whole

#### **Government-wide Statements**

The government-wide financial statements are designed to present an overall picture of the financial position of the state. These statements consist of the statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. This means that all revenues earned and expenses incurred during the year are included, regardless of when cash is received or disbursed, producing a view of financial position similar to that presented by most private sector companies.

The statement of net position combines and consolidates the government's current financial resources with capital assets and long-term obligations. This statement includes all of the government's assets, deferred outflows, liabilities, and deferred inflows. Net position represents one measure of the state's financial health. Other indicators of the state's financial health include the condition of its facilities, roads and highways (infrastructure) and economic trends affecting the state's future tax revenues.

The statement of activities focuses on both the gross and net cost of various activities (governmental, business-type and component units). These costs are paid by the state's tax revenues, charges for services and other revenues. This statement summarizes the cost of providing (or the subsidy provided by) specific government services and includes all current year revenues and expenses.

The government-wide statement of net position and the statement of activities divide the state's activities into the following three types:

#### Governmental Activities

The state's basic services are reported here, including general government, education, transportation, health and human services, public safety and corrections, judicial, natural resources and recreation, legislative, and regulatory services. Taxes, fees and federal grants finance most of these activities.

#### Business-type Activities

Activities for which the state charges a fee to customers to pay most or all of the costs of certain services it provides are reported as business-type activities. The state's institutions of higher education are included as business-type activities, as well as unemployment insurance, public schools insurance, medical centers, magazine publication, state fair, state infrastructure bank, environment department, corrections industries, and industries for the blind.

#### Component Units

Component units are legally separate organizations for which the state is either financially accountable or the nature and significance of their relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. The state has approximately seventy-three (73) discretely presented component units. Financial information for these entities is presented separately in the supplemental statements and in the notes.

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

### Reporting on the State's Most Significant Funds

#### **Fund Financial Statements**

Fund financial statements provide additional detail about the state's financial position and activities. Some information presented in the fund financial statements differs from the government-wide financial statements due to the perspective and basis of accounting used. Funds are presented in the fund-level statements based on criteria set by the Governmental Accounting Standards Board (GASB). A fund is a separate accounting entity with a self-balancing set of accounts. The state uses funds to keep track of sources of funding and spending related to specific activities. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity.

All of the State's funds are divided into the following categories, each of which uses a different accounting approach:

#### Governmental Funds

A majority of the state's activity is reported in the governmental funds. Reporting of these funds focuses on the flow of money into and out of the funds and amounts remaining at fiscal year-end for future spending. Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the state's general governmental operations and the basic services it provides. This information helps determine the level of resources available for the state's programs. The reconciliations following the fund financial statements explain the differences between the governmental activities column reported on the government-wide statement of net position and the government-wide statement of activities, and the governmental funds reported on the fund financial statements. The general fund, debt service fund, capital projects fund, severance tax fund and land grant fund are reported as major governmental funds.

#### Proprietary Funds

When the state charges customers for services it provides, these activities are generally reported in proprietary funds. Services provided to outside (non-governmental) customers are reported in enterprise funds, a type of proprietary funds, and are accounted for using the economic resources measurement focus and the accrual basis of accounting. These are the same business-type activities reported in the government-wide financial statements, but are reported here to provide information at the fund level. Activities whose customers are primarily other state agencies (e.g., motor pool) are accounted for in internal service funds. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

#### Fiduciary Funds

Fiduciary funds account for assets held in a trustee or agency capacity for others. All state fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. The activities are reported separately from other financial activities because the state cannot use the assets to finance its operations. The state's fiduciary responsibilities include ensuring that the assets reported in these funds are used for their intended purpose. Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis accounting.

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

### **Reconciliation between Government-wide and Fund Statements**

The financial statements include schedules that reconcile and explain the differences between the amounts reported for governmental activities on the government-wide statements (accrual accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual accounting, short-term focus).

The following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are deferred inflow of resources on the governmental fund statements.
- Pension related items including Net Pension Liability, Net Pension Asset, and the Deferred Inflows and Outflows of resources related to pensions are included in the government-wide statements and not in the governmental fund statements.
- OPEB related items including Net OPEB Liability and the Deferred Inflows and Outflows of resources related to OPEB are included in the government-wide statements and not in the governmental fund statements

### **Notes to the Financial Statements**

The notes provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

### **Required Supplementary Information (RSI)**

Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets. In addition, the RSI includes schedules on the funded status and employer contributions for the State's Defined Benefit Pension Plans and Other Postemployment Benefits Plan. RSI further supports the information in the basic financial statements.

### **Other Supplementary Information**

Supplementary Information includes combining statements for the State's nonmajor proprietary and fiduciary funds. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the program level of the General Appropriation Acts.



# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

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### ADJUSTMENTS TO BEGINNING NET POSITION AND FUND BALANCES

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While adjustments were made to the opening balances of a number of entities that are part of the primary government, none individually or collectively were significant to merit discussion.

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### FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

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#### Net Position

- Total Assets and Deferred Outflows of the State as of June 30, 2020, were \$48.8 billion, an increase of \$1.6 billion or 3.5 percent from prior fiscal year. The majority of the increase is due to increased receivables.
  - For governmental activities, total assets and deferred outflows were \$42.2 billion, an increase of \$1.9 billion, or 4.8 percent.
  - For business-type activities, total assets and deferred outflows were \$6.6 billion, a decrease of \$293 million or 4.2 percent.
- Total Liabilities and Deferred Inflows as of June 30, 2020 were \$15.6 billion, a decrease of \$212 million or 1.3 percent from prior fiscal year.
  - Total liabilities and deferred inflows for governmental activities were \$10.9 billion, an increase of \$780 million, or 7.7 percent.
  - For business-type activities, total liabilities and deferred inflows were \$4.7 billion, a decrease of \$992 million or 17.5 percent.
- The State's total net position of \$33.3 billion was \$1.8 billion or 5.9 percent higher in fiscal year 2020 compared to the prior year. Of the State's net position, \$7.8 billion was recorded as net investment in capital assets, while \$31.1 billion was restricted by state statute or other legal requirements and was not available to finance day-to-day operations of the state. Unrestricted net position was a \$5.6 billion deficit. Most of this is attributable to the net pension liability and net OPEB liability. The reporting of these long-term liabilities is mandated by the Governmental Accounting Standards Board.

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

State of New Mexico  
Net Position as of June 30, 2020  
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 34,495,153	\$ 32,358,724	\$ 3,507,396	\$ 3,436,924	\$ 38,002,549	\$ 35,795,648
Capital Assets	7,138,757	7,113,854	2,621,648	2,587,985	9,760,405	9,701,839
Total Assets	<u>\$ 41,633,910</u>	<u>\$ 39,472,577</u>	<u>\$ 6,129,044</u>	<u>\$ 6,024,909</u>	<u>47,762,954</u>	<u>45,497,487</u>
Deferred Outflow of Resources	584,395	817,683	500,907	897,930	1,085,302	1,715,613
Current Liabilities	3,786,433	2,798,521	844,925	608,947	4,631,358	3,407,468
Long-term Liabilities	6,454,601	6,863,128	3,531,992	4,911,326	9,986,593	11,774,453
Total Liabilities	10,241,034	9,661,648	4,376,917	5,520,273	14,617,951	15,181,921
Deferred Inflows of Resources	639,954	438,655	302,459	151,785	942,414	590,440
Net Position:						
Net Investment in Capital Assets	5,971,617	5,826,283	1,808,184	1,770,690	7,779,801	7,596,973
Restricted	30,024,134	27,579,790	1,113,160	1,386,077	31,137,294	28,965,868
Unrestricted	(4,658,434)	(3,216,115)	(970,769)	(1,905,986)	(5,629,203)	(5,122,101)
Total Net Position	<u>\$ 31,337,317</u>	<u>\$ 30,189,958</u>	<u>\$ 1,950,575</u>	<u>\$ 1,250,781</u>	<u>\$ 33,287,892</u>	<u>\$ 31,440,739</u>
Percentage change in total net position from prior year	<u>3.8 %</u>		<u>55.9 %</u>		<u>5.9 %</u>	

### Changes in Net Position

The State's net position as of June 30, 2020, was \$33.3 billion which was \$1.8 billion greater than the 2019 net position restated. The State earned program revenues of \$15.1 billion, collected tax revenue of \$7.5 billion, and received \$956 million of general revenues. Total revenues for 2020 were \$23.6 billion, an increase of \$1.3 billion, or 6 percent, from fiscal year 2019. Increased revenue was primarily attributable to the \$15.3 million increase in taxes and to the \$2.6 billion increase in operating grants and contributions while other general revenues decreased by \$1.2 billion and charges for services decreased by \$169 million. The expenses of the State were \$21.7 billion, an increase of \$2.6 billion or 13.5 percent, from fiscal year 2019. Further analysis of results of changes in the State's financial condition follows in the analysis of the State's funds. Net program revenues exceeded net program expenses by \$1.9 billion, whereas in fiscal year 2019 this amount was \$3.1 billion. The tax collections of the State provided additional funding, which when added to program revenues, supported payment for governmental services.

The following schedule and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2020:

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

State of New Mexico  
Changes in Net Position  
For the Fiscal Year Ended June 30, 2020  
(Expressed in Thousands)

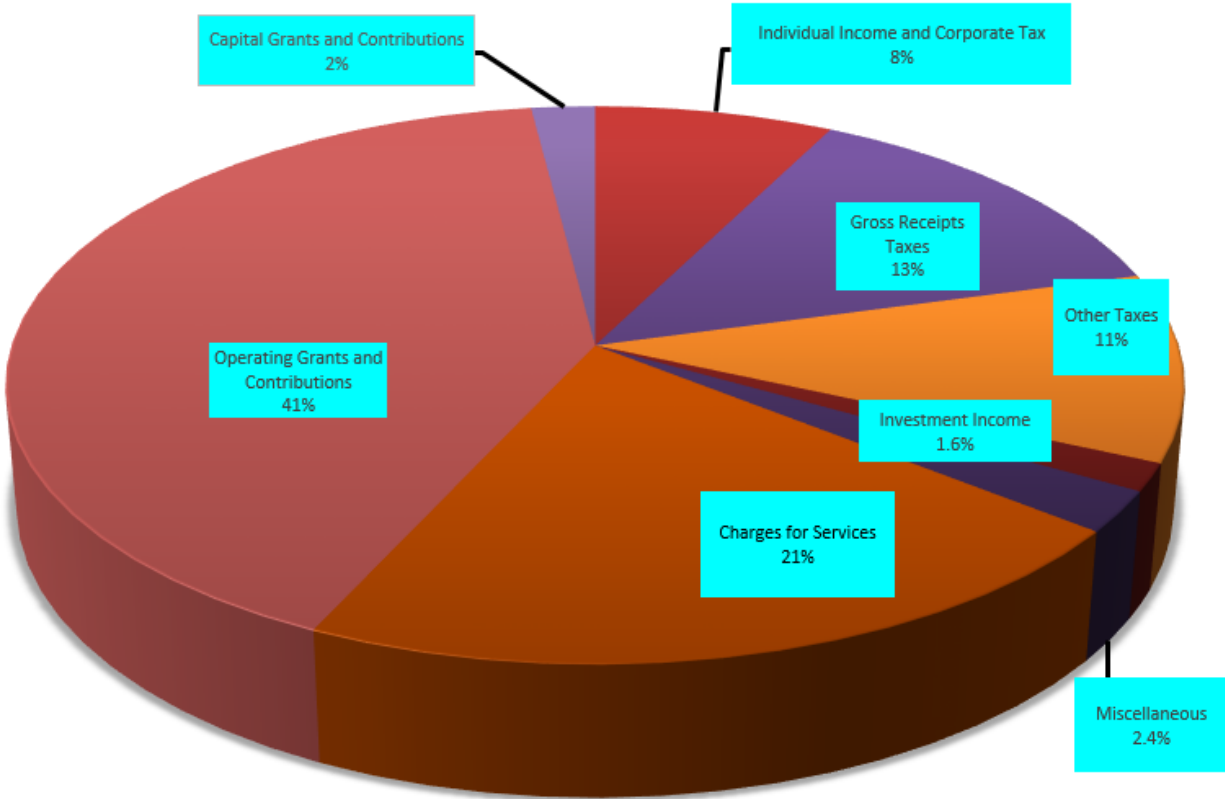
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change 2019 to 2020
	2020	2019	2020	2019	2020	2019	
<b>Revenues</b>							
General Revenues:							
Taxes	\$ 7,458,825	\$ 7,317,368	\$ -	\$ 126,103	\$ 7,458,826	\$ 7,443,471	0.2 %
Other General Revenues	623,260	1,849,466	332,448	332,515	955,708	2,181,980	(56.2) %
Program Revenues:							
Charges for Services	2,678,902	3,013,662	2,324,753	2,159,341	5,003,656	5,173,003	(3.3) %
Operating Grants and Contributions	7,750,233	6,363,981	1,919,974	663,285	9,670,207	7,027,265	37.6 %
Capital Grants and Contributions	462,264	376,591	7,751	23,997	470,015	400,588	17.3 %
<b>Total Revenues</b>	<b>18,973,484</b>	<b>18,921,067</b>	<b>4,584,926</b>	<b>3,305,241</b>	<b>23,558,412</b>	<b>22,226,307</b>	<b>6.0 %</b>
<b>Expenses</b>							
General Control	946,145	949,925	-	-	946,145	949,925	(0.4) %
Culture, Recreation, and Natural Resources	294,254	263,383	-	-	294,254	263,383	11.7 %
Highway and Transportation	952,604	876,159	-	-	952,604	876,159	8.7 %
Judicial	367,458	341,818	-	-	367,458	341,818	7.5 %
Legislative	26,741	28,024	-	-	26,741	28,024	(4.6) %
Public Safety	593,994	548,909	-	-	593,994	548,909	8.2 %
Regulation and Licensing	207,749	194,956	-	-	207,749	194,956	6.6 %
Health and Human Services	9,447,582	7,864,173	-	-	9,447,582	7,864,173	20.1 %
Education	3,929,465	3,483,071	-	-	3,929,465	3,483,071	12.8 %
Indirect Interest on Long-term Debt	112,126	130,183	-	-	112,126	130,183	(13.9) %
Special Items	15	-	-	-	15	-	- %
Educational Institutions	-	-	2,802,997	3,844,397	2,802,997	3,844,397	(27.1) %
Public Schools Insurance	-	-	397,157	370,389	397,157	370,389	7.2 %
Environmental Loans	-	-	1,387	2,726	1,387	2,726	100.0 %
Miners' Colfax Medical Center	-	-	40,490	37,506	40,490	37,506	8.0 %
Unemployment Insurance	-	-	1,547,564	137,995	1,547,564	137,995	1,021.5 %
State Fair	-	-	15,007	15,919	15,007	15,919	(5.7) %
Other Business-type Activities	-	-	19,248	22,845	19,248	22,845	(15.7) %
<b>Total Expenses</b>	<b>16,878,133</b>	<b>14,680,602</b>	<b>4,823,850</b>	<b>4,431,777</b>	<b>21,701,983</b>	<b>19,112,380</b>	<b>13.5 %</b>
Excess Before Transfers	2,095,351	4,240,465	(238,924)	(1,126,536)	1,856,429	3,113,929	
Transfers	(940,448)	(843,055)	940,448	843,055	-	-	
Change in Net Position	<b>1,154,903</b>	<b>3,397,410</b>	<b>701,524</b>	<b>(283,481)</b>	<b>1,856,429</b>	<b>3,113,929</b>	<b>(40.4) %</b>
Net Position - Beginning, as Restated	30,182,414	26,792,548	1,249,051	1,534,262	31,431,465	28,326,810	
<b>Net Position - Ending</b>	<b>\$ 31,337,317</b>	<b>\$ 30,189,958</b>	<b>\$ 1,950,575</b>	<b>\$ 1,250,781</b>	<b>\$ 33,287,894</b>	<b>\$ 31,440,739</b>	<b>5.9 %</b>

STATE OF NEW MEXICO

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

State of New Mexico Total Revenues - FY 2020



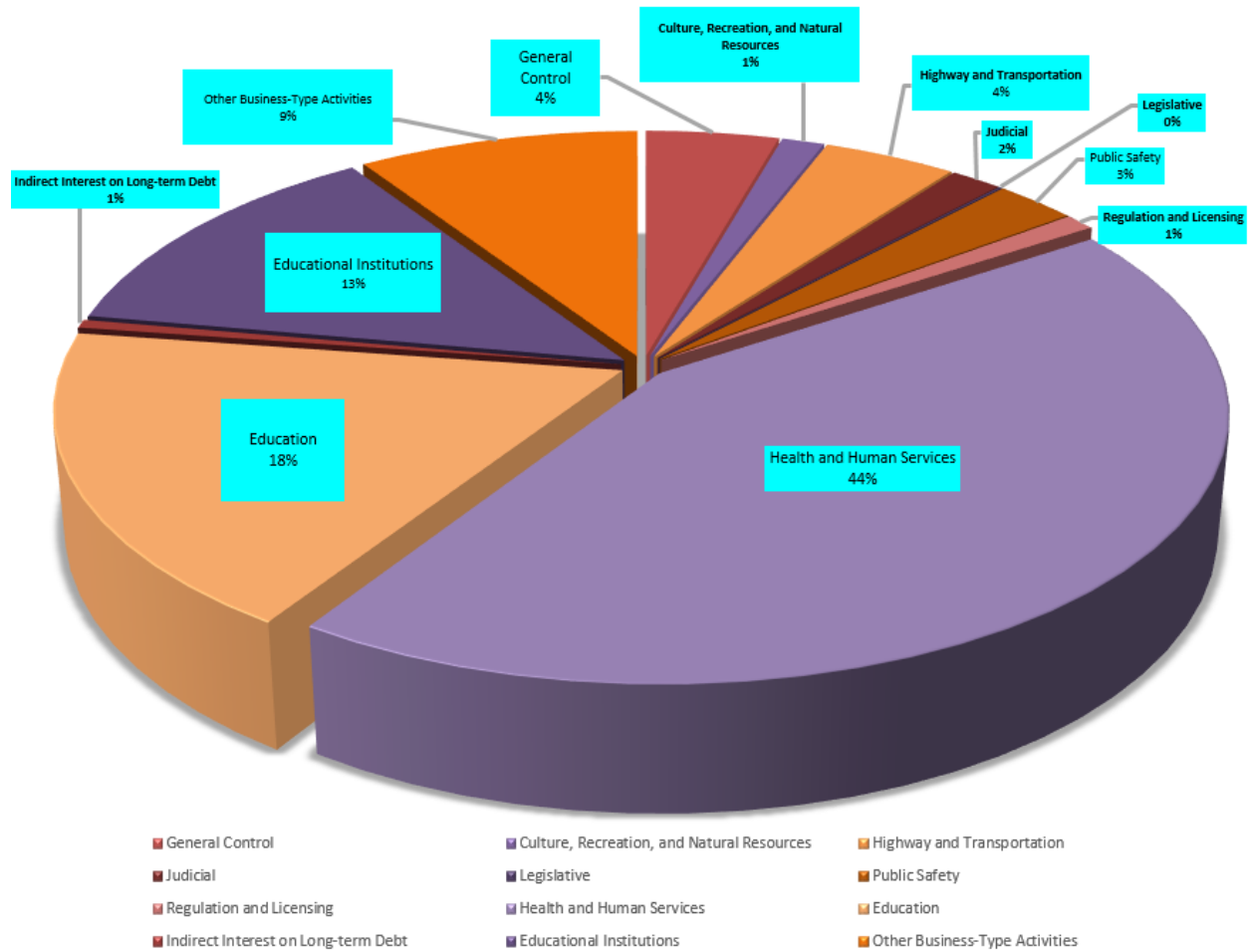
- Individual Income and Corporate Tax
- Gross Receipts Taxes
- Other Taxes
- Investment Income
- Miscellaneous
- Charges for Services
- Operating Grants and Contributions
- Capital Grants and Contributions

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

### State of New Mexico Total Expenditures- FY 2020



# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

### Governmental Activities

Governmental activities program revenue was \$10.9 billion, consisting of operating grants and contributions of \$7.8 billion, capital grants and contributions of \$462 million, and \$2.7 billion in service charges. Program revenues increased \$1.1 billion from the prior fiscal year, the result of a \$3.1 million increase in operating grants and contributions, an \$85 million increase in capital grants and contributions, along with a \$335 million decrease in charges for services. Governmental activities expenses increased by \$2.2 billion year to year bringing the total to \$16.9 billion. All governmental activities except for general control activities in the government-wide statement of activities had expenses which exceeded program revenues. The health and human services function and education function account for three-quarters of governmental activities expenses and net cost. The operating grants and contributions increased due to additional grants received by Health and Human Services and Highway and Transportation functions.

The following table shows to what extent the State's governmental activities relied on taxes and other general revenues to cover all of their costs. For fiscal year 2020, state taxes and other general revenues covered 35.47 percent of expenses. The remaining 64.53 percent of the total expenses was covered by charges for services and grants and contributions.

State of New Mexico  
Net Program Costs as of June 30, 2020  
(Expressed in Thousands)

	Program Expenses	Less Program Revenues	Net Program Costs		Program Revenues as a Percentage of Program Expenses	
			2020	2019	2020	2019
General Control	\$ 946,145	\$ (2,256,005)	\$ 1,309,860	\$ 1,630,357	238.4 %	271.6 %
Culture, Recreation, and Natural Resources	294,254	(104,917)	(189,338)	44,485	35.7 %	170.2 %
Highway and Transportation	952,604	(561,795)	(390,809)	(354,919)	59.0 %	59.5 %
Judicial	367,458	(20,575)	(346,883)	(320,809)	5.6 %	6.1 %
Legislative	26,741	-	(26,741)	(28,024)	- %	- %
Public Safety	593,994	(134,278)	(459,715)	(444,600)	22.6 %	19.0 %
Regulation and Licensing	207,749	(45,934)	(161,814)	(150,878)	22.1 %	22.6 %
Health and Human Services	9,447,582	(7,306,992)	(2,140,590)	(1,969,954)	77.3 %	75.0 %
Education	3,929,465	(460,903)	(3,468,562)	(3,001,843)	11.7 %	13.8 %
Indirect Interest on Long-term Debt	112,126	-	(112,126)	(130,183)	- %	- %
	<u>\$ 16,878,118</u>	<u>\$ (10,891,399)</u>	<u>\$ (5,986,716)</u>	<u>\$ (4,726,368)</u>	<u>64.5 %</u>	<u>67.4 %</u>

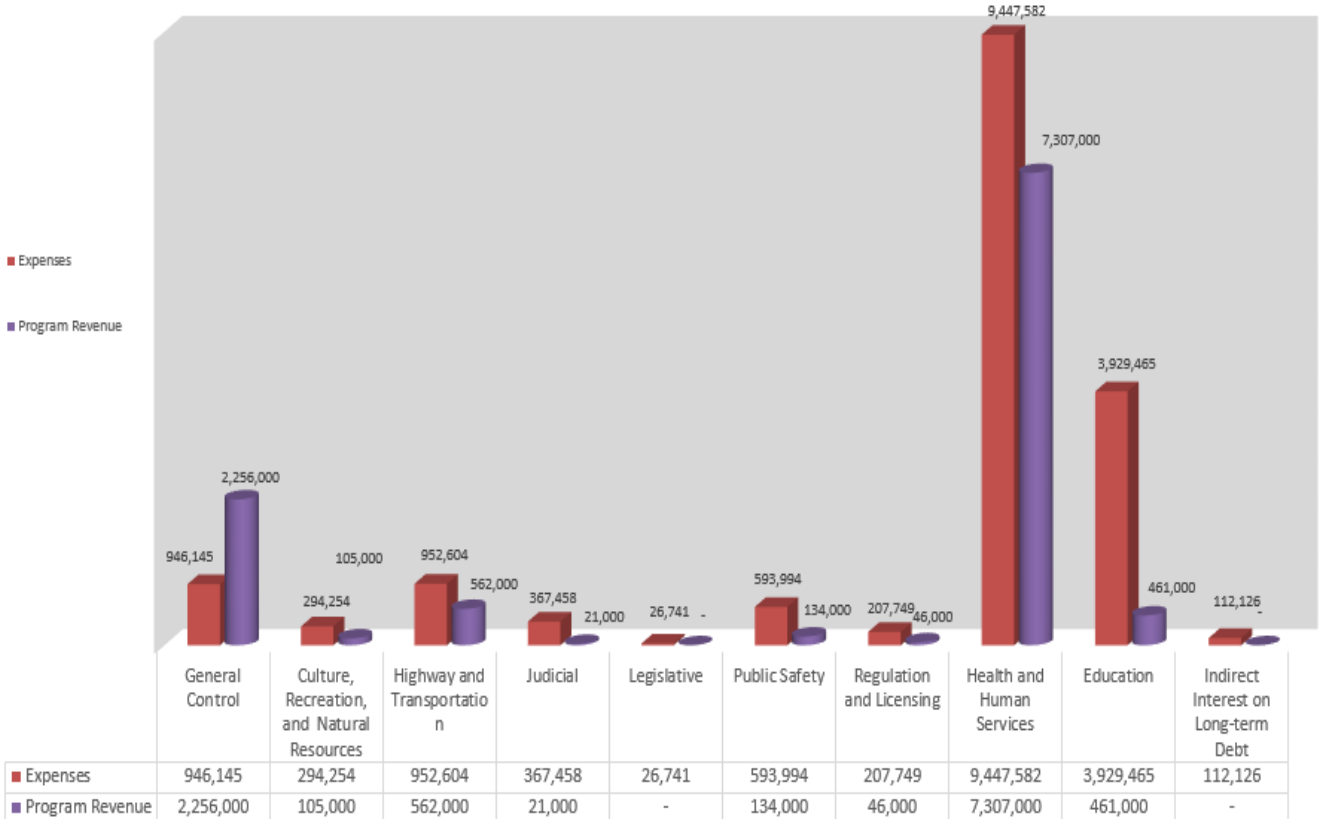
# STATE OF NEW MEXICO

## MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

### State of New Mexico Expenses and Program revenues: Governmental Activities For the Fiscal Year Ended June 30, 2020

(In Thousands)



### Business-type Activities

Business-type activities generated program revenues of \$4.3 billion, including charges for services of \$2.3 billion, operating grants and contributions of \$1.9 billion and \$7.8 million in capital grants and contributions. This was \$1.3 billion more than the prior year, attributable to the unemployment insurance function. The total expenses for business-type activities were \$4.8 billion, an increase of \$392 million from the prior year. The largest change occurred in the unemployment insurance function, where expenses increased by \$1.4 billion versus prior year and, offsetting this by \$1 billion was a decrease in expenses related to educational institutions. Net expenses exceeded program revenues from the primary government’s business-type activities by \$702 million, an increase of \$985 million from the prior year.

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

### FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

#### Fund Balances

At June 30, 2020, the State's governmental funds reported combined ending fund balances of \$31 billion. The State reported \$30.3 billion, or 98 percent, as restricted, including \$19.3 billion related to the Land Grant Fund, \$5.3 billion associated with the Severance Tax Fund and \$1.9 billion attributable to the Capital Projects Fund, all established by state laws. Note 1.G.14 contains more details about the fund balance classifications at June 30, 2020. Committed, assigned, nonspendable and unassigned totaled \$630 million, or 2 percent.

State of New Mexico  
Fund Balances as of June 30, 2020  
(Expressed in Thousands)

	General Fund	Debt Service Fund	Capital Projects Fund	Severance Tax	Land Grant	Totals Governmental Funds
Nonspendable	\$ 46,026	\$ -	\$ -	\$ -	\$ -	\$ 46,026
Restricted	3,389,316	433,135	1,867,176	5,302,828	19,330,276	30,322,731
Committed	45,460	-	-	-	-	45,460
Assigned	12,923	-	41	-	-	12,964
Unassigned	532,328	-	(6,815)	-	-	525,513
<b>Total</b>	<b>\$ 4,026,053</b>	<b>\$ 433,135</b>	<b>\$ 1,860,402</b>	<b>\$ 5,302,828</b>	<b>\$ 19,330,276</b>	<b>\$ 30,952,694</b>

Percent Change from Prior Year

3.9 %

Note: Due to presentation change in the financials statements, individual fund percent change from prior year cannot be calculated.

#### Governmental Funds

##### General Fund

General Fund balance at June 30, 2020 totaled \$4 billion. Net change in General Fund balance, was an increase of \$899 million. The General Fund ended the fiscal year 2020 with unassigned fund balance of \$532 million.



# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

### **Budgetary Highlights – General Fund**

The initial fiscal year 2020 budget was adopted by the Legislature during the 2019 Regular Session. The General Fund original budgeted revenues for fiscal year 2020 were 3.5 percent lower than the fiscal year 2019 final budget basis revenues. During the year, federal revenue was \$668 million less than the final approved budget. After budget amendments, the actual expenditures in the General Fund were \$1.5 billion below the final budgeted amounts. This was mainly the result of agency-mandated measures to reduce expenditures. Refer to the budgetary comparison schedule for the General Fund in the Other Required Supplementary Information section of the Annual Financial Report.

### **Severance Tax Fund**

Fund balance at June 30, 2020, totaled \$5.3 billion, a decrease of \$225 million, or 4.1 percent, related decrease in investment earnings.

### **Land Grant Fund**

Fund balance at June 30, 2020, totaled \$19.3 billion, an increase \$283 million, or 1.48 percent, reflective of increased investment earnings compared to the portfolio in the prior year and higher Rentals and Royalty revenues.

## FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

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Exclusive of Internal Service Funds, the State's proprietary funds reported Net Position of \$2 billion, an increase of \$702 million from the prior year net position.

### **Educational Institutions**

Net Position at June 30, 2020, totaled \$1.3 billion. Current period activity increased the Net Position of the State's educational institutions by \$1 billion, or 306.41 percent. For the fiscal year 2020 the State transferred \$923 million to the State's educational institutions, an increase of \$52 million, or 5.97 percent from fiscal year 2019.

## STATE OF NEW MEXICO

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

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#### DISCRETE COMPONENT UNITS

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These are operations for which the State has financial accountability or the nature and significance of their relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. For the most part, these entities operate similar to private-sector businesses and the business-type activities described above. All of the State's discrete component units are presented in the financial statements.

The State's discretely presented major component units are:

- New Mexico Finance Authority
- New Mexico Mortgage Finance Authority
- New Mexico Lottery Authority
- University of New Mexico Foundation, Inc.
- New Mexico State University Foundation, Inc.

Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the State's component units are presented in the notes to the financial statements.

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#### CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

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##### Capital Asset Activity

As of June 30, 2020, the State's net investment in capital assets, for governmental activities totaled \$6 billion and \$1.8 billion for its business-type activities. The state's capital assets include land, buildings, improvements, machinery and equipment, mineral rights, roads, highways and bridges. The change in the State's investment in capital assets for the current fiscal year was a modest increase of 2.41 percent in total, for governmental activities increase of 2.49 percent and increase of 2.12 percent for business-type activities.

The State has elected to use the depreciation method to account for infrastructure assets (roads and bridges). Under this method, the State allocates the cost of infrastructure assets over their estimated useful lives as depreciation expense. Expenditures to refurbish infrastructure are capitalized and cost depreciated. Under the allowable methodology, termed the modified approach, infrastructure is capitalized and all expenditures except those adding to capacity are expensed. The state did not elect to use the modified approach for infrastructure assets. Costly analyses are also required.

Refer to Note 6 of the financial statements for additional information on capital assets.

# STATE OF NEW MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

### Long-term Debt Activity

The State Constitution and Law authorizes the State to issue general obligation bonds, severance tax bonds, and revenue bonds to finance or refinance the cost of State capital outlay projects authorized by law. General obligation bonds are secured by the full faith and credit of the State and payable from legally restricted revenues. During the past year, the State continued to maintain a quality bond rating from Moody's Investors Services (Moody's) and Standard & Poor's Corporation (S&P) on all State bonds.

The State had the following bond ratings at June 30, 2020:

### State of New Mexico Bond Ratings at June 30, 2020

Bonds	Moody's	Standard & Poor's
General Obligation Bonds	Aa2/Stable	AA/Stable
Severance Tax Bonds	Aa2/Stable	AA-/Stable
Supplemental Severance Tax Bonds	Aa3/Stable	A+/Stable
State Transportation Revenue Bonds Senior Lien	Aa1/Stable	AA+/Stable
State Transportation Revenue Bonds Subordinate Lien	Aa2/Stable	AA/Stable

Revenue Bonds issuances during the year totaled \$92 million and GO bond issuances during the year totaled \$140 million.

Refer to Note 8 to the financial statements for additional information on the State's long-term debt and other liabilities.

### State of New Mexico Net Outstanding Bonded Debt as of June 30, 2020 (Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change 2019 to 2020
	2020	2019	2020	2019	2020	2019	
General Obligation Bonds, Net	\$ 421,700	\$ 350,925	\$ -	\$ -	\$ 421,700	\$ 350,925	20.2 %
Severance Tax Bonds, Net	680,245	814,370	-	-	680,245	814,370	(16.5) %
Revenue Bonds, Net	1,094,669	1,221,323	823,419	865,272	1,918,088	2,086,595	(8.1) %
Bond Premium, Discount, Net	223,794	257,988	39,279	41,791	263,073	299,781	(12.2) %
<b>Total Bonds Payable</b>	<b>\$ 2,420,408</b>	<b>\$ 2,644,607</b>	<b>\$ 862,698</b>	<b>\$ 907,063</b>	<b>\$ 3,283,106</b>	<b>\$ 3,551,671</b>	<b>(7.6) %</b>

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

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### ECONOMIC CONDITIONS AND OUTLOOK

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#### **Economic Factors Affecting New Mexico's Fiscal Year 2020 Budget**

New Mexico utilizes a consensus revenue estimating group (CREG) comprised of legislative and executive economists to forecast General Fund revenue so the Executive and Legislature work with the same revenue forecast in preparing their respective General Fund operating budget recommendations. The CREG bases its State General revenue forecast on forecasts of the U.S. economy from Moody's Analytics and IHS Global Insight in combination with forecasts of the New Mexico economy prepared by the University of New Mexico's Bureau of Business and Economic Research. Economic inputs also include data and information provided by state agencies, and other national data sources such as the Energy Information Administration, Bureau of Labor Statistics, Bureau of Economic Analysis, and the U.S. Census. Historical information on the New Mexico value and volume of crude oil and natural gas produced in the state is derived from the state's GenTax Database reporting system, and product price forecasts are derived from the national economic forecasting services and other sources. Additionally, New Mexico state revenues are highly sensitive to boom and bust cycles in the energy industry; the CREG conducts a Stress-Test on state revenues during the process. The establishment and use of Stress-Testing hedges against an economic downturn or an unforeseen downswing in the energy sector. Stress-Testing allows for targeting appropriate levels of general fund reserves while safeguarding the state's budget at the same time.

#### **Trends in the U.S. Economy**

The U.S. economy contracted in the State fiscal year 2020. The national economy, as measured by real gross domestic product, contracted by 1.1 percent in fiscal year 2020. June 2020 year-over-year total employment levels declined by 12.9 million jobs or 8.5 percent. U.S. average hourly wages grew by 4.3 percent, exceeding inflation of 1.4 percent.

U.S. economic growth declined in fiscal year 2020, with GDP declining 1.2 percent over fiscal year 2019. Additionally, the U.S. experienced the worst annualized percent change of real gross domestic product in the fourth quarter of fiscal year 2020 with RGDP declining by 31.4 percent. In March and lasting for the remainder of fiscal year 2020, the COVID-19 pandemic and healthcare crisis resulted in states issuing public health orders implementing social distancing measures, closing non-essential businesses, and limiting and reducing business capacity. The COVID-19 health crisis has exacerbated a national recession. At the national level, fiscal and monetary policies have been implemented at an unprecedented level to minimize the negative economic impacts of the healthcare crisis. The Federal Reserve has lowered short-term interest rates to bolster the US economy and the US Congress implemented major stimulus packages in last quarter of the 2020 fiscal year 2020.

#### **New Mexico Economy**

The New Mexico economy, on a year-over-year basis, grew slightly in fiscal year 2020 with real gross domestic product growing by 1.6 percent. New Mexico's economic growth, state wages and salaries grew by 3 percent, and total personal income in the state grew by 5.9 percent. During fiscal year 2020, New Mexico's employment declined 7.4 percent which represents a loss of 63,400 jobs. At the start of fiscal year, the Mining Sector grew and set new record levels for rig count, oil production, and taxable gross receipts. However, the COVID-19 healthcare crisis and the oil price war early in the second half of the calendar year impacted the industry with supply and demand-side shocks. In March 2020, the price of oil

# STATE OF NEW MEXICO

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

collapsed and while it has recovered since then, it impacted rig counts and oil production towards the end of the fiscal year.

The state's year-over-year employment declined across most sectors in June 2020. When compared to June 2019, the most severe employment losses were experienced by the mining sector followed by the leisure and hospitality sector, which lost 6,600 jobs and 24,900 jobs, respectfully. This represents a 25.1% decline in employment in the leisure and hospitality sector and a 25.4% decrease in the mining sector. The other services sector declined by 15.8% or declined by 4,600 jobs on a year-over-year basis. The information sector lost 1,900 jobs, which represent a year-over-year decrease of 16.7%.

Oil prices in fiscal year 2020 remained lower than oil prices in fiscal year 2019. However, this has been offset by record levels of oil production in fiscal year 2020. Natural gas prices remained low in fiscal year 2020. Average New Mexico prices in fiscal year 2020 for crude oil and natural gas were \$44.01 per barrel and \$1.90 per mcf, respectively. New Mexico continued to be the third-largest producing state for oil and the ninth largest for natural gas.

### General Fund Revenue and Reserve Outlook

The fiscal year 2020 recurring revenue declined by 2.4 percent from \$8 billion to \$7.8 billion, while year-end financial reserves ended at 35.4 percent of recurring appropriations. The decline in the revenues for fiscal year 2020 is due to a couple of factors; first, in fiscal year 2019, an unprecedented federal mineral leasing payment caused overall revenues to increase out of trend; and secondly, the oil price war of early 2020 and the COVID-19 pandemic impacted revenues in the last quarter of fiscal year 2020.

The use of above-trend revenues for one-time expenditures in fiscal year 2019 and fiscal year 2020 reduced the potential impact of the current downturn on recurring budgets. Additionally, the June Special Session actions reduced recurring appropriations by \$414 million in fiscal year 2021. Lastly, while revenues in the last quarter of fiscal year 2020 declined, revenues performed better than expected contributing to ending fiscal year 2020 reserves.

While states across the country are still reeling from the COVID-19 pandemic overall, many have reported better than expected revenue collections and improved forecasts. The State of New Mexico is no different, State revenues have not declined as much as expected in early revenue estimates from last year.

Looking forward to fiscal year 2021, the negative impacts of the economic downturn have also been mitigated by unprecedented national fiscal stimulus measures totaling \$5.9 trillion. These fiscal stimulus packages are the CARES Act (\$2.4 trillion), the December 2020 stimulus package (\$900 billion), and, in early 2021, the American Rescue Plan (\$1.9 trillion). The three fiscal stimulus measures provided crucial assistance and prevented an even worse downturn. Measures employed included unemployment insurance, stimulus checks to individuals, aid to small businesses, and aid to state and local governments. Lastly, in New Mexico, the better-than-expected oil price recovery and oil production has had a significant impact on overall general fund revenues going into fiscal year 2021.

As the national and state economies reopen, oil demand firms around the world and overall economic recovery take hold in 2021 multiple characteristics are expected to drive New Mexico recovery. The recovery of oil and natural gas-related growth, including severance, federal mineral leasing bonus, royalty payments, and gross receipts tax revenue growth associated with oil exploration, is expected to be the largest driver of General Fund revenue growth in fiscal year 2021 and beyond.

## STATE OF NEW MEXICO

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

According to the February 2021 consensus revenue outlook, fiscal year 2021 recurring revenues are estimated to be \$7.2 billion, representing a decline of 8.5 percent over the fiscal year 2020 levels. Oil and natural gas related revenues are projected to decrease by 4.1 percent compared to fiscal year 2020 levels. In fiscal year 2021, New Mexico oil prices are projected to average \$43.50 per barrel, while natural gas prices are projected to average \$2.45 per mcf. The February 2021 forecast, on a year-over-year basis, expects oil volumes to increase by 0.5 percent and natural gas volumes to remain flat in fiscal year 2021. Net gross receipts tax revenue is expected to decrease by 14.2 percent over the prior fiscal year. Personal income tax revenue is also expected to decrease by 6.2 percent when compared to the prior year. The February 2021 forecast expects the economic and revenue decline to be in fiscal year 2021, with recovery beginning in fiscal year 2022.

Lastly, with \$1 billion dollars in 2021 legislative actions providing funding for pandemic relief for businesses and workers, fiscal year 2021 estimated reserves are expected to decline from \$2.5 billion or 35.4 percent down to \$1.8 billion or 21.7 percent of recurring appropriations.

### CONTACT THE STATE'S FINANCIAL MANAGEMENT

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The Department of Finance and Administration prepared this report. Questions concerning the information provided or requests for additional financial information may be addressed to:

State of New Mexico  
Department of Finance and Administration  
Financial Control Division  
Attn: State Controller  
407 Galisteo Street  
Bataan Memorial Building, Room 166  
Santa Fe, New Mexico 87501



STATE OF NEW MEXICO  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

# FINANCIAL SECTION

## BASIC FINANCIAL STATEMENTS



BALLOON FIESTA  
SOURCE - [WWW.DESTINATION360.COM](http://WWW.DESTINATION360.COM)

# STATE OF NEW MEXICO

## STATEMENT OF NET POSITION

June 30, 2020

(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,226,892	\$ 965,364	\$ 2,192,256	\$ 211,496
Cash and Cash Equivalents - Restricted	23,661	75,142	98,803	337,936
Investment in State General Fund Investment Pool	6,011,767	177,871	6,189,638	-
Investment in Local Government Investment Pool	-	165,950	165,950	10,348
Internal Balances	(14,511)	14,511	-	-
Due From Component Units	16,832	13,142	29,974	-
Due From Primary Government	-	-	-	6,214
Receivables, Net	1,995,179	612,747	2,607,926	33,647
Loans Receivable, Net	21,263	11,421	32,684	141,335
Investments	5	486,846	486,851	64,088
Due from Broker	365,471	-	365,471	-
Prepaid Expenses	5,765	2,689	8,454	941
Inventories	30,925	30,685	61,610	246
Other Current Assets	6	20,275	20,281	5,285
Total Current Assets	9,683,255	2,576,643	12,259,898	811,536
Noncurrent Assets:				
Unrestricted Cash and Cash Equivalents	-	61,488	61,488	-
Restricted Cash and Cash Equivalents	725	46,948	47,673	10,693
Restricted Investments	-	136,568	136,568	1,748,914
Loans Receivable, Net	4,419	212,128	216,547	1,866,635
Receivables, Net	4,056	-	4,056	-
Due From Component Units	-	3,087	3,087	-
Investments	24,783,422	444,498	25,227,920	325,628
Derivative Instruments - Interest Rate Swaps	-	1,286	1,286	-
Net Pension Assets	19,276	-	19,276	-
Other Noncurrent Assets	-	24,750	24,750	43,409
Nondepreciable Capital Assets	1,445,159	256,256	1,701,415	29,181
Other Capital Assets, Net	5,693,598	2,365,392	8,058,990	85,932
Total Noncurrent Assets	31,950,655	3,552,401	35,503,056	4,110,392
Total Assets	41,633,910	6,129,044	47,762,954	4,921,928
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Interest Rate Swaps	-	8,374	8,374	-
Deferred Charge on Refunding	60,212	5,368	65,580	978
Deferred Outflows - OPEB	27,311	47,718	75,029	11,268
Deferred Outflows - Pension	496,872	439,447	936,319	59,315
Total Deferred Outflows of Resources	584,395	500,907	1,085,302	71,561

The accompanying notes are an integral part of the financial statements.



# STATE OF NEW MEXICO

## STATEMENT OF NET POSITION (CONTINUED)

June 30, 2020

(In Thousands)

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 507,382	\$ 212,106	\$ 719,488	\$ 13,697
Accrued Liabilities	88,780	185,494	274,274	26,374
Accrued Interest	22,850	17	22,867	-
Unearned Revenue	1,018,760	107,593	1,126,353	1,739
Due to Primary Government	-	-	-	30,013
Due to Component Units	4,828	55	4,883	-
Due To Broker	350,733	-	350,733	-
Intergovernmental Payables	128,056	11	128,067	-
Other Obligations	186,155	1,756	187,911	-
Funds Held for Others	310,573	8,918	319,491	10,803
Bonds Payable - Current Portion:	380,055	48,841	428,896	162,909
Other Liabilities - Current Portion	788,261	280,134	1,068,395	448,251
Total Current Liabilities	<u>3,786,433</u>	<u>844,925</u>	<u>4,631,358</u>	<u>693,786</u>
Noncurrent Liabilities:				
Bonds Payable, Net of Current Portion:	2,040,353	813,856	2,854,209	2,397,207
Due to Primary Government	-	-	-	3,087
Net Pension Liability	3,429,456	2,188,283	5,617,739	172,412
Net OPEB Liability	774,289	385,030	1,159,319	48,810
Other Liabilities, Net of Current Portion	210,503	144,823	355,326	130,235
Total Noncurrent Liabilities	<u>6,454,601</u>	<u>3,531,992</u>	<u>9,986,593</u>	<u>2,751,751</u>
Total Liabilities	<u>10,241,034</u>	<u>4,376,917</u>	<u>14,617,951</u>	<u>3,445,537</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - Pension	180,471	174,891	355,362	15,320
Deferred Inflows - OPEB	451,953	125,779	577,732	52,547
Deferred Inflows - Other	7,530	1,789	9,319	4,913
	<u>639,954</u>	<u>302,459</u>	<u>942,413</u>	<u>72,780</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	5,971,617	1,808,184	7,779,801	45,358
Restricted for:				
Nonexpendable:				
Financial Aid	-	145,104	145,104	-
Endowment	-	95,571	95,571	-
Other Purposes	-	13,331	13,331	466,552
Expendable:				
Highway Construction and Maintenance	704,204	-	704,204	-
Education	218,742	602	219,344	-
Debt Service	77,515	69,939	147,454	110,859
Capital Projects	1,869,123	93,971	1,963,094	-
Scholarships	-	29,455	29,455	-
Unemployment and Insurance	-	168,202	168,202	-
Loan Programs	-	376,641	376,641	-
Other Purposes	27,154,550	120,344	27,274,894	730,319
Unrestricted Net Position	<u>(4,658,434)</u>	<u>(970,769)</u>	<u>(5,629,203)</u>	<u>122,084</u>
Total Net Position	<u>\$ 31,337,317</u>	<u>\$ 1,950,575</u>	<u>\$ 33,287,892</u>	<u>\$ 1,475,172</u>

The accompanying notes are an integral part of the financial statements.

# STATE OF NEW MEXICO

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental Activities:								
General Control	\$ 946,145	\$ 2,227,030	\$ 28,975	\$ -	\$ 1,309,860	\$ -	\$ 1,309,860	\$ -
Culture, Recreation, and Natural Resources	294,254	66,086	38,549	282	(189,337)	-	(189,337)	-
Highway and Transportation	952,604	108,044	-	453,751	(390,809)	-	(390,809)	-
Judicial	367,458	15,655	4,920	-	(346,883)	-	(346,883)	-
Legislative	26,741	-	-	-	(26,741)	-	(26,741)	-
Public Safety	593,994	11,753	114,294	8,231	(459,716)	-	(459,716)	-
Regulation and Licensing	207,749	44,733	1,201	-	(161,815)	-	(161,815)	-
Health and Human Services	9,447,582	199,137	7,107,855	-	(2,140,590)	-	(2,140,590)	-
Education	3,929,465	6,464	454,439	-	(3,468,562)	-	(3,468,562)	-
Interest on Long-term Debt	112,126	-	-	-	(112,126)	-	(112,126)	-
<b>Total Governmental Activities</b>	<b>16,878,118</b>	<b>2,678,902</b>	<b>7,750,233</b>	<b>462,264</b>	<b>(5,986,719)</b>	<b>-</b>	<b>(5,986,719)</b>	<b>-</b>
Business-type Activities:								
Educational Institutions	2,802,997	1,768,685	803,154	7,751	-	(223,407)	(223,407)	-
Public Schools Insurance	397,157	393,010	-	-	-	(4,147)	(4,147)	-
Environmental Loans	1,387	-	7,779	-	-	6,392	6,392	-
Miners' Colfax Medical Center	40,490	13,001	10,523	-	-	(16,966)	(16,966)	-
Unemployment Insurance	1,547,564	121,004	1,098,480	-	-	(328,080)	(328,080)	-
State Fair - EXPO	15,007	10,239	-	-	-	(4,768)	(4,768)	-
Other Business-type Activities	19,248	18,814	38	-	-	(396)	(396)	-
<b>Total Business-type Activities</b>	<b>4,823,850</b>	<b>2,324,753</b>	<b>1,919,974</b>	<b>7,751</b>	<b>-</b>	<b>(571,372)</b>	<b>(571,372)</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 21,701,968</b>	<b>\$ 5,003,655</b>	<b>\$ 9,670,207</b>	<b>\$ 470,015</b>	<b>(5,986,719)</b>	<b>(571,372)</b>	<b>(6,558,091)</b>	<b>-</b>
<b>Discretely Presented Component Units</b>								
New Mexico Finance Authority	\$ 103,687	\$ 59,621	\$ 11,599	\$ -	-	-	-	(32,467)
New Mexico Mortgage Finance Authority	57,513	20,306	80,353	-	-	-	-	43,146
Other Major Component Units	116,716	128,570	48,647	-	-	-	-	60,501
Nonmajor Component Units	136,479	7,686	48,239	-	-	-	-	(80,554)
<b>Total Component Unit Activities</b>	<b>\$ 414,395</b>	<b>\$ 216,183</b>	<b>\$ 188,838</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,374)</b>
<b>General Revenues:</b>								
<b>Taxes:</b>								
Individual Income					1,715,499	-	1,715,499	-
Corporate Income					63,000	-	63,000	-
Gross Receipts Taxes					3,115,214	-	3,115,214	-
Business Privilege					2,530,032	-	2,530,032	-
Other Taxes					35,080	-	35,080	-
Payment to the State of New Mexico					-	-	-	(78,462)
Payment From State of New Mexico					-	-	-	276,304
Investment Income					316,768	57,149	373,917	17,747
Capital Gain					7,703	-	7,703	-
Miscellaneous					298,789	275,299	574,088	15,077
<b>Special Items:</b>								
Indian Water Rights Settlement					(15)	-	(15)	-
Transfers, Net					(940,448)	940,448	-	-
<b>Total Net General Revenues and Transfers</b>					<b>7,141,622</b>	<b>1,272,896</b>	<b>8,414,518</b>	<b>230,666</b>
<b>Change in Net Position</b>					<b>1,154,903</b>	<b>701,524</b>	<b>1,856,427</b>	<b>221,292</b>
<b>Net Position - Beginning, as Restated - See Note 9.C.</b>					<b>30,182,414</b>	<b>1,249,051</b>	<b>31,431,465</b>	<b>1,253,880</b>
<b>Net Position - Ending</b>					<b>\$ 31,337,317</b>	<b>\$ 1,950,575</b>	<b>\$ 33,287,892</b>	<b>\$ 1,475,172</b>

The accompanying notes are an integral part of the financial statements.

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# STATE OF NEW MEXICO

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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### **General Fund**

This fund is the principal operating fund of the State. It accounts for financial resources of the general government except those required to be accounted for in another fund.

### **Debt Service Fund**

This fund accumulates resources in order to pay the debt service on the State's long-term debt.

### **Capital Projects Fund**

This fund accounts for all resources used to fund the capital improvement projects in the State.

### **Severance Tax Fund**

This fund accounts for the annual portion of severance taxes generated from the production of minerals and other natural resources and distributes the monies to the State General Fund.

### **Land Grant Fund**

This fund accounts for all of the resources of the Land Grant Fund.

# STATE OF NEW MEXICO

## BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2020

(In Thousands)

	General Fund	Debt Service Fund	Capital Projects Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 148,766	\$ 15,928	\$ -
Investment in the State General Fund Investment Pool	3,467,695	252,801	1,975,880
Prepaid Expenses	340	-	-
Due From Other Funds	2,339	78,647	585
Due From Educational Institutions Fund	1,145	-	-
Due from Component Units	16,832	-	-
Receivables, Net	2,001,512	1,343	3,061
Investments	1,413,285	84,741	-
Inventories	30,926	-	-
Other Assets	6	-	-
<b>Total Assets</b>	<b>\$ 7,082,846</b>	<b>\$ 433,460</b>	<b>\$ 1,979,526</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 425,717	\$ 324	\$ 66,115
Accrued Liabilities	87,618	-	34
Due To Other Funds	162,184	-	298
Due to Brokers	50,762	-	-
Due To Educational Institutions Fund	5,200	-	12,500
Due to Component Units	2,445	-	2,383
Intergovernmental Payables	97,539	-	30,518
Funds Held For Others	309,044	-	-
Other Obligations	811,435	1	5,652
Unearned Revenue	1,018,514	-	35
<b>Total Liabilities</b>	<b>2,970,458</b>	<b>325</b>	<b>117,535</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues	86,335	-	1,589
	<b>86,335</b>	<b>-</b>	<b>1,589</b>
<b>FUND BALANCES</b>			
Nonspendable	46,026	-	-
Restricted	3,389,316	433,135	1,867,176
Committed	45,460	-	-
Assigned	12,923	-	41
Unassigned (Deficit)	532,328	-	(6,815)
<b>Total Fund Balances</b>	<b>4,026,053</b>	<b>433,135</b>	<b>1,860,402</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 7,082,846</b>	<b>\$ 433,460</b>	<b>\$ 1,979,526</b>

The accompanying notes are an integral part of the financial statements.

# STATE OF NEW MEXICO

## BALANCE SHEET (CONTINUED)

### GOVERNMENTAL FUNDS

June 30, 2020

(In Thousands)

	Severance Tax Fund	Land Grant Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 223,613	\$ 862,970	\$ 1,251,277
Investment in the State General Fund Investment Pool	3,077	97,828	5,797,281
Prepaid Expenses	-	-	340
Due From Other Funds	116	82,837	164,524
Due From Educational Institutions Fund	-	-	1,145
Due from Component Units	-	-	16,832
Receivables, Net	93,951	283,283	2,383,150
Investments	5,052,556	18,232,845	24,783,427
Inventories	-	-	30,926
Other Assets	-	-	6
<b>Total Assets</b>	<b>\$ 5,373,313</b>	<b>\$ 19,559,763</b>	<b>\$ 34,428,908</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ 492,156
Accrued Liabilities	-	-	87,652
Due To Other Funds	-	-	162,482
Due to Brokers	70,485	229,487	350,734
Due To Educational Institutions Fund	-	-	17,700
Due to Component Units	-	-	4,828
Intergovernmental Payables	-	-	128,057
Funds Held For Others	-	-	309,044
Other Obligations	-	-	817,088
Unearned Revenue	-	-	1,018,549
<b>Total Liabilities</b>	<b>70,485</b>	<b>229,487</b>	<b>3,388,290</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues	-	-	87,924
	-	-	87,924
<b>FUND BALANCES</b>			
Nonspendable	-	-	46,026
Restricted	5,302,828	19,330,276	30,322,731
Committed	-	-	45,460
Assigned	-	-	12,964
Unassigned (Deficit)	-	-	525,513
<b>Total Fund Balances</b>	<b>5,302,828</b>	<b>19,330,276</b>	<b>30,952,694</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,373,313</b>	<b>\$ 19,559,763</b>	<b>\$ 34,428,908</b>

The accompanying notes are an integral part of the financial statements.

# STATE OF NEW MEXICO

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

June 30, 2020

(In Thousands)

**Total Fund Balances - Governmental Funds** **\$ 30,952,694**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

Land and Other Nondepreciable Assets (Less \$ 9,869 ISF)	\$ 1,435,290	
Buildings, Equipment, Infrastructure and Other Depreciable Assets (not including \$ 153,902 in Internal Service Fund balances)	16,734,003	
Accumulated Depreciation (Less \$ 97,714 ISF)	<u>(11,096,590)</u>	7,072,703

In the fund statements, assets (receivables) not available to provide current resources are offset with deferred inflows of resources. The reduction of the liability and recognition of revenue increases net position in the Statement of Net Position.

Recognition of Revenues deferred in the St Gen Fd FS 76,650

Prepaid warranty expenditures are recorded as an expenditure in the governmental funds, but recorded as an asset, net of amortization in the Statement of Net Position 5,145

The deferred charge on bond refunding issues is not recognized in the governmental funds but is recognized in the government-wide statements. 60,212

The net pension asset for the pension fund which has a positive net position is reported in the Statement of Net Position but not in the funds statements 19,276

The pension and OPEB-related deferred outflows of resources are not recognized in the government-wide statements, and neither are the deferred inflows of resources (Less \$ 7,078 and \$ 9,109 for ISF)	\$ 517,105	
	<u>(623,315)</u>	(106,210)

The deferred gain on refunding is not recognized in the governmental funds, but is recognized the government-wide statements 3,744

Internal service funds (ISF) are used by management to charge for certain activities, such as insurance, information technology, fleet operations, printing, and telecommunications. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 56,656

Accrued interest payable is not recognized in the governmental funds statements (22,850)

Long-term liabilities, are not due and payable in the current period and therefore are not reported in the fund financial statements:

Net pension liability (Less ISF \$ 47,190)	\$ (3,382,266)	
Net OPEB liability (Less ISF \$ 11,364)	(762,925)	
Bonds payable, including bond premiums net of amortization	(2,420,408)	
Compensated absences, notes payable, contingent liabilities, and other liabilities (Less \$ 152,391 ISF)	<u>(216,836)</u>	(6,782,435)

Other Differences 1,732

**Total Net Position - Governmental Activities** **\$ 31,337,317**

The accompanying notes are an integral part of the financial statements.

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# STATE OF NEW MEXICO

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

For the Year Ended June 30, 2020

(In Thousands)

	General Fund	Debt Service Fund	Capital Projects Fund
<b>REVENUES</b>			
Taxes:			
General and Selective Taxes	\$ 4,907,396	\$ 734,238	\$ 6,290
Income Taxes	1,755,060	-	-
Total Taxes	<u>6,662,456</u>	<u>734,238</u>	<u>6,290</u>
Other Revenues:			
Federal Revenue	8,193,367	-	14,329
Investment Income (Loss)	151,823	26,775	292
Rentals and Royalties	920,482	-	3,341
Charges for Services	162,775	2,992	126
Licenses, Fees, and Permits	308,341	2,133	-
Assessments	46,289	-	-
Miscellaneous and Other	314,551	-	7,112
<b>Total Revenues</b>	<u>16,760,084</u>	<u>766,138</u>	<u>31,490</u>
<b>EXPENDITURES</b>			
Current:			
Culture, Recreation, and Natural Resources	250,983	62	20,323
Education	3,811,580	-	114,615
General Control	335,527	828	76,981
Health and Human Services	9,363,065	-	45,681
Highway and Transportation	450,487	-	106,270
Judicial	345,975	20	1,335
Legislative	25,855	-	-
Public Safety	572,996	-	1,948
Regulation and Licensing	187,523	-	12,675
Capital Outlay	375,376	20	168,542
Debt Service:			
Principal	115,599	776,564	-
Interest and Other Charges	50,911	63,151	-
<b>Total Expenditures</b>	<u>15,885,877</u>	<u>840,645</u>	<u>548,370</u>
<b>Excess Revenues Over (Under)</b>			
<b>Expenditures</b>	<u>874,207</u>	<u>(74,507)</u>	<u>(516,880)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds Issued	\$ -	\$ -	\$ 701,709
Bond Premium	-	-	17,947
Proceeds from the Sale of Capital Assets	1,836	-	-
Transfers In	1,165,773	4,331	300,572
Transfers to Higher Ed	(826,912)	-	(30,290)
Transfers Out	(316,348)	(31,873)	(190,654)
<b>Total Other Financing Sources (Uses)</b>	<u>24,349</u>	<u>(27,542)</u>	<u>799,284</u>
<b>Net Change in Fund Balances</b>	898,556	(102,049)	282,404
<b>Fund Balances - Beginning, as Restated - See Note 9.C.</b>	3,127,497	535,184	1,577,998
<b>Fund Balances - Ending</b>	<u>\$ 4,026,053</u>	<u>\$ 433,135</u>	<u>1,860,402</u>

The accompanying notes are an integral part of the financial statements.

# STATE OF NEW MEXICO

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2020

(In Thousands)

	Severance Tax Fund	Land Grant Fund	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
General and Selective Taxes	\$ -	\$ -	\$ 5,647,924
Income Taxes	-	-	1,755,060
Total Taxes	-	-	7,402,984
Other Revenues:			
Federal Revenue	-	111	8,207,807
Investment Income (Loss)	(22,213)	154,350	311,027
Rentals and Royalties	-	947,515	1,871,338
Charges for Services	-	-	165,893
Licenses, Fees, and Permits	-	-	310,474
Assessments	-	-	46,289
Miscellaneous and Other	-	-	321,663
<b>Total Revenues</b>	<b>(22,213)</b>	<b>1,101,976</b>	<b>18,637,475</b>
<b>EXPENDITURES</b>			
Current:			
Culture, Recreation, and Natural Resources	-	-	271,368
Education	-	-	3,926,195
General Control	-	803	414,139
Health and Human Services	-	-	9,408,746
Highway and Transportation	-	-	556,757
Judicial	-	-	347,330
Legislative	-	-	25,855
Public Safety	-	-	574,944
Regulation and Licensing	-	-	200,198
Capital Outlay	-	-	543,938
Debt Service:			
Principal	-	-	892,163
Interest and Other Charges	-	-	114,062
<b>Total Expenditures</b>	<b>-</b>	<b>803</b>	<b>17,275,695</b>
<b>Excess Revenues Over (Under)</b>			
<b>Expenditures</b>	<b>(22,213)</b>	<b>1,101,173</b>	<b>1,361,780</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds Issued	\$ -	\$ -	\$ 701,709
Bond Premium	-	-	17,947
Proceeds from the Sale of Capital Assets	-	-	1,836
Transfers In	31,873	-	1,502,549
Transfers to Higher Ed	-	(65,436)	(922,638)
Transfers Out	(234,870)	(752,940)	(1,526,685)
<b>Total Other Financing Sources (Uses)</b>	<b>(202,997)</b>	<b>(818,376)</b>	<b>(225,282)</b>
<b>Net Change in Fund Balances</b>	<b>(225,210)</b>	<b>282,797</b>	<b>1,136,498</b>
<b>Fund Balances - Beginning, as Restated - See Note 9.C.</b>	<b>5,528,038</b>	<b>19,047,479</b>	<b>29,816,196</b>
<b>Fund Balances - Ending</b>	<b>\$ 5,302,828</b>	<b>\$ 19,330,276</b>	<b>\$ 30,952,694</b>

The accompanying notes are an integral part of the financial statements.

# STATE OF NEW MEXICO

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

For the Year Ended June 30, 2020

(In Thousands)

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,136,498</b>	
The change in Net Position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$ 543,938	
Depreciation expense (less ISF \$ 10,491)	<u>(520,444)</u>	
Excess of capital outlay over depreciation expense		23,494
Net change in deferred inflows of resources, adjustments from prior year (reported as deferred inflows of resources in the Balance Sheet - Governmental Funds and reported as revenue in the Statement of Activities.)		17,400
The Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds report prepaid warranty as expenditures. The Statement of Activities reports as amortization expense, the cost of the prepaid expenditure over the useful life.		(2,708)
Capital gain (loss) s not recognized in the funds financial statements, but is in the Gov't-wide		(3,637)
Change in estimate of Federal Revenues receivable for settlement of Indian Water Rights claims.		(21,837)
Internal service funds are used by management to charge for certain activities, such as fleet operations, risk management, printing and records, communications services, and information processing. The net revenue (expense) of the internal service funds is reported with governmental activities.		41,678
Bond proceeds, notes, and capital leases provide current financial resources to governmental activities by issuing debt, which increases long-term liabilities in the Statement of Net Position. Repayments of the bond, notes, and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position:		
Payment of Bond and Capital Lease Principal	\$ 892,163	
Bond Proceeds, Net	<u>(701,709)</u>	
		190,454
Governmental funds report the effect of bond premium and discount items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.	\$ 18,587	
	<u>14,120</u>	
		32,707
The deferred loss (less deferred gain) on refunding bond issues is capitalized and the amortization is reported in the Statement of Activities.	\$ (10,689)	
	<u>2,333</u>	
		(8,356)
Pension expense and OPEB expense of governmental funds is recognized in the Statement of Activities but not in the funds statements.	\$ (334,038)	
	<u>79,248</u>	
		(254,790)
The Statement of Activites is presented on the accrual basis, while the Funds Statements are presented on the "available resources" basis. This adjustment combines the net change of the following balances:		
Accrued Interest on Bonds Payable	\$ 1,821	
Notes Payable	1,250	
Compensated Absences Expense	(14,368)	
Pollution Remediation Obligation	(14,210)	
Other	13	
Contingent Liability	<u>29,494</u>	
		<u>4,000</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u>\$ 1,154,903</u></b>

The accompanying notes are an integral part of the financial statements.

# STATE OF NEW MEXICO

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## PROPRIETARY FUND FINANCIAL STATEMENTS

### **Educational Institutions Fund**

This fund accounts for the resources used to operate the seven institutions of higher education and three other schools, which were created by the *Constitution of the State of New Mexico*. These institutions are the University Of New Mexico, New Mexico State University, New Mexico Highlands University, New Mexico Institute of Mining and Technology, Western New Mexico University, Eastern New Mexico University, Northern New Mexico College, New Mexico Military Institute, New Mexico School for the Visually Handicapped, and the New Mexico School for the Deaf.

### **Unemployment Insurance Fund**

The Unemployment Insurance Fund accounts for funds used for unemployment compensation. This fund does not account for other than unemployment compensation (i.e., workers' compensation, employment security labor market statistics, administration of the employment compensation program, etc.) This fund was reported as a non-major enterprise fund in prior year.

### **Non-major Enterprise Funds**

Combining financial statements for the individual non-major enterprise funds are presented in the Financial Section - Required and Supplemental Information.

### **Internal Service Fund**

Combining financial statements for the internal service funds are presented in the Financial Section - Required and Supplemental Information.

# STATE OF NEW MEXICO

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2020

(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Educational Institutions	Unemployment Insurance Fund	Nonmajor Enterprise Funds	Total	
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 756,817	\$ 186,666	\$ 21,881	\$ 965,364	\$ -
Cash and Cash Equivalents - Restricted	75,142	-	-	75,142	-
Investment in the State General Fund Investment Pool	-	-	204,250	204,250	214,485
Investment in the Local Government Investment Pool	61,013	-	104,937	165,950	-
Due From Other Funds	17,703	-	-	17,703	-
Due From Component Unit	13,142	-	-	13,142	-
Receivables, Net	429,305	166,948	27,915	624,168	7,238
Investments	486,846	-	-	486,846	-
Inventories	29,112	-	1,573	30,685	-
Other Current Assets	22,633	-	331	22,964	10
<b>Total Current Assets</b>	<b>1,891,713</b>	<b>353,614</b>	<b>360,887</b>	<b>2,606,214</b>	<b>221,733</b>
Noncurrent Assets:					
Unrestricted Cash and Cash Equivalents	61,488	-	-	61,488	-
Restricted Cash and Cash Equivalents	46,948	-	-	46,948	-
Loans Receivable	15,252	-	196,876	212,128	-
Investments	413,621	-	30,877	444,498	-
Restricted Investments	136,568	-	-	136,568	-
Due From Component Units	3,087	-	-	3,087	-
Derivative Instruments - Interest Rate Swaps	1,286	-	-	1,286	-
Other Noncurrent Assets	24,750	-	-	24,750	-
Nondepreciable Capital Assets	253,629	-	2,627	256,256	9,869
Capital Assets, Net	2,304,406	-	60,986	2,365,392	56,185
<b>Total Noncurrent Assets</b>	<b>3,261,035</b>	<b>-</b>	<b>291,366</b>	<b>3,552,401</b>	<b>66,054</b>
<b>Total Assets</b>	<b>5,152,748</b>	<b>353,614</b>	<b>652,253</b>	<b>6,158,615</b>	<b>287,787</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Interest Rate Swaps	8,374	-	-	8,374	-
Deferred Charge on Refunding	5,368	-	-	5,368	-
Deferred Outflows - OPEB	47,319	-	399	47,718	401
Deferred Outflows - Pension	432,740	-	6,707	439,447	6,677
<b>Total Deferred Outflows of Resources</b>	<b>493,801</b>	<b>-</b>	<b>7,106</b>	<b>500,907</b>	<b>7,078</b>

The accompanying notes are an integral part of the financial statements.

# STATE OF NEW MEXICO

## STATEMENT OF NET POSITION PROPRIETARY FUNDS (CONTINUED)

June 30, 2020

(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Educational Institutions	Unemployment Insurance Fund	Nonmajor Enterprise Funds	Total	
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	\$ 208,951	\$ 492	\$ 2,663	\$ 212,106	\$ 15,226
Deficiency in SGFIP	-	26,379	-	26,379	-
Accrued Liabilities	42,967	141,394	1,150	185,511	1,130
Unearned Revenue	87,104	15,840	4,649	107,593	211
Due to Other Funds	1,145	43	2,000	3,188	-
Due to Component Unit	55	-	-	55	-
Due To Higher Educational Institutions	-	-	4	4	-
Funds Held for Others	7,371	1,252	295	8,918	-
Bonds Payable, Current Portion	47,781	-	1,060	48,841	-
Other Liabilities, Current Portion	247,259	12	34,630	281,901	86,781
<b>Total Current Liabilities</b>	<b>642,633</b>	<b>185,412</b>	<b>46,451</b>	<b>874,496</b>	<b>103,348</b>
Noncurrent Liabilities:					
Bonds Payable, Net of Current Portions	806,921	-	6,935	813,856	-
Net Pension Liability	2,140,897	-	47,386	2,188,283	47,190
Net OPEB Liability	373,710	-	11,320	385,030	11,364
Other Liabilities, Net of Current Portion	60,334	-	84,489	144,823	67,198
<b>Total Noncurrent Liabilities</b>	<b>3,381,862</b>	<b>-</b>	<b>150,130</b>	<b>3,531,992</b>	<b>125,752</b>
<b>Total Liabilities</b>	<b>4,024,495</b>	<b>185,412</b>	<b>196,581</b>	<b>4,406,488</b>	<b>229,100</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflow - Pension	172,403	-	2,488	174,891	2,476
Deferred Inflow - OPEB	119,171	-	6,608	125,779	6,633
Deferred Inflow - Other	1,789	-	-	1,789	-
<b>Total Deferred Inflows of Resources</b>	<b>293,363</b>	<b>-</b>	<b>9,096</b>	<b>302,459</b>	<b>9,109</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	1,752,566	-	55,618	1,808,184	66,053
Restricted:					
Nonexpendable:					
Scholarships and Student Loans	145,104	-	-	145,104	-
Endowment	95,571	-	-	95,571	-
Other Purposes	13,331	-	-	13,331	-
Expendable:					
Education	602	-	-	602	-
Debt Service	69,939	-	-	69,939	-
Capital Projects	93,971	-	-	93,971	-
Scholarships	29,455	-	-	29,455	-
Unemployment and Insurance	-	168,202	-	168,202	-
Loans	1,574	-	375,067	376,641	-
Other Purposes	42,809	-	77,535	120,344	61,961
Unrestricted (Deficit)	(916,231)	-	(54,538)	(970,769)	(71,358)
<b>Total Net Position</b>	<b>\$ 1,328,691</b>	<b>\$ 168,202</b>	<b>\$ 453,682</b>	<b>\$ 1,950,575</b>	<b>\$ 56,656</b>

The accompanying notes are an integral part of the financial statements.



# STATE OF NEW MEXICO

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended June 30, 2020

(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Educational Institutions	Unemployment Insurance Fund	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 150,468	\$ 121,004	\$ 435,063	\$ 706,535	\$ 517,456
Federal Revenue	384,889	1,098,480	10,560	1,493,929	-
State, Local, and Private Grants and Contracts	89,562	-	429	89,991	7
Loans and Other Income	276	-	8,073	8,349	-
Student Tuition and Fees, Net	221,408	-	-	221,408	-
Patient Services/Clinical Operations	1,396,811	-	-	1,396,811	-
Other Operating Revenues	152,816	3,435	(373)	155,878	(8)
<b>Total Operating Revenues</b>	<u>2,396,230</u>	<u>1,222,919</u>	<u>453,752</u>	<u>4,072,901</u>	<u>517,455</u>
<b>OPERATING EXPENSES</b>					
Benefits, Claims, and Premiums	-	1,547,564	3,771	1,551,335	-
Education and General Administration	2,498,609	-	453,776	2,952,385	496,765
Depreciation and Amortization	178,283	-	4,894	183,177	10,491
Other Operating Expenses	99,790	-	10,844	110,634	2,216
<b>Total Operating Expenses</b>	<u>2,776,682</u>	<u>1,547,564</u>	<u>473,285</u>	<u>4,797,531</u>	<u>509,472</u>
<b>Operating Income (Loss)</b>	<u>(380,452)</u>	<u>(324,645)</u>	<u>(19,533)</u>	<u>(724,630)</u>	<u>7,983</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Private Grants and Gifts	43,003	-	-	43,003	-
State Permanent Fund Income	(1,010)	-	-	(1,010)	-
Government Grants and Contracts	376,272	-	7,779	384,051	-
Interest and Investment Income	34,408	10,743	3,648	48,799	5,740
Interest and Other Expenses on Capital					
Interest-related Debt	(26,314)	-	-	(26,314)	-
Gain (Loss) on Sale of Capital Assets	(237)	-	(195)	(432)	243
Other Revenue (Expense)	25,694	-	4,164	29,858	9,798
<b>Total Nonoperating Revenues (Expenses)</b>	<u>451,816</u>	<u>10,743</u>	<u>15,396</u>	<u>477,955</u>	<u>15,781</u>
<b>Income (Loss) Before Transfers and Other Revenues (Expenses)</b>	<u>71,364</u>	<u>(313,902)</u>	<u>(4,137)</u>	<u>(246,675)</u>	<u>23,764</u>
<b>CAPITAL CONTRIBUTIONS AND ENDOWMENTS</b>					
Capital Grants and Gifts	2,159	-	-	2,159	-
Permanent Fund/Endowment Contributions	5,592	-	-	5,592	-
<b>Total Capital Contributions and Endowments</b>	<u>7,751</u>	<u>-</u>	<u>-</u>	<u>7,751</u>	<u>-</u>
<b>TRANSFERS</b>					
Transfers In	922,642	-	18,971	941,613	60,377
Transfers Out	-	-	(1,165)	(1,165)	(42,463)
<b>Total Transfers</b>	<u>922,642</u>	<u>-</u>	<u>17,806</u>	<u>940,448</u>	<u>17,914</u>
<b>Change in Net Position</b>	1,001,757	(313,902)	13,669	701,524	41,678
<b>Net Position - Beginning, as Restated - See Note 9.C.</b>	326,934	482,104	440,013	1,249,051	14,978
<b>Net Position - Ending</b>	<u>\$ 1,328,691</u>	<u>\$ 168,202</u>	<u>\$ 453,682</u>	<u>\$ 1,950,575</u>	<u>\$ 56,656</u>

The accompanying notes are an integral part of the financial statements.

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# STATE OF NEW MEXICO

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended June 30, 2020

(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Educational Institutions	Unemployment Insurance Fund	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from:					
Fees for Service	\$ 274,100	\$ 120,840	\$ 443,036	\$ 837,976	\$ 518,081
Sale of Products	1,614,050	-	-	1,614,050	-
Gifts, Grants, and Contracts	443,401	1,098,480	3,718	1,545,599	-
Loan and Note Repayments	-	-	11,877	11,877	-
Other Sources	121,612	-	7,309	128,921	22,119
Cash Payments to or for:					
Suppliers	(961,999)	(5,799)	(438,282)	(1,406,080)	(515,299)
Employees	(2,195,668)	-	(26,946)	(2,222,614)	(24,183)
Unemployment Benefits	-	(1,530,558)	-	(1,530,558)	-
Student Loans and Loan Losses	(58,751)	-	-	(58,751)	-
Other Payments	(139,952)	-	(4,817)	(144,769)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(903,207)</b>	<b>(317,037)</b>	<b>(4,105)</b>	<b>(1,224,349)</b>	<b>718</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	798,678	-	8,739	807,417	51,180
Transfers Out	-	-	(995)	(995)	(41,636)
Gifts for Other Than Capital Purposes	99,084	-	5,722	104,806	-
Intergovernmental Receipts	295,079	-	7,779	302,858	-
Other	40,546	-	14,145	54,691	7,905
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>1,233,387</b>	<b>-</b>	<b>35,390</b>	<b>1,268,777</b>	<b>17,449</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of Capital Assets	(214,466)	-	(2,229)	(216,695)	(2,678)
Capital Debt Service Payments - Principal	(109,949)	-	(1,030)	(110,979)	-
Capital Debt Service Payments - Interest	(29,319)	-	-	(29,319)	-
Capital Contributions and Debt Proceeds	163,184	-	-	163,184	-
Proceeds from Sale of Capital Assets	407	-	56	463	243
Other	3,344	-	-	3,344	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(186,799)</b>	<b>-</b>	<b>(3,203)</b>	<b>(190,002)</b>	<b>(2,435)</b>

The accompanying notes are an integral part of the financial statements.

# STATE OF NEW MEXICO

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (CONTINUED)

For the Year Ended June 30, 2020

(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Educational Institutions	Unemployment Insurance Fund	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Receipts of Interest and Dividends of Investments	\$ 64,784	\$ 10,743	\$ 2,142	\$ 77,669	\$ 902
Purchase of Investments	(592,613)	-	-	(592,613)	-
Receipts of Rent	3,254	-	263	3,517	-
Proceeds from Sale and Maturity of Investments	644,729	-	(5)	644,724	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>120,154</u>	<u>10,743</u>	<u>2,400</u>	<u>133,297</u>	<u>902</u>
<b>Net Increase (Decrease) in Cash</b>	263,535	(306,295)	30,482	(12,278)	16,634
<b>Cash and Cash Equivalents at Beginning of Year, as restated</b>	737,873	466,582	300,586	1,505,041	197,851
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 1,001,408</u>	<u>\$ 160,287</u>	<u>\$ 331,068</u>	<u>\$ 1,492,763</u>	<u>\$ 214,485</u>
<b>Cash and Cash Equivalents</b>					
Unrestricted	\$ 818,304	\$ 186,666	\$ 21,706	\$ 1,026,676	\$ -
Restricted	122,091	-	-	122,091	-
Investment in the Local Government Investment Pool	61,013	-	104,937	165,950	-
Investment in the State General Fund Investment Pool	-	(26,379)	204,425	178,046	214,485
<b>Total Cash and Cash Equivalents</b>	<u>\$ 1,001,408</u>	<u>\$ 160,287</u>	<u>\$ 331,068</u>	<u>\$ 1,492,763</u>	<u>\$ 214,485</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (380,452)	\$ (324,645)	\$ (19,533)	\$ (724,630)	\$ 7,983
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	178,110	-	4,894	183,004	10,491
Bad Debt Expense	107,002	-	1,011	108,013	-
Realized (Gain) Loss on Disposal of Assets	305	-	23	328	-
Unrealized (Gain) Loss on Investments	(1,072)	-	-	(1,072)	-
Change in Net Pension Liability	(1,131,949)	-	6,993	(1,124,956)	945
Change in Net OPEB Liability	(35,357)	-	(76)	(35,433)	(2,863)
Change in Deferred Outflow of Resources	266,228	-	-	266,228	-
Change in Deferred Inflow of Resources	96,405	-	-	96,405	-
Net Changes in Assets and Liabilities Related to Operating Activities:					
Receivables/Due From Other Funds	(111,115)	(126,775)	(107)	(237,997)	440
Notes/Loans	1,765	-	(3,715)	(1,950)	-
Inventories	(1,990)	-	54	(1,936)	-
Prepaid Items/Other Assets	(6,416)	-	101	(6,315)	(487)
Insurance Claims Payable	-	-	-	-	(14,201)
Accounts Payable/Accrued Liabilities/Due To Other Funds	96,729	134,382	2,515	233,626	(1,590)
Loss Adjustments	-	-	3,771	3,771	-
Unearned Revenue	18,600	-	(36)	18,564	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (903,207)</u>	<u>\$ (317,038)</u>	<u>\$ (4,105)</u>	<u>\$ (1,224,350)</u>	<u>\$ 718</u>

The accompanying notes are an integral part of the financial statements.

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# STATE OF NEW MEXICO

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## FIDUCIARY FUNDS FINANCIAL STATEMENTS

### **Pension and Other Employee Benefits Trust Funds**

These funds account for the resources accumulated and held for the payment of retirement and other benefits under plans operated by the Public Employees Retirement Association, the Educational Retirement Board, and the Retiree Health Care Authority. Combining financial statements for the individual pension trust funds are presented in the Financial Section - Required and Supplemental Information.

### **External Investment Trust Funds**

These funds account for assets held by the State in a trustee capacity. The funds are held in custody for external participants in the New Mexico State Treasurer's Investment Trust Funds and the State Investment Council External Investment Trust Funds. Combining financial statements for the individual external trust funds are presented in the Financial Section - Required and Supplemental Information.

### **Private Purpose Trust Funds**

These funds account for resources held under trust arrangements and which benefit individuals, organizations, and other governmental units. These funds include the Scholarship Fund, the Education Trust Fund, the Water Trust Fund, and the Bartlett Trust Fund. Combining financial statements for the individual private purpose trust funds are presented in the Financial Section - Required and Supplemental Information.

### **Agency Funds**

These funds are used to report resources held by various State agencies in a purely custodial capacity for distribution to external parties. Combining financial statements for the individual agency funds are presented in the Financial Section - Required and Supplemental Information.

The accompanying notes are an integral part of the financial statements.

# STATE OF NEW MEXICO

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

June 30, 2020

(In Thousands)

	Pension and Other Empl. Benefit Trust Funds	External Investment Trust Funds	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,132,495	\$ 96,627	\$ 11,945	\$ 22,390
Investment in State General Fund Investment Pool	73,297	-	78,358	36,551
Investment in Local Government Investment Pool	106	-	-	4,328
Investments:				
U.S. Government and Agency Securities	1,224,165	-	-	-
International Securities	5,439,215	-	-	-
Corporate Equity Securities	4,819,368	-	-	-
Corporate and Municipal Bonds	1,984,218	-	-	-
Partnerships and Other Investments	14,164,262	-	-	-
Securities Lending Collateral Investments	296,084	-	-	-
Deferred Comp. Plan Invest.	649,693	-	-	-
Long Term Investments	-	784,877	3,090,633	-
Receivables:				
Brokers	1,259,895	2,121	251	-
Accrued Interest and Other	10,716	-	-	-
Participant Loans	13,131	-	-	90
Due from Component Units	301	-	-	-
Other Receivables	140,173	462	2,181	340,504
Other Assets	-	-	-	462
Capital Assets, Net	13,642	-	-	-
<b>Total Assets</b>	<b>31,220,761</b>	<b>884,087</b>	<b>3,183,368</b>	<b>\$ 404,325</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows of Resources	-	-	467	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>467</b>	<b>-</b>
<b>LIABILITIES</b>				
Investment in State General Fund Investment Pool - Deficit	-	-	-	-
Accounts Payable	12,869	-	663	2,009
Accrued Liabilities	784	-	1,756	100
Due to Brokers	1,499,458	34,203	311	-
Intergovernmental Payables	-	-	-	351,252
Unearned Revenue	409	-	-	-
Deposits Held in Trust	2,852	-	-	33,742
Due to Component Units	-	-	-	14,001
Other Liabilities	318,629	17	8	3,221
Other Obligations	48	-	159,927	-
<b>Total Liabilities</b>	<b>1,835,049</b>	<b>34,220</b>	<b>162,665</b>	<b>\$ 404,325</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources	-	-	11,565	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>11,565</b>	<b>-</b>
<b>NET POSITION</b>				
Restricted for:				
Pension Benefits	27,893,957	-	-	-
Other Postemployment Benefits	829,672	-	-	-
Defined Contribution	662,083	-	-	-
External Investment Pool Participants	-	849,867	-	-
Other Purposes	-	-	3,009,605	-
<b>Net Position</b>	<b>\$ 29,385,712</b>	<b>\$ 849,867</b>	<b>\$ 3,009,605</b>	<b>-</b>

# STATE OF NEW MEXICO

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

### FIDUCIARY FUNDS

For the Year Ended June 30, 2020

(In Thousands)

	Pension and Other Empl. Benefit Trust Funds	External Investment Trust Funds	Private Purpose Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employee Contributions	\$ 848,321	\$ -	\$ -
Employer Contributions	968,063	-	-
Member Contributions	-	-	509,506
Other	8	-	-
<b>Total Contributions</b>	<u>1,816,392</u>	<u>-</u>	<u>509,506</u>
 Pool Participant Deposits	 -	 711,193	 -
Investment Income (Loss):			
Net Increase (Decrease) in			
Fair Value of Investments	(422,889)	3,924	178,273
Interest and Dividends	364,903	3,126	61,346
	<u>(57,986)</u>	<u>7,050</u>	<u>239,619</u>
Less Investment Expense	209,360	-	3,047
<b>Net Investment Income</b>	<u>(267,346)</u>	<u>7,050</u>	<u>236,572</u>
Other Additions			
General Fund Appropriation	-	-	3,000
Other Operating Revenues	121,051	-	30,586
<b>Total Other Additions</b>	<u>121,051</u>	<u>-</u>	<u>33,586</u>
 <b>Total Additions</b>	 <u>1,670,097</u>	 <u>718,243</u>	 <u>779,664</u>
<b>DEDUCTIONS</b>			
Benefits and Claims	2,490,647	-	-
Distributions	-	620,626	644,312
Refunds	96,446	-	117,348
General and Administrative Expenses	345,686	5,220	54,400
Other Operating Expenses	1,001	-	27,466
<b>Total Deductions</b>	<u>2,933,780</u>	<u>625,846</u>	<u>843,526</u>
 <b>Change in Net Position</b>	 (1,263,683)	 92,397	 (63,862)
<b>Net Position - Beginning, as Restated</b>	<u>30,649,395</u>	<u>757,470</u>	<u>3,073,467</u>
<b>Net Position - Ending</b>	<u>\$ 29,385,712</u>	<u>\$ 849,867</u>	<u>\$ 3,009,605</u>

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# STATE OF NEW MEXICO

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## COMPONENT UNIT FINANCIAL STATEMENTS

June 30, 2020

### **New Mexico Finance Authority**

The New Mexico Finance Authority coordinates the planning and financing of state and local public projects, provides for long-term planning and assessment of state and local capital needs, and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

### **New Mexico Mortgage Finance Authority**

The New Mexico Mortgage Finance Authority assists in the financing of housing for persons of low and moderate income in the State.

### **New Mexico Lottery Authority**

The Lottery Authority was created and organized for establishing and conducting the lottery to provide revenues for the public purposes designated in the Lottery Act, which benefits the educational institutions created by the State Constitution.

### **University of New Mexico Foundation**

The foundation is a nonprofit corporation organized to solicit, receive, hold, invest, and transfer funds for the benefit of the University of New Mexico.

### **New Mexico State University Foundation**

The foundation is a nonprofit corporation organized to solicit, receive, hold, invest, and transfer funds for the benefit of the New Mexico State University.

### **Non-major Component Units**

There were seventeen non-major component units at June 30, 2020. Their financial information is presented in total. They are as follows: UNM Alumni Association; UNM Lobo Club; UNM Anderson School of Management Foundation; New Mexico Tech Foundation; New Mexico Highlands University (NMHU) Foundation; NMHU Stable Isotopes Corporation; Western New Mexico University Foundation; Eastern New Mexico University (ENMU) Foundation; ENMU Roswell Foundation; ENMU Ruidoso Foundation; Northern New Mexico College Foundation; New Mexico Military Institute Foundation; New Mexico School for the Visually Impaired Foundation; Cumbres & Toltec Scenic Railroad Commission; New Mexico Renewable Transmission Authority; the New Mexico Small Business Investment Corporation and New Mexico State-chartered Charter Schools.



# STATE OF NEW MEXICO

## COMBINING STATEMENT OF NET POSITION COMPONENT UNITS

June 30, 2020  
(In Thousands)

	New Mexico Finance Authority	New Mexico Mortgage Finance Authority	New Mexico Lottery Authority	University of New Mexico Foundation	New Mexico State University Foundation	Nonmajor Component Units	Total
<b>ASSETS</b>							
Current Assets:							
Cash and Cash Equivalents	\$ 16,168	\$ 75,510	\$ 5,127	\$ 12,164	\$ 27,680	\$ 74,847	\$ 211,496
Investment in Local Government							
Investment Pool	-	-	-	-	-	10,348	10,348
Restricted Cash and Cash Equivalents	320,578	-	3,111	-	-	14,247	337,936
Investments	-	7,750	-	-	301	56,037	64,088
Due From Primary Government	-	-	-	-	-	6,214	6,214
Receivables, Net	10,864	4,485	1,592	851	13,341	2,514	33,647
Loans Receivable, Current	141,335	-	-	-	-	-	141,335
Prepaid Expenses	-	-	217	-	-	724	941
Other Assets	638	4,081	-	566	-	-	5,285
Inventory	-	-	3	-	-	243	246
<b>Total Current Assets</b>	<b>489,583</b>	<b>91,826</b>	<b>10,050</b>	<b>13,581</b>	<b>41,322</b>	<b>165,174</b>	<b>811,536</b>
Noncurrent Assets:							
Restricted Cash and Cash Equivalents	-	9,489	-	-	-	1,204	10,693
Restricted Investments	369,252	1,105,330	-	226,060	-	48,272	1,748,914
Loans Receivable, Net	1,583,144	219,932	-	977	-	62,582	1,866,635
Investments	-	57,946	-	5,919	183,459	78,304	325,628
Other Noncurrent Assets	-	15,138	-	23,606	1,765	2,900	43,409
Nondepreciable Capital Assets	1,119	512	744	-	-	26,806	29,181
Other Capital Assets, Net	220	783	2,334	-	50	82,545	85,932
<b>Total Noncurrent Assets</b>	<b>1,953,735</b>	<b>1,409,130</b>	<b>3,078</b>	<b>256,562</b>	<b>185,274</b>	<b>302,613</b>	<b>4,110,392</b>
<b>Total Assets</b>	<b>2,443,318</b>	<b>1,500,956</b>	<b>13,128</b>	<b>270,143</b>	<b>226,596</b>	<b>467,787</b>	<b>4,921,928</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Charge on Refunding	694	284	-	-	-	-	978
Deferred Outflows -OPEB	-	-	-	-	-	11,268	11,268
Deferred Outflows - Pension	-	-	-	-	-	59,315	59,315
<b>Total Deferred Outflows</b>	<b>694</b>	<b>284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,583</b>	<b>71,561</b>

# STATE OF NEW MEXICO

## COMBINING STATEMENT OF NET POSITION (CONTINUED)

### COMPONENT UNITS

June 30, 2020

(In Thousands)

	New Mexico Finance Authority	New Mexico Mortgage Finance Authority	New Mexico Lottery Authority	University of New Mexico Foundation	New Mexico State University Foundation	Nonmajor Component Units	Total
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts Payable	455	8,803	1,643	95	-	2,701	13,697
Accrued Liabilities	262	7,089	-	1,916	2,650	14,457	26,374
Unearned Revenue	-	-	-	-	-	1,739	1,739
Due to Primary Government	13,267	-	3,554	8,282	1,554	3,356	30,013
Funds Held for Others	-	10,496	-	-	-	307	10,803
Bonds Payable	116,270	46,639	-	-	-	-	162,909
Other Liabilities	406,603	30,606	3,052	1,851	2,350	3,789	448,251
<b>Total Current Liabilities</b>	<b>536,857</b>	<b>103,633</b>	<b>8,249</b>	<b>12,144</b>	<b>6,554</b>	<b>26,349</b>	<b>693,786</b>
Noncurrent Liabilities:							
Bonds Payable	1,322,672	1,074,535	-	-	-	-	2,397,207
Due to Primary Government	-	-	-	3,087	-	-	3,087
Net Pension Liability	-	-	-	-	-	172,412	172,412
Net OPEB Liability	-	-	-	-	-	48,810	48,810
Other Liabilities	-	2,591	-	2,706	45,701	79,237	130,235
<b>Total Noncurrent Liabilities</b>	<b>1,322,672</b>	<b>1,077,126</b>	<b>-</b>	<b>5,793</b>	<b>45,701</b>	<b>300,459</b>	<b>2,751,751</b>
<b>Total Liabilities</b>	<b>1,859,529</b>	<b>1,180,759</b>	<b>8,249</b>	<b>17,937</b>	<b>52,255</b>	<b>326,808</b>	<b>3,445,537</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows of Resources	3,705	-	-	-	-	1,208	4,913
Deferred Inflows - OPEB Liability	-	-	-	20,101	-	32,446	52,547
Deferred Inflows - Pension Liability	-	-	-	-	-	15,320	15,320
<b>Total Deferred Inflows</b>	<b>3,705</b>	<b>-</b>	<b>-</b>	<b>20,101</b>	<b>-</b>	<b>48,974</b>	<b>72,780</b>
<b>NET POSITION</b>							
Net Investment in Capital Assets	1,340	1,295	3,078	-	50	39,595	45,358
Restricted:							
Nonexpendable	-	-	-	208,058	162,499	95,995	466,552
Expendable:							
Debt Service	-	90,778	-	20,081	-	-	110,859
Other Purposes	563,270	32,779	-	-	-	134,270	730,319
Unrestricted Net Position (Deficit)	16,168	195,629	1,801	3,966	11,792	(107,272)	122,084
<b>Total Net Position (Deficit)</b>	<b>\$ 580,778</b>	<b>\$ 320,481</b>	<b>\$ 4,879</b>	<b>\$ 232,105</b>	<b>\$ 174,341</b>	<b>\$ 162,588</b>	<b>\$ 1,475,172</b>

# STATE OF NEW MEXICO

## COMBINING STATEMENT OF ACTIVITIES

### COMPONENT UNITS

For the Year Ended June 30, 2020

(In Thousands)

	New Mexico Finance Authority	New Mexico Mortgage Finance Authority	New Mexico Lottery Authority	University of New Mexico Foundation	New Mexico State University Foundation	Nonmajor Component Units	Total
Expenses	\$ 103,687	\$ 57,513	\$ 88,737	\$ 12,891	\$ 15,088	\$ 136,479	\$ 414,395
Program Revenues:							
Charges for Services	59,621	20,306	127,063	-	1,507	7,686	216,183
Operating Grants and Contributions	11,599	80,353	-	34,417	14,230	48,239	188,838
Total Program Revenues	71,220	100,659	127,063	34,417	15,737	55,925	405,021
Nonoperating Revenues:							
Grant Revenue	-	-	-	-	-	-	-
Net (Expenses) Revenues	(32,467)	43,146	38,326	21,526	649	(80,554)	(9,374)
Other Revenues & Expenses:							
Payment from State of New Mexico	70,109	1,116	-	-	-	205,079	276,304
Payment to State of New Mexico	(6,779)	-	(38,147)	(33,536)	-	-	(78,462)
Other	-	-	60	9,678	-	5,339	15,077
Investment Income	8,599	(54)	21	(1,541)	4,333	6,389	17,747
Total General Revenues	71,929	1,062	(38,066)	(25,399)	4,333	216,807	230,666
<b>Change in Net Position</b>	39,462	44,208	260	(3,873)	4,982	136,253	221,292
<b>Net Position - Beginning, as Restated</b>	541,316	276,273	4,619	235,978	169,359	26,335	1,253,880
<b>Net Position - Ending (Deficit)</b>	<u>\$ 580,778</u>	<u>\$ 320,481</u>	<u>\$ 4,879</u>	<u>\$ 232,105</u>	<u>\$ 174,341</u>	<u>\$ 162,588</u>	<u>\$ 1,475,172</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

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# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1

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#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of New Mexico (the State) and its component units have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The State's significant accounting policies are described below. All dollar amounts are in thousands, except when stated.

##### A. Description of Government-wide 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 primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Primary government activities are distinguished between *governmental and business-type activities*. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. The governmental activities column incorporates data from the internal service funds as well as the governmental funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

##### B. Reporting Entity

For financial reporting purposes, the State's financial reporting entity includes the primary government (i.e., legislative agencies, departments and agencies, commissions, the Governor and Cabinet, boards of the Executive Branch, various offices relating to the Judicial Branch, and the ten educational institutions created by the *Constitution of the State of New Mexico*, Article XII, Section 11). The annual financial report does not include the financial statements of the community colleges or public schools.

The GASB has set forth criteria to be considered in determining financial accountability as defined in GASB Statement No. 14, *The Financial Reporting Entity* (as amended). These criteria include appointing a voting majority of an organization's governing body and 1) the ability of the State to impose its will on that organization or 2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. Where a State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the reporting entity if an organization is fiscally dependent on the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

##### Blended Component Units

The following blended component units are considered to be component units of the State Institutions of Higher Education, and are thus component units of the State. Each is financially accountable to the respective institution, and the Board of Regents (governing board) of each institution controls the finances and has appointment power over the unit's governing authority. Except for the University of New Mexico Retiree Welfare Benefit Trust, a fiduciary fund of the University of New Mexico, separately issued financial statements for each of these blended component units can be obtained by the New Mexico State Auditor's Office.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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- **STC.UNM**

STC.UNM (formerly known as Science & Technology Corporation @ UNM) is a nonprofit corporation formed under the auspices of the 1989 New Mexico University Research Park Act and the New Mexico Nonprofit Corporation Act. The business of the corporation is to manage the commercialization of technologies developed by the University's faculty and manage the real estate development of the Science & Technology Park at the University of New Mexico on the South Campus. STC.UNM, 101 Broadway Blvd. NE, Suite 1100, Albuquerque, NM 87102.

- **Lobo Development Corporation**

Lobo Development Corporation (LDC) was established in October 2007, under the State of New Mexico's University Research Park and Economic Development Act. LDC was established to benefit UNM's Regents in the management and development of University-Owned real estate. The activities of LDC include the acquisition, development, disposition, and rental of University real estate. Lobo Development Corporation, 801 University Blvd. SE, Suite 207, Albuquerque, NM 87106.

- **Lobo Energy, Inc.**

Lobo Energy, Inc. (LEI) was formed by the UNM Regents in June 1998, under the University Research Park Act to be a separate 501(c)(3) corporation wholly owned by UNM. Its responsibilities include the procurement of natural gas and electricity, operations and maintenance of all production facilities, and energy measurement and management systems. Lobo Energy, Inc., 800 Bradbury Dr. SE, Suite 216, Albuquerque, NM 87106.

- **University of New Mexico Medical Group (UNMMG)**

The UNM Medical Group, Inc., was organized in 2007. The Laws of 1989, Chapter 264, as amended created University Research Park and Economic Development Act (the Act). UNMMG is a nonprofit corporation that was organized under the Act. UNMMG's purpose is to promote, advance and support the clinical, scientific, educational, research and charitable purposes of the School of Medicine and the University of New Mexico Health Sciences Center. UNMMG is responsible for the delivery of patient clinical services, practice oversight, and management of the professional medical practice of UNM. University of New Mexico Medical Group, 933 Bradbury Street, Suite 2222, Albuquerque, NM 87106.

- **UNM - Sandoval Regional Medical Center (SRMC)**

In 2009, the UNM Regents approved formation of the Medical Center. The Laws of 1989, Chapter 264, as amended created University Research Park and Economic Development Act (the Act). SRMC is a not-for-profit corporation that was organized under the Act. The creation of SRMC resulted from collaborations between the University of New Mexico Medical Group and University of New Mexico Hospital and hold representation on the SRMC board of directors. SRMC's purpose is to serve as a community based academic healthcare facility. The administrative offices are located at 3001 Broadmoor Blvd. NE, Rio Rancho, NM 87144.

- **Innovate ABQ, Inc.**

Innovate ABQ, Inc. is a nonprofit corporation established under the provisions of the New Mexico Nonprofit Corporation Act and the State of New Mexico University Research Park and Economic Development Act which is operated exclusively for charitable, scientific, and educational purposes under Section 501(c)(3) of the IRC. Innovate ABQ, Inc., a public/private partnership, is a research and high technology business district located between the main University campus and downtown Albuquerque, New Mexico that serves as a catalyst for a new innovation economy in New Mexico and other educational initiatives for the University. Innovate ABQ, Inc., 801 University Blvd. SE, Suite 207, Albuquerque, NM 87106.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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- **Arrowhead Center, Inc.**

Arrowhead Center, Inc. was organized pursuant to the provisions of the State of New Mexico University Research Park Act of 1989. It provides a financial benefit to New Mexico State University (NMSU) and was established to foster economic development within the State through the development of research parks and University real property as well as to protect, license and market intellectual property developed by faculty, staff and students of NMSU, as well as members of the community. Arrowhead Center, Inc., MSC 3CR, P.O. Box 30001, Las Cruces, NM 88003.

- **New Mexico Institute of Mining & Technology Employee Benefit Trust**

This trust is a single-employer benefit plan organized as a legally formed trust that is tax exempt under section 501(c)(9) of the Internal Revenue Code. The trust was established to provide a funding vehicle to which participants and the Institute contribute to prefund, in part, the cost of other postemployment benefits for eligible retirees of the Institute.

- **New Mexico Institute of Mining & Technology Research Park Corporation**

This is a New Mexico not-for-profit corporation organized to assist the Institute by making available funds to pursue technology research and other programs carried out by the Institute. The Institute is the sole member of the Corporation and appoints the Board of the Corporation.

#### **Discretely-presented Component Units**

In the government-wide financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the State. These component units are entities that are legally separate from the State, but are financially accountable to the State. Complete financial statements are available at the address given.

#### **Major Component Units**

- **New Mexico Finance Authority (NMFA)**

The Laws of 1992, Chapter 61, as amended, created the NMFA. The purpose of the New Mexico Authority Act is to create a governmental instrumentality to coordinate the planning and financing of state and local public projects, to provide for long-term planning and assessment of state and local capital needs and to improve cooperation among the executive and legislative branches of state government and local governments in financing public projects. The NMFA is considered a component unit of the State as the Governor appoints a majority of its Board. The NMFA is composed of eleven members, at which a majority of those members serve at the pleasure of the Governor. New Mexico Finance Authority, 207 Shelby Street, Santa Fe, NM 87501.

- **New Mexico Mortgage Finance Authority (NMMFA)**

The Laws of 1975, Chapter 303, as amended, created the NMMFA. The purpose of the NMMFA act is to create a separate public body apart from the State to facilitate programs to assist in the financing of housing for persons of low and moderate income within the State. The NMMFA is considered a component unit of the State because the Governor appoints a majority of its Board. The NMMFA is composed of seven members, at which a majority of those members serve at the pleasure of the Governor. NMMFA fiscal year-end is September 30. This year-end differs for all other state entities, which have a June 30 fiscal year-end. New Mexico Mortgage Finance Authority, 344 Fourth Street SW, Albuquerque, NM 87102.



# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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- **New Mexico Lottery Authority (Lottery Authority)**

The Laws of 1995, Chapter 155, as amended, created the Lottery Authority Act. The purpose of the Lottery Authority Act is to create a separate public body apart from the State, to conduct the New Mexico state lottery and provide revenues for public purposes designated by the Act. The State's higher education institutions receive financial benefit. The Lottery Authority is considered a component unit of the State because the Governor appoints members of its Board. The Board is composed of seven members, at which those members serve at the pleasure of the Governor. New Mexico Lottery Authority, 4511 Osuna Rd NE, Albuquerque, NM 87109.

The following two component units are considered to be component units of the State Institutions of Higher Education, and are thus component units of the State. Each is financially accountable to the respective institution, and the Board of Regents (governing board) of each institution controls the finances and has appointment power over the unit's governing authority.

- **University of New Mexico Foundation, Inc. (UNM Foundation)**

UNM Foundation is a nonprofit corporation, organized in 1979 to solicit, receive, distribute, invest, and manage funds for the benefit of the University of New Mexico. The majority of the Foundation's investments are managed by the University. The University of New Mexico Foundation, Inc., Two Woodward Center, 700 Lomas NE, Bldg. 2-203, Albuquerque, NM 87102.

- **New Mexico State University Foundation, Inc. (NMSU Foundation)**

NMS Foundation is a nonprofit corporation formed for the purpose of acquiring and managing charitable gifts, including endowed funds, to be used for the sole benefit of New Mexico State University. The Foundation reports on the FASB basis of accounting. New Mexico State University Foundation, Inc., P.O. Box 3590, Las Cruces, NM 88003-3590.

#### **Non-major Component Units**

The State's non-major component units have been determined to be financially accountable to the State. Non-major component units are: University of New Mexico Alumni Association, University of New Mexico Lobo Club, University of New Mexico - Anderson Schools of Management Foundation, Inc., New Mexico Tech Foundation, New Mexico Highlands University Foundation, Inc., New Mexico Highlands University – Highlands Stable Isotopes Corporation, Western New Mexico University Foundation, Inc., Eastern New Mexico University Foundation, Eastern New Mexico University Roswell Foundation, Eastern New Mexico University Ruidoso Foundation, Northern New Mexico College Foundation, New Mexico Military Institute (NMMI) Foundation, Inc., New Mexico School for the Blind and Visually Impaired Foundation, Cumbres & Toltec Scenic Railroad Commission, New Mexico Renewable Transmission Authority, New Mexico Small Business Investment Corporation, and New Mexico State-chartered Charter Schools.

#### **C. Basis of Presentation - Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the State's Enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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As discussed earlier, the State has five discretely presented component units and twenty-one non-major component units. Component units are shown in total in the government-wide financial statements with a combining statement to show the details. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **D. Basis of Presentation – Fund Financial Statements**

**Fund Financial Statements** The fund financial statements provide information about the State’s funds, including its fiduciary funds. Separate statements are presented for each fund category – governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining enterprise funds are aggregated and reported as non-major funds. The internal service fund is reported in a separate column on the proprietary funds financial statements. The accounts of the State are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenditures.

The State reports the following governmental funds:

Major funds:

- **General Fund** – This fund accounts for the financial resources of the State, except those required to be accounted for in another fund. This is the State’s primary operating fund.
- **Debt Service Fund** – Debt Service Fund accounts are used to account for the accumulation of resources for and the payment of principal and interest on general long-term obligations and other contractual obligations.
- **Capital Projects Fund** – The Capital Projects Fund accounts for funds appropriated by the State Legislature for capital outlay, including severance tax and general obligation bond proceeds and State General Appropriation capital outlay funds.
- **Severance Tax Fund** – The Severance Tax Fund accounts for the proceeds of severance taxes, which are levied by the State on certain natural resources extracted from State lands. Severance tax revenues are first applied to pay the required debt service on Severance Tax Bonds issued by the State. Remaining severance tax revenues are then transferred to the Severance Tax Fund, administered by the State Investment Council. Distributions from this fund are stipulated by the State Constitution. This is a special revenue fund that includes the excess of amounts not applied to severance tax bond debt service in the debt service fund.
- **Land Grant Fund** – The Land Grant Fund receives royalties and income from trust lands distributed to various entities assigned by the Ferguson Act of 1898. This is a special revenue fund.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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The State reports the following enterprise funds:

Major fund:

- **Educational Institutions Fund** – The Educational Institutions Fund accounts for the activities of the State’s ten educational institutions created by the *Constitution of the State of New Mexico* in Article XII, Section 11: University of New Mexico, New Mexico State University, Eastern New Mexico University, New Mexico Institute of Mining and Technology, Western New Mexico University, New Mexico Highlands University, Northern New Mexico College, New Mexico Military Institute, New Mexico School for the Blind and Visually Impaired, and New Mexico School for the Deaf.
- **Unemployment Insurance Fund** – The Unemployment Insurance Fund accounts for funds used for unemployment compensation. This fund does not account for other than unemployment compensation (i.e., workers’ compensation, employment security labor market statistics, administration of the employment compensation program, etc.) This fund was reported as a non-major enterprise fund in prior year.

Non-major funds:

The State’s non-major enterprise funds include the following: Public Schools Insurance Authority, Miners’ Colfax Medical Center, New Mexico Magazine, State Fair, Environment Department Clean Water, Corrections Industries, Industries for the Blind, State Infrastructure Bank, Department of Cultural Affairs Museums Program, and Education Trust Board.

The State reports the following internal service fund:

- **Internal Service Fund** – The State reports the internal service fund type in the proprietary funds statements. The activities accounted for in the internal service fund include fleet operations, risk management, printing and records, communications services, and information processing. In the government-wide financial statements, the Internal Service Fund is included with governmental activities.

Additionally, the State reports the following fiduciary fund types:

- **Pension and Other Employee Benefits Trust Funds** – These funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans and other employee benefit plans. These funds account for the activities of the Public Employees Retirement Association (PERA), Educational Retirement Board (ERB), the Retiree Health Care Authority (RHCA), and the Deferred Compensation Plan.
- **External Investment Trust Funds** – These funds account for assets held by the government in a trustee capacity. These funds are used to account for cash, securities, and other investments held in custody for external participants in the New Mexico State Treasurer’s Local Government Investment Pool and the State Investment Council’s Investment Pools.
- **Private Purpose Trust Funds** – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. These funds include the Scholarship Fund, Water Trust Fund, Higher Education Savings Plan, Bartlett Trust, Children’s Trust, Children’s Next Generation Trust, and Office of State Insurance Trust.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

- **Agency Funds** – These funds are used to report resources held by the State in a purely custodial capacity for external parties. Agency funds account for receipt of various taxes, refundable deposits, and other monies collected or recovered to be held until the State has the right or obligation to distribute them to various entities or individuals.

#### E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The State generally considers revenues available if they are collected within 60 days of the end of the current fiscal period. All other revenues are recognized when they are received if they are not susceptible to accrual. Expenditures are generally 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

Proprietary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described previously. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to external users for goods and services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are student tuition and fees, net of scholarship discounts and allowances, patient services, sales and services, interest on loans, and most federal, state, and local contracts and grants. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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The component units' financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements.

#### **F. Budgetary Information**

##### **1. Budgetary Basis of Accounting**

The budget is adopted on the modified accrual basis of accounting, per statute, in accordance with procedures prescribed by the Financial Control Division (FCD), Department of Finance and Administration. Per these procedures, accounts payable which are not recorded in a timely manner (before the statutory fiscal year-end deadline) will not be paid from the current year appropriation, and they are thus not recorded as a budgetary expenditure. Instead, permission must be obtained from FCD to pay the obligation out of the next year's budget. This budgetary basis is not consistent with generally accepted accounting principles (GAAP). Balances remaining at the end of the fiscal year from appropriations made from the State General Fund shall revert to the appropriate fund, unless otherwise indicated in the appropriations act or otherwise provided by law. Encumbrances do not carry over to the next year for operating budgets.

Additionally, certain governmental activities are excluded from the budgetary schedules because they are not appropriated. The General Fund presented herein includes the general funds of all state agencies. The largest of these general funds are the component appropriation accounts. These appropriation accounts are part of the Department of Finance and Administration. The State's component appropriation accounts do not adopt an annual appropriated budget; however, the expenditures of the component appropriations by law must equal the individual amounts appropriated in the various appropriation acts. Other activities designated as non-appropriated (not budgeted) by the Legislature are the Severance Tax Permanent Fund, the Land Grant Permanent Fund, and the following Enterprise Funds: the Educational Institutions, State Fair Commission, Environment Department, State Infrastructure Bank, and Unemployment Insurance Funds. The legal level of budgetary control is at the appropriation level.

##### **2. Budget to GAAP Reconciliation**

The budgetary comparison schedules of the various funds present comparisons of the original estimated budget and legally adopted budget with actual data on a budgetary basis. Both the budget and actual amounts represent single year activity based on the budget reference assigned to the particular transaction. Since accounting principles applied for the purposes of developing data on a budgetary basis, differ significantly from those used to present financial statements in conformity with GAAP, a budget to GAAP reconciliation is presented following the budgetary comparison schedules.

##### **3. Multiple Year Appropriation – Capital Projects Budgets and Special Appropriation Budgets**

Budgets for multiple year monies are not made on an annual basis, but are adopted on a project length basis. Budgets for the Capital Projects Fund may be established for periods from two to five years depending on the nature of the project or appropriation. These non-operating budgets primarily serve as a management control tool, and because related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided. Special appropriations budgets for one year are included in the Budgetary Comparison Schedule.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

#### 4. Excess of Expenses/Expenditures Over Budget

For the fiscal year ended June 30, 2020, the Ninth Judicial District Attorney exceeded Pcode/program budget authority.

#### G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

##### 1. Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand, cash on deposit with banks, investment in the State General Fund Investment Pool, Local Government Investment Pool, and cash invested in short-term securities. Cash equivalents include investments in short-term, highly liquid securities having an initial maturity of three months or less. Cash balances not held by the New Mexico State Treasurer (State Treasurer) and controlled by various State officials are generally deposited in interest-bearing accounts or other legally stipulated investments.

##### 2. Investments

Investments are under the control of the State Treasurer, the State Investment Council, and other administrative bodies as determined by law. In certain instances, investments are restricted by law or other legal instruments. Investments are valued at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates as available. For investments where no readily ascertainable fair value exists, management in consultation with their investment advisors, have determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk. The change in fair value is recognized as a component of investment income in the current year.

The Education Trust Board calculates the net asset value of its units as of the close of The New York Stock Exchange (the Exchange), normally 4:00 P.M. Eastern time, on each day the Exchange is open for business. The net asset values of the investments are determined as of the close of the Exchange on each day the Exchange is open for trading. Short-term money market-type debt securities with remaining maturities of sixty days or less are valued at amortized cost (which approximates market value).

##### 3. Investment Pools

*State Treasurer* - The State is required by statute to deposit any money received with the State Treasurer. Balances maintained at the end of the day are pooled and invested by the State Treasurer in overnight repurchase agreements. All repurchase agreements are collateralized by U.S Treasury Securities held by the State Treasurer's custodian bank. These pooled balances are collectively called the State General Fund Investment Pool (SGFIP), which also includes the deposits in the Tax-Exempt Bonds Proceeds Investment Pool and Taxable Bond Proceeds Investment Pool. The State 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. The Bond Proceeds Pools consist of pooled assets received through the issuance of taxable and tax-exempt bonds. Because these pooled funds are invested in short-term, highly liquid investments, the individual fund investments in the SGFIP are reported as a cash equivalent.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

All interest revenue is allocated to the General Fund unless state statute or trust agreements require allocations of interest to other funds. Interest is allocated based on the average daily balance and average monthly interest rates.

In addition to the SGFIP pooled cash account, the State Treasurer maintains the Local Government Investment Pool (LGIP). The LGIP also includes the deposits in the Reserve Contingency Fund. Cities, counties, other non-state agencies, and state agencies invest monies with the State Treasurer in the LGIP. Because these pooled funds are invested in short-term, highly liquid investments, the individual fund investments in the LGIP are reported as a cash equivalent.

The LGIP, an external investment pool, is not registered with the Security and Exchange Commission (SEC) as an investment company. The investments are recorded at fair value based on quoted market price; however, individual participant balances remain at their carrying cost. The LGIP does not have unit shares. Per Chapter 6-10-10.1F, New Mexico Statutes Annotated (NMSA) 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in the amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. At June 30, 2020, the LGIP carrying cost approximated the fair value. Participation in the LGIP is voluntary. The external portion of LGIP is reported as a separate investment trust fund. The internal portion, consisting of funds belonging to the State and its component units, has been included in the various funds and component units.

A copy of the New Mexico State Treasurer's audited financial statements can be obtained by writing the New Mexico State Treasurer, P.O. Box 5135, Santa Fe, NM 87505 or online at [http://www.saonm.org/audit\\_reports](http://www.saonm.org/audit_reports).

*Public Employees Retirement Association* - The Public Employees Retirement Association created a short-term investment pool (Pool) to maximize the benefits of the investment diversification and investment earnings. The Judicial, Magistrate, Volunteer Firefighters, and Public Employees Retirement Systems (Systems) participate in the Pool. The fair value of the investments in the Pool is the same as the value of the pool shares. All investments in the Pool are either SEC registered or are exempt from SEC registration under exemption 3(a)(3) or 4(2) of SEC regulations. Each System's equity percentage in the Pool is based on that System's investment in the pool and will only increase or decrease by additional deposits or withdrawals.

*State Investment Council* - The State Investment Council (Council) is responsible for the investment activities of certain state trust funds. The Council's investments are reported in the following categories: governmental activities, business-type activities, private-purpose trust funds, and external investment trust funds. Each of the fund types are participants in the Council's pools. Each pool is composed of units of participation of unlimited quantity. Each unit of participation represents an equal beneficial interest in the respective pool and no unit has priority over any other. Each purchase or sale of units requires written authorization as defined in the joint powers agreements executed between the Council and each participant. All units are purchased by cash payment. Each unit of participation is recorded in book entry form by the Council.

The external portion of the Council's investment pools is reported as a separate investment trust fund. The internal portion, consisting of funds belonging to the State and its component units, has been included in the various funds and component units.

A copy of the Council's report can be obtained by writing the New Mexico State Investment Council, 41 Plaza la Prensa, Santa Fe, NM 87507.



# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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#### 4. Inventories

The governmental funds, except for the Department of Transportation are mandated to use the purchase method of accounting for inventories. Under the purchase method, inventories are recorded as expenditures when purchased. For the consumption method, costs are recorded as expenditures when consumed rather than when purchased.

Inventories of the proprietary funds are valued by using either the average cost, retail inventory, or first-in-first-out (FIFO) methods.

#### 5. Receivables and Loan Receivables

Receivables, net of allowance, in the governmental, business-type activities and fiduciary activities consist mainly of amounts due from the federal government, local governments, customers, patients and applicable insurance companies, taxpayers, students, and others.

Various reimbursement procedures are used for federal awards received by the State. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Determining the amount of expenditures reimbursable by the federal government, in some cases, requires management to estimate allowable costs to be charged to the federal government. As a result of this and other issues, management provides an allowance for potential contractual allowances for federal revenue. Any changes in these estimates are recorded in the period that the estimate is changed. Loans are stated at their principal amount. Interest on loans is accrued based on the daily principal balance outstanding, except when a loan has been past due for 90 days. Certain loans are to governmental entities and secured by certain pledged revenues. The loans are being repaid in accordance with their loan agreements.

#### 6. Capital Assets

Capital assets, which include automobiles, buildings and improvements, furniture and fixtures, software, library books, infrastructure (e.g., roads, bridges, sidewalks, and similar items), machinery and equipment, and portable buildings are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The State defines capital assets as costing at least five thousand dollars or more when acquired and having an estimated useful life greater than one year.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and component units is immaterial and is not capitalized in all cases. There is no depreciation recorded for land and infrastructure (right-of-way land). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

In accordance with the practices followed by many museums and libraries, museum and library collections are not reported as assets in the accompanying financial statements. Purchases of the items are reported as expenditures. Certain library books, however, are capitalized.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

There is no depreciation recorded for land, mineral rights, art and construction in progress. Buildings, equipment, infrastructure and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Infrastructure	10-40
Land Improvements	15-30
Leasehold Improvements	15
Furniture and Fixtures	5-7
Machinery and Equipment	5-20
Data Processing Equipment	3-8
Vehicles and Aircraft	3-15
Buildings and Improvements	5-75

As provided by GASB standards, the State elected to use the depreciation method to account for infrastructure assets (roads and bridges). This method requires the State to allocate the cost of infrastructure assets over their estimated useful lives as depreciation expense.

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

#### **7. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent 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. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### **8. Accrued Liabilities**

Accrued liabilities include accrued current payroll and fringe benefits payable at year end. These benefits consist of the employee and employer portions of taxes, insurance, retirement, and other compensation-related withholdings.

#### **9. Compensated Absences**

Qualified employees' vacation leave is accrued at a graduated schedule of 80 to 160 hours per year, depending upon the length of service and employees' hire date. Employees are paid for the accumulated annual leave upon retirement or other termination up to 240 hours. A maximum of thirty days of annual leave (240 hours) may be carried forward into the beginning of the calendar year, with any excess forfeited. Qualified employees sick leave accrued at the rate of 4.0 hours per bi-weekly pay period. There is no limit to the amount of sick leave, which an employee may accumulate. Employees are paid for accumulated sick leave annually, or upon retirement or other termination, but only for accumulated sick leave in excess of 600 hours. Annually, employees may be paid 50.0 percent of the excess over 600 hours, up to a maximum of 120 hours. Upon retirement or other termination, employees are paid 50.0 percent of the excess over 600 hours, up to maximum of 400 hours. The total liability of the governmental activities for compensated absences is recorded in the government-wide Statement of Net Position as part of long-term liabilities.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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However, in accordance with GAAP, the liability is not recorded in the Governmental funds financial statements. See additional disclosure in the detailed notes.

#### **10. Unearned Revenue**

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. *GASB Statement No. 65* requires resources received from another government under voluntary or government-mandated non-exchange transactions before time restrictions are met, but after all other eligibility requirements are met, should be classified as deferred inflows of resources.

#### **11. Bonds Payable**

Bond premiums and discounts and deferred amounts on refunding are deferred and amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported at face amount, with the applicable bond premium or discount and deferred amount on refunding reported separately. In accordance with *GASB Statement 65*, bond issuance costs are expensed. In the governmental fund financial statements, total bond premium or discount is recognized when the bonds are first issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **12. Insurance Losses and Loss Adjustment Expense**

*Public Schools Insurance Authority* – The New Mexico Public Schools Insurance Authority (PSIA) insurance losses and related adjustment expenses are charged to operations as incurred. The reserves for losses and loss adjustment expenses are determined based upon case-basis evaluations and actuarial projections, and include a provision for claims incurred but not reported. The actuarial projections of ultimate losses on reported claims and the estimate of claims incurred but not reported are based on a composite of PSIA's experience and benefits, property, casualty, and workers' compensation insurance industry data, which supplements PSIA's historical experience and includes the effects of inflation and other factors. Losses are reported net of estimated amounts recoverable from excess insurance, salvage and subrogation, and the deductible portion of claims. Adjustments to the probable ultimate liability for losses and loss adjustment expenses are made continually, based on subsequent developments and experience, and are included in operations as made.

*Retiree Health Care Authority* - The amount shown for the Retiree Health Care Authority as reserve for losses and loss adjustment expenses is an actuarially calculated estimate of the ultimate costs of settling all incurred but not reported claims as of the fiscal year-end, while the amount shown on the accompanying fiduciary statement of changes in fiduciary Net Position as losses and loss adjustment expenses represents the change in this estimate during the fiscal year. These reserves represent, in management's opinion, the best estimate of the ultimate cost of settling all reported and unreported claims. There exists a range of variability around the best estimate of the ultimate cost of settling all unpaid claims. Accordingly, the amount reflected in the accompanying financial statements may not ultimately be the actual cost of settling all unpaid claims and the difference may be significant.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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#### 13. Interfund Transactions

##### Government-Wide Financial Statements

**Interfund Activity** – In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount.

**Interfund Balances** – Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

##### Governmental Fund Financial Statements

**Interfund Activity** – Interfund transactions for goods sold or services rendered for a price approximating the external exchange value and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority.

#### 14. Net Position and Fund Balance

*Net Investment in Capital Assets* consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other debt attributable to the acquisition, construction, or improvement of such assets. Significant unspent related debt proceeds are not included in the calculation of Net Investment in Capital Assets. The unspent portion of the debt is included in restricted for capital projects. The State issues General Obligation bonds and Severance Tax bonds to finance projects for the State and local governments. The Legislature appropriates the bond proceeds from each bond issue to projects throughout the State. Only bonds issued for projects appropriated to State agencies and recognized as a State asset are included in this calculation.

The State reports Net Position as restricted when constraints placed on Net Position are a) externally imposed by creditors, grantors, contributors or laws, or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

*Restricted Net Position* is designated as either expendable or nonexpendable. Expendable Restricted Net Position includes those funds that may be expended either for a stated purpose or for a general purpose subject to externally imposed stipulations. Nonexpendable Restricted Net Position includes those funds that are required to be retained in perpetuity. Restricted Net Position includes the State's permanent endowment funds subject to externally imposed restrictions governing their use.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

*Unrestricted Net Position* consists of net position that does not meet the definition of Net Investment in Capital Assets or Restricted Net Position.

When both restricted and unrestricted net position are available for use, it is the State's policy to use restricted resources first and then unrestricted resources, as they are needed.

In the governmental fund financial statements, fund balances are classified as non-spendable, restricted, committed, assigned, or unassigned. Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed by outside parties or internally imposed by law through constitutional provision 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 Legislature, such as an appropriation or legislation. The State Legislature is the highest level of decision-making authority that can, by passage of legislation, commit fund balance that is not already restricted. Once adopted, the limitation remains in place until similar action takes place, usually in the form of a new budget bill or other legislation.

*Assigned fund balance* is constrained by the Legislature's intent to be used for specific purposes by directive of the Legislative Finance Committee of the Legislature or in some cases by legislation. Legislative directives dictate that all fund balances remaining at the end of the fiscal year shall be reverted back to the State General Fund unless the fund is stipulated as non-reverting by the Legislature or by laws or regulations imposed by grantors. If the fund is non-reverting, the agency governing board or department head has the authority to assign a fund balance for a specific use.

The State has not adopted a formal flow assumption policy and therefore uses the GASB recommendations; that is, it is the State's policy to use restricted fund balance before using components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is used first, followed by assigned fund balance, and lastly, unassigned fund balance.

#### **H. Revenues and Expenditures/Expenses**

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function for governmental activities (e.g. general control, education, health and human services, etc.).

Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the government-wide financial statements, revenues are reported by source and are further classified as either "general purpose" or "restricted." General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g. federal grants), available only for specific purposes. Unused restricted revenues at year-end are recorded as restrictions of fund balance. When both general purpose and restricted funds are available for use, it is the State's policy to use restricted resources first.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

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In the governmental fund financial statements, expenditures are reported by character: Current, Capital Outlay, or Debt Service. Current expenditures are sub-classified by function and are for items such as salaries, grants, supplies, and services.

Revenues and expenses of proprietary funds are classified as operating or non-operating and are sub-classified by object (e.g. depreciation, benefits, claims and premiums, and game expense). Operating revenues consist of sales of goods or services, interfund services provided/used, grant revenues for specific activities that are considered operating activities of the grantor, receipts from other agencies for reimbursement of operating transactions, and other miscellaneous revenue that should be classified as operating. For certain loan and investment programs, revenue that would normally be classified as non-operating should be classified as operating. An example of this would include interest income on loans. All other revenues that do not meet the above criteria should be classified as non-operating.

#### **Grants**

Federal grants and assistance awards made based on entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

#### **Investment Income**

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, securities lending income, rental income, and investment expenses (which includes investment management and custodial fees, securities lending expense, and all other significant investment related costs). Negative investment income is reported where the decrease in fair value of investments due to market conditions exceeded the other components of investment income.

#### **Endowments**

Net appreciation on the Educational Institutions' investments of donor-restricted endowments are available for authorization for expenditure by the governing boards of the universities with endowments, which are reported in Net Position as restricted for purposes for which the endowments were established. Donor restricted endowment disbursements of the net appreciation of investments are permitted in accordance with the Uniform Prudent Management of Institutional Funds Act, Chapters 46-9A-1 to 46-9A-10, NMSA 1978, except where a donor has specified otherwise. The universities use the total-return policy for authorizing and spending investment income. The universities review the investment earnings designed to support distributions from the pool and to protect the purchasing power of the endowment principal.

#### **Retirement and Employee Benefit Costs**

Most state employees participate in a defined benefit pension plan administered by the New Mexico Public Employees' Retirement Association and the New Mexico Educational Employees' Retirement Board. Contributions collected for the pension plans and the retirement benefits paid are accounted for in the Pension and Other Employee Benefits Trust Funds. All costs for pension, health, and federal social security contributions are reported as expenditures in the appropriate function in governmental fund types or as expenses in applicable proprietary fund types. Pension and other benefits costs are recognized in the fiscal year in which the underlying payroll costs are incurred.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

#### I. Use of Estimates

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 these estimates.

#### J. New Accounting Standards

For the fiscal year ended June 30, 2020, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

*GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*

This statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. GASBS 83, 84, 88, 89, 90, 91, 92, 93 and Implementation Guides 2017-3, 2018-1, 2019-1, and 2019-2 are postponed for one year. GASBS 87 and Implementation Guide 2019-3 are postponed for 18 months.

#### K. Future Accounting Standards

The following pronouncements of the Governmental Accounting Standards Board (GASB) are due to be implemented by the State in the year indicated. For all of these new standards, the State has not determined the effect on the financial statements that implementation of the standards will entail.

*GASB Statement No. 84, Fiduciary Activities*

This statement establishes criteria for identifying fiduciary activities of all state and local governments, and describes those fiduciary funds which should be reported, if applicable. The statement is due to be adopted by the State for the fiscal year ending June 30, 2021. *(Implementation date modified per GASBS 95).*

*GASB Statement No. 87, Leases*

This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases. 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. This statement is due to be adopted by the State for the fiscal year ending June 30, 2022. *(Implementation date modified per GASBS 95).*

*GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period*

This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement is due to be adopted by the State for the fiscal year ending June 30, 2022. *(Implementation date modified per GASBS 95).*



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 1 (CONTINUED)

*GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The statement is due to be adopted by the State for the fiscal year ending June 30, 2021. *(Implementation date modified per GASBS 95).*

*GASB Statement No. 91, Conduit Debt Obligations*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement is due to be adopted by the State for the fiscal year ending June 30, 2023. *(Implementation date modified per GASBS 95).*

*GASB Statement No. 92, Omnibus 2020*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The statement is due to be adopted by the State for the fiscal year ending June 30, 2021. Per GASBS 95, paragraphs 6, 7, 8, 9, 10, and 12 have a postponed implementation date for fiscal year ending June 30, 2022 *(Implementation date modified per GASBS 95).*

*GASB Statement No. 93, Replacement of Interbank Offered Rates*

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. *The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021.* The statement is due to be adopted by the State for the fiscal year ending June 30, 2022.

*GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement is due to be adopted by the State for the fiscal year ending June 30, 2023.

*GASB Statement No. 96, Subscription-Based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The statement is due to be adopted by the State for the fiscal year ending June 30, 2023.

#### **L. State Auditor Rule Disclosure**

The Office of the State Auditor Rule requires that audit reports contain a schedule of Joint Powers Agreements (JPA) and Memoranda of Understanding (MOU) that are significant to the State as a whole. There are none that meet this criterion.

Disclosure of these schedules may be found in the stand-alone audit reports which have been issued by the individual State agencies. These are available from the Office of the State Auditor at [www.saonm.org](http://www.saonm.org).



# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2

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#### NOTE 2. Cash

##### Primary Government

##### New Mexico State Treasurer

All monies, except with specific authority, must be deposited with the State Treasurer. These operating funds are commingled in the State Investment Pool, managed by the Treasurer. Every State agency reports its operating cash as “Investment in State General Fund Investment Pool”, and this pool is reported in Note 3, “Investments”. The issues concerning the reconciliation of the State General Fund Investment Pool and the resolution are reported in Note 17, “State General Fund Investment Pool.”

Cash on deposit represents the demand deposit account with the fiscal agent bank. Current year transactions reflect all banking activity for the fiscal year as well as the activity of investments purchased and disposed of during the fiscal year. The State Treasurer invests all public monies, with the exception of the New Mexico Lottery and the university funds. The university funds are entirely under the control of the universities. These funds are 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 (BOF). 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 Appropriations Account.

All State agencies, unless otherwise exempted, must have specific approval from the State Treasurer in order to maintain separate bank accounts. These accounts are mainly used for agency fund purposes, either as a collection fund until final distribution, or when the funds are being held by the agency in a fiduciary capacity and the funds do not belong to the State.

***Custodial Credit Risk.*** The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The State Treasurer’s Office collateral manager reviews and tracks all state funds held in state depository institutions. Deposits and collateral are reviewed almost daily and a statutorily required risk assessment is performed quarterly. Balances are collateralized in compliance with NMAC 2.60.4.

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 Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250 thousand in federal deposit insurance. 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 50.0 percent to 102.0 percent of the par value of the investment, dependent on the institution’s operating results and capital. Collateral for the fiscal agent account is required in amounts equal to 50.0 percent of the average investment balance.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

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

**Office of the State Treasurer**  
**Statutory Collateral Compliance**  
*(Expressed in Thousands)*

	<u>Fiscal Agent Account</u>	<u>Certificates of Deposit</u>
Cash in Bank *	\$ 46,304	\$ 12,200
Less: FDIC Insurance Coverage	-	(1,000)
<b>Total Unsecured Public Funds</b>	<u>\$ 46,304</u>	<u>\$ 11,200</u>
Collateral Requirement (50.0% - 102.0% of Uninsured Public Funds)	<u>\$ 23,152</u>	<u>\$ 5,600</u>
Collateral Pledged:		
U.S. Government Securities	\$ 77,693	\$ 11,662
Surety Bond	-	-
Collateral Pledged	<u>77,693</u>	<u>11,662</u>
<b>Over Collateralized</b>	<u>\$ 54,541</u>	<u>\$ 6,062</u>

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

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 2 (CONTINUED)

While the balances of the Office of State Treasurer are fully collateralized per state statute, *GASB Statement No. 40* requires that the State disclose balances which are not fully insured. As of June 30, 2020, the funds held by the State Treasurer in the fiscal agency account were exposed to custodial credit risk as follows:

<b>Office of the State Treasurer</b>	
<b>Custodial Credit Risk</b>	
<i>(Expressed in Thousands)</i>	
	<b>Balance at June 30, 2020</b>
Cash in Banks	\$ 1,169,836
Less: Deposit of Institutions Which are Fully Insured and Collateralized	<u>(1,088,673)</u>
Deposits of Institutions Not Fully Collateralized	81,163
Less: FDIC Insurance Coverage	<u>(1,250)</u>
Uninsured Deposits	<u>79,913</u>
Collateral Pledged:	
Surety Bond	2,000
Securities	<u>39,793</u>
Total Collateral Pledged	<u>41,793</u>
<b>Subject to Custodial Credit Risk</b>	<b><u>\$ 38,120</u></b>

In the table above, FDIC insurance coverage and collateral pledged relate only to those institutions whose deposits are not fully insured and/or collateralized.

The cash deposits which relate to investments of the State Investment Council, the Public Employees Retirement Association, the Educational Retirement Board, the Retiree Health Care Authority, and the Education Trust Board are monitored by their individual Boards in conjunction with contracted professional investment firms. The respective Boards of these agencies have instituted policies and procedures to safeguard the public assets under their control.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### NOTE 3. Investments

The following schedule lists the total investments reported in the financial statements (expressed in thousands):

	<u>Balance at June 30, 2020</u>
Primary Government:	
Current:	
Investment in State General Fund Investment Pool	\$ 6,189,639
Investment in Local Government Investment Pool	165,949
Investments	486,851
Noncurrent:	
Investments	25,364,488
Fiduciary Funds:	
Investment in State General Fund Investment Pool	188,206
Investment in Local Government Investment Pool	4,434
Investments	32,452,517
Component Units:	
Investments	2,138,630
Investment in Local Government Investment Pool	10,348
<b>Total Investments</b>	<b><u>\$ 67,001,062</u></b>
 <i>Reconciliation to Investments presented</i>	
Total presented above	\$ 67,001,062
Less - Information presented separately:	
Component Unit Invest. Including LGIP	(2,148,978)
UNM Investments Held by Foundation	(226,060)
Other	(1,350,628)
<b>Total separately held investments</b>	<b><u>\$ 63,275,396</u></b>

There are six different agencies or groups which report investments for the State, each of them with separate authority and different objectives. They are: a) the Office of the State Treasurer; b) the State Investment Council; c) the Public Employee and Educational Employee Retirement Plans; d) the State universities and colleges; e) Education Trust Board; and f) State agencies with separately-held investments. In addition, the component units also report separately-held investments.

Those agencies whose investments are held by either the State Investment Council (SIC) or the State Treasurer's Local Government Investment pool (LGIP) are not presented in the following investment disclosures, since those investments are already included.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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#### State Treasurer

The State Treasurer operates four separate investment pools. They are as follows:

##### *General Fund Investment Pool*

The General Fund is the State of New Mexico's main operating account. All State revenues are credited to the State 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.

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

The Tax-Exempt Bond Proceeds Investment Pool is comprised of pooled assets received through the issuance of tax-exempt State of New Mexico general obligation, severance tax, 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 and in accordance with the Investment Policy of the Office of the State Treasurer.

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

The Taxable Bond Proceeds Investment Pool is comprised of 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.

##### *Local Government Investment Pool (LGIP; Short-term Investment Pool)*

Cities, counties, and other agencies invest monies in the State Treasurer external investment pool (LGIP). 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, with the difference deemed immaterial.

The LGIP is not SEC registered. Chapter 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 LGIP investments are monitored by the same investment committee and adhere to 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 LGIP 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.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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#### *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 their authority and for which the State Treasurer acts as the investing authority. These assets include, as examples only, the State General Fund, the LGIP, bond proceeds, bond debt service funds, and those pension and permanent funds included in Note 12 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:

- 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;
- Maintenance of Liquidity – the second level of priority must be accorded to maintaining sufficient liquidity to satisfy the reasonable anticipated, continuing operational requirements of State Government, and
- 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.

#### **State Investment Council**

The State of New Mexico Investment Council (Council) is responsible for the investment activities of certain State trust funds. The Council is composed of eleven members, and currently manages the Land Grant, Severance Tax, and Tobacco Settlement Permanent Funds, the Water Trust Fund, and various investment pools for the benefit of state agencies and other political entities within the State of New Mexico.

In accordance with Chapter 6-8, NMSA 1978, the Council is authorized to invest in domestic and international stocks, debt obligations of the U.S. government, its agencies, or instrumentalities, debt obligations of any U.S. or foreign corporation, partnerships, or trusts with an investment-grade rating from a national rating service, real estate investments, national private equity investments, repurchase agreements secured by U.S. obligations or other securities backed by the U.S., and hedge funds.

#### **Pension Benefits Funds**

The two pension benefits agencies are the Public Employees Retirement Association of New Mexico (PERA) and the Educational Retirement Board (ERB). PERA operates four separate cost-sharing multiple-employer public employee retirement systems, and ERB operates one such system for the benefit of educational employees in the State. More information on each of these agencies can be found elsewhere in these Notes. Each is governed by a separate Board, and each has specific investment policies and guidelines to which they must adhere.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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#### State Universities and Colleges

As mentioned in Note 1. B, the ten educational institutions created by the *Constitution of the State of New Mexico* are included in the State reporting entity. Eight of these institutions maintain separate investment portfolios, as permitted by statute, with some of the investments held and managed by State agencies and some managed by the institutions themselves. Each has investment policies and guidelines which are similar.

#### Education Trust Board

The Education Trust Board (ETB) is responsible for the management of the two higher education savings plans: Scholar's Edge, and The Education Plan (Plans). The Plans are savings vehicles for higher education expenses under Section 529 of the U.S. Internal Revenue Code. The funds are managed by a private company under contract agreement.

#### A. Fair Value

**Fair Value Measurement** – The State categorizes fair value measurements within the fair value hierarchy established by *GASB Statement No. 72, Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

**Level 1** inputs are quoted prices (unadjusted) for identical assets in active markets, accessible at the measurement date. Level 1 inputs include exchange markets, dealer markets, brokered markets, and principal-to-principal markets.

**Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active.

**Level 3** inputs are unobservable inputs for an asset.

Investments that do not have a readily determinable fair value are recorded using net asset value (NAV). NAV is generally provided by the investment managers but the State considers the reasonableness of the NAV, based on market information, to arrive at the fair value estimates for each investment.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Investment	State of New Mexico Fair Value of Investments (Expressed in Thousands)			
	Fair Value June 30, 2020	Quoted Prices, Active Markets (Level 1)	Observable Inputs Other Than Quoted Prices (Level 2)	Unobservable Inputs (Level 3)
<b>Investments By Fair Value Level</b>				
<b>Equity Securities:</b>				
Domestic Common Stock	\$ 4,606,989	\$ 4,600,989	\$ 1,000	\$ 5,000
Domestic Preferred Stock	71	71	-	-
International Common Stock	1,863,990	1,863,990	-	-
Equities	11,839,395	11,836,485	2,312	598
Domestic Equity Derivatives	4,424	(1,577)	6,001	-
Money Market Funds	805,638	805,638	-	-
Mutual Funds - Equity	372,208	372,208	-	-
Pooled Funds - Mutual Funds	153	30	123	-
Public MLP	180,511	180,511	-	-
Public REIT	392,463	392,463	-	-
Exchange-traded Funds	5,772	5,772	-	-
Nonredeemable Securities	74	-	-	74
Self-directed Investments (Deferred Comp.)	6,415	6,415	-	-
Total Equity Securities	20,078,103	20,062,995	9,436	5,672
<b>Debt Securities:</b>				
U.S. Government Bonds	3,834,593	-	3,834,593	-
US Treasuries	2,069,003	279,786	1,789,217	-
US Agency Securities	254,647	63,784	190,863	-
Non-U.S. Government Bonds	148,930	-	147,407	1,523
Municipal Bonds	45,437	156	45,281	-
Corporate Bonds	3,463,419	229	3,463,190	-
Core Fixed Income	3,388,545	1,418,552	1,968,652	1,341
Global Fixed Income	307,514	-	306,062	1,452
Mutual Funds - Fixed	39,413	39,413	-	-
Certificates of Deposit	26,586	20,027	6,559	-
Commercial Paper	2,550	-	2,550	-
Mortgage-backed Securities	723,758	-	720,529	3,229
Asset-backed Securities	235,693	-	235,317	376
Repurchase Agreements	612,000	-	612,000	-
Discounted Notes	955,959	-	955,959	-
Bankers' Acceptances	2,484	-	2,484	-
Bank Loans	149,858	-	149,858	-
Collateralized Loan Oblig.	147,507	-	147,507	-
TIPS	505,618	505,618	-	-
Sovereign Debt	4,561	-	4,561	-
Fixed Income Derivatives	(5,585)	5,083	(10,668)	-
Securities Lending Collateral Investments	296,084	-	296,084	-
Total Debt Securities	17,208,574	2,332,648	14,868,005	7,921
<b>Alternative Investments:</b>				
Real Estate	5,173	5,173	-	-
Master Limited Partnerships	121,183	121,183	-	-
Total Alternative Investments	126,356	126,356	-	-
<b>Investments in Derivative Instruments:</b>				
Credit Derivatives	2,867	-	2,867	-
Equity Derivatives	3,210	3,209	1	-
Foreign Exchange Derivatives	(63)	(63)	-	-
Interest Rate Derivatives	(758)	723	(1,481)	-
Other Derivatives	516	-	516	-
Total Derivative Instruments	5,772	3,869	1,903	-
<b>Total Investments Measured</b>				
At Fair Value	37,418,805	\$ 22,525,868	\$ 14,879,344	\$ 13,593



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Investments Measured At		Unfunded	Redemption	Redemption
Net Asset Value (NAV):		Commitments	Frequency	Notice Period
Commingled Domestic Equity	5,167	\$ -	Monthly	15 days
Commingled International Equity	1,932,183	-	Daily, monthly	5 -30 days
Comm. Emerging Market Debt Fund	358,281	-	Daily	10-12 days
Absolute Return (Hedge) Funds	1,804,161	-	Monthly/Annually	30-90 days
Private Equity Partnerships	4,382,650	1,412,349	Illiquid	Illiquid
Private Debt Partnerships	589,513	-	-	-
Real Estate Partnerships	1,737,960	817,628	Illiquid	Illiquid
Open-ended Real Estate Partnerships	1,814,013	-	Quarterly	45-90 days
Real Asset Funds	1,496,050	776,099	Illiquid	Illiquid
Real Estate Funds	10,776	-	Quarterly/Biannual	90-180 days
Open-ended Real Asset Partnerships	1,083,855	-	-	-
Commingled Bond Funds	104,909	-	Monthly	2 months
Commingled Global Asset Allocation	1,013,723	-	Monthly, quarterly	30-120 days
Opportunistic Credit Funds	2,263,515	666,138	Daily, monthly	5-15 days
Private Equity Funds	2,696,299	1,657,726	N/A	N/A
Private Real Estate Funds	1,657,739	1,059,763	N/A	N/A
Hedge Fund Investments	338	In liquidation	N/A	N/A
Bond Plus Alpha Engine	485,637	-	-	-
Marketable Alternatives	83,116	-	-	-
Credit and Structured Finance Pool	2,001,918	894,060	-	-
Illiquid Funds	5,573	-	-	-
Mutual Funds - Fixed	15,292	-	-	-
Mutual Funds - Equity	207,726	-	-	-
Life Cycle Funds	181,344	-	-	-
Other Assets	(870)	-	-	-
<b>Investments Measured at NAV</b>	<u>25,930,868</u>	<u>\$ 7,283,763</u>	<u>-</u>	<u>-</u>
<b>Investments Measured at Amortized Cost:</b>				
Certificates of Deposit	12,200			
Corporate Fixed Income	2,827			
Money Market Funds	41,603			
<b>Investments at Amortized Cost</b>	<u>56,630</u>			
<b>Investments Measured at Contract Value:</b>				
Stable Value Options (Deferred Comp.)	137,335			
<b>Investments Measured at Contract Value</b>	<u>137,335</u>			
<b>Other Investments:</b>				
Equity	978			
Cash	12			
Information Not Available	266			
Less: Investments Held by UNM Foundation	(226,060)			
Less: Investments Held by Others	(43,438)			
<b>Total Other Investments</b>	<u>(268,242)</u>			
<b>Total Investments</b>	<u>\$ 63,275,396</u>			

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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#### **B. Custodial Credit Risk**

Custodial credit risk is the risk that the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty 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 Chapter 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. All investment and collateral securities were held by the State Treasurer or its Custodian in the name of the State Treasurer.

All of the PERA's and ERB's securities are held by the third party custodian, independent of any counterparty; therefore, there is minimal risk that PERA and ERB will not be able to recover the value of its investments or collateral securities held by a counterparty.

PERA's investment policy specifically defines the custodian's duties as it pertains to holding of the assets, collection of income generated from the assets, and assisting PERA for the accounting of said assets.

ERB's investment policy limits holding of securities by counterparties to those involved with securities lending. In the event of the failure of the counterparty to deliver back the borrowed securities, ERB will sell the collateral securities and offset any gains or losses with the counterparty. All of the investments of the Retiree Health Care Authority were held by the State Investment Council.

#### **C. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. obligations or investments guaranteed by the U.S. Government are excluded from this requirement. The quality rating of PERA's investment policy restricts investments to specific investment ratings issued by nationally recognized statistical rating organizations.

ERB requires that noncash, interest-paying securities in the high-yield bond portfolios may not exceed 5.0 percent of the market value of the portfolio and that investments in cash may represent no more than 5.0 percent of each individual fund. Credit risk is managed through diversification and by operating within defined parameters versus a benchmark index.

ETB invests directly in Underlying Investments. The registered Underlying Investments' prospectuses provide greater detail about the investment strategies and practices of the Underlying Investments, in compliance with federal regulations and specifically, the Form N-1A of the Investment Company Act of 1940. Form N-1A discloses information

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

and policies about the Underlying Fund and its investment objectives, as well as information on the company structure and operations. In addition, the Program Disclosure Statement and the Participation Agreement provide greater detail about the credit risk, if any, by certain nonregistered Underlying Investments.

The quality ratings of investments in fixed income securities at June 30, 2020, were as follows:

**State of New Mexico**  
**Quality Ratings of Investments**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings:		
Government Bonds	AAA	\$ 130,553
	AA+	5,198,974
	AA	4,962
	AA-	6,090
	A+	3,895
	A-	12,918
	BBB+	7,944
	BBB	42,660
	BBB-	14,283
	BB	897
	BB-	7,763
	B	12,793
	B-	2,885
	CCC+	3,900
	CC	1,737
	D	1,054
	SD	871
	Not Rated	319,625
Foreign Government Bonds	AAA	14,288
	AA+	6,556
	AA	8,586
	AA-	7,662
	A+	11,165
	A	702
	A-	363

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

State of New Mexico  
Quality Ratings of Investments (Continued)  
(Expressed in Thousands)

Investment	Rating	Fair Value
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Foreign Government Bonds (Continued)		
	BBB+	\$ 4,287
	BBB	6,937
	BBB-	1,449
	BB	455
	BB-	2,306
	B+	1,451
	B	3,418
	B-	2,708
	CCC+	490
	D	164
	Not Rated	171,768
Municipal Bonds		
	AAA	12,229
	AA+	1,529
	AA	15,711
	AA-	7,006
	A+	6,486
	A	4,966
	BBB-	2,676
	Not Rated	2,835
Corporate Bonds		
	AAA	46,673
	AA+	155,380
	AA	49,082
	AA-	134,468
	A+	356,796
	A	199,370
	A-	418,785
	BBB+	459,656
	BBB	754,379
	BBB-	534,641
	BB+	138,697
	BB	275,535
	BB-	287,742
	B+	147,118
	B	142,735
	B-	82,377

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

State of New Mexico  
Quality Ratings of Investments (Continued)  
(Expressed in Thousands)

Investment	Rating	Fair Value
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Corporate Bonds (Continued)	CCC+	\$ 43,604
	CCC	4,501
	CCC-	666
	CC	267
	C	196
	D	11
	Not Rated	347,664
Mortgage-backed Securities	AAA	6,213
	AA+	543,740
	AA	41,399
	A	37,764
	BB	1,928
	Not Rated	292,535
Commercial Mortgage-backed Securities	AAA	59,824
	AA+	46,260
	BBB-	1,686
	B	84
	B-	846
	CCC	753
	CCC-	89
Asset-backed Securities	Not Rated	168,875
	AAA	106,502
	AA+	10,240
	AA	63,739
	AA-	11,042
	A+	5,168
	A	40,322
	A-	8,047
	BBB+	11,785
	BBB	17,056
	BBB-	5,472
	BB+	4,683
	BB	639
	BB-	626
	B+	1,901
	B	1,254
	B-	3,188
	CCC	9,053
	CC	4,192
D	1,836	
Not Rated	169,706	

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**State of New Mexico**  
**Quality Ratings of Investments (Continued)**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Collateralized Debt/Loan Obligations	AAA	\$ 46,531
	AA	238,250
	A	5,525
	BBB	637
	BBB-	4,181
	BB-	231
	NR	90,401
Collateralized Mortgage Obligations/REMIC	AAA	2,587
	AA+	194,188
	AA	60
	AA-	628
	A+	502
	A	137
Collateralized Mortgage Obligations/REMIC (Continued)	BBB+	83
	BBB-	949
	BB	1,386
	BB-	185
	B+	175
	B	399
	B-	896
	CCC	1,467
	D	429
	Not Rated	49,406

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**State of New Mexico**  
**Quality Ratings of Investments (Continued)**  
*(Expressed in Thousands)*

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Subject to Credit Risk - S&P Ratings (Continued):		
U.S. Treasury Bills	AAA	5,915
	AA	139,464
	BBB	16,900
	BB	63,219
	NR	6,380
Certificates of Deposit	Not Rated	6,559
Money Market Mutual Funds	AAAm	805,483
TIPS	Not Rated	505,618
Common Stock	Not Rated	647
Preferred Stock	BBB	426
	BBB-	715
	BB+	778
	D	1
	Not Rated	22,720
Derivatives Swaps)	Not Rated	(5,585)
Commercial Paper	Not Rated	2,550
Repurchase Agreements	Not Rated	612,000
Bankers Acceptances	AA-	2,484
Discounted Notes	AA+	955,959
Total Subject to Risk - S & P Ratings		<u>16,112,253</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

State of New Mexico  
Quality Ratings of Investments (Continued)  
(Expressed in Thousands)

Investment	Rating	Fair Value
Investments Subject to Credit Risk - Moody's Ratings:		
U. S. Government Agencies	Aaa	\$ 252
Corporate Bonds	Aaa	1,078
	Aa1	4,550
	Aa2	4,494
	Aa3	2,600
	A1	17,188
	A2	20,462
	A3	16,174
	Baa1	18,576
	Baa2	7,536
	Baa3	1,223
Municipal Bonds	Aa1	1,362
	Aa2	2,069
	Aa3	1,034
	Not Rated	156
Mutual Funds - Fixed	Aaa	2,598
	Not Rated	1,094
U.S. Treasury Bills	A-1+	101,638
Money Market Funds	Aaa	9,070
	Not Rated	989
Total Subject to Risk - Moody's Ratings		214,143
Other Investments Subject to Credit Risk - Not Rated:		
PERA Securities Lending Collateral Investments	Not Rated	296,084
Deferred Comp. Investments	Not Rated	649,693
Certificates of Deposit	Not Rated	32,227
Unidentified	Not Rated	41,146
Other Investments Subject to Credit Risk: Not Rated		1,019,150
Total Investments Subject to Credit Risk		17,345,546
Investments Not Subject to Credit Risk		43,786,467
Less: Foundation Investments Held in Consol. Inv. Pool		(226,060)
Investments in Fiduciary Fund		(43,438)
Add: Education Trust Board Investments (presented in separate note)		2,412,881
<b>Total Investments</b>		<b>\$ 63,275,396</b>



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

The credit ratings for the Education Trust Board are shown separately as follows:

#### New Mexico Education Trust Board Quality Rating of Investments

##### Scholar's Edge Plan

<u>Portfolio/Rating</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>
Principal Core Fixed Income Fund Class R-6	36.10 %	1.34 %	21.90 %	36.63 %	2.46 %
Principal Short-term Income Fund Inst. Class	31.35	15.27	17.78	33.06	0.66
iShares Core U.S. Aggregate Bond ETF	74.01	2.61	10.88	12.46	0.04
MainStay MacKay High Yield Corp. Class R-6	0.00	0.00	0.20	9.00	52.80
Vanguard Total Int'l. Bond Index Fund ETF	20.69	26.56	24.39	28.36	0.00

<u>Portfolio/Rating</u>	<u>B</u>	<u>Below B</u>	<u>Not Rated</u>	<u>Total</u>
Principal Core Fixed Income Fund Class R-6	1.07 %	0.44 %	0.06 %	100.00 %
Principal Short-term Income Fund Inst. Class	0.33	0.00	1.55	100.00
iShares Core U.S. Aggregate Bond ETF	0.00	0.00	0.00	100.00
MainStay MacKay High Yield Corp. Class R-6	32.60	3.50	1.90	100.00
Vanguard Total Int'l. Bond Index Fund ETF	0.00	0.00	0.00	100.00

##### The Education Plan

<u>Portfolio/Rating</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>
DFA Inflation-Protected Securities - Inst. Class	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %
iShares Core Int'l. Aggregate Bond ETF	21.36	27.22	28.97	17.46	0.03
PGIM Global Total Return	17.65	8.55	18.10	28.69	11.06
TIAA-CREF Core Plus Bond Fund Inst. Class	41.26	6.52	16.54	22.92	5.53
Vanguard Total Bond Market Index ETF	62.99	3.71	12.84	20.46	0.00
Vanguard Short-term Treasury Index Inst. Class	99.62	0.00	0.00	0.38	0.00
Vanguard Total Bond Market II Index Inst.	62.86	3.66	12.81	20.67	0.00
Vanguard Short-term Inflation-Prot. Sec. Index Inst.	100.00	0.00	0.00	0.00	0.00
Vanguard Untra Short-term Bond Admiral	26.33	11.75	33.11	19.11	0.63
Vanguard High Yield Corp. Admiral	5.96	0.03	0.00	3.77	54.61

<u>Portfolio/Rating</u>	<u>B</u>	<u>Below B</u>	<u>Not Rated</u>	<u>Total</u>
DFA Inflation-Protected Securities - Inst. Class	0.00 %	0.00 %	0.00 %	100.00 %
iShares Core Int'l. Aggregate Bond ETF	0.00	0.00	4.96	100.00
PGIM Global Total Return	5.15	1.35	9.44	99.99
TIAA-CREF Core Plus Bond Fund Inst. Class	3.42	0.86	2.95	100.00
Vanguard Total Bond Market Index ETF	0.00	0.00	0.00	100.00
Vanguard Short-term Treasury Index Inst. Class	0.00	0.00	0.00	100.00
Vanguard Total Bond Market II Index Inst.	0.00	0.00	0.00	100.00
Vanguard Short-term Inflation-Prot. Sec. Index Inst.	0.00	0.00	0.00	100.00
Vanguard Untra Short-term Bond Admiral	0.00	0.00	9.07	100.00
Vanguard High Yield Corp. Admiral	28.39	7.12	0.12	100.00

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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#### **Custodial Credit Risk**

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the State, and are held by either the counterparty or the counterparty's trust department or agent but not in the State's name. All of the State's securities are held directly or by third party custodians, independent of any counterparty, in the name of the State.

#### **D. 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 investments 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. At June 30, 2020, there were no holdings with a single issuer comprising five percent or more of total net investments. It should be noted that investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

#### **E. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. Investment managers attempt to match investments with anticipated cash requirements so as to lessen this risk.

PERA's interest rate risk is controlled by the duration guidelines provided in the Investment Guidelines for each fixed income manager. Duration is loosely defined as the dollar weighted average time to recover all of principal and fixed-income investment. PERA's fixed-income managers are typically limited to duration of plus or minus one year or 20.0 percent of the duration of the applicable portfolio benchmark. ERB does not have a policy for interest rate risk management. However, interest rate risk is managed through duration by operating within defined risk parameters versus a benchmark index.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

Maturities on investment at June 30, 2020, were as follows:

Investment	Fair Value	State of New Mexico Maturities on Investments (Expressed in Thousands)				Life Not Avail.
		< 1 year	1-5 years	6-10 years	> 10 Years	
		<b>Total</b>				
Investments Subject to Interest Rate Risk:						
U.S. Treasuries	\$ 520,887	\$ 333,745	\$ 47,678	\$ -	\$ 139,464	\$ -
U.S. Government Agencies	3,979,692	1,130,819	2,417,951	383,608	47,314	-
Corporate Bonds	4,624,184	703,525	1,576,057	1,971,684	372,918	-
Municipal/Provincial Bonds	58,060	6,784	11,722	7,373	32,181	-
Certificates of Deposit	38,786	11,046	27,740	-	-	-
Repurchase Agreements	612,000	142,000	470,000	-	-	-
Collateralized Debt Obligations	147,507	147,507	-	-	-	-
CMO/REMIC	253,478	130,913	2,461	7,519	112,585	-
Asset-backed Securities	476,448	65,822	313,330	49,483	47,813	-
Commercial Mortgage-backed	278,418	52,767	1,993	12,449	211,209	-
Commercial Paper	2,550	-	2,550	-	-	-
Discounted Notes	955,959	955,959	-	-	-	-
Government Bonds	1,841,370	47,104	743,219	587,914	463,133	-
Money Market	26,407	11,960	-	14,447	-	-
Money Market Mutual Funds	806,018	-	805,483	-	535	-
Mortgage-backed Secs.	1,118,502	5,988	281,483	29,741	801,290	-
Mutual Funds - Fixed	55,799	1,094	-	54,705	-	-
Preferred Stock	24,642	-	-	-	-	24,642
TIPS	505,618	-	-	505,618	-	-
Futures	(286)	(286)	-	-	-	-
International Government Obligations	376,739	-	-	131,983	244,756	-
Bankers' Acceptances	2,484	2,484	-	-	-	-
Cash Collateral	2,986	-	-	-	221	2,765
Derivatives/Interest Rate Swap	(5,585)	-	(5,585)	-	-	-
Swaps	(1,490)	1,606	(2,326)	(60)	(710)	-
Swaptions	9	9	-	-	-	-
Short-term Investments	792,805	792,805	-	-	-	-
Investments Subject to Interest Rate Risk	17,493,987	\$ 4,543,651	\$ 6,693,756	\$ 3,756,464	\$ 2,472,709	\$ 27,407
Investments Not Subject to Interest Rate Risk	43,638,026					
Less: UNM Investments in Consolidated Pool	(226,060)					
Investments Held in UNM Fiduciary Fund	(43,438)					
Add: Education Trust Board - (presented in separate note)	2,412,881					
<b>Total Investments</b>	<b>\$ 63,275,396</b>					

Calculations based on weighted-average method (WAM)

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

The maturities on investments for the Education Trust Board are shown separately as follows:

<b>New Mexico Education Trust Board</b>			
<b>Maturities on Investments</b>			
<b>Investment</b>	<b>&lt; 1 year</b>	<b>1-5 years</b>	<b>6-10 years</b>
<b>The Scholar's Edge:</b>			
Principal Core Fixed Income Fund Class R-6			X
Principal Short-term Income Fund Inst. Class		X	
iShares Core U.S. Aggregate Bond ETF			X
MainStay MacKay High Yield Corp. Class R-6		X	
Vanguard Total Int'l. Bond Index Fund ETF			X
<b>The Education Plan:</b>			
DFA Inflation-Protected Securities - Inst. Class			X
iShares Core Int'l. Aggregate Bond ETF			X
PGIM Global Total Return			X
TIAA-CREF Core Plus Bond Fund Inst. Class			X
Vanguard Total Bond Market Index ETF			X
Vanguard Short-term Treasury Index Inst. Class		X	
Vanguard Total Bond Market II Index Inst.			X
Vanguard Short-term Inflation-Prot. Sec. Index Inst.		X	
Vanguard Untra Short-term Bond Admiral	X		
Vanguard High Yield Corp. Admiral		X	

#### F. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Exposure to foreign currency risk at June 30, 2020 was as follows:

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

State of New Mexico  
Foreign Currency Risk  
International Investment Securities at Fair Value  
(Expressed in Thousands)

Foreign Currency	Equity	Fixed Income	Vent. Cap., Pref. Stk., Rts., REITs, Ptshps., Wrnts.	Derivatives	Total Investments	Cash and Cash Equivalents (Overdraft)
Argentine Peso	\$ -	\$ 815	\$ -	\$ -	\$ 815	\$ 136
Australian Dollar	250,202	10,610	-	(2)	260,810	1,218
Botswana Pula	7	-	-	-	7	1
Brazilian Real	78,677	-	-	(14)	78,663	488
British Pound Sterling	673,263	36,818	123,105	(208)	832,978	2,759
Canadian Dollar	378,670	11,518	-	244	390,432	1,222
Chilean Peso	7,160	204	-	-	7,364	222
Chinese Yuan Renminbi	80,672	-	-	-	80,672	909
Colombian Peso	3,140	833	-	(93)	3,880	38
Croatian Kuna	3	-	-	-	3	-
Czech Koruna	2,631	277	-	-	2,908	161
Danish Krone	108,669	12,201	-	-	120,870	405
Dominican Peso	121	-	-	-	121	-
Egyptian Pound	423	-	-	-	423	24
Euro	1,559,768	146,423	784,265	(730)	2,489,726	26,218
Ghanian Cedi	98	-	-	-	98	-

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

State of New Mexico						
Foreign Currency Risk (Continued)						
International Investment Securities at Fair Value						
<i>(Expressed in Thousands)</i>						
Foreign Currency	Equity	Fixed Income	Vent. Cap., Pref. Stk., Rts., REITs, Ptshps., Wrnts.	Derivatives	Total Investments	Cash and Cash Equivalents
Hong Kong Dollar	\$ 562,011	\$ -	\$ -	\$ -	\$ 562,011	\$ 1,775
Hungarian Forint	6,104	176	-	47	6,327	683
Indian Rupee	44,609	-	-	-	44,609	350
Indonesian Rupiah	39,297	1,361	-	(15)	40,643	503
Israeli Shekel	25,608	547	-	-	26,155	222
Japanese Yen	1,307,059	66,313	-	(79)	1,373,293	6,762
Kenyan Shilling	5	-	-	-	5	-
Malaysian Ringgit	25,661	1,101	-	-	26,762	308
Mexican Peso	35,909	924	-	362	37,195	648
New Taiwan Dollar	253,637	-	-	-	253,637	1,321
New Zealand Dollar	20,752	825	-	-	21,577	1,089
Norwegian Krone	37,026	231	-	-	37,257	316
Pakistan Rupee	(1)	-	-	-	(1)	-
Peruvian Nuevo Sol	1,983	6,824	-	191	8,998	53
Philippine Peso	4,984	-	-	-	4,984	70
Polish Zloty	18,313	533	-	(5)	18,841	541
Qatari Riyal	11,068	-	-	-	11,068	27
Romanian Leu	961	-	-	-	961	-

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

State of New Mexico						
Foreign Currency Risk (Continued)						
International Investment Securities at Fair Value						
(Expressed in Thousands)						
Foreign Currency	Equity	Fixed Income	Vent. Cap., Pref. Stk., Rts., REITs, Ptshps., Wrnts.	Derivatives	Total Investments	Cash and Cash Equivalents
Russian Ruble	\$ 6,618	\$ 457	\$ -	\$ (11)	\$ 7,064	\$ 58
Saudi Riyal	12,307	-	-	-	12,307	49
Singapore Dollar	69,279	573	-	-	69,852	2,079
South African Rand	66,806	-	-	-	66,806	288
South Korean Won	175,081	4,208	-	-	179,289	1,594
Swedish Krona	150,391	958	-	-	151,349	730
Swiss Franc	560,311	1,045	-	(1)	561,355	3,546
Thai Baht	47,080	1,442	-	(48)	48,474	185
Tunisian Dinar	3	-	-	-	3	-
Turkish Lira	7,659	-	-	-	7,659	368
UAE Dirham	5,708	-	-	-	5,708	107
Ukranian Hryvnia	513	-	-	-	513	-
Uruguayan Peso	99	-	-	-	99	-
Subtotals	<u>\$ 6,640,345</u>	<u>\$ 307,217</u>	<u>\$ 907,370</u>	<u>\$ (362)</u>	<u>7,854,570</u>	
Total Investments and Cash and Cash Equivalents Subject to Foreign Currency Risk					7,854,570	<u>\$ 57,473</u>
Investments Not Subject to Foreign Currency Risk					55,420,826	
<b>Total Investments</b>					<u>\$ 63,275,396</u>	



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### Securities Collateral

The State's Investment Policy states that no repurchase agreement 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 102.0 percent of the amount of the contract. The Office of the State Treasurer reports the credit ratings and maturities on collateral securities held by that office at June 30, 2020 as follows:

<b>Collateral Securities Held</b>					<b>Value</b>
<i>(Expressed in Thousands)</i>					
Investments Subject to Interest Rate Risk:					
U.S. Government Mortgage-backed Securities AA+					<u>\$ 612,000</u>
<b>Maturities on Collateralized Securities</b>					
<u>&lt; 1 Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>11-20 Years</u>	<u>Greater Than 20 Years</u>	<u>Total</u>
<u>\$ 612,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,000</u>

#### Securities Lending

The State Public Employee Retirement Association (PERA) participates in a securities lending program as authorized by State statute and its Board policies. Both the State Investment Council and the Educational Retirement Board have terminated their lending programs.

The types of securities lent are U.S. Treasury Notes and Bonds, U.S. and international equity securities, and corporate bonds and notes. Under this program, securities are transferred to an independent broker-dealer or other lending agent in exchange for collateral in the form of cash, government securities, and/or irrevocable bank letters of credit, with a simultaneous agreement to return the collateral for the same securities in the future. The collateral must equal at least 102.0 percent of the market value of the securities.

Per Board policy, PERA may invest the cash collateral in eligible securities or other investments as defined in the governing securities lending agreement. The duration of investments so made does not generally match the maturities of securities loaned. Securities received as collateral may not be pledged or sold without borrower default.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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Total securities on loan at June 30, 2020, had a carrying amount and fair value of \$564.1 million. Under the agreement, the lending agent is required to indemnify the entity if the borrower fails to return the securities, if collateral is inadequate to replace the securities lent, or if the counterparty fails to pay the entity for income distributions by the securities' issuers while the securities are on loan. There were no such losses during the year ended June 30, 2020, due to borrower default.

The fair value of investments made with cash collateral is reported as an asset; the fair value of collateral received is recorded as a liability as PERA must return the cash collateral to the borrower upon the expiration of the loan. The fair value of the securities lending collateral investments was \$296.1 million and the securities lending obligations were \$296.1 million at June 30, 2020. Total cash and noncash collateral was \$600.0 million, 106.2% of the fair value of the securities on loan.

At June 30, 2020, there had been no losses resulting from borrower defaults and PERA had no credit risk exposure to borrowers because the amounts PERA owed to borrowers did not exceed the amounts the borrowers owed to PERA. Net earnings from the securities lending program totaled \$2.6 million for the fiscal year.

#### **Derivatives**

Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. The State's retirement funds' investment policies allow certain portfolio managers to trade in certain derivatives for hedging purposes.

The notional or contractual amounts of derivatives indicate the extent of the State's involvement in the various types and uses of derivative financial instruments and do not measure the State's exposure to credit or market risks, and they do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and other terms of the derivatives.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2020, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the financial statements are as follows:

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### Public Employees Retirement Association

##### Derivative Financial Instruments

(Expressed in Thousands)

Derivative Type	Change in Fair Value	Fair Value	Notional Amount	Unit of Value
<b>Futures Contracts</b>				
Currency Futures	\$ (1,032)	\$ (871)	\$ 62,973	\$ 62,102
Equity Index Futures	(3,424)	(1,576)	(39,615)	(41,191)
Bond Index Futures	(4,783)	1,710	641,795	643,505
Commodity Futures	1,004	3,373	45,874	49,246
<b>Options</b>				
Equity	\$ (2)	\$ (2)	\$ -	\$ (2)
Fixed Income Options	205	(60)	-	(60)
<b>Swap Contracts</b>				
Return Swaps (Equity)	\$ 6,001	\$ 6,001	\$ -	\$ 8,580
Return Swaps (Fixed Income)	(8,002)	(8,002)	-	(8,002)
Cleared Credit Default Swaps	(10,279)	(1,538)	-	(1,206)
Cleared Inflation Swaps	71.00	(135)	-	(135)
Interest Rate Swaps	81.00	123	-	128
Credit Default Swaps	(1.00)	(2)	-	(1)
Cleared Interest Rate Swaps	924	(1,054)	-	(1,056)

#### Educational Retirement Board

##### Derivative Financial Instruments - Notional Amounts

(Expressed in Thousands)

Derivative Type	Balance at June 30, 2020
Futures Contracts - Short	\$ (6,248)
FX Forward Contracts, Net	117,098
Pay Interest Rate Swaps	15,373
Receive Interest Rate Swaps	31,913

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**Educational Retirement Board  
Fair Values of Derivative Instruments  
Unrealized Gain/(Loss)**

<u>Derivative Type</u>	<u>Classification</u>	<u>Gain/Loss</u>
Futures	Investment Income	\$ (31)
Fx Forwards	Investment Income	(31)
Pay Interest Rate Swaps	Investment Income	(387)
Receive Interest Rate Swaps	Investment Income	1,405

<u>Derivative Type</u>	<u>Classification</u>	<u>Amount</u>
Futures	Investment	\$ (31)
Fx Forwards	Investment	(32)
Pay Interest Rate Swaps	Investment	(395)
Receive Interest Rate Swaps	Investment	1,404

**Educational Retirement Board  
Summary of Futures, Options, and Swaps Contracts, By Currency  
(Expressed in Thousands)**

<u>Transation Type</u>	<u>Currency</u>	<u>Notional Amount</u>	<u>Unrealized Gain/Loss</u>
Futures	Euro	\$ (1,348)	\$ (14)
	U.S. Dollar	(4,900)	(17)
Swaps	Brazilian Real	4,101	229
	Chilean Peso	213	5
	Chinese Yuan Renminbi	6,259	(93)
	Colombian Peso	818	68
	Czech Koruna	486	3
	Hungarian Forint	1,444	(8)
	Indian Rupee	1,330	(38)
	Malaysian Ringgit	10,175	495
	Mexican Peso	1,719	67
	Polish Zloty	2,584	181
	Russian Ruble	3,037	12
	South African Rand	2,744	36
	South Korean Won	12,376	62
	<b>Totals</b>		<u>\$ 41,038</u>

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

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*Risk* – There are certain risks inherent in investments in derivatives. Counterparties to financial instruments expose the State to credit risk in the event of nonperformance. The fund managers that are authorized to invest in derivatives are given specific parameters as to the types of derivatives invested in and ratings of the counterparties they are allowed to enter into contracts with to ensure transactions are entered into with only high quality institutions. The State is exposed to market risk; the risk that changes in market conditions may make an investment less valuable. Exposure to market risk is managed within risk limits set by management through buying and selling of specific instruments or by entering into offsetting positions. Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investments. Managers of these assets are given discretion to hedge this risk.

#### **Types of Derivatives Instruments**

*Foreign Currency Exchange Contracts.* The State’s retirement funds may enter into forward contracts to purchase and sell foreign currencies in the normal course of its investing activities to manage the currency exposure associated with the State’s foreign equity and fixed income investments. The terms of these contracts generally do not exceed one year. The credit risk associated with these contracts is minimal as they are entered into with a limited number of highly rated counterparties.

Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. Gains and losses on foreign currency may occur to the extent that the fair value of the contracts varies from the actual contract amount, and they are recorded as incurred in the financial statements.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

The following table summarizes the foreign exchange contracts by currency held by the Education Retirement Board as of June 30, 2020:

**Educational Retirement Board**  
**Foreign Currency Exchange Contracts**  
*(Expressed in Thousands)*

Currency	Buys	Unrealized Gain (Loss)	Sells	Unrealized Gain (Loss)
Australian Dollar	\$ 1,390	\$ (105)	\$ -	\$ -
Brazilian Real	9,911	242	13,164	(54)
Canadian Dollar	216	(8)	214	7
Chilean Peso	3,197	41	456	(7)
Chinese Yuan Renminbi	1,382	25	7,150	(6)
Colombian Peso	1,075	5	499	(2)
Czech Koruna	879	(42)	3,815	128
Euro	6,531	(185)	2,990	27
Hungarian Forint	2,876	(32)	3,247	81
Indian Rupee	3,886	(29)	241	1
Indonesian Rupiah	1,288	11	507	23
Japanese Yen	503	1	1,466	(12)
Malaysian Ringgit	-	-	313	(2)
Mexican Peso	691	10	4,612	(261)
New Israeli Shekel	222	1	964	(2)
New Zealand Dollar	696	(51)	744	4
New Taiwan Dollar	2,782	19	1,342	(11)
Philippine Peso	2,451	(16)	1,408	8
Polish Zloty	2,700	(112)	4,422	161
Romanian Leu	100	(1)	424	18
Russian Ruble	397	7	3,019	(41)
Singapore Dollar	-	-	3,378	(14)
Sol	2,074	32	358	(10)
South African Rand	4,134	122	657	(15)
South Korean Won	521	-	3,832	(5)
Thai Baht	-	-	3,888	18
Turkish Lira	3,379	(9)	707	8
<b>Totals</b>	<b>\$ 53,281</b>	<b>\$ (74)</b>	<b>\$ 63,817</b>	<b>\$ 42</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

***Futures Contracts.*** The State’s retirement funds enter into futures contracts in the normal course of its investing activities, including equity futures, fixed income futures, and commodities futures. They are utilized in order to manage market risk associated with the equity and fixed income investments and to achieve overall investment portfolio objectives. These contracts involve elements of market risk in excess of amounts recognized in the statements of Net Position available for benefits. The credit risk associated with these contracts is minimal as they are traded on organized exchanges.

During 2020 and 2019, the retirement funds were a party to futures contracts held for trading purposes for U.S. Treasury bonds and 90-day Euro dollar fixed income futures. Upon entering into a futures contract, the Board is required to deposit either in cash or securities an amount (“initial margin”) equal to a certain percentage of the nominal value of the contract. Subsequent payments are then made or received by NMERB, depending on the daily fluctuation in the value of the underlying contracts. No U.S. Treasury securities owned and included within NMERB’s investments, were held by the Plan’s broker as performance security on futures contracts as of June 30, 2020.

***Options.*** An option is a contract in which the writer of the option grants the buyer of the option the right to purchase from (call option), or sell to (put option), the writer a designated instrument at a specified price within a specified period. Both written and purchased options were used by the State during the fiscal year. When the State purchases or writes an option, an amount equal to the premium paid or received by the State is recorded as an asset or liability and is subsequently adjusted to the current market value of the option purchased or written. Gain or loss is recognized when the option contract expires or is closed. As of June 30, 2020, there were no open written or purchased options.

***Swap Contracts.*** Swap contracts are executed on a number of different bases. The two types employed by the State during the fiscal year were interest rate swap contracts and credit default swap contracts. An interest rate swap contract is an agreement between two parties to exchange periodic interest payments. One party agrees to make payments to the other based on a fixed rate of interest in exchange for payments based on a variable rate. The State employs interest rate swap contracts to adjust fixed income portfolio durations. A credit default swap contract is similar to an insurance policy; with the credit risk of an individual issuer or a basket of issuers (the “reference asset”) the insured factor. Under such a contract, two parties enter into an agreement whereby the first party pays the second party a fixed periodic payment for the specified life of the contract (analogous to an insurance premium). The other party makes no payment unless a credit event related to the reference asset occurs. If such an event takes place, the second party is obligated to make a payment to the first party. The size of the payment is linked to the decline in the reference asset’s market value following determination of the occurrence of a credit event.

***Hedge Funds.*** The use of other derivatives is allowed under the Hedge Fund Investment Policy. These investments are under the management of the Hedge Fund managers who are employed in the “Hedge Fund”, “Emerging Market Debt,” and “Opportunistic Credit” classifications.

***Asset-Backed Securities.*** The State invests in various forms of asset-backed securities, which fit the previous definition of derivative securities. These securities are held for investment purposes. The credit risk, interest rate risk, and foreign currency risk for these instruments have been disclosed elsewhere in these Notes.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### Discretely-Presented Component Units

#### Fair Value

The fair value of investments of the discretely-presented component units were as follows:

State of New Mexico				
Discretely Presented Component Units				
Fair Value of Investments				
<i>(Expressed in Thousands)</i>				
Investment	Fair Value June 30, 2020	Quoted Prices, Active Markets (Level 1)	Observable Inputs Other Than Quoted Prices (Level 2)	Unobservable Inputs (Level 3)
<b>Equity Securities:</b>				
Domestic Common Stock	\$ 65,483	\$ 65,483	\$ -	\$ -
International Common Stock	13,968	13,968	-	-
Real Assets	2,526	757	1,769	-
Marketable Securities	197	197	-	-
Mutual Funds - Equity	83,937	83,937	-	-
Mutual Funds - Cash	1,285	1,270	15	-
Cash Equivalents	10,419	10,419	-	-
Money Market Funds	7,696	7,696	-	-
Balanced Funds	194	194	-	-
Real Estate	4,327	-	-	4,327
Total Equity Securities	<u>190,032</u>	<u>183,921</u>	<u>1,784</u>	<u>4,327</u>
<b>Debt Securities:</b>				
U.S. Government Bonds	59,076	57,280	1,796	-
US Treasuries	328,428	328,428	-	-
Corporate Bonds	1,783	-	1,783	-
Municipal Bonds	3,113	-	3,113	-
Mutual Funds - Fixed	4,091	3,892	199	-
Motgage-backed Securities	5,263	3,791	1,472	-
Certificates of Deposit	1,104	1,104	-	-
Securitized Mortgage Loans	1,111,815	1,111,815	-	-
Fixed Income	703	703	-	-
Other	24	-	24	-
Total Debt Securities	<u>1,515,400</u>	<u>1,507,013</u>	<u>8,387</u>	<u>-</u>
<b>Total Investments Measured</b>				
<b>At Fair Value</b>	<u>1,705,432</u>	<u>\$ 1,690,934</u>	<u>\$ 10,171</u>	<u>\$ 4,327</u>



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

State of New Mexico Discretely Presented Component Units Fair Value of Investments (Expressed in Thousands)				
Investment	Fair Value June 30, 2020	Quoted Prices, Active Markets	Observable Inputs	
		(Level 1)	Other Than Quoted Prices (Level 2)	Unobservable Inputs Level 3)
Investments Measured At Net Asset Value (NAV):		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate	3,813	\$ -	-	-
Limited Partnerships	30,983	15,995	None - Qtrly	0 - 90 days
Limited Partnerships	10,213	2,021	None - Monthly	0 - 90 days
Limited Partnerships	21,310	-	-	-
Hedge Funds	143	-	-	-
Private Equity Funds	305	-	-	-
Mutual Funds - International	28,111	-	-	-
<b>Investments Measured at NAV</b>	<b>94,878</b>			
<b>Investments Measured by the Equity Method:</b>				
Investments in Small Businesses	2,491			
<b>Other Investments:</b>				
Held in Investment Pools	93,168			
Held by UNM Consol. Invest. Fund	226,060			
Investment Information Not Available	16,602			
<b>Total Other Investments</b>	<b>335,830</b>			
<b>Total Investments, Discretely-presented Components</b>	<b>\$ 2,138,631</b>			

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### Interest Rate Risk

The investments of the discretely-presented component units were exposed to interest rate risk as follows:

State of New Mexico Discretely Presented Component Units Maturities on Investments (Expressed in Thousands)							
Investment Type	Fair Value	Investment Maturities (in Years)					Not Available
		Less Than 1 year	1-5 years	6-10 years	Greater Than 10 Years	-	
Investments Subject to Interest							
Rate Risk:							
U.S. Treasury Notes/Bonds	\$ 330,747	\$ 329,945	\$ 802	\$ -	\$ -	\$ -	-
Fixed Income	703	703	-	-	-	-	-
Certificates of Deposit	1,000	-	-	-	-	-	1,000
U.S. Government Bonds	58,054	10,200	47,369	101	384	-	-
Corporate Bonds	728	5	171	395	157	-	-
Mortgage-backed Securities	661	-	60	-	601	-	-
Pooled Funds	93,168	-	-	-	-	-	93,168
Municipal Bonds	3,112	67	876	1,104	1,065	-	-
Money Market	7,696	-	-	-	-	-	7,696
Securitized Mortgage Loans	1,111,815	7,750	674	10,288	1,093,103	-	-
Real Assets	2,526	2,526	-	-	-	-	-
Balanced Funds	194	194	-	-	-	-	-
Investments Subject to Interest Rate Risk	1,610,404	<u>\$ 351,390</u>	<u>\$ 49,952</u>	<u>\$ 11,888</u>	<u>\$ 1,095,310</u>	<u>\$ 101,864</u>	<u>-</u>
Investments Not Subject to Interest Rate Risk							
Interest Rate Risk	15,026						
Held in CI Fund	226,060						
Information Not Available	287,141						
<b>Total Investments, Discretely-Presented Components</b>	<u><b>\$ 2,138,631</b></u>						

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

#### Credit Risk

The investments of the discretely-presented component units were subject to credit risk as follows:

State of New Mexico		
Discretely Presented Component Units		
Quality Ratings		
<i>(Expressed in Thousands)</i>		
<u>Investment Type</u>	<u>Rating</u>	<u>Value</u>
Investments Subject to Credit Risk - S&P Ratings:		
U.S. Government Bonds	Gov't. Guarantee	\$ 986
	AA+	31
	AA	16,213
Corporate Bonds	AAA	91
	AA-	62
	A+	1
	A	4
	A-	162
	BBB+	281
	BBB	78
	BBB-	5
	BB+	45
Securitized Mortgage Loans	AA	176,195
	Gov't. Guar.	935,620
Mortgage-backed Securities	AAA	42
	Not Rated	151
Other Securities	Not Rated	370,422
Total Subject to Risk - S & P Ratings		<u>1,500,389</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 3 (CONTINUED)

**State of New Mexico**  
**Discretely Presented Component Units**  
**Quality Ratings**  
*(Expressed in Thousands)*

<u>Investment Type</u>	<u>Rating</u>	<u>Value</u>
Investments Subject to Credit Risk - Moody's Ratings:		
Municipal Bonds	Aaa	677
	Aa1	305
	Aa2	608
	Aa3	530
	A1	25
	Baa2	10
	Not Rated	958
U.S. Treasuries	Aaa	2,318
Total Subject to Risk - Moody's Ratings		<u>5,431</u>
Total Subject to Credit Risk		1,505,820
Total Not Subject to Credit Risk		28,933
Held by SIC Investment Pool		93,168
Held by UNM Consol. Inv. Fd.		226,060
Information Not Available		<u>284,650</u>
<b>Total Investments, Discretely-</b>		
<b>Presented Components</b>		<u><u>\$ 2,138,631</u></u>

#### Concentration of Credit Risk

The New Mexico Mortgage Finance Authority had the following issuers and their respective percentage of total investments represent greater than five percent of their total investments reported as of September 30, 2020: Ginnie Mae at 80 percent and Fannie Mae at 15 percent.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 4

#### NOTE 4. Receivables

Receivables at June 30, 2020, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

	Federal	Local Governments	Accounts Receivable	Brokers	Interest	Taxes	Current Loans	Allowance	Current Receivables, Net Total	Noncurrent Loans, Net	Noncurrent Accounts Receivable	Noncurrent Receivables, Net Total	Receivables, Net Total
Governmental Activities	\$ 826,940	\$ 10,544	\$ 465,419	\$ 365,471	\$ 22,882	\$ 2,497,593	\$ 21,263	\$ (1,828,199)	\$ 2,381,913	\$ 4,419	\$ 4,056	\$ 8,475	\$ 2,390,388
Business-Type Activities	127,300	-	520,476	-	1,335	43,718	11,421	(80,082)	624,168	212,128	-	212,128	836,295
Fiduciary Funds	-	5	146,048	1,262,267	10,716	339,220	13,221	(1,953)	1,769,524	-	-	-	1,769,524
Component Units	-	-	33,644	-	3	-	141,335	-	174,982	1,866,635	-	1,866,635	2,041,618
<b>Governmental Activities:</b>													
General	824,008	10,512	390,598	50,448	22,877	2,497,593	21,263	(1,824,263)	1,993,037	4,419	4,056	8,475	2,001,511
Debt Service	-	-	1,338	-	5	-	-	-	1,343	-	-	-	1,343
Capital Projects	2,932	32	98	-	-	-	-	-	3,062	-	-	-	3,062
Severance Tax Permanent	-	-	14,223	79,728	-	-	-	-	93,951	-	-	-	93,951
Land Grant Permanent	-	-	47,988	235,295	-	-	-	-	283,283	-	-	-	283,283
Internal Service	-	-	11,174	-	-	-	-	(3,936)	7,238	-	-	-	7,238
<b>Business-type Activities:</b>													
Educational Institutions	-	-	429,305	-	-	-	-	-	429,305	15,252	-	15,252	444,557
Major Enterprise	127,241	-	70,245	-	-	43,718	-	(74,255)	166,948	-	-	-	166,948
Nonmajor Enterprise	59	-	20,926	-	1,335	-	11,421	(5,827)	27,915	196,876	-	196,876	224,791
<b>Fiduciary Funds:</b>													
Pension Trust	-	-	140,399	1,259,895	10,716	-	13,131	(226)	1,423,915	-	-	-	1,423,915
External Trust	-	-	462	2,121	-	-	-	-	2,583	-	-	-	2,583
Private Purpose Trust	-	5	2,176	251	-	-	-	-	2,432	-	-	-	2,432
Agency	-	-	3,011	-	-	339,220	90	(1,727)	340,594	-	-	-	340,594
<b>Discrete Component Units:</b>													
Finance Authority	-	-	10,863	-	-	-	141,335	-	152,198	1,583,144	-	1,583,144	1,735,343
Mortgage Finance Authority	-	-	4,485	-	-	-	-	-	4,485	219,932	-	219,932	224,417
Other Major Component Units	-	-	15,785	-	-	-	-	-	15,785	977	-	977	16,762
Nonmajor Component Units	-	-	2,511	-	3	-	-	-	2,513	62,582	-	62,582	65,095

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 4 (CONTINUED)

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, amounts from investment brokers, interest earnings, general and selective income taxes, and receivables because of overpayments to individuals receiving state assistance.

#### Arizona Water Settlement

The State of New Mexico entered into the Arizona Water Settlement with the federal government. Under the terms of the agreement, the federal government will pay the State of New Mexico a total of \$66 million in 2004 dollars adjusted for inflation, in 10 annual installments. The inflation adjusted amount is estimated at \$90.4 million. The installment of \$9.04 million was received by the Agency during the fiscal year ended June 30, 2020, and the Agency recorded a receivable of \$8.5 million to account for the remaining amount due. This receivable will be reduced as payments are received from the federal government according to the settlement agreement. In addition, the actual amounts received may require adjustment relative to the receivable recorded, due to indexing.

The amounts expected by year, as of June 30, 2020, assuming imputed interest of approximately 6.17%, are as follows:

#### **Arizona Water Settlement Receivable** *(Expressed in Thousands)*

<u>Year-End June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	9,040	524	9,564
<b>Total</b>	<b>\$ 9,040</b>	<b>\$ 524</b>	<b>\$ 9,564</b>

The amounts received under this settlement agreement are restricted to costs of a New Mexico Unit that would develop all or some of the water provided to New Mexico in the Arizona Water Settlement Act, for water utilization alternatives that meet a water supply demand, planning, environmental restoration, or mitigation.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 4 (CONTINUED)

#### Discrete Component Units

The following is an analysis of the allowance for loan losses as of June 30, 2020 for the two largest discretely-presented component units (in thousands):

#### NMFA & NMMFA - Loan Loss Allowance

	NM Finance Authority	NM Mortgage Fin. Auth.
Beginning Balance	\$ 2,781	\$ 3,300
Provision for Loan Losses	176	199
Loans Written Off, Net of Recoveries	(1,328)	2,348
Ending Balance	<u>\$ 1,629</u>	<u>\$ 5,847</u>

NM Finance Authority Loans have repayment terms ranging from one to 30 years. The stated interest rates are between 0.0 – 6.0 percent. NMMFA mortgage loans have repayment terms ranging from 10 to 40 years. The stated interest rates for these programs are as follows:

#### NMMFA - Loan Repayment Terms

Rental Housing Programs	2.5% -	7.0%
Other Mortgage Loans	0.0% -	8.4%
Second Mortgage Down Payment Assistance Loans	0.0% -	6.6%

MBSs have stated interest rates ranging from 2.6% and 7.5%.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 5

#### NOTE 5. Interfund and Interagency Receivables, Payables, and Transfers

Interfund receivables and payables balances result from the time lags between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital for another fund. All transfers must be legally authorized by the Legislature through statute or an Appropriation Act. Transfers during the year were made to finance the operations of the individual departments as authorized by the Legislature and to revert (transfers out) any unspent or unencumbered balance of the authorized appropriations. Transfers between the primary government and the fiduciary funds and component units are reclassified as expenditures in the government-wide financial statements.

The composition of interfund balances as of June 30, 2020, is as follows (in thousands):

	<u>Due From</u>	<u>Due To</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Activities:</b>				
General	\$ 3,485	\$ 167,384	\$ 1,165,773	\$ 1,143,260
Debt Service	78,647	-	4,331	31,873
Capital Projects	585	12,798	300,572	220,944
Severance Tax Permanent	116	-	31,873	234,870
Land Grant Permanent	82,837	-	-	818,376
Internal Service	-	-	40,130	30,067
Total Governmental Activities	<u>165,670</u>	<u>180,182</u>	<u>1,542,679</u>	<u>2,479,390</u>
<b>Business-type Activities:</b>				
Educational Institutions	17,704	1,145	922,642	-
Major Enterprise	-	43	-	-
Nonmajor Enterprise	-	2,004	15,233	1,164
Total Business-type Activities	<u>\$ 17,704</u>	<u>\$ 3,192</u>	<u>937,875</u>	<u>1,164</u>
<b>Totals</b>	<u><b>\$ 183,374</b></u>	<u><b>\$ 183,374</b></u>	<u><b>\$ 2,480,554</b></u>	<u><b>\$ 2,480,554</b></u>



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 6

#### NOTE 6. Capital Assets

Capital asset activity for Governmental Activities for the year ended June 30, 2020, was as follows (in thousands):

Governmental Activities:	Beginning Balance	Restatement	Additions	Deletions	Reclass	Transfers	Ending Balance
<b>Capital Assets not being Depreciated:</b>							
Land and Land Improvements	\$ 680,760	\$ -	\$ 848	\$ (9)	\$ 3,296	\$ -	\$ 684,895
Construction in Progress	525,709	667	454,233	(473)	(302,379)	(10,087)	667,670
Mineral Rights	84,179	-	7,731	(55)	-	-	91,855
Art and Other	739	-	-	-	-	-	739
<b>Total Capital Assets not being Depreciated</b>	<b>1,291,387</b>	<b>667</b>	<b>462,812</b>	<b>(537)</b>	<b>(299,083)</b>	<b>(10,087)</b>	<b>1,445,159</b>
<b>Capital Assets being Depreciated:</b>							
Land Improvements	56,073	-	806	-	973	-	57,852
Equipment and Machinery	199,235	(500)	29,536	(6,063)	684	(369)	222,523
Building and Improvements	1,986,865	-	34,033	(29,349)	13,418	(1,006)	2,003,961
Furniture and Fixtures	22,578	639	494	(825)	167	214	23,267
Data Processing Equipment and Software	417,058	371	12,430	(11,676)	1,462	6,055	425,700
Library Books and Other	10,907	-	11,335	(6,860)	-	-	15,382
Vehicles	361,312	(234)	14,744	(12,768)	-	1,456	364,510
Infrastructure	13,559,933	-	20	(67,623)	282,379	-	13,774,709
<b>Total Capital Assets being Depreciated</b>	<b>16,613,961</b>	<b>276</b>	<b>103,398</b>	<b>(135,164)</b>	<b>299,083</b>	<b>6,350</b>	<b>16,887,904</b>
<b>Less Accumulated Depreciation for:</b>							
Land Improvements	(34,500)	-	(1,527)	67	(8)	-	(35,968)
Equipment and Machinery	(141,771)	(9)	(10,661)	6,036	93	(2)	(146,314)
Building and Improvements	(1,025,385)	(80)	(58,152)	22,823	-	-	(1,060,794)
Furniture and Fixtures	(17,225)	(213)	(1,200)	749	(1)	2	(17,888)
Data Processing Equipment and Software	(243,050)	(82)	(29,811)	11,650	(84)	-	(261,377)
Library Books and Other	(1,268)	-	(12)	-	-	-	(1,280)
Vehicles	(260,544)	268	(24,474)	19,291	-	-	(265,459)
Infrastructure	(9,067,751)	-	(405,098)	67,623	-	-	(9,405,226)
<b>Total Accumulated Depreciation</b>	<b>(10,791,494)</b>	<b>(116)</b>	<b>(530,935)</b>	<b>128,239</b>	<b>-</b>	<b>-</b>	<b>(11,194,306)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>5,822,467</b>	<b>160</b>	<b>(427,537)</b>	<b>(6,925)</b>	<b>299,083</b>	<b>6,350</b>	<b>5,693,598</b>
<b>Capital Assets, Net</b>	<b>\$ 7,113,854</b>	<b>\$ 827</b>	<b>\$ 35,275</b>	<b>\$ (7,462)</b>	<b>\$ -</b>	<b>\$ (3,737)</b>	<b>\$ 7,138,757</b>

Depreciation expense charged to functions/programs of governmental activities was as follows (in thousands):

General Control	\$ 54,196
Education	634
Health and Human Services	10,254
Highways and Transportation	415,932
Culture, Recreation, and Nat. Resources	18,261
Judicial	6,244
Legislative	1,862
Public Safety	18,011
Regulation and Licensing	5,541
<b>Total</b>	<b>\$ 530,935</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 6 (CONTINUED)

Capital asset activity for Business-type Activities for the year ended June 30, 2020, was as follows (in thousands):

Business-type Activities:	Beginning Balance	Restatement	Additions	Deletions	Reclass	Transfers	Ending Balance
<b>Capital Assets not being Depreciated:</b>							
Land and Land Improvements	\$ 102,414	\$ -	\$ 2,054	\$ -	\$ (10,149)	\$ -	\$ 94,319
Construction in Progress	164,864	-	152,224	(4,621)	(156,045)	2,998	159,420
Art and Other	2,572	-	-	-	(55)	-	2,517
<b>Total Capital Assets not being Depreciated</b>	<b>269,850</b>	<b>-</b>	<b>154,278</b>	<b>(4,621)</b>	<b>(166,249)</b>	<b>2,998</b>	<b>256,256</b>
<b>Capital Assets being Depreciated:</b>							
Land Improvements	137,638	-	1,654	(139)	1,330	-	140,483
Equipment and Machinery	951,523	-	44,125	(33,549)	1,166	-	963,265
Building and Improvements	3,509,917	-	3,587	(11,211)	162,450	739	3,665,482
Furniture and Fixtures	786	-	-	-	-	-	786
Data Processing Equipment and Software	22,494	-	404	(17)	-	-	22,881
Library Books and Other	342,927	-	9,969	(9,930)	(3,198)	-	339,768
Vehicles	7,170	-	258	(276)	(390)	-	6,762
Infrastructure	333,228	-	4,756	-	4,891	-	342,875
<b>Total Capital Assets being Depreciated</b>	<b>5,305,683</b>	<b>-</b>	<b>64,753</b>	<b>(55,122)</b>	<b>166,249</b>	<b>739</b>	<b>5,482,302</b>
<b>Less Accumulated Depreciation for:</b>							
Land Improvements	(120,550)	-	(7,665)	138	-	-	(128,077)
Equipment and Machinery	(723,659)	-	(55,871)	32,716	2,579	-	(744,235)
Building and Improvements	(1,604,927)	-	(92,355)	10,738	(6,101)	-	(1,692,645)
Furniture and Fixtures	(724)	-	(8)	-	-	-	(732)
Data Processing Equipment and Software	(19,174)	-	(381)	17	-	-	(19,538)
Library Books and Other	(298,104)	-	(10,869)	9,931	3,122	-	(295,920)
Vehicles	(5,407)	-	(374)	257	400	-	(5,124)
Infrastructure	(215,003)	-	(15,636)	-	-	-	(230,639)
<b>Total Accumulated Depreciation</b>	<b>(2,987,548)</b>	<b>-</b>	<b>(183,159)</b>	<b>53,797</b>	<b>-</b>	<b>-</b>	<b>(3,116,910)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>2,318,135</b>	<b>-</b>	<b>(118,406)</b>	<b>(1,325)</b>	<b>166,249</b>	<b>739</b>	<b>2,365,392</b>
<b>Capital Assets, Net</b>	<b>\$ 2,587,985</b>	<b>\$ -</b>	<b>\$ 35,872</b>	<b>\$ (5,946)</b>	<b>\$ -</b>	<b>\$ 3,737</b>	<b>\$ 2,621,648</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 7

Capital asset activity for Fiduciary Funds for the year ended June 30, 2020 was as follows (in thousands):

Fiduciary Funds:	Beginning Balance	Restatement	Additions	Deletions	Reclass	Transfers	Ending Balance
Capital Assets not being Depreciated:							
Land and Land Improvements	\$ 1,797	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,797
Construction in Progress	-	-	-	-	-	-	-
Art and Other	31	-	-	-	-	-	31
Total Capital Assets not being Depreciated	<u>1,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,828</u>
Capital Assets being Depreciated:							
Land Improvements	19	-	-	-	-	-	19
Equipment and Machinery	244	-	27	-	-	-	271
Building and Improvements	16,083	-	-	-	-	-	16,083
Furniture and Fixtures	1,303	-	23	(106)	-	-	1,220
Data Processing Equipment and Software	26,992	-	429	-	-	-	27,421
Vehicles	57	-	-	-	-	-	57
Total Capital Assets being Depreciated	<u>44,698</u>	<u>-</u>	<u>479</u>	<u>(106)</u>	<u>-</u>	<u>-</u>	<u>45,071</u>
Less Accumulated Depreciation for:							
Land Improvements	(1,020)	-	(36)	-	-	-	(1,056)
Equipment and Machinery	(35)	-	-	-	-	-	(35)
Building and Improvements	(6,063)	-	(524)	-	-	-	(6,587)
Furniture and Fixtures	(1,058)	-	(151)	100	-	-	(1,109)
Data Processing Equipment and Software	(24,154)	-	(259)	-	-	-	(24,413)
Vehicles	(57)	-	-	-	-	-	(57)
Total Accumulated Depreciation	<u>(32,387)</u>	<u>-</u>	<u>(970)</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>(33,257)</u>
Total Capital Assets being Depreciated, Net	<u>12,311</u>	<u>-</u>	<u>(491)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>11,814</u>
Total Capital Assets being Depreciated, Net	<u>\$ 14,139</u>	<u>\$ -</u>	<u>\$ (491)</u>	<u>\$ (6)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,642</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 7

Capital asset activity for Component Units for the year ended June 30, 2020 was as follows (in thousands):

Component Units - Capital Assets	Beginning Balance	Restatement	Additions	Deletions	Reclass	Transfers	Ending Balance
Capital Assets not being Depreciated:							
Land and Land Improvements	\$ 14,929	\$ (273)	\$ 5,287	\$ -	\$ -	\$ -	\$ 19,943
Construction Work in Progress	3,791	(273)	3,083	-	(1,617)	-	4,984
Mineral Rights	-	30	-	-	-	-	30
Art and Other	3,643	148	436	(2)	-	-	4,225
Total Capital Assets not being Depreciated	22,363	(368)	8,806	(2)	(1,617)	-	29,182
Capital Assets being Depreciated:							
Building and Improvements	84,198	(1,160)	6,834	(780)	1,185	-	90,277
Leasehold Improvements	23	-	-	-	-	-	23
Infrastructure	6,896	9,967	709	-	-	-	17,572
Aircrafts	105	-	-	-	-	-	105
Vehicles	1,849	1,335	322	(130)	-	-	3,376
Machinery And Equipment	6,306	8,885	667	(83)	432	-	16,207
Data Processing Equipment and Software	4,075	-	92	(63)	-	-	4,104
Furniture and Fixtures	10,023	(516)	1,877	(444)	-	-	10,940
Total Capital Assets being Depreciated	113,475	18,511	10,501	(1,500)	1,617	-	142,604
Less Accumulated Depreciation for:							
Building and Improvements	(16,438)	(2,958)	(2,948)	149	-	-	(22,195)
Infrastructure	(2)	(9,658)	(722)	-	-	-	(10,382)
Vehicles	(819)	(1,304)	(297)	26	-	-	(2,394)
Equipment and Machinery	(2,184)	(8,044)	(574)	74	-	-	(10,728)
Leasehold Improvements	-	-	-	-	-	-	-
Data Processing Equipment and Software	(3,911)	-	(176)	63	-	-	(4,024)
Furniture and Fixtures	(6,547)	341	(1,135)	392	-	-	(6,949)
Total Accumulated Depreciation	(29,901)	(21,623)	(5,852)	704	-	-	(56,672)
Total Capital Assets being Depreciated, Net	83,574	(3,112)	4,649	(796)	1,617	-	85,932
<b>Capital Assets, Net</b>	<b>\$ 105,937</b>	<b>\$ (3,480)</b>	<b>\$ 13,455</b>	<b>\$ (798)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 115,114</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 7

#### NOTE 7. Deferred Outflows of Resources

##### A. Deferred Charge on Refunding

The State issued multiple series of refunding bonds in prior years to advance-refund certain older issues. Thus, the bonds which were advance-refunded are considered defeased in substance. The excess of the reacquisition price (funds required to refund the old debt) over the net carrying amount of the old debt resulted in a loss, reported as a deferred outflow of resources. For fiscal year ending June 30, 2020, the deferred outflow of resources for governmental activities and business-type activities were as follows (in thousands):

##### Deferred Charge on Refunding

	<u>Governmental</u>	<u>Business-type</u>
Beginning Balance	\$ 70,901	\$ 4,792
Additions	-	-
Deletions	(10,689)	576
Ending Balance	<u>\$ 60,212</u>	<u>\$ 5,368</u>

##### B. Interest Rate Swaps

In the course of bond refunding transactions, the State has entered into transactions termed interest rate swaps, which are classified as hedges. This has resulted in items classified as a deferred outflow of resources. For more information on these interest rate swaps, see Notes 8 G and 8 H.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### NOTE 8. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2020, are presented in the following table (in thousands). As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

	<b>Beginning Balance, Restated</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>	<b>Long term Debt</b>
<b>Governmental Activities:</b>						
General Obligation Bonds	\$ 350,925	\$ 139,985	\$ (69,210)	\$ 421,700	\$ 83,080	\$ 338,620
Severance Tax Bonds	814,370	-	(134,125)	680,245	128,115	552,130
Revenue Bonds and Loans Payable	1,221,323	-	(126,654)	1,094,669	122,950	971,719
Net Unamortized Premiums, Discounts	257,175	17,947	(51,328)	223,794	45,910	177,884
Total Bonds Payable	<u>2,643,793</u>	<u>157,932</u>	<u>(381,317)</u>	<u>2,420,408</u>	<u>380,055</u>	<u>2,040,353</u>
Notes Payable	1,250	-	(1,250)	-	-	-
Insurance Claims Payable	166,594	3,625	(17,827)	152,392	85,205	67,187
Contingent Liabilities	29,516	22	(29,516)	22	22	-
Compensated Absences	68,942	89,168	(74,505)	83,605	76,640	6,965
Native American Water Settlement Liability	69,706	21,837	-	91,543	-	91,543
Pollution Remediation Obligation	27,456	16,291	(2,081)	41,666	1,235	40,431
Misc. Liabilities	451,315	195,960	(17,739)	629,536	625,159	4,377
Total Other Liabilities	<u>814,779</u>	<u>326,903</u>	<u>(142,918)</u>	<u>998,764</u>	<u>788,261</u>	<u>210,503</u>
<b>Total Governmental Long-term Liabilities</b>	<b>\$ 3,458,572</b>	<b>\$ 484,835</b>	<b>\$ (524,235)</b>	<b>\$ 3,419,172</b>	<b>\$ 1,168,316</b>	<b>\$ 2,250,856</b>
<b>Business-type Activities:</b>						
Revenue Bonds	\$ 865,272	\$ 92,005	\$ (133,858)	\$ 823,419	\$ 48,806	\$ 774,613
Bond Premium, Discount, Net	41,791	4,949	(7,461)	39,279	35	39,244
Total Bonds Payable	<u>907,063</u>	<u>96,954</u>	<u>(141,319)</u>	<u>862,698</u>	<u>48,841</u>	<u>813,857</u>
Compensated Absences	87,589	81,792	(70,298)	99,083	77,350	21,733
Reserve for Losses	98,168	30,845	(27,073)	101,940	19,575	82,365
Notes Payable	11,285	3,166	(945)	13,506	2,231	11,275
Insurance Claims Payable	7,178	7,324	(4,549)	9,953	9,953	-
Capital Leases	938	55	(447)	546	300	246
Derivative Instruments - Interest Rate Swaps	7,186	1,189	-	8,375	-	8,375
Student Loans	15,060	300	(3,291)	12,069	-	12,069
Environmental Cleanup	5,434	-	-	5,434	-	5,434
Misc. Liabilities	56,278	125,510	(7,739)	174,049	170,723	3,326
Total Other Liabilities	<u>289,116</u>	<u>250,181</u>	<u>(114,342)</u>	<u>424,955</u>	<u>280,132</u>	<u>144,823</u>
<b>Total Business-type Long-term Liabilities</b>	<b>\$ 1,196,179</b>	<b>\$ 347,135</b>	<b>\$ (255,661)</b>	<b>\$ 1,287,653</b>	<b>\$ 328,973</b>	<b>\$ 958,680</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>	<b>Long term Debt</b>
<b>Fiduciary:</b>						
Pension Trust Funds						
Reserve for Losses	21,653	-	\$ (1,132)	\$ 20,521	\$ 20,521	\$ -
Compensated Absences	\$ 768	\$ 573	\$ (317)	\$ 1,024	\$ 974	\$ 50
<b>Total Fiduciary Long-term Liabilities</b>	<b>\$ 22,421</b>	<b>\$ 573</b>	<b>\$ (1,449)</b>	<b>\$ 21,545</b>	<b>\$ 21,495</b>	<b>\$ 50</b>

	<b>Beginning Balance, Restated</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>	<b>Long term Debt</b>
<b>Component Units:</b>						
Revenue Bonds	\$ 2,462,644	\$ 398,255	\$ (300,783)	\$ 2,560,116	\$ 162,909	\$ 2,397,207
Total Bonds Payable	2,462,644	398,255	(300,783)	2,560,116	162,909	2,397,207
Compensated Absences	1,143	883	(724)	1,302	1,280	22
Notes Payable	39,347	276,804	(281,485)	34,666	30,953	3,713
Loans Payable	257	561	(257)	561	561	-
Misc. Liabilities	518,317	26,869	(3,229)	541,957	415,457	126,500
Total Other Liabilities	559,064	305,117	(285,695)	578,486	448,251	130,235
<b>Total Component Unit Long-term Liabilities</b>	<b>\$ 3,021,708</b>	<b>\$ 703,372</b>	<b>\$ (586,478)</b>	<b>\$ 3,138,602</b>	<b>\$ 611,160</b>	<b>\$ 2,527,442</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### A. Restatement Summary

A summary of the restated balances of long-term liabilities follows. Only those balances which have changed are presented in this summary (in thousands):

	<b>Ending Balance FY 19</b>	<b>Beginning Balance (Restated)</b>	<b>Change Increase (Decrease)</b>	<b>Reason</b>
<b>Governmental Activities:</b>				
Net Unamortized Premiums	\$ 257,989	\$ 257,175	\$ (814)	Correction of reporting error.
Compensated Absences	68,795	68,942	147	Correction of error.
Insurance Claims Payable	166,593	166,594	1	Rounding
Pollution Remediation Obligations	27,457	27,456	(1)	Rounding
Miscellaneous Liabilities	451,647	451,315	(332)	Correction of error.
Rounding			(1)	Rounding
Total Net Change			(1,000)	
Total Ending Long-term Liabilities, FY 19			3,459,571	
<b>Total Beginning Long-term Liabilities, FY 20</b>			<b>\$ 3,458,571</b>	
<b>Business-type Activities:</b>				
Compensated Absences	\$ 87,588	\$ 87,589	1	
Reserve for Losses	98,170	98,168	(2)	
Insurance Claims Payable	7,179	7,178	(1)	
Capital Leases	939	938	(1)	
Miscellaneous Liabilities	56,715	56,278	(437)	Reporting Error
Rounding			(3)	Rounding
Total Net Change, Business-type			(443)	
Total Long-term Ending Liabilities, FY 19			1,196,621	
<b>Total Beginning Long-term Liabilities, FY 20</b>			<b>\$ 1,196,178</b>	
	<b>Ending Balance FY 19</b>	<b>Beginning Balance (Restated)</b>	<b>Change Increase (Decrease)</b>	<b>Reason</b>
<b>Fiduciary Activities:</b>				
Reserve for Losses	\$ -	\$ 21,653	\$ 21,653	Omitted from prior year
Total Net Change			21,653	
Total Long-term Ending Liabilities, FY 19			768	
<b>Total Beginning Long-term Liabilities, FY 20</b>			<b>\$ 22,421</b>	
<b>Component Units</b>				
Compensated Absences	\$ 915	\$ 1,143	228	Charter Schools Error
Total Net Change			228	
Total Long-term Ending Liabilities, FY 19			3,021,480	
<b>Total Beginning Long-term Liabilities, FY 20</b>			<b>\$ 3,021,708</b>	



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### B. General Obligation Bonds

The State issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities for local governments as authorized by the Legislature of the State of New Mexico. General obligation bonds are direct obligations and pledge the full faith and credit of the State. These bonds generally are issued as 10-year serial bonds with equal amounts of principal maturing each year. Funding for the payment of the debt service of the general obligation bonds is provided through the collection of property taxes levied by the local governments receiving the funding for capital spending. General obligation bonds outstanding at year-end are as follows:

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b>General Obligation Bonds Payable</b>						
<i>(Expressed in Thousands)</i>						
<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2020</b>	<b>Due in One Year</b>
Series 2011	5/26/11	2021	2.00 - 4.00	\$ 18,645	\$ 2,160	\$ 2,160
Series 2015	3/25/15	2025	5.00	141,635	79,815	14,445
Series 2017A	8/1/17	2027	5.00	148,520	115,465	12,120
Series 2017B	8/1/17	2025	5.00	151,790	115,250	26,545
Series 2019	8/1/19	2029	5.00	139,985	109,010	27,810
<b>Total General Obligation Bonds Payable</b>					<b>\$ 421,700</b>	<b>\$ 83,080</b>

Annual debt service requirements to maturity for General Obligation Bonds are as follows:

<b>General Obligation Bonds</b>			
<b>Debt Service Requirements to Maturity</b>			
<b>For Fiscal Years End June 30</b>			
<i>(Expressed in Thousands)</i>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 83,080	\$ 21,063	\$ 104,143
2022	68,950	16,931	85,881
2023	75,315	13,483	88,798
2024	57,390	9,718	67,108
2025	62,580	6,849	69,429
2026 - 2029	74,385	7,594	81,979
<b>Total</b>	<b>\$ 421,700</b>	<b>\$ 75,638</b>	<b>\$ 497,338</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### C. Severance Tax Bonds

Severance tax bonds are used to fund the capital needs of state agencies, local governments, and public and higher education as authorized by the Legislature of the State of New Mexico. In addition, severance tax bonds have been issued to refund severance tax bonds. Funding for the payment of the debt service of the severance tax bonds is provided through the collection of severance taxes levied on the mining and production of various natural resources, such as minerals, oil, and gas. The severance tax bonds are secured by the levied taxes. This is a permanent commitment of a portion of total severance tax revenues. As authorized by State statute, severance tax revenues are transferred to the Severance Tax Bonding Fund and first pay the required debt service on severance tax bonds and supplemental severance tax bonds issued by the State, with the remainder being transferred to the Severance Tax Permanent Fund. For the year ended June 30, 2020, total severance tax revenues transferred to the Severance Tax Bonding Fund were \$631.7 million. The total principal and interest requirements were \$168.4 million for long-term debt and \$561.8 million for short-term debt for all severance tax and supplemental severance tax bonds and short-term notes.

Severance tax bonds payable outstanding at year-end are as follows:

<b>Severance Tax Bonds Payable</b>						
<i>(Expressed in Thousands)</i>						
<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2020</b>	<b>Due in One Year</b>
Series 2010A	3/24/10	2019	3.00 - 5.00 %	132,265	\$ 16,170	16,170
Series 2010B Supplemental	3/24/10	2019	4.00 - 5.00 %	100,000	11,245	11,245
Series 2011A-1	12/6/11	2021	3.00 - 5.00 %	47,790	7,175	3,540
Series 2012A	6/21/12	2023	3.00 - 5.00 %	57,990	22,745	7,205
Series 2015A	8/12/15	2026	5.00 %	129,195	96,740	14,175
Series 2015B Supplemental	8/12/15	2026	5.00 %	69,745	47,295	6,930
Series 2016A	6/23/16	2027	3.00 - 5.00 %	78,750	78,750	-
Series 2016B	6/23/16	2025	4.00 %	181,395	169,170	36,040
Series 2016C	6/23/2016	2022	2.00 %	41,925	13,125	11,430
Series 2016D	11/15/2016	2028	5.00 %	26,725	26,725	-
Series 2016E	11/15/2016	2022	1.25 - 2.35 %	19,090	14,185	7,100
Series 2017A	8/8/2017	2028	5.00 %	69,470	64,290	5,895
Series 2018A	6/28/2018	2029	5.00 %	122,560	112,630	8,385
<b>Total Severance Tax Bonds Payable</b>					<b>\$ 680,245</b>	<b>\$ 128,115</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

Annual debt service requirements to maturity for Severance Tax Bonds are as follows:

**Severance Tax Bonds**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years End June 30**  
*(Expressed in Thousands)*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 128,115	\$ 28,612	\$ 156,727
2022	108,955	23,586	132,541
2023	104,965	18,765	123,730
2024	98,025	14,063	112,088
2025	83,330	9,823	93,153
2026- 2029	156,855	11,345	168,200
<b>Total</b>	<b>\$ 680,245</b>	<b>\$ 106,194</b>	<b>\$ 786,439</b>

#### D. Short-term Debt

Per Section 7-27-8 NMSA, the Office of State Treasurer is required to transfer any money left in the Severance Tax Bond Fund every June 30 and December 31 to the Severance Tax Permanent Fund. The State Board of Finance issues short-term Severance Tax Notes, which are of one to three days duration, in order to more fully utilize the excess cash until such time as it is transferred. During the fiscal year 2020, short-term notes were sold:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
<b>Sponge Bonds</b>	\$ -	\$ 561,725	\$ (561,725)	\$ -

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### E. Revenue Bonds

The State also issues bonds where the government pledges certain revenue for the payment of debt service. Revenue bonds payable are as follows:

##### *Governmental Activities*

#### Revenue Bonds and Loans Payable - Primary Government

(Expressed in Thousands)

Governmental Activities  Bond Issue	Original Issue	Maturity Date	Interest Rate	Balance	Due in
				June 30, 2020	One Year
2015A PPRF - Metro Court	\$ 30,685	2025	4.00 - 5.00 %	\$ 17,020	\$ 3,070
Series 2009C Spaceport Public Project	55,810	2029	2.50 - 5.25 %	31,125	2,855
Series 2010 Spaceport Public Project	20,560	2029	0.47 - 4.08 %	14,860	710
DL - GSD 7 - Cultural Affairs	2,789	2023	0.46 - 1.42 %	468	149
2004B PPRF - Cultural Affairs Dept.	2,350	2023	0.62 - 4.18 %	1,219	401
Series 2003 - Energy and Minerals	7,339	2023	3.82%	1,491	476
2016C PPRF 3445 - General Services Dept. 8	37,320	2036	1.90 - 4.90 %	32,470	1,130
2018C1 PPRF - General Services Dept. - 4417A	11,510	2039	4.00 - 5.00 %	11,510	-
2018C1 PPRF - General Services Dept. - 4417B	7,040	2038	2.77 - 4.09 %	7,010	35
2018A PPRF - General Services Dept. - 4431	28,480	2036	4.00 - 5.00 %	26,360	1,140
PPRF - 4955 - GSD Energy Efficiency	11,500	2033	2.90 - 3.90 %	11,500	-
2013C PPRF - Dept. of Health 9 - Las Vegas Med. Ctr.	8,975	2037	3.80 %	7,836	99
PPRF - 4432 - Cig. Tax Ref. Bonds	5,120	2028	5.00 %	4,055	485
PPRF - 4769 - Ft. Bayard Med. Ctr.	48,635	2039	5.00 %	46,685	1,660
Series 2010A Debt Service	174,625	2024	1.50 - 5.00 %	42,390	9,470
Series 2010B Highway (GRIP)	461,075	2024	3.00 - 5.00 %	128,245	91,265
Series 2012 Refunding	220,400	2026	1.25 - 5.00 %	159,055	4,965
Series 2014 A Revenue	70,110	2032	5.00 %	58,325	2,750
Series 2014 B Revenue	79,405	2027	5.00 %	74,890	1,660
Series 2018 A Refunding	420,090	2030	5.00 %	418,155	630
<b>Total Revenue Bonds and Loans Payable</b>				<b>\$ 1,094,669</b>	<b>\$ 122,950</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

The annual debt service requirements to maturity for governmental activities revenue bonds and loans are as follows:

<b>Governmental Activities</b>			
<i>(Expressed in Thousands)</i>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 122,950	\$ 52,439	\$ 175,389
2022	140,723	46,409	187,132
2023	146,117	39,671	185,788
2024	171,689	32,869	204,558
2025	72,634	24,162	96,796
2026 - 2030	345,256	65,903	411,159
2031 - 2035	60,961	14,258	75,219
2036 - 2040	34,339	4,347	38,686
2041 - 2045	-	-	-
2046 - 2049	-	-	-
<b>Total</b>	<b>\$ 1,094,669</b>	<b>\$ 280,058</b>	<b>\$ 1,374,727</b>

Of the total of bonds and loans payable for Governmental Activities, \$213,609 is payable to NM Finance Authority, a discretely-presented component unit. These loans are considered to be direct borrowings. These are various covenants in the loan agreements which protect the lender from a default. These are summarized as follows:

<b>Governmental Activities</b>			
<b>Bonds &amp; Loans Payable - Payable to Others &amp; Payable to NMFA</b>			
<i>(Expressed in Thousands)</i>			
	Payable to		Total
	Ext. Entities	Due to NMFA	
<b>Current:</b>			
Payable to External Entities	\$ 110,740	\$ -	\$ 110,740
Due to NMFA	-	12,210	12,210
Total Current	110,740	12,210	<b>122,950</b>
<b>Long-term:</b>			
Payable to External Entities	770,320	-	770,320
Due to NMFA	-	201,399	201,399
Total Long-term	770,320	201,399	<b>971,719</b>
<b>Totals</b>	<b>\$ 881,060</b>	<b>\$ 213,609</b>	<b>\$ 1,094,669</b>

Several of the loans reported are secured by prior agreement with tax revenue intercepted by the State Taxation and Revenue Department and sent directly to the NMFA. This includes the General Services Department, \$158,580.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### Business-type Activities

Revenue bonds related to business-type activities are as follows:

<b>Revenue Bonds and Loans Payable - Primary Government</b>						
<i>(Expressed in Thousands)</i>						
<b>Business-type Activities</b>		<b>Maturity</b>	<b>Interest</b>	<b>Original</b>	<b>Balance</b>	<b>Due in</b>
<b>Inst.</b>	<b>Bond Issue</b>	<b>Date</b>	<b>Rate</b>	<b>Issue</b>	<b>June 30, 2020</b>	<b>One Year</b>
MCMC	MCMC St. Perm. Fd. Rev. Imp. & Refunding Series 2013	2023	3.00 %	\$ 14,645	\$ 7,995	\$ 1,060
NMSU	Refunding and Imp. Revenue Series 2010 A-D	2022	1.89 - 5.27	78,670	390	390
	Refunding and Imp. Revenue Series 2013 A-C	2033	2.00 - 5.00	56,200	18,870	1,300
	System Imp. Revenue Series 2017 A-C	2042	1.75 - 5.00	73,240	68,505	3,675
	Refunding and Imp. Revenue Series 2019 A & B	2040	2.00 - 5.00	24,985	24,865	2,025
	NM Fin. Auth. PPF Loan	2035	0.69 - 3.69	7,000	6,160	295
ENMU	System Imp. Revenue Series 2015 A	2045	0.34 - 3.93	12,480	11,005	400
	System Revenue Refunding Series 2015 B	2026	0.34 - 2.44	6,175	3,490	645
	System Imp. Revenue Bonds Series 2017	2038	0.09 - 3.48	5,645	5,224	239
	System Imp. Revenue Bonds Series 2020	2036	1.12 - 2.75	22,445	22,340	838
NMHU	System Refunding Revenue Series 2009 A	2021	3.00 - 4.50	490	490	-
	System Refunding Revenue Series 2009 B	2035	5.32 - 6.07	9,230	9,230	-
	System Refunding Revenue Series 2012	2034	0.93 - 4.26	18,335	13,085	1,220
NM Tech	System Revenue Series 2011	2031	3.00 - 5.00	13,395	9,435	300
	System Revenue Series 2019	2040	4.00	8,555	8,555	290
NMMI	Series 2013A Improvement	2028	2.00 - 4.00	8,935	6,345	670
	Series 2019A Improvement	2039	1.30 - 2.89	5,181	5,181	-
	Series 2019A Improvement	2044	1.30 - 3.15	6,689	6,689	350
WNUMU	System Revenue Series 2012	2038	2.00 - 5.50	12,245	9,765	385
	System Refunding & Imp. Revenue Series 2013	2038	2.10 - 5.10	6,755	3,885	165
	System Improvement Series 2014	2021	1.97	3,055	460	455
UNM	System Revenue Refunding Series 1992 A	2021	5.60 - 6.25	36,790	1,605	220
	Subordinate Lien System Imp. Revenue Series 2001	2026	Variable	52,625	18,675	2,170
	Subordinate Lien System Refunding Revenue Series 2002 B	2026	Variable	25,475	11,940	1,265
	Subordinate Lien System Refunding Revenue Series 2002 C	2030	Variable	37,840	26,670	2,085
	Subordinate Lien System Imp. Revenue Series 2014A	2033	3.00 - 5.00	9,715	3,695	2,125
	Subordinate Lien System Imp. Revenue Series 2014 B	2024	0.50 - 3.28	3,365	1,495	1,750
	Subordinate Lien System Imp. Revenue Series 2014 C	2035	1.50 - 5.00	97,615	83,945	2,575
	Subordinate Lien System Imp. Revenue Series 2016A	2046	2.00 - 5.00	158,435	152,525	4,525
	Subordinate Lien System Imp. Revenue Series 2016B	2024	0.72 - 2.48	8,030	5,090	1,500
	Subordinate Lien System Imp. Revenue Series 2017	2047	3.25 - 5.00	40,900	39,205	1,750
	Subordinate Lien System Imp. Revenue Series 2019	2032	1.85 - 3.02	22,140	22,140	1,004
	FHA Insured Hospital Mortgage Revenue Series 2015	2032	0.49 - 3.53	115,000	86,305	5,950
	Revenue Build America Bonds, Series 2010A (SRMC)	2036	4.50	133,425	103,540	2,675
	Revenue Recovery Zone Econ. Dev. Series 2010B (SRMC)	2037	5.00	9,740	9,740	1,600
	2016 A PPRF - UNM Health Sciences Ctr. - Loan	2025	1.90 - 4.90	26,200	14,635	2,890
	UNM ADW - UNM - Green Water Project - Loan	2032	0.75	399	250	20
<b>Total Revenue Bonds and Loans Payable</b>					<b>\$ 823,419</b>	<b>\$ 48,806</b>

New Mexico State University issued Refunding Series 2019A and B in the face amount of \$24,985 plus \$3,056 premium. Proceeds were used to refund earlier issued bonds at an economic gain.

Eastern New Mexico University issued \$22,445 in Series 2020 Refunding Bonds. The proceeds of the bonds were used to refund earlier issued bonds.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

New Mexico Institute of Mining and Technology issued Series 2019 Revenue Bonds in the par amount of \$8,555 plus a premium of \$1,188. The Bonds were issued for the purpose of constructing and acquiring energy efficiency improvements on campus.

New Mexico Military Institute issued Series 2019 A and B Revenue Bonds in the par amount of \$11,870 for the purposes of constructing and acquiring building improvements and energy improvements.

The University of New Mexico issued Series 2019 Refunding Revenue Bonds in the par amount of \$24,150 for the purpose of defeasing earlier issued revenue bonds, which resulted in debt service savings to the University.

The annual debt service requirements to maturity for business-type activities revenue bonds and loans are as follows:

<b>Business-type Activities</b>			
<i>(Expressed in Thousands)</i>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 48,806	\$ 33,247	\$ 82,053
2022	49,793	31,339	81,132
2023	51,107	29,384	80,491
2024	51,689	27,339	79,028
2025	53,650	25,278	78,928
2026 - 2030	244,661	95,016	339,677
2031 - 2035	202,538	50,556	253,094
2036 - 2040	81,368	17,079	98,447
2041 - 2045	32,026	6,543	38,569
2046 - 2049	7,781	487	8,268
<b>Total</b>	<b>\$ 823,419</b>	<b>\$ 316,268</b>	<b>\$ 1,139,687</b>

Of the total of bonds and loans payable for Business-type Activities, \$71,505 is payable to NM Finance Authority, a discretely-presented component unit. These loans are considered to be direct borrowings. There are various covenants in the loan agreements which protect the lender from a default. These are summarized as follows:

<b>Business-type Activities</b>			
<b>Bonds &amp; Loans Payable - Payable to Others &amp; Payable to NMFA</b>			
<i>(Expressed in Thousands)</i>			
	Payable to		
	Ext. Entities	Due to NMFA	Total
<b>Current:</b>			
Payable to External Entities	\$ 42,782	\$ -	\$ 42,782
Due to NMFA	-	6,024	6,024
Total Current	42,782	6,024	48,806
<b>Long-term:</b>			
Payable to External Entities	709,132	-	709,132
Due to NMFA	-	65,481	65,481
Total Long-term	709,132	65,481	774,613
<b>Totals</b>	<b>\$ 751,914</b>	<b>\$ 71,505</b>	<b>\$ 823,419</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### F. Pledged Revenue

The following listing provides more details on the types of revenue pledged for the various revenue bonds outstanding.

##### Governmental Activities

<i>Agency:</i>	<i>State of New Mexico - Severance Tax Bonds</i>
Purpose of Bonds:	Construction and acquisition of capital projects statewide
Total Amount of Bonds Issued:	\$ 1.4 billion
Type of Revenues Pledged:	Severance tax revenues collected from mineral-extracting companies.
Term of Commitment:	Through June 30, 2029
Total Debt Service Remaining:	\$ 786.4 million
Revenue Stream for Current Year:	\$ 646.3 million
Debt Service for Current Year:	\$ 168.3 million

<i>Agency:</i>	<i>Energy, Minerals, and Natural Resources Department</i>
Purpose of Bonds:	Acquisition and development of state parks and recreation areas.
Total Amount of Bonds Issued:	\$ 7.4 million
Type of Revenues Pledged:	Department's share of governmental gross receipts tax revenue
Term of Commitment:	Through June 30, 2023
Total Debt Service Remaining:	\$ 1.6 million
Revenue Stream for Current Year:	\$ 6.2 million
Debt Service for Current Year:	\$ 537 thousand

<i>Agency:</i>	<i>Department of Transportation</i>
Purpose of Bonds:	Construct and improve State highway and transportation system.
Total Amount of Bonds Issued:	\$ 1.4 billion
Type of Revenues Pledged:	Gasoline excise taxes, motor vehicle registration and other fees deposited into State Road Fund, plus Federal Highway Fund revenues
Term of Commitment:	Through June 30, 2032
Total Debt Service Remaining:	\$ 1.1 billion
Revenue Stream for Current Year:	\$ 923.5 million
Debt Service for Current Year:	\$ 155.2 million

<i>Agency:</i>	<i>Department of Cultural Affairs</i>
Purpose of Bonds & Loan:	Renovate existing museum structures, develop permanent exhibits.
Total Amount of Debt Issued:	\$5.6 million
Type of Revenues Pledged:	Department's share of governmental gross receipts tax revenue
Total Debt Service Remaining:	\$ 1.7 million
Term of Commitment:	Through June 30, 2023
Revenue Stream for Current Year:	\$ 868 thousand
Debt Service for Current Year:	\$ 631 thousand

<i>Agency:</i>	<i>Spaceport Authority</i>
Purpose of Bonds	Construction of the Spaceport America launch facility.
Total Amount of Debt Issued:	\$76.4 million
Type of Revenues Pledged:	Authority's share of governmental gross receipts tax revenue
Total Debt Service Remaining:	\$ 58.2 million
Term of Commitment:	Through June 30, 2029
Revenue Stream for Current Year:	\$ 4.2 million
Debt Service for Current Year:	\$ 5.6 million



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### Governmental Activities (Continued)

<i>Agency:</i>	<i>Bernalillo County Metropolitan Court</i>
Purpose of Bonds	Court parking structure
Total Amount of Debt Issued:	\$ 30.7 million
Type of Revenues Pledged:	Court facilities fees collected.
Total Debt Service Remaining:	\$ 19.7 million
Term of Commitment:	Through June 30, 2025
Revenue Stream for Current Year:	\$ 3.1 million
Debt Service for Current Year:	\$ 3.9 million

<i>Agency:</i>	<i>General Services Department</i>
Purpose of Bonds	State facilities acquisition and development.
Total Amount of Debt Issued:	\$ 174 million
Type of Revenues Pledged:	Government gross receipts tax, cigarette tax.
Total Debt Service Remaining:	\$ 217.9 million
Term of Commitment:	Through June 30, 2039
Revenue Stream for Current Year:	\$ 16.1 million
Debt Service for Current Year:	\$ 16.1 million

#### Business-type Activities

<i>Agency:</i>	<i>Miners' Colfax Medical Center</i>
Purpose of Bonds:	Improvement and expansion of medical facilities
Total Amount of Bonds Issued:	\$14.6 million
Type of Revenues Pledged:	Center's share of distributions from the State Land Grant and the Charitable, Penal, and Reform Permanent Funds
Total Debt Service Remaining:	\$ 8.8 million
Term of Commitment:	Through June 30, 2023
Revenue Stream for Current Year:	\$ 1.5 million
Debt Service for Current Year:	\$ 1.3 million

<i>Agency:</i>	<i>Educational Institutions (UNM, NMSU, ENMU, WNMU, NMMI, NMHU, NM Tech)</i>
Purpose of Bonds:	Construction and improvement of various capital facilities
Total Amount of Bonds Issued:	\$ 1.2 billion
Type of Revenues Pledged:	Substantially all unrestricted revenues, including Permanent Fund distributions, student fees, and income from revenue-producing facilities, but excluding state appropriations and income from clinical operations.
Total Debt Service Remaining:	\$ 1.1 billion
Term of Commitment:	Through June 30, 2047
Revenue Stream for Current Year:	\$ 2.9 billion
Debt Service for Current Year:	\$ 72.4 million

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### G. Other Liabilities

- **Compensated Absences**

Compensated absences of governmental activities are liquidated in the General Fund. Claims liabilities of governmental activities of the Internal Services agencies are liquidated in the Internal Service Fund. Compensated absences of business-type activities are liquidated in the respective fund of obligation.

- **Pollution Remediation Obligation**

The State is responsible for environmental management to reasonably protect human health and the environment in accordance with the Environmental Improvement Act, Chapter 74-1-1, NMSA 1978 (Act). Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49) provides guidance in estimating and reporting the potential costs of pollution remediation.

The following details the nature of the identified sites:

#### **Leaking Petroleum Storage Tanks (LPST)**

The State oversees cleanups of LPST sites and reimburses eligible parties from the PST corrective action fund, which has paid for the vast majority of LPST cleanups. However, for Priority 1 State Lead sites, in which there is an imminent danger to the public health or environment, the State has obligated itself to begin remediation clean-up activities as a result of an unwilling or unable property owner in the amount of \$1.4 million as of June 30, 2020.

#### **Superfund**

The Superfund Oversight Section of the State assists the United States Environmental Protection Agency (EPA) in characterization of inactive hazardous waste sites; identifies sites which warrant remedial or removal action under Superfund (CERCLA); and oversees remedial activities and provides management assistance to EPA at Superfund sites listed on the National Priorities List (NPL). There are currently 16 listed Superfund sites and 4 delisted sites in New Mexico which are in various stages of investigation and remediation. Eight of these sites (6 listed and 2 delisted) are subject to State cost-share with EPA. One of the 8 State cost-share Superfund sites was placed on the NPL in April 2016. The site is currently in the remedial investigation phase in which no financial obligation exists. The Department estimates it will take at least 2 or 3 years before a Record of Decision is issued by the EPA. As of June 30, 2020, this site is excluded from the estimated pollution remediation liability which for Superfund sites totals \$40.2 million.

The total pollution remediation liability for both the LPST and Superfund sites are as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Amount Due Within One Year	\$ 621	\$ 1,075	\$ (461)	\$ 1,235
Amount Due in More than One Year	26,835	15,216	(1,620)	40,431
<b>Total Pollution Remediation Liabilities</b>	<u>\$ 27,456</u>	<u>\$ 16,291</u>	<u>\$ (2,081)</u>	<u>\$ 41,666</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### ▪ Indian Water Rights Liability

New Mexico currently has three Indian water rights settlements pending implementation: the Navajo Nation Settlement in the San Juan River adjudication, the Settlement Agreement with the Pueblos of Nambe, Pojoaque, Tesuque, and San Ildefonso in the Aamodt adjudication, and the Taos Pueblo Settlement in the Rio Pueblo de Taos/Rio Hondo adjudication. For each of these three settlements, a settlement agreement was executed in 2005 or 2006 by the tribe or Pueblos and the State of New Mexico. The Aamodt and Taos Pueblo settlement agreements also were executed by other water right owning parties. Subsequent to the passage of federal legislation authorizing each of the settlements in 2009 and 2010, the Secretary of the US Department of Interior signed all three settlement agreements on behalf of the United States. Copies of the three fully-executed settlement agreements and related documents can be found at: [www.ose.state.nm.us/legal\\_ose\\_proposed\\_settlements.html](http://www.ose.state.nm.us/legal_ose_proposed_settlements.html).

Each of the agreements involves a contribution from the State of New Mexico in the form of construction of infrastructure. The value of infrastructure and mutual benefits projects contemplated in the three settlements are estimated at more than \$1.6 billion as of June 30, 2020. The State will not own the infrastructure once completed; the infrastructure and projects will be owned by tribal and local governments.

A portion of the State's share includes \$10 million on non-mandatory expenditures for ditch rehabilitation under the Navajo Settlement. The State has met its cost share obligations under the Taos Pueblo settlement.

The State has recognized the estimated liability of \$49.2 million in the financial statements as of June 30, 2020.

A summary of the funds appropriated towards the settlements follows (*presented in thousands*):

<b>Indian Water Rights Settlement:</b>	<b>Total Cost Share</b>	<b>Appropriated Funds</b>	<b>Unappropriated Balances</b>
Aamodt	\$ 104,500	\$ 52,989	\$ 51,511
Taos	20,050	20,661	(611)
Navajo	30,949	32,225	(1,276)
<b>Total</b>	<b>\$ 155,499</b>	<b>\$ 105,875</b>	<b>\$ 49,624</b>

A summary of the funds disbursed and the remaining liability follows (*presented in thousands*):

<b>Indian Water Rights Settlement:</b>	<b>Total Cost Share</b>	<b>Disbursed To Date</b>	<b>Balance, June 30, 2020</b>
Aamodt	\$ 104,500	\$ 19,000	\$ 85,500
Taos	20,050	14,552	5,498
Navajo	30,949	30,404	545
<b>Total</b>	<b>\$ 155,499</b>	<b>\$ 63,956</b>	<b>\$ 91,543</b>

Due to the fact that the timing of the payments is subject to obtaining appropriations, the amount due for these settlements and any related cost indexing is based on best estimates.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### H. University of New Mexico

- **Standby Purchase Agreements**

Standby Purchase Agreements provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees are based on a percentage of the outstanding bond balance, payable semiannually. Liquidity fees for the years ended June 30, 2020 and 2019 were \$238 and \$259, in thousands, respectively. An agreement with U.S. Bank was entered into on December 31, 2014 for a three year term expiring December 29, 2020. The University has entered into negotiations with U.S. Bank for a possible three year extension of the agreement.

A schedule including maturities and fees is as follows (in thousands):

<b>US Bank</b>				
<b>Liquidity Expiration</b>	<b>Series 2001</b>	<b>Series 2002B</b>	<b>Series 2002C</b>	<b>Grand Total</b>
<u>12/29/2020</u>	<u>\$ 18,675</u>	<u>\$ 11,940</u>	<u>\$ 26,670</u>	<u>\$ 57,285</u>
<b>Liquidity Fees</b>				
	<b>2001</b>	<b>2002B</b>	<b>2002C</b>	<b>Total</b>
<b>FY 20</b>	<u>\$ 81</u>	<u>\$ 50</u>	<u>\$ 107</u>	<u>\$ 238</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### ▪ Interest Rate Swap Agreements

On June 30, 2020, UNM had the following derivative instruments outstanding (in thousands):

Item/ Counter-Party	Type	Objective	Effective Date	Maturity Date	Terms	Current Fair Value	Current Notional Amount
<b>Hedging Derivatives</b>							
A - JP Morgan	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.2% Fixed	\$ (660)	\$ 4,668
B - JP Morgan	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2002C Refunding Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2030	Receive SIFMA USD - Pay 3.9% Fixed	(5,361)	26,670
C - JP Morgan	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2002B Refunding Revenue Bonds (Underlying Swap)	1/14/2003	6/1/2026	Receive SIFMA USD - Pay 3.8% Fixed	(1,688)	11,940
D - RBC Royal Bank	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.2% Fixed	(664)	4,669
<b>Investment Derivatives</b>							
E - JP Morgan	Pay-Variable/Receive Variable Interest Rate Swap	Hedge against falling SIFMA rates related to the 2001 System Improvement Revenue Bonds (Swap Overlays)	8/15/2006	6/1/2026	Receive 63.6% of 5 year USD swap rate + 0.3% - Pay SIFMA	187	9,338
F - JP Morgan	Pay-Variable/Receive Variable Interest Rate Swap	Hedge against falling SIFMA rates related to the 2002C Refunding Revenue Bonds (Swap Overlays)	8/15/2006	6/1/2030	Receive 63.6% of 5 year USD swap rate + 0.3% - Pay SIFMA	1,099	26,670

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8 (CONTINUED)

#### ▪ Risks

##### *Credit Risk*

Each of UNM's derivative instruments is held with the same counterparty except for Derivative Instrument D. Deterioration of credit ratings could indicate a potential inability of the counterparty to make the required periodic payments. The credit ratings for each of the counterparties are as follows:

<u>Entity</u>	<u>Moody's</u>		<u>S &amp; P</u>		<u>Fitch</u>	
	<u>L/T Rating</u>	<u>S/T Rating</u>	<u>L/T Rating</u>	<u>S/T Rating</u>	<u>L/T Rating</u>	<u>S/T Rating</u>
JP Morgan	Aa2	P1	A+	A1+	AA	F1+
RBC Royal Bank	A2	P1	AA-	A1+	AA	F1+

##### *Interest Rate Risk*

UNM is exposed to interest rate risk on its receive-variable, pay-fixed underlying interest rate swaps. As the Securities Industry and Financial Markets Association (SIFMA) swap index decreases, the University's net payment on the underlying swaps increases. Alternatively, on its pay-variable (SIFMA), receive-variable (LIBOR) overlay interest rate swaps, as LIBOR and the SIFMA swap index increases, the University's net payment on the overlay swaps increases.

##### *Basis Risk*

The variable-rate debt hedged by UNM's derivative instruments are variable-rate demand obligation (VRDO) bonds that are remarketed every seven days. The University is exposed to basis risk on its pay-variable (SIFMA), receive-variable (USD Swap Rate) overlay interest rate swaps, because the variable-rate payments received by the University on these derivative instruments are based on a rate USD Swap Rate other than the index (SIFMA) the University pays on the VRDO bonds. At June 30, 2020, the interest rate on the University's variable-rate hedged debt (SIFMA) is 0.13 %, while the 63.55% of five year USD Swap Rate + 0.31% is 0.36 %.

##### *Termination Risk*

UNM or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, UNM is exposed to termination risk on Derivative Instruments B and C because the contract provides the counterparty with a knockout option to terminate the contract if the 180-day SIFMA is equal to or greater than 7.0 percent. The 180-day SIFMA is defined as the weighted average rate taken off the USD floating SIFMA Index Rates published within the previous 180-day period. If at the time of termination, a derivative instrument were in a liability position, UNM would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

##### *Rollover Risk*

UNM is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the debt. When these derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, UNM will be re-exposed to the risks being hedged by the derivative instrument. Derivative Instruments B and C expose UNM to rollover risk because the counterparty has the option to terminate the contract by exercising a knockout option.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### *Foreign Currency Risk*

UNM has no exposure to foreign currency risk from its derivative instruments.

#### ▪ **Commitments**

All of UNM's derivative instruments include provisions that require UNM to post collateral in the event its credit rating falls below certain levels. UNM has entered into a two-way Credit Support Annex (CSA) with the swap counterparties, which is based on each party's long-term unsecured unsubordinated debt rating. The following matrix dictates the potential collateral postings if the swaps mark-to-market values are above the mandated thresholds (in thousands):

<u>Rating</u>	<u>Swap MTM Threshold for Party's A &amp; B</u>		
AA/Aa2 and >	USD	\$	25,000
AA-/Aa3	USD	\$	20,000
A+/A1	USD	\$	15,000
A/A2	USD	\$	10,000
A-/A3	USD	\$	5,000
BBB+/Baa1 and <	USD	\$	-

The collateral to be posted is to be in the form of U.S. Treasury securities in the amount of the fair value of derivative instruments in liability positions net of the effect of applicable netting arrangements. If UNM or the counterparty does not post collateral, the derivative instrument may be terminated. UNM's credit rating is AA/Aa2 at June 30, 2020; therefore, no collateral has been posted.

#### ▪ **Derivative Instrument Payments and Hedged Debt**

As of June 30, 2020, aggregate debt service requirements of UNM's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are presented below. These amounts assume that current interest rates on variable-rate bonds and current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. The hedging derivative instruments column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting (in thousands).

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

**University of New Mexico**  
**Debt Service Requirements - Hedging Derivative Instruments**

Fiscal Year Ending June 30,	Principal	Interest	Hedge Deriv. Instruments, Net	Total
2021	\$ 6,580	\$ 46	\$ 1,821	\$ 8,447
2022	6,855	43	1,619	8,517
2023	7,155	44	1,403	8,602
2024	7,465	45	1,175	8,685
2025	7,770	45	940	8,755
2026	9,900	40	703	10,643
2027	2,900	25	406	3,331
2028	3,030	21	300	3,351
2029	3,160	15	192	3,367
2030	2,470	1	96	2,567
	<u>\$ 57,285</u>	<u>\$ 325</u>	<u>\$ 8,655</u>	<u>\$ 66,265</u>

- **Fiscal Year Changes in Swap Valuations**

UNM has entered into interest rate swaps as shown in the prior schedule. The swaps were put in place starting in fiscal years 2002 and 2003. The University has recorded the swaps at their estimated fair values as of June 30, 2020. Swaps A through D are deemed cash flow hedges, and therefore, in addition to recording the liability at fair value, the University has recorded an offsetting deferred outflow of resources. Annually, the changes to the fair values are recorded as an increase or decrease to the liability and the offset to the deferred outflow of resources. The fair value change in fiscal year 2020 for the hedge instruments was a \$1.2 million increase to the liability and an equal offsetting increase to the deferred outflow of resources. Swaps E and F are not cash flow hedges, but rather are considered investment swaps, and changes in their fair value are recorded as investment gain (loss). The fair value change for swaps E and F as of June 30, 2020 was recorded to unrealized gain in the amount of \$331.



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### I. Notes Payable

The State has issued notes payable for various purposes, mainly equipment acquisition. Details of notes payable for the fiscal year ended June 30, 2020 follow:

**Notes Payable - Business Type**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years End June 30**  
*(Expressed in Thousands)*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,015	\$ 317	\$ 1,332
2022	1,090	286	1,376
2023	1,165	253	1,418
2024	1,240	217	1,457
2025	1,325	179	1,504
2026 - 2028	4,505	282	4,787
<b>Total</b>	<b>\$ 10,340</b>	<b>\$ 1,534</b>	<b>\$ 11,874</b>

Miners Colfax Medical Center obtained a loan through the Paycheck Protection Program with the Federal Government. The total amount is \$3,166, of which \$ 1,216 is due within one year. If certain conditions are met, it is expected that this loan will be forgiven. This loan is not included in the table above.

- **Direct Borrowing – Business Type Activities**

NMSU issued a tax-exempt Subordinate Lien Improvement Revenue Note, Series 2014 on April 21, 2014 in a direct purchase with BOKF, NA dba Bank of Albuquerque. The original principal amount of the note was \$15,865,000 and the interest rate is 3.07%. The note is payable solely from, and secured by, a pledge of, and a non-exclusive subordinate lien on the following revenues: student tuition and fees; sales and service revenue; other operating revenue; investment income; and, building fees. The note matures April 1, 2029.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

#### J. Discretely-presented Component Units

Outstanding bonds payable for the New Mexico Finance Authority are as follows:

**Bonds Payable - New Mexico Finance Authority**  
*(Expressed in Thousands)*

Bond Series	Interest Rate (%)	Maturity Date	Original Issue	Balance June 30, 2020
<b>Public Project Revolving Fund - Senior Lien:</b>				
2010 A-2 & B-2	4.7 - 6.4	2035 - 2039	\$ 31,395	\$ 25,635
2011 B - C	3.0 - 5.0	2021 - 2036	110,680	46,825
2012 A	3.0 - 5.5	2021 - 2038	24,340	14,640
2013 A - B	3.0 - 5.0	2021 - 2038	60,645	30,030
2014 B	3.0 - 5.0	2021 - 2035	58,235	33,070
2015 B - C	2.3 - 5.0	2021 - 2045	90,800	75,580
2016 A - F	2.0 - 5.0	2021 - 2046	315,540	237,580
2017 A - E	3.0 - 5.0	2021 - 2046	138,130	107,435
2018 A - D	2.5 - 5.0	2021 - 2038	200,170	170,985
2019 B - D	3.0 - 5.0	2021 - 2041	97,130	93,875
2020 A - B	2.0 - 5.0	2021 - 2041	113,305	113,305
Subtotal			1,240,370	948,960
<b>Public Project Revolving Fund - Subordinate Lien:</b>				
2014 A-1, 2	2.8 - 5.0	2021 - 2034	31,940	19,195
2015 A, D	3.0 - 5.0	2021 - 2035	92,745	65,200
2016 B	5.0	2020 - 2022	8,950	1,580
2017 B - F	2.3 - 5.0	2021 - 2036	128,725	78,895
2018 C - E	3.0 - 5.0	2021 - 2039	102,780	93,025
2019 A - C	2.0 - 5.0	2021 - 2039	68,555	64,355
Subtotal			433,695	322,250
Total Public Project Revolving Fund and Total Bonds Outstanding			\$ 1,674,065	1,271,210
Add: Net Unamortized Premium				167,732
<b>Total Bonds Payable</b>				<b>\$ 1,438,942</b>
<b>Current Portion</b>				<b>\$ 116,270</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

Outstanding bonds payable for the New Mexico Mortgage Finance Authority are as follows:

#### Bonds Payable - New Mexico Mortgage Finance Authority

(Expressed in Thousands)

Bond Series	Interest Rate (%)	Maturity Date	Balance September 30, 2020
<b>Single Family Mortgage Programs:</b>			
Series 2010 A	4.6	2025	\$ 2,565
Series 2011 A - C	2.3 - 5.4	2041	29,835
Series 2012 A - B	2.6 - 4.3	2043	34,035
Series 2013 A - C	2.2 - 4.5	2043	39,091
Series 2014 A - B	2.8 - 5.0	2044	11,448
Series 2015 A - E	2.1 - 4.0	2045	51,508
Series 2016 A - C	1.6 - 3.8	2046	97,715
Series 2017 A - B	1.3 - 3.8	2048	61,545
Series 2018 A - D	1.9 - 4.3	2049	230,180
Series 2019 A - F	1.4 - 4.3	2050	396,837
Series 2020 A	1.0 - 3.5	2051	69,925
Subtotal			1,024,684
Unaccreted Bond Premium/Discount, Net			25,013
Total Single Family Mortgage Programs Payable			1,049,697
<b>Rental Housing Mortgage Programs:</b>			
Series 2003 A - B	5.1 - 5.2	2038	7,135
Series 2004 A - D	5.01 - 6.0	2039	11,245
Series 2005 C - F	4.7 - 5.1	2040	13,685
Series 2007 A - D	5.1 - 10.0	2043	17,234
Series 2008 A - B	0.1 - 6.0 *	2043	8,000
Series 2010 A - B	5.0	2047	810
Series 2012 A	5.0	2049	4,606
Series 2019	5.25	2020	8,722
Subtotal			71,437
Unaccreted Bond Premium/Discount, Net			40
Total Rental Housing Mortgage Programs Payable			71,477
<b>Total Bonds Payable</b>			<b>\$ 1,121,174</b>

\* Determined on a weekly basis until adjusted to reset rates or fixed rates

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 8

Annual debt service requirements to maturity are as follows:

<b>Bonds Payable</b>						
<b>Debt Service Requirements to Maturity</b>						
<b>For Fiscal Years End September 30</b>						
<b>New Mexico Finance Authority</b>				<b>New Mexico Mortgage Finance Authority</b>		
<i>(Expressed in Thousands)</i>				<i>(Expressed in Thousands)</i>		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 116,270	\$ 57,469	\$ 173,739	\$ 46,639	\$ 37,232	\$ 83,871
2022	113,350	52,094	165,444	23,190	36,415	59,605
2023	108,720	46,720	155,440	23,918	35,741	59,659
2024	94,815	41,542	136,357	24,601	35,021	59,622
2025	91,395	37,001	128,396	25,547	34,257	59,804
2026-2030	360,190	127,010	487,200	137,182	158,361	295,543
2031-2035	254,660	56,964	311,624	168,960	132,891	301,851
2036-2040	112,245	14,572	126,817	263,767	97,817	361,584
2041-2045	17,665	1,708	19,373	239,168	49,739	288,907
2046-2050	1,900	57	1,957	143,144	11,667	154,811
2051-2055				5		5
	<u>1,271,210</u>	<u>435,137</u>	<u>1,706,347</u>	<u>1,096,121</u>	<u>629,141</u>	<u>1,725,262</u>
Unaccreted Premium	167,732	-	167,732	25,053	-	25,053
<b>Total</b>	<b><u>\$ 1,438,942</u></b>	<b><u>\$ 435,137</u></b>	<b><u>\$ 1,874,079</u></b>	<b><u>\$ 1,121,174</u></b>	<b><u>\$ 629,141</u></b>	<b><u>\$ 1,750,315</u></b>

Details of the Mortgage Finance Authority Notes Payable follows:

<b>New Mexico Mortgage Finance Authority</b>			<b>Debt Service Requirements to Maturity</b>			
<b>Notes Payable</b>			<b>For Fiscal Years End September 30</b>			
<i>(Expressed in Thousands)</i>			<i>(Expressed in Thousands)</i>			
Note	Balance Sept. 30, 2020		Fiscal Year	Principal	Interest	Total
PRLF Cash and Loans	\$ 1,659		2021	\$ 30,074	\$ 249	\$ 30,323
Securities and Loans Held for Sale	30,000		2022	393	32	425
Subtotal: Debt with Pledged Collateral	31,659		2023	499	24	523
Other Direct Borrowings Without Assets Pledged	850		2024	180	15	195
<b>Total Direct Borrowings</b>	<b><u>\$ 32,509</u></b>		2025	74	14	88
			2026-2030	371	57	428
			2031-2035	371	38	409
			2036-2040	371	20	391
			2041-2045	176	3	179
				<u>\$ 32,509</u>	<u>\$ 452</u>	<u>\$ 32,961</u>

The borrowings were made to raise capital to help fund the Primero Loan Program, which provides loans for nonprofit, public or tribal agency sponsored affordable

The Authority also has an unused line of credit in the amount of \$2.5 million as of Sept. 30, 2020.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9

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#### NOTE 9. Net Position and Fund Equity

##### A. Governmental Fund Balances

Fund balances of governmental funds are classified as:

- Non-spendable – amounts that cannot be spent because they are not in a spendable form (not expected to be converted to cash) or are legally required to be intact. Examples include inventories and permanent fund principal.
- Restricted – amounts where legally enforceable constraints are imposed by an external party such as a grantor, by the State Legislature, or by the constitution at the same time the revenue is created.
- Committed – amounts where constraints are imposed by formal action of the government’s highest level of decision-making authority, the State Legislature or the Governor, which cannot be used for any other purpose unless the constraint is changed by similar action. These constraints are imposed separately from the creation of the revenue.
- Assigned – amounts where constraints are imposed on the use of resources through the intent made by any level of decision-making authority in the government if the governing body has expressly delegated that authority to the official or to a committee.
- Unassigned – the residual amount after all classifications have been considered. The General Fund is the only fund that reports a positive unassigned fund balance.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

A summary of the nature and purpose of governmental fund balances, by fund type, at June 30, 2020, follows (in thousands):

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Severance Tax</u>	<u>Land Grant</u>	<u>Total</u>
<b>Nonspendable:</b>						
Prepaid Expenses	\$ 340	\$ -	\$ -	\$ -	\$ -	\$ 340
Inventories	30,925	-	-	-	-	30,925
Other	14,761	-	-	-	-	14,761
<b>Total Nonspendable</b>	<u>\$ 46,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,026</u>
<b>Restricted:</b>						
Capital Projects	\$ -	\$ -	\$ 1,867,176	\$ -	\$ -	\$ 1,867,176
Culture, Recreation and Natural Resources	192,983	-	-	-	-	192,983
Debt Service	-	433,135	-	-	-	433,135
Education	249,604	-	-	-	-	249,604
General Control	2,118,164	-	-	5,302,828	19,330,276	26,751,268
Health and Human Services	166,162	-	-	-	-	166,162
Highway and Transportation	391,070	-	-	-	-	391,070
Judicial	25,108	-	-	-	-	25,108
Legislature	3,132	-	-	-	-	3,132
Public Safety	85,878	-	-	-	-	85,878
Regulation and Licensing	157,215	-	-	-	-	157,215
<b>Total Restricted</b>	<u>\$ 3,389,316</u>	<u>\$ 433,135</u>	<u>\$ 1,867,176</u>	<u>\$ 5,302,828</u>	<u>\$ 19,330,276</u>	<u>\$ 30,322,731</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Severance Tax Permanent</u>	<u>Land Grant Permanent</u>	<u>Total</u>
Committed:						
Culture, Recreation and Natural Resources	\$ 2,512	\$ -	\$ -	\$ -	\$ -	\$ 2,512
Education	11,860	-	-	-	-	11,860
General Control	19,982	-	-	-	-	19,982
Health and Human Services	10,099	-	-	-	-	10,099
Regulation and Licensing	1,007	-	-	-	-	1,007
<b>Total Committed</b>	<u>\$ 45,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,460</u>
Assigned:						
Health and Human Services	\$ 9,120	\$ -	\$ -	\$ -	\$ -	\$ 9,120
Judicial	2,213	-	41	-	-	2,254
Regulation and Licensing	1,590	-	-	-	-	1,590
<b>Total Assigned</b>	<u>\$ 12,923</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,964</u>
Unassigned:						
Capital Projects	\$ -	\$ -	\$ (6,815)	\$ -	\$ -	\$ (6,815)
Culture, Recreation and Natural Resources	(6,777)	-	-	-	-	(6,777)
Education	(89,633)	-	-	-	-	(89,633)
General Control	803,308	-	-	-	-	803,308
Health and Human Services	(63,841)	-	-	-	-	(63,841)
Highway and Transportation	(66,250)	-	-	-	-	(66,250)
Judicial	(2,166)	-	-	-	-	(2,166)
Legislature	4,426	-	-	-	-	4,426
Public Safety	(16,521)	-	-	-	-	(16,521)
Regulation and Licensing	(30,218)	-	-	-	-	(30,218)
<b>Total Unassigned</b>	<u>\$ 532,328</u>	<u>\$ -</u>	<u>\$ (6,815)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,513</u>

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

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#### **B. Deficit Net Position/ Fund Equity**

##### **Governmental Activities**

There were no deficit overall fund balances to report for the fiscal year ended June 30, 2020.

#### **C. Net Position/Fund Balance Restatements -**

##### **1. Correction of Errors**

During the fiscal year ended June 30, 2020, the State determined that several errors in accounting and reporting had been made in the prior fiscal year. The effect of the correction of those errors together with the adoption of the new accounting principle on beginning net position and governmental fund balances follows (in thousands):

The following schedule reconciles June 30, 2020, Net Position/fund balance previously reported to beginning Net Position/fund balance, as reported in the accompanying financial statements (in thousands):



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

#### Summary of Adjustments, Net Position/Fund Balance

##### Government-wide Statements -

##### Governmental Activities:

##### Adjustments

Agencies PPA to correct begin balances	\$	(1,842)
Correction of errors		<u>(37,912)</u>
Total government-wide adjustments		<u>(39,754)</u>

##### Governmental fund financial statements:

Capital Projects - Correction of Errors CY	(2,931)
Capital Projects - Correction of errors PY	2,347
Capital Projects - Timing of released audit	87
General Fund - Agency Prior Adjustments	14,995
General Fund - Correction of Errors CY	43,210
General Fund - Correction of Errors PY	(21,291)
General Fund - Timing of released audit	<u>(4,162)</u>
Total Governmental fund adjustments	<u>32,255</u>

Internal Service - Correction of Errors	<u>(45)</u>
Total Internal Service Fund Adjustments	<u>(45)</u>

##### Total adjustments, Governmental

Activities	\$	<u>(7,544)</u>
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##### Business - type Activities, Educational Institutions:

##### Correction of Errors

NNMC - CY	\$	1,928
NNMC - GASB68 Adjustment		(201)
WNMU - PY		<u>3</u>
Total adjustments, Educ. Inst.		1,730
Business - type Activities	\$	<u>1,730</u>

##### Non-Major Component Units

##### Change in Accounting Method, Adjustments, & Corrections of Errors:

Cumbres and Toltec	574
Charter Schools - exclusion/inclusion of foundations	220
Charter Schools - Implementation GASB84	870
Charter Schools - Transfers to Districts	11,515
Rounding	<u>3</u>
Total adjustments, Non-Major Component Units	\$ <u>13,182</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

<b>Net Position/Fund Balance Restatements</b>								
<b>Governmental Activities:</b>	<b>Net Position - Governmental Activities</b>	<b>Total Net Position - Internal Svc. Funds</b>	<b>Total Fund Balances - Governmental Funds</b>	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Severance Tax Fund</b>	<b>Land Grant Fund</b>
Beg. Net Position/Fund Balances, as Previously Reported	\$ 30,189,958	\$ 15,023	29,783,941	\$ 3,094,745	\$ 535,184	\$ 1,578,495	\$ 5,528,038	\$ 19,047,479
Adjustments	(7,544)	(45)	32,255	32,752	-	(497)	-	-
Beg. Net Position/Fund Balances, as Restated	<u>\$ 30,182,414</u>	<u>\$ 14,978</u>	<u>29,816,196</u>	<u>\$ 3,127,497</u>	<u>\$ 535,184</u>	<u>\$ 1,577,998</u>	<u>\$ 5,528,038</u>	<u>\$ 19,047,479</u>
Effect on Change in Net Position/Fund Balance FYE June 30, 2019	<u>\$ (7,544)</u>	<u>\$ (45)</u>	<u>32,255</u>	<u>\$ 32,752</u>	<u>\$ -</u>	<u>\$ (497)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Business-type Activities:</b>	<b>Net Position - Business-type Activities</b>	<b>Educational Institutions</b>	<b>Major Enterprise</b>	<b>Nonmajor Enterprise</b>				
Beg. Net Position, as Previously Reported	\$ 1,250,781	\$ 328,664	\$ 482,104	\$ 440,013				
Adjustments	(1,730)	(1,730)	-	-				
Beg. Net Position, as Restated	<u>\$ 1,249,051</u>	<u>\$ 326,934</u>	<u>\$ 482,104</u>	<u>\$ 440,013</u>				
Effect on Change in Net Position FYE June 30, 2019	<u>\$ (1,730)</u>	<u>\$ (1,730)</u>	<u>\$ -</u>	<u>\$ -</u>				
<b>Fiduciary and Component Units:</b>	<b>Pension Trust Funds</b>	<b>External Investment Trust Funds</b>	<b>Major Component Units</b>	<b>Non-Major Component Units</b>				
Beg. Net Position, as Previously Reported	\$ 30,649,395	\$ 757,470	\$ 1,227,545	\$ 13,156				
Adjustments	-	-	-	13,182				
Beg. Net Position, as Restated	<u>\$ 30,649,395</u>	<u>\$ 757,470</u>	<u>1,227,545</u>	<u>26,338</u>				
Effect on Change in Net Position FYE June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,182</u>				

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 9 (CONTINUED)

<b>Fiduciary Funds:</b>	Agency Funds
Beg. Total Assets and Total Liabilities, as previously reported	\$ 441,942
Adjustment - Correction of Errors	-
Beg. Total Assets and Total Liabilities, as Restated	<u>\$ 441,942</u>
	Private Purpose Trust
Beg. Net Position, as Previously Reported	3,073,467
Adjustments	-
Beg. Net Position, as Restated	<u>\$ 3,073,467</u>
Effect on Change in Net Position	
FYE June 30, 2019	<u>\$ -</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 10 (CONTINUED)

#### NOTE 10. Leases

##### Operating Leases

The State leases building and office facilities and other equipment under operating leases. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligation. If an appropriation is reasonably assured, leases are considered non-cancellable for financial reporting purposes.

Operating leases contain various renewal options, as well as some purchase options; however, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Operating lease payments are recorded as expenditures or expenses when paid or incurred. Commitments under operating leases are as follows (in thousands):

	<b>Governmental</b>	<b>Business-type</b>	<b>Fiduciary</b>
2021	\$ 74,705	\$ 7,259	\$ 142
2022	61,643	6,160	124
2023	54,832	4,385	128
2024	46,033	3,317	132
2025	34,555	1,943	136
2026-2030	49,810	10,254	769
2031-2035	7,214	1,093	-
2036-2040	1,026	25	-
Thereafter	146,850	30	-
<b>Total</b>	<b>\$ 476,668</b>	<b>\$ 34,466</b>	<b>\$ 1,431</b>

Operating lease expenditures/expenses for fiscal year 2020 for governmental activities, business-type activities, and fiduciary activities, respectively (in thousands) were \$ 84,609, \$ 8,063, and \$ 163.

##### Capital Leases

The State is obligated under lease purchase contracts. In the opinion of counsel for the State, these lease purchase contracts comply with the State Supreme Court Montano vs. Gabaldon decision, in that payments for these will be made from Special Revenue Funds and not from general tax revenue.

Leases, that in substance are purchases, are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed. On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 10 (CONTINUED)

As of June 30, 2020, the State did not have any capital lease obligations for governmental activities. The State does have one outstanding capital lease for business type activities. Commitments under capital leases are as follows (in thousands):

	<u>Business-type</u>
2021	\$ 328
2022	187
2023	52
2024	18
2025	-
	<u>587</u>
Less Amounts Representing Interest	<u>(41)</u>
<b>Present Value of Future Minimum Lease Payments</b>	<b><u>\$ 545</u></b>

The carrying value of assets consisting of office and computer equipment for NMSU acquired under these arrangements is \$894.7 thousand.

#### Lessor Revenue

The State is also the lessor of office space. Amounts to be received in future years are as follows (in thousands):

	<u>Governmental</u>	<u>Business-type</u>
2021	\$ 3,327	\$ 11,383
2022	3,272	9,303
2023	3,218	7,661
2024	3,182	6,864
2025	3,142	6,716
2026-2030	-	20,638
2031-2035	-	19,466
2036-2040	-	11,255
2041-2045	-	5,689
Thereafter	<u>23,165</u>	<u>9,821</u>
	<b><u>\$ 39,306</u></b>	<b><u>\$ 108,796</u></b>

The historical cost for the assets which are leased is \$129.7 million for governmental activities (mostly for use of hangar and runway facilities at the Spaceport) and \$145.0 million for business-type activities.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 11 (CONTINUED)

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#### NOTE 11. Risk Management

The State of New Mexico manages its risks internally and sets aside assets for claim settlement through its Internal Service Fund (ISF). Coverage is provided for the following:

- Workers' Compensation
- Civil Rights and Foreign Jurisdiction
- Aircraft
- Money and Securities
- Health/Life
- General Liability
- Automobile
- Property
- Employee Fidelity Bond
- Short-term & Long-term Disability

The State of New Mexico manages its risks internally and sets aside assets for claim settlement through Enterprise Funds within the Risk Management Division (RMD) of the General Services Department. The RMD services all claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, employee health and accident, and unemployment compensation. The Department has coverage for general liability and civil rights claims through the Public Liability Fund administered by the State of New Mexico's Risk Management Division. The dollar amount "limits" of the insurance coverage are the damages caps set forth in the Tort Claims Act, NMSA Section 41-4-19, which may be amended from time to time by the legislature. All funds, agencies, and authorities of the State participate in Risk Management. Risk Management allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund, agency or public authority based on claims history and exposure of each participant. The charge considers recent trends in actual claims experience of the State as a whole and makes provision for catastrophic losses.

ISF fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated annually to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Total insurance claims payable at June 30, 2020, were \$152.4 million. The amounts of the liabilities are determined by independent actuarial consultants to the ISF. The total liability is shown in the accompanying financial statements at the present value of the payments, computed at 2.0 percent annual rate, except for long-term disability liability, which is computed at 2.0 percent annual rate, between June 30, 2020 and the date the claims are ultimately expected to be paid.

Insurance claims payable presented are actuarial computed estimates of the costs of administering, defending, and settling claims for events that had occurred as of the year-end. Since these estimates are based on historical information and various statistical measures, actual amounts paid may vary significantly from the amount estimated by the fund actuaries and reported herein. The basis of estimating the liabilities for unpaid claims is found in the independent actuarial report.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 11 (CONTINUED)

The following shows the reconciliation of changes in the unpaid claims in the ISF, which are stated at present value (in thousands):

	Balance June 30, 2019	Incurred (Net of Actuarial Provision)	Payments	Balance June 30, 2020	Current Amount Due
State Unemployment	\$ 3,950	\$ 4,519	\$ (4,779)	\$ 3,690	\$ 3,690
Local Public Body	869	1,334	(1,391)	812	812
Public Property Reserve	2,978	4,364	(4,323)	3,019	2,539
Public Liability	68,298	24,330	(41,840)	50,788	23,012
Surety Bond	3	-	-	3	2
Workers Compensation	49,847	13,050	(12,147)	50,750	11,820
Group Insurance Premium	40,649	347,499	(344,818)	43,330	43,330
<b>Total</b>	<b>\$ 166,594</b>	<b>\$ 395,096</b>	<b>\$ (409,298)</b>	<b>\$ 152,392</b>	<b>\$ 85,205</b>

	Balance June 30, 2018	Incurred (Net of Actuarial Provision)	Payments	Balance June 30, 2019	Current Amount Due
State Unemployment	\$ 4,279	\$ 3,028	\$ (3,357)	\$ 3,950	\$ 3,950
Local Public Body	941	1,525	(1,597)	869	869
Public Property Reserve	2,237	6,949	(6,208)	2,978	2,506
Public Liability	75,456	19,253	(26,411)	68,298	31,041
Surety Bond	3	-	-	3	2
Workers Compensation	46,783	16,440	(13,376)	49,847	11,609
Group Insurance Premium	42,805	325,170	(327,326)	40,649	40,648
<b>Total</b>	<b>\$ 172,504</b>	<b>\$ 372,365</b>	<b>\$ (378,275)</b>	<b>\$ 166,594</b>	<b>\$ 90,625</b>

It is possible that other claims against ISF may exist, but have not been asserted.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12

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#### NOTE 12. Pension Plans

##### A. Plan Descriptions

The State maintains five public employees' retirement systems (Systems): Four separate systems are administered by the New Mexico Public Employees' Retirement Association (PERA) and one system is administered by the New Mexico Educational Employees' Retirement Board (ERB). The State elected to use June 30, 2019 as its measurement date for both its PERA and ERB pension plans.

PERA is the administrator of the Public Employees Retirement System (PERS), the Judicial Retirement System (JRS), the Magistrate Retirement System (MRS), and the Volunteer Firefighter Retirement System (VFRS). ERB is the administrator of the Educational Employees Retirement System (EERS). Collectively, the Systems offer an array of retirement benefit plans to state, county, and municipal employees, police, firefighters, judges, magistrates, and legislators. The laws governing the administration of the Systems are set forth in Chapter 10, NMSA 1978, and applicable Replacement Pamphlets.

PERA is directed by the Public Employees Retirement Board (Board), which consists of twelve members. Ten of the Board members are elected by PERA active and retired members under state and municipal coverage plans. Two Board members, the Secretary of State and the State Treasurer, are ex-officio members.

PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, 33 Plaza la Prensa, Santa Fe, NM 87507.

ERB is directed by the Educational Retirement Board, composed of seven members. Board members include:

- Secretary of Public Education, who is appointed by the Governor;
- State Treasurer;
- One member elected by the membership of the NM Association of Educational Retirees;
- One member elected by the membership of the National Education Association of New Mexico;
- One member elected by the membership of the American Association of University Professors;
- Two members appointed by the Governor



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

The ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ERB, PO Box 26129, Santa Fe, New Mexico 87502.

The number of participating government employers, and the number of members for each system for the year ended June 30, 2020, were (not in thousands):

	PERS*	JRS	MRS	VFRS	EERS
<b>Number of Employers</b>					
State Agencies	121	15	12	-	11
Cities, Towns, Villages	93	-	-	364	-
Counties	33	-	-	-	-
Public Schools	-	-	-	-	89
Universities and Colleges	-	-	-	-	15
Special Schools	-	-	-	-	4
Charter Schools	-	-	-	-	97
Other	78	-	-	-	-
<b>Totals</b>	<b>325</b>	<b>15</b>	<b>12</b>	<b>364</b>	<b>216</b>
<b>Retirees and Beneficiaries</b>					
Receiving Benefits	40,744	186	105	1,429	51,397
<b>Terminated Plan Members</b>					
not yet Receiving Benefits	19,652	26	21	360	50,914
<b>Active Plan Members</b>	<b>48,159</b>	<b>124</b>	<b>65</b>	<b>8,182</b>	<b>61,091</b>

\* Note: PERA Retirement Fund includes the Legislative Fund

#### B. Funding and Benefit Policies

**Public Employees Retirement System (PERS)** – This plan is a cost sharing, multiple - employer defined benefit pension plan with six divisions of members: State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10-11-3, NMSA 1978.) Except as provided for in the Volunteer Firefighter Retirement Act (Chapters 10-11A-1 to 10-11A-7, NMSA 1978), the Judicial retirement Act (Chapters 10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (Chapters 10-12C-1 to 10-12C-18, NMSA 1978), the Educational Retirement Act (Chapter 22-11, NMSA 1978), and the provisions of Chapters 29-4-1 through 29-4-11, NMSA 1978, governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

Effective July 1, 2019, House Bill 501 increased employer contributions by .0025 percent for funds under the Public Employees Retirement Act.

Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for Tier I members (as defined later in these notes). Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of normal retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2.0 percent to 3.5 percent of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60.0 percent to 90.0 percent of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available. A blended pension benefit is equal to the sum of the pension attributable to the service credit the member has accrued under each coverage plan with different pension factors, for service credit earned after July 1, 2013.

#### Cost of living adjustment (COLA)

- Eligible retired members will receive a 4% COLA.
- Graduated COLA eligibility period for those who retire:
  - Before June 30, 2014: no change to current 2 full-calendar years after retirements to receive a COLA;
  - Between July 1, 2014 and June 30, 2015: 2 full-calendar year eligibility period to receive a COLA;
  - Between July 1, 2015 and June 30, 2016: 4 full-calendar year eligibility period to receive a COLA; and
  - After July 1, 2016: 7 full-calendar year eligibility period to receive a COLA
- No change in 1-year COLA eligibility for disability retirees or retirees age 65 or older.

For Tier II, the retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (applicable to those hired after July 1, 2013 – Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credits equals at least 85, or at 67 with eight or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4, and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers, and municipal juvenile detention officers will remain in 25-year retirement plans; however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II, pension factors were reduced by 0.5 %. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contribution rates for members vary depending on the plan under PERS. Employee contribution rates range from 4.78 % to 18.15% of annual salary, and employer rates range from 7.0% to 26.12%. Generally, Tier I regular state members contribute 7.42% to 8.92%, while employers contribute 17.24%.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

#### CHANGES FOR RETIREES

##### Cost of living adjustment (COLA)

- Reduces the COLA from 3% to 2% except for:
- 2.5% COLA for members retired with 25 or more years of PERA service credit (not reciprocity) and disability retired members, whose annual pensions are less than \$20,000.

#### CHANGES FOR RE-EMPLOYED RETIREES

##### Cost of living adjustment (COLA)

- Suspends the COLA for grandfathered return-to-work retirees during reemployment with PERA-affiliated employers or retirees employed by entities covered by the Education Retirement Act.

**State Legislative Fund** – This plan is a defined benefit pension plan which is accounted for in PERS. Eligibility for membership in the State Legislative Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, Section 43 and 43.5, NMSA 1978). State Legislators and lieutenant governors must elect to be a member no later than 180 days after first taking office to be covered under this plan. Member contributions are \$500 for each year of service credit prior to the 2012 legislative session and \$600 for each year beginning with the 2012 legislative session. Legislative service credit is earned each calendar year during which the member fulfills the obligations of the position of the legislator for more than six months of the calendar year, including the legislative session. Legislators are not required to make a member contribution until after the legislative session has ended and after PERA verifies services credit. PERA invoices legislative members to cover member contributions for each legislative session after the session ends, which is normally July or August. State funding for the State Legislative Fund is defined in Sections 10-11-43 and 10-11-43.5, NMSA 1978. The State is required to contribute sufficient amounts to finance the membership of members under state legislator coverage plan 2 on an actuarial reserve basis. The total actuarially determined amount for the State Legislative Fund for the fiscal year ended June 30, 2018 was \$0.00. Regarding the source of funding, Section 7-1-6.43 of the Tax Administration Act states “A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the legislative retirement fund in an amount equal to two hundred thousand dollars (\$200,000) a month or, if larger, one-twelfth of the amount necessary to pay out the retirement benefits due under state legislator member coverage plan 2 and Paragraph (2) of Subsection C of Section 10-11-42 NMSA 1978 for the calendar year.” During the State of New Mexico (53<sup>rd</sup> Legislature) in 2017, House Bill 2 was passed that reduced the State’s distribution to the legislative retirement fund from \$75,000 a month to \$0.00 a month.

Age and service requirements for retirement are age 65 or older with 5 or more years of service credit or any age with 10 or more years of service credit. Legislative members who meet retirement eligibility requirements receive annual pensions equal in any calendar year to 11% of the per diem rate in effect on the first day of the calendar year that the member retires multiplied by 60 and further multiplied by credited service. The per diem rate starting January 1, 2018 is \$165.

Effective 2019 the annual contribution amount under Legislative Retirement Plan 2 the amount increases to \$1,000 per Senate Bill 307.

Cost of living adjustment (COLA) is made to eligible retirees and beneficiaries. Retirees of the Legislative fund receive a COLA yearly after retirement of two full-calendar years (January 1<sup>st</sup> through December 31<sup>st</sup>) subject to

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

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certain conditions. The 2% COLA will be effective July 1 of the following year after the two full calendar years and will be compounded for each fiscal year thereafter. The COLA for disabled retired members making less than \$20,000 and members that make less than \$20,000 and have 25 years of service credit will be 2.5%.

**Judicial Retirement Fund** – This plan is a single employer defined benefit pension plan. Eligibility for membership in the Judicial Retirement Fund is set forth in Chapter 10-12B-4, NMSA 1978. Every judge or justice becomes a member in the Judicial Retirement Fund upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded. All assets accumulated for the payment of benefits may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the Judicial Retirement plan.

For individuals that became a member prior to July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 60 to anyone having served at least 15 years. The annual pension amount for those members covered prior to July 1, 2005, is determined as 75.0 percent of the salary received during the last year in office prior to retirement multiplied by the number of years of service, not to exceed 10 years divided by 10. For individuals that become a member after July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 55 to anyone having served at least 16 years.

For those individuals who became members subsequent to July 1, 2005, the annual pension amount is determined as 75.0 percent of salary received during the last year in office prior to retirement multiplied by 5.0 percent of the number of years in service, not exceeding 15 years, plus five years or one-twelfth of the salary received during the last year in office prior to retirement multiplied by the product of 3.75 percent times the sum of the number of years of service; provided that a pension calculated shall not exceed 75.0 percent of one-twelfth of the salary received during the last year in office.

The retirement age and service credit requirements for normal retirement for judicial members who first take the bench on or after July 1, 2014 increased with the passage of House Bill 33 Substitute in the 2014 Legislative Session. Under the new requirements, judicial members are eligible to retire at age 65 with 8 or more years of service or at age 60 with 15 or more years of service credit.

Effective July 1, 2014, judicial membership is mandatory, all judicial pension factors were reduced, employee and employer contributions increased 3 percent and the computation of final average salary increased as the average of salary for the 60 consecutive months. In addition, cost-of-living increases were suspended for two consecutive fiscal years and future cost-of-living adjustments are reduced to 2% every third year until the Fund is projected to be 100% funded. Suspends the COLA for judges and magistrates if the Funds' funded ratios fall below 100%. COLA suspensions shall only be implemented for two consecutive fiscal years.

Early retirement provisions apply to members retiring between ages 50 and 60. The plan also provides for survivors' allowances and disability benefits. Members contribute at a rate of 10.5 percent of their salaries and the member's court contributes at a rate of 15.0 percent of the member's salary. Additionally, the district court contributes \$38 for each civil case docket fee paid in the district court, \$25 from each civil docket fee paid in metropolitan court and \$10 (not in thousands) for each jury fee paid in metropolitan court. Contribution rates are established by State statute. Various other changes took place under House Bill 33 which amended the Judicial Retirement Act.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

**Magistrate Retirement Fund** – This plan is a single employer defined benefit pension plan. Eligibility for membership in the Magistrate Retirement Fund is set forth in Chapter 10-12C-4, NMSA 1978. All assets accumulated for the payment of benefits may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the Magistrate Retirement plan. Every magistrate becomes a member in the Magistrate Retirement Fund upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded. Benefits are available at age 64 or older to any member having served as a magistrate for a minimum of five years. Retirement is available at age 60 to any magistrate or former magistrate having served at least 15 years or at any age with 24 or more years of service credit. The annual pension amount is determined by multiplying 75.0% of the salary received during the last year in office prior to retirement by 5.0% of the number of years of service, not exceeding 15 years, plus five years.

The retirement age and service credit requirements for normal retirement for magistrate members who first take the bench on or after July 1, 2014 increased with the passage of House Bill 216 Substitute in the 2014 Legislative Session. Under the new requirements, magistrates are eligible to retire at age 65 with eight or more years of services, at age 60 with 15 or more years of service credit or at any age with 24 years of service credit.

Effective July 1, 2014, membership is mandatory, all magistrate pension factors were reduced, employee contributions increased 3 percent, and the computation of final average salary increased as the average of salary for the 60 consecutive months prior to retirement. Employer contributions increased by 4% effective July 1, 2015. In addition, cost-of-living increases were suspended for two consecutive fiscal years, and future cost-of-living adjustments are reduced to 2% every third year until the Fund is projected to be 100% funded.

Member contributions are based on 10.5 percent of salaries and the State, through the administrative office of the courts, contributes at a rate of 11.0 percent of the member's salary. Beginning July 1, 2015, the employer contributions increased to 15 percent of the member's salary. Additionally, the magistrate or metropolitan courts contribute \$25 for each civil case docket fee paid and \$10 for each civil jury fee paid in magistrate court. Contribution rates are established by State statute. Certain other changes took place under House Bill 216 and amended the Magistrate Retirement Act.

**Volunteer Firefighters Retirement Fund** – This plan is a single employer defined benefit pension plan with a special funding situation. Eligibility for membership in the Volunteer Firefighters Retirement Fund is set forth in Chapter 10-11A-2, NMSA 1978. Any volunteer non-salaried firefighter who is listed as an active member on the rolls of a fire department and who meets certain age and service credit requirements set forth in the statute is eligible for membership in the Volunteer Firefighters Retirement Fund. Benefits are available at age 55 or older to any member having served as a volunteer firefighter for a minimum of 10 years. Benefits are \$125 per month, as of July 1, 2013, with at least 10 but less than 25 years of service or \$250 per month with 25 or more years of service. Benefits for post-retirement surviving spouse annuities are also available. Members of the Volunteer Firefighters Retirement Fund do not make individual contributions to the plan. State statutes require that the State Treasurer transfer \$750,000 during the fiscal year from the Fire Protection Fund to the Volunteer Firefighters Retirement Fund.

**Educational Employees' Retirement System (EERS)** - The New Mexico Educational Retirement Board (ERB) was created by the Educational Retirement Act, Chapters 22-11-1 to 22-11-52, NMSA 1978, as amended, to administer

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

and have the responsibility for operating the Educational Employees' Retirement Plan. ERB is an agency of the State. The plan administered by ERB is considered part of the State financial reporting entity and is a pension trust fund of the state.

This plan is a cost-sharing multiple employer pension plan established by statute and administered by ERB to provide retirement, disability, and death benefits for all certified teachers and other employees of the State's elementary, secondary, and higher educational institutions, junior colleges, and technical-vocational institutions. Employees who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. For plan members whose annual salary is over \$20,000, they are required to contribute 10.7% of their gross salary to the plan in fiscal year 2018 and thereafter. Employers are required to contribute 14.15% of gross covered salaries in fiscal year 2020 and thereafter. The statutory contribution requirements can be changed by the State Legislature.

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

- The member's age and earned service credit add up to the sum of 80 or more,
- The member is at least 67 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements:

- The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits
- The member's age is 67, and has earned 5 or more years of service credit.

*Forms of Payment* - The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

*Benefit Options* - There are three benefit options available:

Option A – Straight Life Benefit. The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.

Option B – Joint 100% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Option C – Joint 50% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

*Cost of Living Adjustment (COLA)* – All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3):

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

*Disability Benefit:*

Eligibility - A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by the Board.

Monthly Benefit - The monthly benefit is equal to 2.0 percent of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2.0 percent of FAS times years of service projected to age 60.



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

Form of Payment - The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied.

*Refund of Contributions* - Members may withdraw their contributions only when they terminate covered employment in the State and certification of termination has been provided by their former employers. Interest paid to members when they withdraw their contributions following termination of employment is at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or contributions held for less than one year.

*Alternative Retirement Plan* - Effective October, 1991, the New Mexico legislature established an Alternative Retirement Plan (ARP) through the enactment of ERA Sections 22-11-47 through 52 NMSA 1978 to provide eligible employees an election to establish an alternative retirement investment plan. In contrast to the defined benefit plan administered by NMERB, the ARP is a defined contribution plan. NMERB is the trustee of the ARP which is administered by two third party contractors for NMERB. The administrators approved to offer ARP plans to eligible participants are Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF), and Fidelity Investments.

These administrators have the authority to perform record keeping, enrollment education services, and other administrative duties for the ARP. The administrators are delegated any and all powers as may be necessary or advisable to discharge their duties under the ARP, and have certain discretionary authority to decide matters under the ARP. As the ARP trustee NMERB is responsible for selecting investment options that provide a prudent rate of return, and to ensure that all investments, amounts, property, and rights under the executed Plan-Trust are held for the exclusive benefit of Plan participants and their beneficiaries, as defined in the Plan Document.

#### C. Net Pension Liability

The total pension liability, net pension liability, and certain sensitivity information presented on the next page are based on an actuarial valuation performed as of June 30, 2019. The total pension liability was rolled forward from the valuation date to the plan year ending June 30, 2020. The net pension liability of each plan as of June 30, 2020, is as follows (in thousands):

<b>Public Employees Retirement Association and Education Retirement Board</b>					
<b>Net Pension Liability, By Fund</b>					
<i>(Expressed in Thousands)</i>					
	<b>PERA-Public Employees Retirement System</b>	<b>PERA-Judicial Retirement System</b>	<b>PERA-Magistrate Retirement System</b>	<b>PERA-Volunteer Firefighters Retirement System</b>	<b>ERB-Educational Employees Retirement System</b>
Total Pension Liability	\$ 22,140,637	\$ 223,408	\$ 58,618	\$ 51,906	\$ 33,285,087
Plan's Fiduciary Net Position	14,691,984	84,871	29,071	68,836	13,019,198
Net Pension Liability	<u>\$ 7,448,653</u>	<u>\$ 138,538</u>	<u>\$ 29,546</u>	<u>\$ (16,930)</u>	<u>\$ 20,265,890</u>
Percentage of Fiduciary Net Position to Total Pension Liability	<u>66.36%</u>	<u>37.99%</u>	<u>49.59%</u>	<u>132.62%</u>	<u>39.11%</u>



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

These assumptions were adopted by the Board for use in the June 30, 2019 actuarial valuation.

	<u>PERS</u>	<u>JRS</u>	<u>MRS</u>	<u>VFRS</u>	<u>EERS</u>
Valuation date	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Pay	Level Percent of Pay, Open	Level Percent of Payroll, Open	Level Dollar, Open	Closed 30 year period, Amortization. Level percent of Payroll.
Amortization period	Solved for Based on Statutory Rates	30 years	30 years	30 years	Closed 30 years
Asset valuation method					5 Year Smoothed Market
Actuarial Assumptions:					
Investment Rate of Return	7.25%	SEIR 4.34%	SEIR 7.25%	7.25%	7%
Projected Benefit Payment	100 years	89 years	86 years	100 years	
Payroll Growth	3.00%	3.00%	3.00%	N/A	-
Projected Salary Increases	3.25%-13.50%	4.00%	3.25%	N/A	2.30% Inflation, plus .05% Prod, Inc.
Includes Inflation At	2.50%	2.50%	2.50%	2.50%	2.30%
Mortality Assumption	RPH-2014 Blue Collar Mortality Table	RPH-2014 Blue Collar Mortality Table	RPH-2014 Blue Collar Mortality Table	RPH-2014 Blue Collar Mortality Table	2020 GRS Southwest Region Teacher Mortality Table
Discount Rate	7.25%	4.34%	7.25%	7.25%	3.89%
Municipal Bond Rate	3.50%	3.50%	3.50%		3.50%

All percentages are stated at an annual rate.  
Investment rate of return is net of investment expenses.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

The following presents the net pension liability of the various plans, calculated using the discount rate, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net Pension Liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERS	\$ 10,161,983	\$ 7,448,652	\$ 5,201,418
<b>Single-Employer Funds:</b>			
	(3.34%)	(4.34%)	(5.34%)
Judicial	\$ 165,487	\$ 138,538	\$ 116,101
	(6.25%)	(7.25%)	(8.25%)
Volunteer Firefighters	\$ (10,975)	\$ (16,931)	\$ (21,892)
	(6.25%)	(7.25%)	(8.25%)
Magistrate	\$ 35,376	\$ 29,547	\$ 24,595
	(2.89%)	(3.89%)	(4.89%)
ERB	\$ 25,593,615	\$ 20,265,889	\$ 15,979,388

**PERA Asset Allocations** – The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Public Employees Retirement Association All Systems</b>		
Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	35.50 %	5.90 %
Risk Reduction & Mitigation	19.50	1.00
Credit Oriented Fixed Income	15.00	4.20
Real Assets to include Real Estate Equity	20.00	6.00
Multi-Risk Allocation	10.00	6.40
<b>Total</b>	<b>100.00 %</b>	

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

**ERB Asset Allocations** – ERB’s investment allocation policy is periodically reviewed and amended by the Board of Trustees, as needed. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocations as well as the policy adopted on August 26, 2016:

	Allocation	Policy Target <sup>1</sup>
<b>Schedule of Asset Allocation Versus Policy Targets</b>		
<b>Equities</b>		
<i>Domestic Equities</i>		
Large cap	14%	14%
Small-mid cap	3%	3%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	8%	9%
Total equities	<u>30%</u>	<u>31%</u>
<b>Fixed Income</b>		
Core Fixed Income	6%	6%
Opportunistic credit	18%	16%
Emerging market debt	2%	2%
Total fixed income	<u>26%</u>	<u>24%</u>
<b>Alternatives</b>		
Real estate	4%	6%
REITs	2%	2%
Private equity	16%	15%
Global asset allocation	3%	2%
Risk parity	6%	3%
Inflation-linked assets	9%	9%
Other	4%	7%
Total alternatives	<u>43%</u>	<u>44%</u>
<b>Cash</b>	<u>1%</u>	<u>1%</u>
Total	<u>100%</u>	<u>100%</u>

1. Long-Term Policy Target approved by the Board on August 2019.

**Rate of Return** – Disclosure of the annual money-weighted return is a requirement of GASB 67. It incorporates both the size and timing of cash flows to determine an internal rate of return, and expresses investment performance adjusted for the changing amounts actually invested. The requirements of the calculation are listed below.

- The rate is computed net of investment expenses, but not net of administrative expenses.
- External cash flows used as inputs should be determined on at least a monthly basis.
- Cash flows should be determined on an accrual basis of accounting.
- Cash-flow weighting should be representative of the Plan’s actual external cash flow timing.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

For the year ended June 30, 2020, the annual money-weighted rate of return on the PERA pension plan investments net of investment expense was a negative 2.70%. For the ERB pension plan, it was a negative .97%.

#### D. Employer Reporting – Public Employees Retirement Association of New Mexico (PERA)

##### State – Funded Divisions of PERA

For the fiscal year ended June 30, 2020, the State Funded Divisions of PERA were composed of State General, State Police and Legislative. The measurement date used by the State was June 30, 2019.

**Contributions** – As stated earlier in this note, the contribution requirements of the plan members and the State are established in the state statute. Statutorily required contributions from the State to the State funded divisions of the pension plan were \$200 million for the fiscal year ended June 30, 2020.

##### ***Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The State-Funded Divisions of PERA reported net pension liabilities as follows (in thousands):

<u>Division</u>	<u>Net Pension Liability</u>
State General	\$ (3,635,039)
State Police	299,411
Legislative	10,955
Total	<u>\$ (3,324,673)</u>

The net pension liability is further segregated in the following amounts in Governmental and Business-Types (in thousands):

Governmental Activities (including Internal Service Funds)	\$ 3,248,141
Business-type Activities (including Nonmajor enterprise funds and two educational institutions)	<u>76,532</u>
Total	<u>\$ 3,324,673</u>

At June 30, 2020, the State's total proportion of the PERA State Funded Divisions net pension liability was 51.29% percent and at June 30, 2019. Total contributions for State Funded Divisions were \$175.7 million, \$23.6 million, and \$.90 million for the three divisions respectively. Pension expense was \$535.8 million, \$2.2 million and \$.83 million respectively.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

#### Single-Employer Funds

The State contributes 100 percent of the contributions to three single-employer funds in the PERA System. They are the Judicial, Magistrate, and Volunteer Firefighters Retirement Funds. The measurement date used by State was June 30, 2019 (in thousands).

	Judicial	Magistrate	Volunteer Firefighters
<b>Net Pension Liability (Asset)</b>	<u>\$ 113,675</u>	<u>\$ 45,634</u>	<u>\$ (19,276)</u>

**Contributions** – Contributions from the State to the PERA Judicial, Magistrate Retirement and Volunteer Firefighter funds were \$4.7 million, \$1.3 million, and \$.750 million, respectively, for the year ended June 30, 2020.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - The State reported liabilities of \$113.6million and \$45 million for the net pension liabilities of the Judicial and Magistrate Retirement Funds, respectively, which were 100 percent of the proportionate share. For the year ended June 30, 2020, the State recognized \$10.2 million as pension expense for the Judicial Retirement Funds. Also, for the year ended June 30, 2020, the State recognized \$6.3 million as pension expense for the Magistrate Retirement Fund, respectively.

The Volunteer Firefighters Retirement Fund reported a plan net position of \$71.8 million and a total pension liability of \$52.6 million for a positive net position asset of \$19.2 million. Therefore, in accordance with accounting guidance, the positive net position is reported as a net pension asset in the financial statements. Pension expense was \$.78 million.

At June 30, 2020, these plans reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Governmental</u>		<u>Business-type</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PERA - State-Funded and Single-Employer Funds (Judicial and Magistrates Funds)</b>				
Differences between expected and actual experiences	\$ 41,425	\$ (163,230)	\$ 749	\$ (3,374)
Changes of assumptions	158,167	(10,185)	3,146	(162)
Net difference between projected and actual earnings on pension plan investments	86,953	-	1,839	-
Changes in proportion and differences between State contributions and proportionate share of contributions	-	-	-	-
State contributions subsequent to measurement date	201,986	-	4,221	-
<b>Totals</b>	<u>\$ 488,531</u>	<u>\$ (173,415)</u>	<u>\$ 9,955</u>	<u>\$ (3,536)</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

The amounts of \$201,986 for governmental activities and \$4,221 for business-type activities, reported as deferred outflows of resources related to pensions resulting from the State's contributions subsequent to the measurement date June 30, 2019, will be recognized as a reduction of the respective net pension liability in the following fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Governmental		Business-type	
Year ended June 30:		Year ended June 30:	
2020	\$ 74,690	2020	\$ 1,451
2021	\$ 33,367	2021	\$ 648
2022	\$ (8,540)	2022	\$ (166)
2023	\$ 13,612	2023	\$ 265
2024	\$ -	2024	\$ -
Thereafter	\$ -	Thereafter	\$ -

The deferred outflows and inflows of resources are presented separately for the Volunteer Firefighter's Fund because this fund reports a positive net position (in thousands).

Volunteer Firefighter's Fund	Governmental	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ (5,584)
Changes of assumptions	1,741	(123)
Net difference between projected and actual earnings on pension plan investments	825	-
Changes in proportion and differences between State contributions and proportionate share of contributions	-	-
State contributions subsequent to measurement date	750	-
Totals	\$ 3,316	\$ (5,707)

The amount of \$750, reported as deferred outflows of resources related to pensions resulting from the State's contributions subsequent to the measurement date June 30, 2019, will be recognized as a reduction of the respective net pension liability in the following fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

Governmental	
Year ended June 30	
2020	\$ (87)
2021	\$ (1,018)
2022	\$ (656)
2023	\$ (709)
2024	\$ (299)
Thereafter	\$ (371)

#### E. Employer Reporting – Educational Retirement Board (ERB)

**Contributions** – As stated earlier in this note, the contribution requirements of ERB plan members and the State are established in state statute. Contributions for the fiscal year ended June 30, 2020, from the State to the ERB were \$1.2 million for governmental activities and \$ 121.1 million from the twelve educational institutions reported as business-type activities.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2019. Therefore, the employer’s portion was established as of the measurement date June 30, 2019. On June 30, 2020, the State reported a liability of \$ 22.0 million for its proportionate share of the net pension liability covering state employees in governmental activities, and \$ 2.1 billion for the collective proportionate share of the twelve educational institutions reported as business-type activities. At June 30, 2019, the proportion was .29 percent for governmental activities and 27.87 percent for business-type activities. The State’s proportion of the net pension liability is based on the employer contributing entity’s percentage of total employer contributions for the fiscal year ended June 30, 2019. The contribution amounts were defined by Section 22-11-21, NMSA 1978.

For the year ended June 30, 2020, the State recognized pension expenses of \$8.6 million in governmental activities and \$652.3 million in business-type activities. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Governmental		Business-type	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>ERB Fund</b>				
Differences between expected and actual experiences	\$ -	\$ (577)	\$ -	\$ (55,346)
Changes of assumptions	3,101	-	297,551	-
Net difference between projected and actual earnings on pension plan investments	-	(469)	-	(44,973)
Changes in proportion and differences between State contributions and proportionate share of contributions	710	(303)	10,813	(71,036)
State contributions subsequent to measurement date	1,217	-	121,126	-
<b>Totals</b>	<u>\$ 5,027</u>	<u>\$ (1,348)</u>	<u>\$ 429,490</u>	<u>\$ (171,356)</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

Contributions made subsequent to the measurement date will reduce the net pension liability for the next fiscal year.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Governmental		Business-type	
Year ended June 30		Year ended June 30	
2020	\$ 2,507	2020	\$ 209,844
2021	\$ 64	2021	\$ (43,495)
2022	\$ (47)	2022	\$ (23,478)
2023	\$ (61)	2023	\$ (5,863)
2024	\$ -	2024	\$ -
Thereafter	\$ -	Thereafter	\$ -

### Net Pension Liabilities and Related Deferred Inflows/Outflows of Resources Reconciliation to Financial Statements (in thousands)

	Net Pension Asset	Net Pension Liability		Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Governmental Activities</u>			<u>Governmental Activities</u>		
PERA - State Divisions	\$ -	\$ 3,248,141	PERA - State Divisions, Judicial & Magistrate	\$ 488,531	\$ (173,415)
PERA - Judicial	-	113,675	PERA - Volunteer Firefighters	3,316	(5,707)
PERA - Magistrate	-	45,634	ERB	5,027	(1,348)
PERA - Volunteer Firefighters	19,276	-	Total Governmental Activities	496,874	(180,470)
ERB	-	22,005	<u>Business-type Activities</u>		
Total Governmental Activities	19,276	3,429,455	PERA - State Divisions	9,955	(3,536)
<u>Business-type Activities</u>			ERB	429,491	(171,356)
PERA - State Divisions	-	76,532	Rounding	-	-
ERB	-	2,111,752	Total Business-type Activities	439,446	(174,892)
Total Business-type Activities	-	2,188,285	Component Units	59,315	(15,320)
Component Units	-	172,412			

### F. Discount Rates and Sensitivity Analysis

#### Discount Rate –

**PERA** - The discount rate used to measure the total pension liability was 7.25 percent for the State-Funded Divisions. The discount rate for the Volunteer Firefighters fund was 7.25%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefits payments of current plan members as determined in accordance with GASB 67. Therefore, the 7.25 percent assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability of the Magistrate fund was 4.56 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are not sufficient to provide all projected future benefit payments of current plan members as determined in accordance



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

with GASB Statement No. 67. Therefore, a 4.56% discount rate was applied to all periods of projected benefit payments to determine the total pension liability. This rate is a blend of the expected rate of return on assets of 7.25% and the 20 year tax-exempt municipal bond rate 4.56% as of the measurement date for both the Judicial and Magistrate funds. The discount rate for the Judicial fund was 5.12%

**Sensitivity of the State’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table provides the sensitivity of the State’s Proportionate Share of the net pension liability to changes in the discount rate. In particular, the tables present the State’s net pension liability as if it were calculated using a discount rate one percentage point lower or one percentage point higher than the single discount rate.

<b>Public Employees Retirement Association Employer Reporting Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Expressed in Thousands)</b>			
<u>Net Pension Liability</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
State-Funded Divisions	\$ 4,584,779	\$ 3,324,673	\$ 2,279,073
<b>Single-Employer Funds:</b>			
Judicial	\$ 137,185	\$ 113,675	\$ 93,914
Volunteer Firefighters	\$ (13,083)	\$ (19,276)	\$ (24,415)
Magistrate	\$ 55,091	\$ 45,634	\$ 37,796

**ERB** - A single discount rate of 7.25% was used to measure the total ERB pension liability as of June 30, 2020. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projection of cash flows used this single rate assuming that Plan contributions will be made at the current statutory levels. Additionally, contributions received through NMERB’s Alternative Retirement Plan (ARP) are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB plan payroll, where the percentage of payroll is based on the most recent five-year contribution history.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 12 (CONTINUED)

*Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - The following table provides the sensitivity of the State's Proportionate Share of the net pension liability to changes in the discount rate. In particular, the tables present the State's net pension liability as if it were calculated using a discount rate one percentage point lower or one percentage point higher than the single discount rate.

	<b>Educational Retirement Board Employer Reporting Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Expressed in Thousands)</b>		
<u>Net Pension Liability</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
State Employees (Governmental Activities)	\$ <u>29,705</u>	\$ <u>22,005</u>	\$ <u>15,636</u>
Educational Institution Employees (Business-type Activities)	\$ <u>2,850,703</u>	\$ <u>2,111,752</u>	\$ <u>1,500,569</u>
<b>Total Primary Government- ERB</b>	\$ <u><u>2,880,409</u></u>	\$ <u><u>2,133,757</u></u>	\$ <u><u>1,516,205</u></u>

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13

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#### NOTE 13. Post-Employment Benefits Other Than Pensions

##### A. Plan Description

In addition to pension benefits as described in Note 12, the State provides other post-employment benefits (OPEB). The following is in accordance with the provisions of *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The New Mexico Retiree Health Care Authority (RHCA) was formed February 13, 1990 under the New Mexico Retiree Health Care Act (Act), Chapters 10-7C-1 to 10-7C-19, NMSA 1978, to administer the retiree health care fund which was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents, and surviving spouses) who have retired or will retire from public service in New Mexico. The Retiree Health Care Act established a cost-sharing multi-employer defined benefit postemployment health care plan (Plan) that provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Act created a governing board composed of 11 members (a twelfth member was added through an amendment). RHCA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to RHCA, 6300 Jefferson Street NE, Suite 150, Albuquerque, NM 87109.

The legislation establishing RHCA specifically did not intend to create formal trust relationships among the participating employees, retirees, employers and RHCA administering the Act. However, the substantive plan created by the Act contains all requisite elements to be considered as the equivalent of a trust arrangement. These elements include irrevocable contributions to the Plan, plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the Plan, and plan assets are legally protected from creditors of employers or the Plan administrator. Additionally, there is no provision for a participating government entity to withdraw membership, and all risks and costs including benefit costs are shared and are not attributed individually to employers, and a single contribution rate applies to employers. RHCA received a legal opinion that the manner of legal organization of RHCA is substantially equivalent to a trust. As such, RHCA was required to apply GASB Statement No. 74 (GASB 74) *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans* which was implemented by the State effective for fiscal year ending June 30, 2018. The Net Position of the RHCA is reported as restricted per GASB Statement No. 46 and Chapter 10-7-C-14, NMSA 1978.

Eligible employers are institutions of higher education, school districts, or other entities participating in the public school insurance authority, and state agencies, state courts, magistrate courts, municipalities, or counties, which are affiliated under or covered by the Educational Retirement Act, or the Magistrate Retirement Act, or the Public Employees Retirement Act.

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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

<b>Plan Membership (Not in Thousands):</b>	
Current Retirees and Surviving Spouses	52,179
Inactive and Eligible for Deferred Benefit	10,916
Current Active Members	91,082
<b>Total</b>	<b>154,177</b>
<b>Active Membership:</b>	
State General	17,097
State Police and Corrections	1,830
Municipal General	17,538
Municipal Police	3,159
Municipal Fire	1,966
ERB	49,492
<b>Total</b>	<b>91,082</b>
<b>Total Number of Participating Employers</b>	<b>301</b>

#### B. Single Employer Post-Employment Plans

##### Plan Description for UNM

*Plan description:* The University of New Mexico Retiree Welfare Benefit Trust (VEBA Trust) administers the University of New Mexico Retiree Welfare Benefit Plan (VEBA Plan) – a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible employees of the University. The University is the fiduciary of the VEBA Trust, and the VEBA Trust's financial statements and required supplementary information are included in the University's financial report. Management of the VEBA Plan is vested in the VEBA Trust's VEBA Committee, which consists of nine members:

- UNM Controller or Designee
- UNM Vice President of Human Resources or Designee
- Two Faculty Appointees (appointed by the UNM President)
- Two Staff Appointees (appointed by the UNM President)
- Member of the Debt Investment Advisory Committee (ex-officio, appointed by the UNM President)
- Two UNM Presidential Appointees

*Plan membership:* In order for a retiree of the University to be eligible for OPEB other than basic life insurance, the employee must have been hired prior to July 1, 2015 and contribute to the VEBA Trust for at least five continuous years immediately prior to retirement. If hired prior to July 1, 2013 and retiring prior to July 1, 2018, employees must continually contribute to the VEBA Trust. Employees were automatically enrolled into the VEBA Trust upon its establishment unless they requested to opt out. Opportunities to opt out will occur annually during the benefits open enrollment period. Employees hired on or after July 1, 2015 are not eligible for OPEB other than basic life insurance. Contributions to the VEBA Trust are not required for the basic life insurance benefit since these benefits are not funded through the VEBA Trust.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

At the valuation date of January 1, 2019, the VEBA Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments 4,048, active plan members 7,133 and total plan members 11,181

Total active plan members include 2,535 members hired on or after July 1, 2015 who are not eligible to receive postretirement health benefits but may be eligible to receive postretirement life insurance benefits.

#### **Plan Description for New Mexico State University**

*Plan Description.* New Mexico State University is a single employer that offers employees and their eligible dependents retiree benefits. This is an unfunded OPEB plan operating on a pay as you go basis. The authority to establish and amend the benefit provisions rests with the Board of Regents. Retirees, who have had 10 consecutive years of health insurance coverage with the University at the time of retirement, are offered the opportunity to participate in a fully-insured PPO medical plan, including prescription drugs. Medicare retirees (for retirees 65 years of age and over) are offered the opportunity to participate in a Medicare carve-out medical plan, including prescription drugs. Eligible retired employees may select a Life Insurance benefit up to \$10,000. All premiums for life insurance are paid by the retiree. The University currently pays 60% of the monthly medical and prescription premium for retirees and their eligible dependents until the retiree reaches age 70, at which time the University reduces their contribution to 30%. As of June 30, 2020, 1,376 retirees met the eligibility requirements for health insurance. Employees hired after June 30, 2016 are not offered this benefit.

*Plan Participation Percentage.* The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 85% of all pre Medicare employees and their dependents who are eligible for early retirement will participate in the retiree medical plan. It is also assumed that 80% of those enrolled in the pre Medicare plans will continue on the plan once Medicare eligible. Lastly, it is assumed that 88% of all pre Medicare employees who are eligible for the retiree life insurance benefit will participate, and 91% of those enrolled will continue on the plan once Medicare eligible. This assumes that a one-time irrevocable election to participate is made at retirement. Employees covered by benefit terms - At June 30, 2020, the following employees were covered by the benefit terms: Current retirees receiving benefits – 1,802 and current active members – 2,052.

#### **Plan Description for NM Institute of Mining and Technology**

*Plan Description:* The Board of Regents authorized the creation of the New Mexico Tech Employee Benefit Trust (Trust or Plan), a contributory benefit plan, to operate, control and maintain a program to provide certain health and life insurance benefits to the employees of the Institute and their families. Retired employees may participate in the Plan. The Plan is considered a postemployment benefit plan as defined by GASB 74, *Financial Reporting for Postemployment Benefit Other than Pension Plans* which was implemented for June 30, 2020. The Trust is recorded as a fiduciary fund in the accompanying financial statements and as a blended component unit. The Board of Regents serves as trustee and has delegated the day-to-day operations of the Trust to the executive staff of the Institute. The Trustees and Institutes management have designated a third-party administrator to process the claims submitted by covered participants.

Effective January 1, 2019, the Institute is no longer using the Trust, a contributory benefit plan, to operate, control and maintain a program to provide the health insurance benefits to the employees of the Institute and their families. The Board of Regents made a resolution approving an agreement for participating with New

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

Mexico Public School Insurance Authority (NMPSIA), for employee health benefits for its employees, retirees and their families. The Trust will continue to operate, control and maintain the life insurance and flexible benefits to the employees of the Institute and their families. The Trust issues standalone audited financial statements that can be obtained by request or via the Office of the State Auditor's website at [www.saonm.org](http://www.saonm.org).

#### C. Funding and Benefit Policies

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

The New Mexico Retiree Health Care Act (Chapter 10-7C-13, NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars (not in thousands) if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100.0 percent of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from NMRHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

*Contributions* - The New Mexico Retiree Health Care Act (Chapter 10-7C-15, NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The contributions are set by legislation and are not based on an actuarial calculation. The Legislature periodically reviews the contribution rates pursuant to Chapter 10-7C-15, NMSA 1978.

For the fiscal year ended June 30, 2020, for regular state employees, the statute required each participating employer to contribute 2.0 percent of each participating employee's annual salary; each participating employee was required to contribute 1.0 percent of their salary.

For employees who were members of an enhanced retirement plan (state police, adult correctional officers, firefighters and judges) during the fiscal year ended June 30, 2020, the statute required each participating employer to contribute 2.5 percent of each participating employee's annual salary, and each participating employee was required to contribute 1.25 percent of their salary.

Current retirees are required to make monthly contributions for individual basic medical coverage. Retiree premium contribution increases are no longer limited by the Act, which the RHCA health care trend's will be the basis for any rate increases for the New Mexico basic plan of benefits. The Board may designate other plans as "optional coverages." Optional and/or voluntary coverages are not subject to the 9.0 percent cap, which expired in fiscal year 2008 per Chapter 10-7C-13, NMSA 1978.

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operations or participation in the Plan. The employer, employee and retiree contributions are required to be remitted to NMRHCA on a monthly basis.

#### **D. Funding and Benefit Policies for Single Employer Plans**

##### **UNM**

*Benefits provided:* The VEBA Plan provides health, dental, and life insurance coverage to eligible retirees and their covered dependents. Eligible retirees of the University receive healthcare coverage through a self-insured medical plan, including prescription drugs, available through UNM Health, Presbyterian Health Plan, BCBS of New Mexico, and Express Scripts. Eligible Medicare retirees (for retirees 65 years of age and over) receive healthcare coverage through one of six fully insured medical/prescription plans: Blue Cross Blue Shield HMO I (Enhanced), Blue Cross Blue Shield HMO II (Standard), Blue Cross Blue Shield PPO, Presbyterian PPO UNM Select, Presbyterian PPO UNM Premier, and UHC AARP Indemnity. Eligible retirees are also offered one of two dental insurance benefit options: Premier High Option and PPO Low Option. Basic life insurance benefits are available to retirees of the University without the requirement to opt in to the VEBA Trust. The authority to establish and amend the benefit provisions rests with the Board of Regents.

*Contributions:* The contribution requirements of VEBA Plan members and the University are established and may be amended by the Board of Regents. Retiree contributions for medical and dental insurance are required for both retiree and dependent coverage. Retirees are required to pay the full premiums less a subsidy provided by the University. Retirees 65 years of age and over are required to contribute a percentage of the premiums based on their number of VEBA service credit years. Retirees under the age of 65 are required to contribute a percentage of the premiums based on their number of VEBA service credit years and their preretirement annual salary. Benefits-eligible employees, who do not opt-out of the VEBA Trust, contribute 0.75% of their salary to the VEBA Trust in order to ensure that the health benefits continue into retirement. The University matches the 0.75% contribution made by the employee.

##### **NMSU**

*Funding Policy:* The University does not use a trust fund to administer the financing and payment of benefits. The retired employees that elect to participate in post-employment benefits are required to make contributions in the form of monthly premiums based on current rates established under the medical and life plans. The University funds the plan on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits, and includes all expected claims and related expenses and is offset by retiree contributions. The pay-as-you-go expenses for fiscal year 2020 were \$5.8 million, net of retiree contributions.

##### **NMIMT**

*Benefits Provided* – Retirees are offered \$10,000 of retiree basic life insurance. In addition, the Trust is used to pay premiums for life insurance coverage on eligible participants and to administer the Flexible Benefits Plan (the Flex Plan). The Flex Plan, which is fully funded by employees, provides reimbursement of certain employee health and dependent care expenses. The Trust also holds Employee Assistance Plan (EAP) and Commuter Benefits Holding funds.



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### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

*Contributions* – The Trust is funded by contributions from both the Institute and employees of the Institute. Flex Plan contributions consist of employee-only contributions and are based on amounts elected by the employees up to specified limits, and are withheld from employee pay. All other contributions, including employee and employer contributions, are based on amounts determined by the Trust Committee as necessary to cover the expenses of the Trust. Contributions are funded on a monthly basis.

#### E. Funded Status

*Investments and Fair Value Measurements:* The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used as of June 30, 2020.

The RHCA invested in a number of investment pools offered by New Mexico State Investment Council (NMSIC). Each pool consists of units of participation of unlimited quantity. The pools are held in NMSIC's name. No unit in the pool has priority or preference over any other unit and represents an equal beneficial interest in the pool. The valuation of the RHCA's units in the investment pool is provided by the NMSIC on a monthly basis and represents the fair market value as of that date. Therefore, RHCA has determined that all the investments are measured at Net Asset Value as a practical expedient (NAV practical expedient).

The table below summarizes the investments valued at NAV practical expedient and other pertinent liquidity information:

<u>Investments Measured at NAV Practical Expedient</u>	<u>Fair Value June 30, 2020</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
U.S. Large Cap Index Pool	\$ 112,487	Daily	5 business days
Non U.S. Emerging Markets Index Pool	73,372	Daily	5 business days
Non U.S. Developed Markets Index Pool	99,502	Daily	5 business days
Private Equity Pool	90,356	Twice per year	9 months
Credit and Structured Finance Pool	112,681	4 times per year	3 months
Real Estate Pool	78,117	Twice per year	6 months
Small/Mid Cap Active Pool	13,455	Daily	5 business days
Real Asset Pool	33,459	Twice per year	6 months
Core Bond Pool	174,843	Daily	5 business days
	<u>\$ 788,273</u>		

There are requirements for frequency and timing of actuarial valuations, as well as actuarial methods and assumptions that are acceptable for financial reporting. The Authority obtains actuarial valuations at least biannually and a single actuarial valuation covers all plan members.



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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

**RHCA Asset Allocations** – RHCA’s investment allocation policy is periodically reviewed and amended by the Board of Trustees, as needed. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

Further detail of the individual Investment Pools and their management can be obtained from a publicly available financial report that includes financial statements and required supplementary information for the post-employment healthcare plan at RHCA website <https://www.nmrhca.state.nm.us>.

The actuarial methods and assumptions for the Plan at June 30, 2020, were as follows:

Valuation Date	June 30, 2019
Actuarial cost method	Entry age normal, level of percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
<b>Actuarial Assumptions:</b>	
Inflation	2.50% for ERB; 2.50% for PERA
Projected payroll increases:	3.25% to 13.50% based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate:	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs

#### Schedule of Annual Money-Weighted Rate of Return

Year Ended June 30,	Annual Money- Weighted Rate Of Return
2020	1.43%

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions. The following schedule summarizes the current investment allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target Allocations</u>
U.S. core fixed income	20%
U.S. equity - large cap	20%
Non U.S. - emerging markets	15%
Non U.S. - developed equities	12%
Credit and structured finance	10%
Private equity	10%
Real estate	5%
Absolute return	5%
U.S. equity - small/mid cap	3%
	<u>100%</u>

Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The best estimates for the long-term expected rate of return is summarized as follows:

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1%
Non U.S. - emerging markets	10.2%
Non U.S. - developed equities	7.8%
Private equity	11.8%
Credit and structured finance	5.3%
Real estate	4.9%
Absolute return	4.1%
U.S. equity - small/mid cap	7.1%

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

#### F. Net OPEB Liability

**Net OPEB liability** - The net OPEB liability and the plan's actuarial valuation were calculated by the Authority's independent actuary as of June 30, 2019. The plan's valuation and measurement of the total OPEB liability and related net OPEB liability were performed in accordance with GASB 74 requirements at the request of the Authority.

The discount rate used to measure the total OPEB liability is 2.86% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates.

For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2041. Thus, the 7.25% assumed investment return on Plan assets, which includes the assumed inflation rate of 2.50%, was used to calculate the net OPEB liability through 2040. Beyond 2041, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus 2.86% is the blended discount rate.

The following presents the net OPEB liability, calculated using the discount rate of 2.86%, as well as what the Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower or 1-percent higher than the current rate (in thousands):

1% Decrease (1.86%)	Current Discount Rate (2.86%)	1% Increase (3.86%)
\$ 5,219,259	\$ 4,198,908	\$ 3,410,281

The following presents the net OPEB liability calculated using the current healthcare cost trend rates as well as what Fund's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (in thousands):

1% Decrease	Current Trend	1% Increase
\$ 3,446,518	\$ 4,198,908	\$ 4,769,615

The total OPEB liability, net OPEB liability, and certain sensitivity information presented are based on an actuarial valuation performed as of June 30, 2019. The total OPEB liability was rolled forward from the valuation date to the plan year ending June 30, 2020. The component of net OPEB liability as of June 30, 2020, is as follows:

	<b>June 30, 2020</b>
Total OPEB Liability	\$ 5,028,580
Plan's Fiduciary Net Position	829,672
<b>Net OPEB Liability</b>	<b>\$ 4,198,908</b>
 Plan fiduciary net position as a percentage of the total OPEB liability	 16.5%

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

#### G. Employer Reporting Net OPEB Liability – RHCA

**Contributions** – As stated earlier in this note, the contribution requirements of RHCA plan members and the State are established in state statute. Statutorily required contributions for the fiscal year ended June 30, 2020, from the State to the RHCA were \$ 22.6 million for governmental activities and \$ 2.8 million for business-type activities.

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - The total RHCA OPEB liability, net OPEB liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2019. Therefore, the employer's portion was established as of the measurement date June 30, 2019. At June 30, 2020, the State reported a liability of \$774.2 million for its proportionate share of the net OPEB liability covering state employees in governmental activities, and \$99.8 million for its proportionate share of the net OPEB liability covering state employees business-type activities. At June 30, 2019, the proportion was 23.88 percent for governmental activities and 3.08 percent for business-type activities. The State's proportion of the net OPEB liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2019.

For the year ended June 30, 2020, the State recognized a reduction to OPEB expense of \$82.1 million in governmental activities and a reduction to OPEB expense of \$9.5 million in business-type activities.

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Governmental		Business-type	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>RHCA</b>				
Differences between expected and actual experiences	\$ -	\$ (194,850)	\$ -	\$ (25,134)
Changes of assumptions	-	(249,903)	-	(32,235)
Net difference between projected and actual earnings on pension plan investments	-	(7,199)	-	(929)
Changes in proportion and differences between State contributions and proportionate share of contributions	4,661	-	1,438	(8,217)
State contributions subsequent to measurement date	22,650	-	2,886	-
Totals	<u>\$ 27,311</u>	<u>\$ (451,953)</u>	<u>\$ 4,324</u>	<u>\$ (66,514)</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

Contributions made subsequent to the measurement date will reduce the net OPEB liability for the next fiscal year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Governmental		Business-type	
Year ended June 30:		Year ended June 30:	
2020	\$ (121,368)	2020	\$ (17,298)
2021	\$ (121,368)	2021	\$ (17,298)
2022	\$ (105,843)	2022	\$ (15,295)
2023	\$ (64,368)	2023	\$ (9,872)
2024	\$ (34,344)	2024	\$ (5,313)
Thereafter	\$ -	Thereafter	\$ -

***Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.*** The following presents the net State's Proportionate Share of the OPEB liability of the State, as well as what the State's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.16 percent) or 1-percentage-point higher (5.16 percent) than the current discount rate:

	1% Decrease (3.16%)	Current Discount Rate (4.16%)	1% Increase (5.16%)
Net OPEB Liability			
Governmental Activities	\$ 947,142	\$ 774,289	\$ 638,410
Business-type Activities	\$ 122,171	\$ 99,875	\$ 82,348
<b>Total Primary Government- RHCA</b>	<b>\$ 1,069,313</b>	<b>\$ 874,164</b>	<b>\$ 720,758</b>

The following presents the net OPEB liability of the State, as well as what the State's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB Liability			
Governmental Activities	\$ 644,646	\$ 774,289	\$ 878,087
Business-type Activities	\$ 83,152	\$ 99,875	\$ 113,263
<b>Total Primary Government- RHCA</b>	<b>\$ 727,798</b>	<b>\$ 874,164</b>	<b>\$ 991,350</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

#### H. Single Employer Plans - OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

##### UNM

The University's net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019, but adjusted for a change in the discount rate. The components of the net OPEB liability of the University at June 30, 2020 was as follows:

	<b>2020</b>
	<i>In thousands</i>
Total OPEB Liability	\$ 134,052
Plan fiduciary net position	\$ 37,341
University's net OPEB liability	\$ 96,711
Plan fiduciary net pension as a percentage of the total OPEB liability	27.86%

**Actuarial assumptions:** The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.0%
Investment rate of return	8.0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Pre-Medicare: 5.5% initially, reduced by decrements to a rate of 5.0% after nine years Post-Medicare: 5.4% initially, reduced by decrements to a rate of 5.0% after nine years Dental: 4.0%

Mortality rates were based on the PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2018.

**Discount rate:** The discount rate used to measure the total OPEB liability was 6.69%, which is a blended rate of the University's 8.0% long-term rate of return on assets and the interest rate reported under the 20-Year Municipal Bond Index, which was 3.5% on the last Friday prior to the measurement date of June 30, 2019. A blended discount rate was calculated based on separating the projected future payments between those paid from the VEBA Trust and those paid from general assets. The VEBA Trust assets were projected using the expected employer and employee payroll contributions and the expected long-term rate of return. Payments from the VEBA Trust were assumed to begin when the projected asset amount is fully-funded and all future projected benefit payments will be paid from the VEBA Trust.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

#### *Sensitivity of the net OPEB liability to changes in the discount rate:*

The following presents the University's net OPEB liability at June 30, 2020, which was measured using the discount rate of 6.69%, as well as what the net OPEB liability would have been if it were calculated using a discount rate that was one percentage point lower (5.69%) or one percentage point higher (7.69%) than the current discount rate.

<b>Year Ended June 30, 2020 (in thousands)</b>			
	<b>1% Decrease (5.69%)</b>	<b>Current Discount Rate (6.69%)</b>	<b>1% Increase (7.69%)</b>
Net OPEB liability	115,109	96,711	81,416

#### *Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:*

The following presents the University's net OPEB liability at June 30, 2020, which was measured using the current healthcare cost trend rates (Pre-Medicare: 5.5% decreasing to 5%, Post-Medicare: 5.4% decreasing to 5%, Dental: 4%), as well as what the net OPEB liability would have been if it were calculated using healthcare cost trend rates that were one percentage point lower (Pre-Medicare: 4.5% decreasing to 4%, Post-Medicare: 4.4% decreasing to 4%, Dental: 3%) or one percentage point higher (Pre-Medicare: 6.5% decreasing to 6%, Post-Medicare: 6.4% decreasing to 6%, Dental: 5%) than the current healthcare cost trend rates.

#### *Changes in Net OPEB Liability*

<b>Year Ended June 30, 2020 (in thousands)</b>			
	<b>1% Decrease (Pre-Medicare: 4.5% decreasing to 4%, Post-decreasing to 5%, Post- Medicare: 4.4% decreasing to 4%, Dental: 3%)</b>	<b>Current Discount Rate (Pre-Medicare: 5.5% decreasing to 5%, Medicare: 5.4% decreasing to 5%, Dental: 4%)</b>	<b>1% Increase (Pre-Medicare: 6.5% decreasing to 6%, Post-increasing to 6%, Post- Medicare: 6.4% decreasing to 6%, Dental: 5%)</b>
Net OPEB liability	80,995	96,711	115,733

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

#### *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2020, the University recognized OPEB expense of \$1.5 million. At June 30, 2020 the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Year Ended June 30, 2020 (in thousands)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 31,637
Changes of assumptions	\$ 6,340	\$ 8,566
Net difference between projected and actual earnings on OPEB plan investments	415	0
Net difference between projected and actual earnings on OPEB plan investments	7,459	-
<b>Total</b>	<b>\$ 14,214</b>	<b>\$ 40,203</b>

The \$7.4 million reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date of July 1, 2019 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

<u>Year ending June 30:</u>	
2021	(7,461)
2022	(7,461)
2023	(7,451)
2024	(7,197)
2025	(3,878)
Thereafter	0
<b>Total</b>	<b>\$ (33,448)</b>



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

#### NMSU

The University's annual other postemployment benefit (OPEB) Service/Interest cost (expense) is the portion of the Actuarial Present Value of plan benefits and expenses for active employees which is allocated to a valuation year by the Actuarial Cost Method. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation related for fiscal year 2020:

	<i>Increases (Decreases) in thousands</i>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
<b>Total OPEB Liability - Start of Year (July 1, 2019)</b>	\$ 145,672		\$ 145,672
Changes for the year			
Service cost	5,787	-	5,787
Interest cost	5,208	-	5,208
Differences between expected and actual experience	(13,724)		
Changes in assumptions or other inputs	28,160	-	28,160
Benefit payments	(5,274)	-	(5,274)
Net change in total OPEB liability	20,157	-	20,157
<b>Net OPEB Liability - End of Year (June 30, 2020)</b>	<b>\$ 165,829</b>	<b>\$ -</b>	<b>\$ 165,829</b>

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The Entry Age Normal Actuarial Cost Method was used based on level percentage of projected salary. The OPEB liability is based on an actuarial valuation performed as of June 30, 2020, conducted in accordance with generally accepted actuarial principles.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

The actuarial methods and assumptions used to determine the total OPEB liability included in the measurement are as follows:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Discount Rate	3.50% per annum (BOY) 2.21% per annum (EOY) Source: Bond Buyer 20-Bond GO Index
Salary Increase Rate	2.5% per annum
Inflation Rate	3.0% per annum
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65
Health Care Cost Trend Rate	The actuarial valuation assumes an annual health care cost trend on a select and ultimate basis. Medical and prescription benefits on a select basis at 6.0% for retirees 65 years of age and under and 5.0% for retirees over 65 years of age and on an ultimate basis at 4.5%. The select trend rates are reduced .5% each year until reaching the ultimate trend.
Per Capita Health Claim Cost	Expected pre Medicare retiree claim costs were developed using 24 months of historical claim experience through March 2020. The annual age 60 claim costs for retirees and their spouses is \$7,418. The age 70 costs for retirees is \$3,334.
Mortality Rate	PUB-2010 mortality table with generational scale MP-2019.

**Discount Rate.** A single discount rate of 2.21% was used to measure the total OPEB liability as of June 30, 2020.

**Other Information.** The discount rate was updated from the prior valuation. The mortality assumption was updated from RP-2014 mortality table with generational scale MP-2018 to PUB-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study. Experience/Assumptions gains and losses are amortized over a closed period of 3.8 years starting on July 1, 2019, equal to the average remaining service of active and inactive plan members (who have no future service). The Plan participation rates were updated to reflect the participation trend. Currently, the plans are considered to be unfunded as there are no assets and retiree benefits are expected to be paid annually on a cash basis.

**Health Care Trend Sensitivity Analysis.** The following schedules measure the Net OPEB Liability if the health care cost trend rate used was 1% higher than the assumed health care cost trend rate and 1% lower than the assumed health care cost trend rate for June 30, 2020.

	<u>Year Ended June 30, 2020 (in thousands)</u>		
	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
New Mexico State University's net OPEB liability	\$ 142,312	\$ 165,830	\$ 196,150

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

**Discount Rate Sensitivity Analysis.** The following tables show the sensitivity of the OPEB liability to changes in the discount rate as of fiscal year end 2020. In particular, the table presents the University's OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (1.21%) or one percentage point higher, (3.21%) than the single discount rate for June 30, 2020.

	<b>Year Ended June 30, 2020 (in thousands)</b>		
	<b>1% Decrease (1.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
New Mexico State University's net OPEB liability	\$ 195,315	\$ 165,830	\$ 142,680

For the year ended June 30, 2020, the University recognized an OPEB expense of \$15.1 million. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<i>(in thousands)</i>	
	<b>2020</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		\$ 10,094
Changes of assumptions	\$ 25,118	\$ 2,283
Total	\$ 25,118	\$ 12,377

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30,</b>	<i>(in thousands)</i>
2021	4,158
2022	4,158
2023	4,114
2024	310
	<u>12,740</u>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

#### NMIMT

The Institute's net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020.

The components of the Institute's net OPEB liability at June 30, were as follows:

<u>Components of the Institute's net OPEB liability</u>	<i>(Amounts in thousands)</i> <u>June 30, 2020</u>
Total OPEB Liability	32,131
Plan Fiduciary Net Position	<u>4,243</u>
The Institute's net OPEB liability	<u>27,888</u>
Plan fiduciary net position as a percentage of total OPEB liability	13%

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement, unless otherwise specified:

Salary increases	3.0%
Investment rate of return	6.0%
Healthcare cost trend rates	Medical Pre-Medicare: 5.75% initially, reduced by decrements to a rate of 5.0% after seven years Medical Post-Medicare: 5% consistent for next seven years Pharmacy: 7% initially, reduced by decrement to a rate of 5% after eight years Dental and Vision: 3.0%

Mortality rates were based on the PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

**Discount Rate.** The discount rate used to measure the total OPEB liability was 4.12%, which is a blended rate of the Institute's 6.0% long-term rate of return on assets and the interest rate reported under the 20-Year Municipal Bond Index, which was 3.5% on the last Friday prior to the measurement date of June 30, 2019. A blended discount rate was calculated based on separating the projected future payments between those paid from the Trust and those paid from general assets. The Trust assets were projected using the expected long-term rate of return. Payments from the Trust were assumed to begin when the projected assets value is fully-funded and all future projected benefit payments will be paid from the Trust.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.** The following presents the Institute's net OPEB liability at June 30, 2020, which was measured using the discount rate of 4.12% percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.12 percent) or 1-percentage-point higher (5.12 percent) than the current rate:

	Year Ended June 30, 2020 (in thousands)		
	1% Decrease (3.12%)	Current Discount Rate (4.12%)	1% Increase (5.12%)
Net OPEB liability	\$ 33,856	\$ 27,888	\$ 23,068

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.** The following presents the Institute's net OPEB liability at June 30, 2020, which was measured using the current healthcare cost trend rate of (Pre-Medicare: 5.75% decreasing to 5%, Post-Medicare: 5%, Pharmacy: 7% decreasing to 5%, and Dental and Vision: 3%), as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (Pre-Medicare: 4.75% decreasing to 4%, Post-Medicare: 4%, Pharmacy: 6% decreasing to 4%, and Dental and Vision: 2%) or 1- percentage-point higher (Pre-Medicare: 6.75% decreasing to 6%, Post-Medicare: 6%, Pharmacy: 8% decreasing to 6%, and Dental and Vision: 4%) than the current rate:

	Year Ended June 30, 2020 (in thousands)		
	1% Decrease (Pre-Medicare: 4.75% decreasing to 4%, Post- Medicare: 4% Pharmacy: 6% decreasing to 4%, Dental & Vision: 2%)	Current Discount (Pre-Medicare: 5.75% decreasing to 5%, Post- Medicare: 5% Pharmacy: 7% decreasing to 5%, Dental & Vision: 3%)	1% Increase (Pre-Medicare: 6.75% decreasing to 6%, Post- Medicare: 6% Pharmacy: 8% decreasing to 6%, Dental & Vision: 4%)
Net OPEB liability	\$ 22,649	\$ 27,888	\$ 34,567

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** For the year ended June 30, 2020, the Institute recognized OPEB expenses of \$4.6 million. At June 30, 2020, the Institute reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Amounts in thousands	
	2020 Deferred Outflow of Resources	2020 Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 5,199
Net difference between projected and actual earnings on OPEB plan investment	109	-
Changes of assumptions	-	1,607
Institute contribution subsequent to the measurement date	3,952	-
Total	\$ 4,061	\$ 6,806

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 13 (CONTINUED)

The \$3.9 million reported as deferred outflows of resources related to OPEB resulting from Institute contributions subsequent to the measurement date of July 1, 2019 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in Thousands):

<b>Year ending June 30:</b>	
2021	(957)
2022	(957)
2023	(953)
2024	(965)
2025	(986)
Thereafter	(1,879)
Total	<u>\$ (6,697)</u>

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 14 and NOTE 15

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#### **NOTE 14. Deferred Compensation Plan**

The State of New Mexico offers state, local government, and school district employees a deferred compensation plan (Deferred Plan) under Chapters 10-7A-1 to 10-7A-12, NMSA 1978, the “Deferred Compensation Act,” in accordance with Internal Revenue Code Section 457. The Deferred Plan permits employees to defer a portion of their income until future years. Deferred compensation is not available until termination, retirement, death, or unforeseeable emergency.

PERA is the trustee of the Deferred Plan; however, the Deferred Plan uses a third party administrator, acting under contract with PERA. All costs of administration and funding are borne by the Deferred Plan participants. The Administrator has authority to control and manage the operation of the Deferred Plan. The Administrator is delegated any and all powers as may be necessary or advisable to discharge its duties under the Deferred Plan, and has certain discretionary authority to decide all matters under the Deferred Plan. As Deferred Plan trustee, PERA’s primary responsibility is to select investment options that are safe and provide a reasonable rate of return and to ensure that all investments, amounts, property, and rights under the executed Deferred Plan-Trust are held for the exclusive benefit of Deferred Plan participants and their beneficiaries, as defined in the Deferred Plan. The assets of the Deferred Plan are not assets of the State, but are held in trust for the exclusive benefit of Deferred Plan participants and their beneficiaries. The State has no liability for losses under the Deferred Plan but does have the duty of due care that would be required of a fiduciary agent.

The Deferred Plan issues a publicly available stand-alone financial report which can be obtained by writing to the Public Employees Retirement Association of New Mexico, 33 Plaza la Prensa, Santa Fe, NM 87507. This report is also available online at: <http://www.nmpera.org/deferred-compensation>.

#### **NOTE 15. Arbitrage on Tax-Exempt Bonds**

Arbitrage is the excess interest earned by a state or local government on proceeds from the sale of its bonds over interest paid to bondholders. The Tax Reform Act of 1986 TRA required rebate of such arbitrage to the U.S. Treasury Department on governmental bonds issued after August 31, 1986, and on private activity bonds issued after December 31, 1984, when the proceeds were held for six months or longer. These rebates must be calculated annually and paid at the end of every fifth year until the bonds are retired.

The Revenue Reconciliation Act of 1989 amended the six-month rule. For bonds issued after December 19, 1989, the rebate requirement does not apply if, both, all of the gross proceeds of the issue, other than the reserve fund, are spent within the six-month period following the date of issue, and the rebate requirement is satisfied for the reserve fund after the six-month period. The term gross proceeds for purposes of the rule includes both the sale proceeds received from the bonds purchaser on the issue date and investment earnings on such proceeds during the six month period. Gross proceeds deposited in a reserve fund or bona fide debt service fund, however, are not subject to the expenditure requirement.

The Office of the State Treasurer compiles this information and files all required reports in compliance with regulations issued by the United States Internal Revenue Service.

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 16

#### NOTE 16. Segment Information

	Educational Institutions								
	State Fair Commission	Miners' Colfax Medical Center	New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	New Mexico Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico
<b>Condensed Statement of Net Position:</b>									
Current Assets	\$ 1,498	\$ 15,897	\$ 166,478	\$ 73,968	\$ 18,204	\$ 86,250	\$ 49,990	\$ 30,055	\$ 1,439,756
Other Assets	-	1,002	164,246	20,376	9,985	75,660	50,080	2,012	366,430
Capital Assets, Net	39,729	22,660	499,188	183,907	95,404	152,452	71,644	58,114	1,367,937
<b>Total Assets</b>	<b>41,227</b>	<b>39,559</b>	<b>829,912</b>	<b>278,251</b>	<b>123,593</b>	<b>314,362</b>	<b>171,714</b>	<b>90,181</b>	<b>3,174,123</b>
Deferred Outflows of Resources	722	5,137	123,557	20,180	11,655	26,365	7,967	9,203	278,933
Current Liabilities	878	9,455	63,220	18,072	8,953	14,107	7,961	5,915	516,598
Long-term Liabilities	5,972	51,467	793,422	163,313	93,816	159,092	63,837	70,884	1,934,980
<b>Total Liabilities</b>	<b>6,850</b>	<b>60,922</b>	<b>856,641</b>	<b>181,385</b>	<b>102,769</b>	<b>173,199</b>	<b>71,798</b>	<b>76,799</b>	<b>2,451,578</b>
Deferred Inflows of Resources	930	6,610	58,358	27,843	16,918	11,985	8,051	13,240	140,974
Net Investment in Capital Assets	39,729	14,665	377,779	141,848	72,599	133,340	63,784	43,372	790,456
Restricted	1,120	1,858	85,388	17,663	18,887	45,554	45,658	12,980	261,335
Unrestricted	(6,680)	(39,359)	(424,697)	(70,308)	(75,925)	(23,351)	(9,610)	(47,007)	(191,287)
<b>Total Net Position</b>	<b>\$ 34,169</b>	<b>\$ (22,836)</b>	<b>\$ 38,470</b>	<b>\$ 89,203</b>	<b>\$ 15,561</b>	<b>\$ 155,543</b>	<b>\$ 99,832</b>	<b>\$ 9,345</b>	<b>\$ 860,504</b>
<b>Condensed Statement of Activities:</b>									
Operating Revenues:									
Charges for Services	\$ 10,241	\$ 13,001	\$ 20,286	\$ 6,458	\$ 2,911	\$ 4,658	\$ 6,492	\$ 3,471	\$ 105,647
Net Student Tuition and Fees	-	-	54,281	18,218	15,171	7,974	2,748	10,880	108,523
Loan and Other Income	-	-	-	-	-	-	-	276	-
State, Local, Private Grants/Contracts	-	-	-	-	-	-	-	-	-
Patient Income	-	-	-	-	-	-	-	-	1,396,811
Federal Funds	-	10,522	92,637	9,671	11,320	41,038	967	1,976	219,666
Other Operating Revenues	-	-	27,074	7,074	2,427	22,566	2,094	2,873	176,679
<b>Total Operating Revenue</b>	<b>10,241</b>	<b>23,523</b>	<b>194,278</b>	<b>41,421</b>	<b>31,829</b>	<b>76,236</b>	<b>12,301</b>	<b>19,476</b>	<b>2,007,326</b>



# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 16 (CONTINUED)

	Educational Institutions								
	State Fair Commission	Miners' Colfax Medical Center	New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	New Mexico Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico
<b>Condensed Statement of Activities</b>									
<b>(Continued)</b>									
Operating Expenses:									
Operating Expenses	\$ 391	\$ 6,370	\$ 209,832	\$ 40,409	\$ 43,612	\$ 50,490	\$ 7,530	\$ 29,431	\$ 2,089,861
Depreciation Expense	2,634	2,106	34,791	9,123	4,868	10,999	2,992	3,839	105,955
General and Administrative	11,982	32,014	117,213	23,838	(4,836)	46,239	12,159	(3,982)	(107,271)
<b>Total Operating Expenses</b>	<b>15,007</b>	<b>40,490</b>	<b>361,836</b>	<b>73,370</b>	<b>43,644</b>	<b>107,728</b>	<b>22,682</b>	<b>29,288</b>	<b>2,088,545</b>
Operating Income (Loss)	(4,766)	(16,967)	(167,558)	(31,949)	(11,815)	(31,492)	(10,381)	(9,812)	(81,219)
Nonoperating Revenue (Expense)									
Government Grants and									
Contracts	-	-	82,056	16,589	(40)	3,345	(1,581)	4,032	267,800
Net Investment Income	-	692	4,768	497	507	389	1,886	506	25,202
Other Revenue	700	489	7,909	-	(60)	5,778	(222)	-	12,255
Interest Expense	-	-	(4,875)	(1,295)	(1,116)	-	(412)	-	(18,616)
Private Grants And Gifts	-	-	7,209	-	-	1,621	-	-	34,081
State Permanent Fund Income	-	-	-	(1,010)	-	-	-	-	-
Gain (Loss) On Sale Of Capital Assets	-	-	38	-	-	-	-	(75)	(221)
<b>Total Nonoperating Income (Expense)</b>	<b>700</b>	<b>1,181</b>	<b>97,105</b>	<b>14,781</b>	<b>(709)</b>	<b>11,133</b>	<b>(329)</b>	<b>4,463</b>	<b>320,501</b>
Capital Contributions	-	-	4,206	49	-	3,410	86	-	-
Permanent Fund Contributions	-	-	-	-	-	-	-	-	-
Net Transfers	2,998	7,803	269,687	58,629	39,459	53,658	29,153	27,675	392,631
Change in Net Position	(1,068)	(7,983)	203,440	41,510	26,935	36,709	18,529	22,326	631,913
Net Position, Beginning, restated	35,237	(14,853)	(164,970)	47,693	(11,374)	118,834	81,303	(12,981)	228,591
<b>Net Position, Ending</b>	<b>\$ 34,169</b>	<b>\$ (22,836)</b>	<b>\$ 38,470</b>	<b>\$ 89,203</b>	<b>\$ 15,561</b>	<b>\$ 155,543</b>	<b>\$ 99,832</b>	<b>\$ 9,345</b>	<b>\$ 860,504</b>

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 16 (CONTINUED)

	Educational Institutions								
	State Fair Commission	Miners' Colfax Medical Center	New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	New Mexico Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico
<b>Condensed Statement of Cash Flows:</b>									
Net Cash Provided (Used) by:									
Operating Activities	\$ (2,340)	\$ (9,328)	\$ (314,558)	\$ (59,193)	\$ (29,933)	\$ (57,939)	\$ (19,366)	\$ (22,690)	\$ (354,005)
Noncapital Financing Activities	700	16,690	328,702	76,102	36,083	73,807	3,720	28,877	635,524
Capital and Related Financing Activities	(196)	(2,617)	(17,433)	(4,230)	(4,192)	5,543	(6,193)	(4,593)	(155,072)
Investing Activities	-	23	76,299	(7,341)	266	3,339	23,849	3,791	19,845
Cash and Cash Equivalents at Beginning of Year	2,761	7,151	106,888	63,250	12,210	40,848	30,913	10,653	451,856
Cash and Cash Equivalents at End of Year	<u>\$ 925</u>	<u>\$ 11,919</u>	<u>\$ 179,898</u>	<u>\$ 68,588</u>	<u>\$ 14,434</u>	<u>\$ 65,598</u>	<u>\$ 32,923</u>	<u>\$ 16,038</u>	<u>\$ 598,148</u>

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 17 and NOTE 18

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#### NOTE 17. State General Fund Investment Pool

The Financial Control Division (FCD), within the Department of Finance and Administration (DFA), in collaboration with the New Mexico State Treasurer's Office (STO), implemented a comprehensive reconciliation model that compared aggregated agency claims on the State General Fund Investment Pool (SGFIP) to the associated resources held by STO. This process has been in place for nearly five years and applied across four fiscal years with stable results. There have been many reviews of the process and each review has deemed it to be adequate and in compliance with established procedures. For fiscal year 2020, the following assertions are provided:

- 1) Resources held in the pool are equivalent to the corresponding business unit claims on those resources.
- 2) All claims, as recorded in SHARE, shall be honored at face value.

For cash management and investment purposes, funds of various state agencies are deposited in the SGFIP, which is managed by STO. The SGFIP is reported as a fiduciary fund in the financial statements of STO. Claims on the SGFIP are reported as assets by the various agencies investing in the SGFIP. By statute, the DFA is responsible for reconciling the SGFIP balances. As of June 30, 2020, the Component Appropriations Funds report an aggregate investment of \$437.2 million in the SGFIP.

#### NOTE 18. Tax Abatements:

In fiscal year 2017, the State adopted *Statement No. 77 of the Government Accounting Standards Board, entitled, Tax Abatement Disclosures*. Statement No. 77 requires the governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should also recognize those disclosures by major tax abatement programs and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements.
- The specific taxes being abated.
- The gross dollar amount of taxes abated during the period.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 18 (CONTINUED)

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The State has provided the following disclosure of tax abatements affecting the State of New Mexico. Tax receipts processed by the Department of Taxation and Revenue are recognized as revenue in various departments of the State. Abatements affecting local governments are disclosed in the financial statements of each local governmental entity, and can be obtained from the accounting department of each local government.

The State provides for a film production tax credit, which requires a film production company to be eligible to submit to the State, information required to demonstrate conformity with the requirements of the Film Production Tax Credit Act, including detailed information on each direct production expenditure and each postproduction expenditure. A film production company shall make reasonable efforts, as determined by the division, to contract with a specialized vendor that provides goods and services, inventory or services directly related to that vendor's ordinary course of business. A film production company shall provide to the Department a projection of the film production tax credit claim the film production company plans to submit in the fiscal year.

During fiscal year 2020, the Department estimates the State's revenues were reduced by approximately \$55.6 million as a result of these tax credits authorized under Section 7-2F-6 NMSA 1978. Included were approved unpaid film credits prior to July 1, 2019; legislation enacted authorized \$28.7 million to pay these credits.

In addition, as allowed by state statute, the various local governments in the State participate in various Industrial Revenue Bond Programs/Industrial Development Projects (IRBs/IDPs) which result in reduced revenues for all participating governments. Various local governments have identified the State of New Mexico as a governmental entity which has been impacted by reduced revenues. The specific amount of loss revenues of the State as a result of these various programs has not been determined; however, it is deemed to be insignificant to the State of New Mexico as a whole.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 19

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#### NOTE 19. Commitments

##### A. Construction Commitments

The State has active construction projects as of June 30, 2020. The projects include highway construction, university infrastructure, and facilities construction and renovation. At year-end, the State's commitments for construction were \$281.8 million for governmental activities and \$184.6 million for business-type activities.

##### B. Loan Commitments

###### *New Mexico Environment Department*

The New Mexico Environment Department had loan commitments at June 30, 2020 of the following:

Wastewater Loan Construction Fund – the agency has executed binding commitments to disburse \$26.3 million for future loans.

Rural Infrastructure Loan Fund – the agency has executed binding commitments to disburse \$1.8 million for loans and grants.

###### *New Mexico Energy, Mineral, and Natural Resources Department*

Carlsbad Brine Well remediation estimated cost for project completion is \$70 million.

##### C. Capital Commitments

###### *State of New Mexico Investment Council*

The State of New Mexico Investment Council has commitments for capital contributions to various private equity partnerships and real estate/real asset investments. As of June 30, 2020, unfunded commitments to private equity partnerships were approximately \$1.41 billion, and unfunded commitments to real estate and real asset investments were approximately \$1.59 billion. Unfunded commitments to the Credit and Structured Finance Pool were \$894 million. Subsequent to June 30, 2020, the Council approved an additional \$805 million of commitments to private equity, real estate, and real assets partnerships and \$175 million to a fixed income investment.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 20

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#### NOTE 20. Contingencies

##### A. Contingent Liabilities

###### *Public Education Department*

The State did not meet its required level of financial support for the Special Education Cluster of programs for fiscal years 2011 and 2012. As a result, the Department may have a one-time reduction of future federal funding. Management's estimate of the potential one-time reduction in federal funding ranges from \$0 to \$63.49 million.

###### *Office of the State Engineer*

The Office of the State Engineer is a party in an appeal from the State Engineer's denial of an application for a new appropriation of groundwater. In this appeal, the district court ruled in December 2019 that the Agency is jointly and severally liable, along with one other party, for nearly \$400,000 of the litigation costs of another party. The Agency timely filed a notice of appeal of the District court's ruling to the New Mexico Court of Appeals in June 2020. The Risk Management Division of the State of New Mexico has indicated that it will be unable to extend coverage to the Agency in regard to this claim.

###### *New Mexico Mortgage Finance Authority*

The New Mexico Mortgage Finance Authority (NMMFA) entered into a risk-sharing agreement with the U.S. Department of Housing and Urban Development (HUD) under Section 542(c) of the Housing and Community Development Act of 1992, whereby HUD and the NMMFA provide credit enhancements for third party multifamily housing project loans. HUD has assumed 90% of the risk and the NMMFA guarantees the remaining 10% risk of loss in the event of default on specific loans. As of September 30, 2020 and 2019, NMMFA is committed to assume a risk of approximately \$6.5 million and \$8.97 million for the 38 and 42 loans closed, respectively. These loans are considered in the NMMFA's assessment for the allowance for mortgage loan losses. As of September 30, 2020, of the 38 loans closed, 4 of the loans are not included in the Authority's financial statements because they are 100% participations with Fannie Mae. Of the \$6.5 million risk assumed as of September 30, 2020, the Authority's assumed risk approximated \$214 thousand for these off balance sheet loans. The end dates for the guarantees range from 2027-2058. In situations where the Authority is called upon to honor its guarantee, the Authority will take possession of and sell the loan collateral. HUD and the NMMFA will make up any shortfall resulting from the sale of the collateral on a 90%/10% pro rata basis.

The NMMFA also entered into a risk-sharing agreement with the U.S. Department of Agriculture under Section 538 Rural Rental Housing Guaranteed Loan Program. The Rural Housing Service (RHS), Department of Agriculture (USDA) provides credit enhancements to encourage private and public lenders to make new loans for affordable rental properties that meet program standards. The USDA has assumed 90% of the risk in the one loan closed and funded by the Authority as of September 30, 2020. The NMMFA assumes 10% of the risk of loss and as of September 30, 2020 and 2019, is committed to assume risk of \$108 thousand and \$110 thousand respectively for the one loan closed, respectively.

###### *Department of Homeland Security*

The Department of Homeland Security has recorded a contingent liability in the amount of \$ 22 thousand dollars. This balance represents the estimated amount of federal expenditures which is not supported by sufficient backup. The amount was recorded when the department's auditors questioned some federal expenditures.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 20 (CONTINUED)

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#### **B. Other Matters**

##### *Federal Funds*

The State received funding from federal sources for specific purposes. The funds are subject to audit, which may result in expenses that are disallowed, or other noncompliance findings under the terms of the funding source's guidelines. The State believes that such disallowances or other noncompliance findings, if any, would not be material to the State's financial position.

##### *Taxation and Revenue Department*

There is pending or threatened litigation in the form of various protests and lawsuits by taxpayers or other parties claiming abatements, refunds and the recovery of unclaimed property arising from various tax programs administered by the Taxation and Revenue Department. The total dollar amount representing the claims in protest or pending in state courts is \$563.3 million.

Taxation and Revenue Department (TRD) is also subject to legal proceedings involving local public bodies related to Gross Receipts Tax distributions (GRT). The plaintiffs assert that distributions have been improperly reduced. TRD is currently reviewing the details and gathering additional information. The amount at risk is not stated in the Complaint and the time period for which the claim applies is uncertain. Several civil complaints have been filed in district court contesting the denial of a refund for amounts of denied applications related to the High Wage Jobs Tax Credit. The total amount representing the claims is \$1.1 million plus interest and attorney fees. Lastly, in District Court, TRD is defending denial of a claim for a refund of gross receipts tax deduction allowed from healthcare insurers. Amount of potential liability is \$1.7 million.

# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 21

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#### NOTE 21. Subsequent Events

##### A. Bond Issues

On November 3, 2020, the State issued Series 2020A Severance Tax Bonds in the amount of \$95,955 for the purpose of financing capital improvements as approved by the State Legislature.

##### *New Mexico Mortgage Finance Authority*

On October 22, 2020, the Authority issued \$55 million (2020 Series B) of Single Family Mortgage Program Class I Bonds under the 2005 General Indenture. The 2020 Series B Bonds will be used to fund certain qualifying mortgage loans under the Single Family Mortgage Program. A portion of the 2020 Series B Bonds was sold at a premium generating \$2.32 million, which will be used to purchase 2020 Series B Certificates, to fund 2020 Series B Participation Loans and to fund a portion of bond expenses.

On October 30, 2020, the Authority refunded the Series 2019 JLG South Apartments Projects multifamily housing revenue tax-exempt bonds. In addition to refunding the Series 2019 outstanding bond, the proceeds will be used to fund a loan to assist in the acquisition, rehabilitation, and equipping of the three multifamily rental housing facilities located in Anthony, Deming, and Columbus, New Mexico and to fund a portion of bond expenses.

On October 30, 2020, the Authority refunded the Series 2019 JLG North Apartments Projects multifamily housing revenue tax-exempt bonds with the Series 2020 JLG North Apartments Projects multifamily housing revenue tax-exempt bonds. In addition to refunding the Series 2019 outstanding bond, the proceeds will be used to fund a loan to assist in the acquisition, rehabilitation, and equipping of the three multifamily rental housing facilities located in Gallup, Bloomfield, and Bernalillo, New Mexico and to fund a portion of bond debt expenses.

##### B. Other Events

##### *State of New Mexico*

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the State of New Mexico, COVID-19 impacted various parts of its 2020 operations and financial results including, but not limited to, reduction in investments, reduction in lodging tax, reduction in gas prices, costs for emergency preparedness and shortages of personnel. Management believes the State of New Mexico is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Due to COVID-19, the State implemented numerous emergency policies to help fight the virus. Public schools were closed for in person learning for school year 20-21. These policies included a teleworking policy for State of New Mexico employees, restrictions on hotels and restaurants, closing of certain businesses, etc.. These restrictions are subject to change depending on the Covid numbers and rate of the virus spread (along with other factors). The Department of Workforce Solutions had policy changes to accommodate all the individuals that are temporarily laid off or lost jobs due to the emergency. The Department of Economic Development had been instructed to assist small businesses with loans to ensure businesses can survive the crisis.



# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### NOTES TO THE FINANCIAL STATEMENTS – NOTE 21 (CONTINUED)

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Gov. Michelle Lujan Grisham approved in July 2020 \$178 million in CARES Act grants to small business, tribal and local governments across New Mexico to cover the cost of necessary expenditures incurred due to the public health emergency.

Gov. Michelle Lujan Grisham approved in September 2020 \$150 million in CARES Act grants to local governments across New Mexico to cover the cost of necessary expenditures incurred due to the public health emergency.

The state's economic outlook is similarly tied to the success in fighting Covid-19. Widespread inoculation of the population with an effective vaccine is projected to be achieved over the summer, largely improving the economic outlook by the third quarter of 2021.

#### *New Mexico Mortgage Finance Authority*

The global outbreak of Covid-19 is affecting national capital markets and negatively impacting the overall economy. The New Mexico Mortgage Finance Authority (Authority) has a continuity of operations plan which has allowed it to provide continued execution of its programs with minimal disruption. In response to COVID-19, the Authority has received additional funding noted in the below paragraphs. The Authority may be asked to administer additional programs in the future in response to the pandemic. Furthermore, the Authority cannot predict the duration of the pandemic and how it may impact the Authority's housing programs and financial position.

On June 9, 2020, HUD Announced an award to the State of New Mexico in Emergency Solutions Grants COVID-2 CARES ACT funding totaling \$8.8 million, all of which will be administered by the Authority. The contract is pending execution.

On August 20, 2020, the Community Development Council of the New Mexico Department of Finance and Administration approved the allocation of \$12.3 million in CARES Act Community Development Block Grant funds, all of which will be administered by the Authority for the implementation of a housing assistance program for households experiencing financial hardship due to the COVID-19 pandemic. The contract is pending execution.

#### *Taxation and Revenue Department*

Per legislative capital outlay appropriation, the Combined Reporting System (CRS) is being split into the seven separate tax programs, which are currently combined. The programs include: Gross Receipts Tax (GRT), Compensating Tax, Wage Withholding Tax, Non-Wage Withholding Tax, Leased Vehicle GRT, Interstate Telecom GRT and Governmental GRT. This is referred to as the CRS Re-Design Project. This project is anticipated to have far-reaching impacts including how taxpayers file returns, accommodating return-based audits and the distribution split between the separate tax programs. July 1, 2021 is the planned implementation date.

#### *Department of Information Technology*

A breach of contract claim has been filed against the Department of Information Technology (Department). Preliminary estimates of potential liability range from \$1.5 million to \$4.0 million. This has not been recorded as a liability in the financial statements as the Department is still defending their position in court.

#### *Children Youth and Family Department*

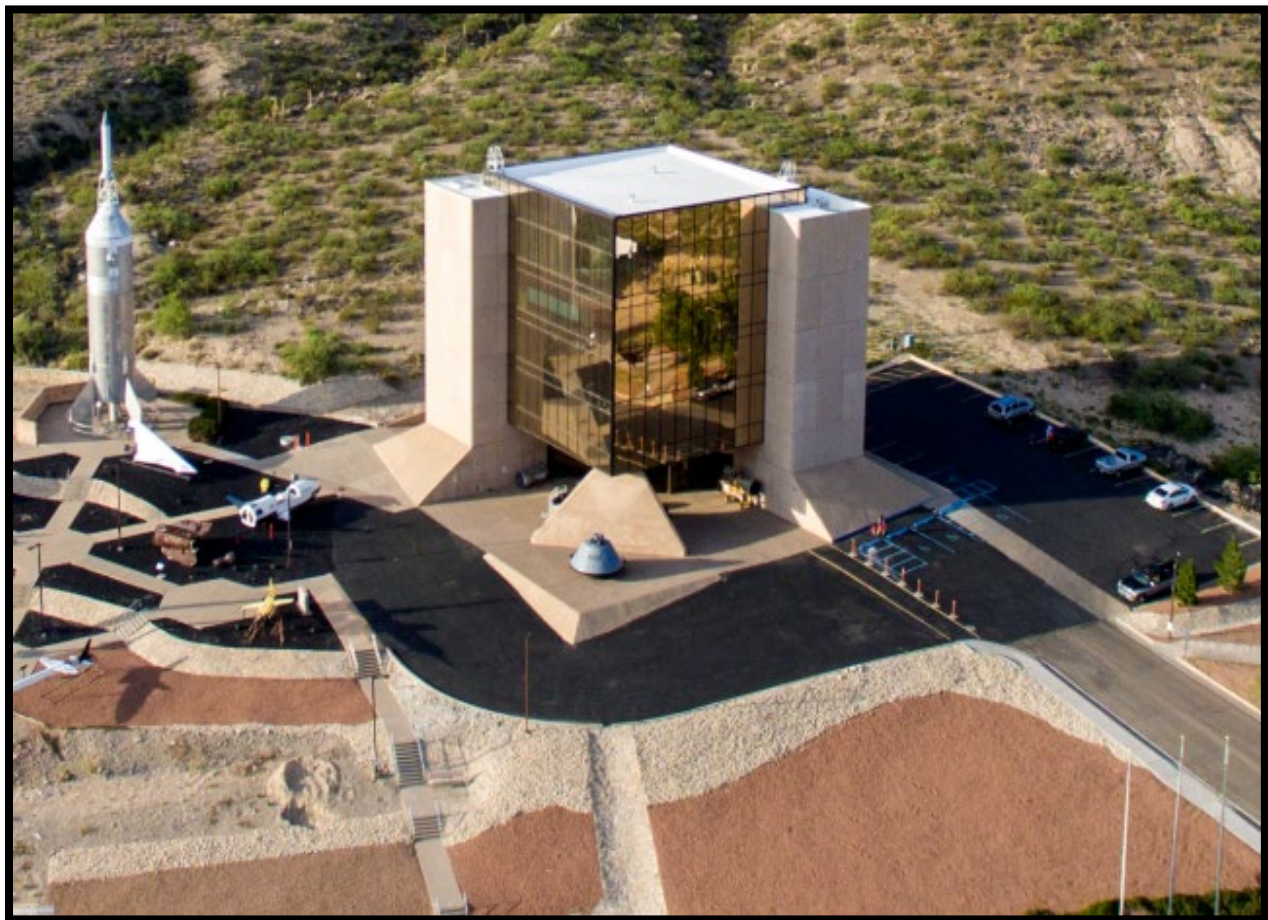
Children, Youth and Family Department has reached a settlement in a case regarding the death of a minor for \$2.1 million to be paid by General Services Department Risk Management Division.

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STATE OF NEW MEXICO  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

# FINANCIAL SECTION

## REQUIRED SUPPLEMENTARY INFORMATION



NEW MEXICO MUSEUM OF SPACE HISTORY  
SOURCE - WWW.NEWMEXICO.ORG

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

For the Year Ended June 30, 2020

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Taxes	\$ 643,700	\$ 647,322	\$ 836,321	\$ 188,999
Federal Revenue	6,991,171	8,338,411	7,670,160	(668,251)
Investment Income	13,912	13,912	60,068	46,156
Rentals and Royalties	23,737	24,737	33,507	8,770
Charges for Services	172,973	174,356	161,746	(12,610)
Licenses, Fees, and Permits	136,703	139,102	245,386	106,284
Assessments	13,053	44,720	44,309	(411)
Miscellaneous and Other	198,149	213,836	200,744	(13,092)
Operating Transfers In	6,947,380	6,925,423	25,000	(6,900,423)
<b>Total Revenues and Other Financing Sources</b>	<b>15,140,778</b>	<b>16,521,819</b>	<b>9,277,241</b>	<b>(7,244,578)</b>
Fund Balance Budgeted	104,910	351,407		
Total	15,245,688	16,873,226		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<b>Culture, Recreation, and Natural Resources</b>				
Museums and Monuments	26,945	29,720	26,199	3,521
Preservation	3,332	3,677	2,856	821
Library Services	5,197	5,264	5,157	107
Program Support	4,293	4,096	3,848	248
Water Resource Allocation	16,643	17,134	16,143	991
Interstate Stream Compact Compliance and Water Development	24,418	29,133	21,446	7,687
Litigation and Adjudication	10,451	10,451	8,948	1,503
Program Support	5,564	5,564	5,241	323
Commissioner of Public Lands	18,754	20,254	19,528	726
Livestock Inspection	6,767	6,924	6,445	479
Youth Conservation Corps	3,870	4,012	2,673	1,339
Office of the Natural Resources Trustee	2,333	2,353	347	2,006
Sport Hunting and Fishing	9,409	9,409	8,925	484
Conservation Services	22,832	25,104	22,450	2,654
Wildlife Depredation and Nuisance Abatement	1,024	1,024	768	256
Program Support	7,560	7,587	7,165	422
Renewable Energy and Energy Efficiency	3,053	3,066	2,264	802
Healthy Forests	13,829	21,384	9,536	11,848
Parks and Recreation	20,899	23,492	17,182	6,310
Mine Reclamation	8,254	8,327	4,062	4,265
Oil and Gas Conservation	11,661	11,661	7,134	4,527
Program Leadership and Support	5,011	5,011	4,225	786
Arts	1,972	2,188	1,936	252
Intertribal Ceremonial	100	100	100	-
Special Appropriations	6,742	6,742	6,179	563
<b>Total Culture, Recreation, and Natural Resources</b>	<b>240,913</b>	<b>263,677</b>	<b>210,757</b>	<b>52,920</b>
<b>Education</b>				
Operations	51,425	47,834	46,200	1,634
Student Financial Aid	64,713	67,713	66,880	833
Administrative Services	4,938	5,238	4,110	1,128
Rehab Services	27,230	27,230	21,119	6,111
Independent Living	1,555	2,005	1,553	452
Disability Determination	13,795	16,137	10,086	6,051
SDE Operation	17,911	17,911	15,997	1,914
Public Schools Facilities Auth	4,688	4,688	4,389	299
Special Appropriations	3,278,641	3,284,682	3,131,955	152,727
<b>Total Education</b>	<b>3,464,896</b>	<b>3,473,438</b>	<b>3,302,289</b>	<b>171,149</b>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED) For the Year Ended June 30, 2020 (In Thousands)

EXPENDITURES AND OTHER FINANCING USES (CONT.)	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>General Control</b>				
Policy Development, Budget Oversight and Educational Accountability	\$ 3,474	\$ 3,474	\$ 3,280	\$ 194
Program Support	970	970	825	145
Community Development, Local Government				
Assistance and Fiscal Oversight	37,446	41,741	40,126	1,615
Fiscal Management and Oversight	62,615	62,066	61,302	764
Program Support	22,190	25,190	23,523	1,667
Tax Administration	31,991	32,204	30,513	1,691
Motor Vehicle	32,892	36,939	32,861	4,078
Property Tax	4,281	4,281	3,299	982
Compliance Enforcement	1,613	1,613	1,488	125
State Purchasing	2,351	2,707	2,435	272
Facilities Management Division	13,971	13,971	13,531	440
Office of the Attorney General	27,200	28,100	23,018	5,082
Medicaid Fraud Program	3,201	3,201	2,568	633
State Auditor	3,968	3,968	3,440	528
State Investment Program	61,339	61,339	48,661	12,678
Criminal & Juvenile Justice	602	602	523	79
Governor	4,185	4,185	3,895	290
Lieutenant Governor	581	581	530	51
Records Info & Archival Mgmt.	2,616	2,616	2,492	124
Secretary of State	3,920	6,953	6,740	213
New Mexico State Personnel	4,152	4,152	3,679	473
State Treasurer	3,713	3,713	3,636	77
Public Employees Labor Relations Board	243	243	228	15
Enterprise Services	-	-	-	-
Elections	5,915	9,881	8,847	1,034
Compliance and Project Management	869	869	782	87
Administrative Hearings Office	2,023	2,023	1,965	58
Administration	-	-	-	-
Special Appropriations	94,919	104,723	87,149	17,574
<b>Total General Control</b>	<b>433,240</b>	<b>462,305</b>	<b>411,336</b>	<b>50,969</b>
<b>Health and Human Services</b>				
Administration	14,972	15,856	14,364	1,492
Financial Oversight	178,297	181,447	161,848	19,599
Epidemiology and Response	28,650	42,890	35,827	7,063
Laboratory Services	13,581	13,780	13,027	753
Program Area 6 - Facilities	148,525	148,525	140,602	7,923
Developmental Disabilities Support	188,944	189,147	163,495	25,652
Health Certification, Licensing and Oversight	14,918	15,168	14,128	1,040
Program Support	56,395	57,324	54,281	3,043
Child Support Enforcement	31,871	32,521	31,885	636
Medical Assistance Program	5,504,352	5,925,785	5,846,870	78,915
Income Support Program	959,689	1,205,512	1,156,473	49,039
Resource Management	8,027	8,297	7,539	758
Water Quality	28,829	28,979	19,506	9,473
Environmental Health	14,031	14,135	11,600	2,535
Environmental Protection	23,382	24,396	20,750	3,646
Program Support	19,604	19,604	18,133	1,471
Juvenile Justice Facilities	74,604	75,232	70,112	5,120
Protective Services	174,477	178,157	166,187	11,970
Program Support	3,885	3,885	3,605	280

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED) For the Year Ended June 30, 2020 (In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>Health and Human Services (Continued)</b>				
Consumer and Elder Rights	\$ 5,150	\$ 5,737	\$ 4,741	\$ 996
Adult Protective Services	13,830	13,862	13,437	425
Community Involvement	40,195	46,844	38,817	8,027
Administration	1,250	1,250	891	359
Office of African-American Affairs	771	771	746	25
Commission For Deaf and Hard of Hearing	6,302	6,302	2,871	3,431
Martin Luther King Jr., Commission	354	354	215	139
Blind Services Program	8,142	8,142	6,846	1,296
Indian Affairs Department	2,540	2,560	2,359	201
Workers' Compensation Administration	11,528	11,528	10,945	583
Governor's Commission On Disability	1,613	1,675	1,383	292
Brain Injury Advisory Council	202	202	156	46
Veterans' Services Department	5,346	5,720	4,751	969
Developmental Disabilities Planning Council	1,288	1,288	1,247	41
Office of Guardianship	5,615	5,772	5,742	30
Medicaid Behavioral Health	531,219	597,112	518,156	78,956
Behavioral Health Services	61,131	74,016	65,317	8,699
Workforce Transition Services	8,840	10,095	9,398	697
Labor Relations	4,494	4,794	4,351	443
Workforce Technology	14,954	17,814	16,617	1,197
Business Services	12,945	15,487	13,272	2,215
Program Support	34,332	41,705	35,865	5,840
Uninsured Employers Fund	910	910	621	289
Early Childhood Services	293,150	326,630	284,444	42,186
Early Childhood Services	3,224	4,094	3,725	369
Early Childhood Services	20,232	23,333	17,224	6,109
Special Revenue	7,012	7,012	3,606	3,406
Early Childhood Services	41,943	45,320	39,131	6,189
Veterans Retirement Facility	-	-	-	-
Special Appropriations	341,179	346,997	330,418	16,579
<b>Total Health and Human Services</b>	<b>8,966,724</b>	<b>9,807,966</b>	<b>9,387,524</b>	<b>420,442</b>
<b>Highways &amp; Transportation</b>				
Construction Program	549,526	1,101,481	571,087	530,394
Maintenance Program	251,580	316,753	253,278	63,475
Program Support	43,607	62,607	56,715	5,892
MODAL	67,583	129,832	57,445	72,387
<b>Total Highways and Transportation</b>	<b>912,296</b>	<b>1,610,673</b>	<b>938,525</b>	<b>672,148</b>
<b>Judicial</b>				
Supreme Court Law Library	-	-	-	-
New Mexico Compilation Commission	1,568	1,568	848	720
Judicial Standards Commission	898	898	890	8
Court of Appeals	6,617	6,667	6,580	87
Supreme Court	6,381	6,381	6,247	134
Supreme Court Building Commission	-	-	-	-
First Judicial District Court	11,261	11,418	11,025	393
Second Judicial District Court	30,580	31,343	29,386	1,957
Third Judicial District Court	10,952	11,402	11,194	208
Fourth Judicial District Court	4,062	4,364	4,188	176
Fifth Judicial District Court	11,094	11,197	10,884	313
Sixth Judicial District Court	5,612	5,612	5,501	111
Seventh Judicial District Court	4,479	4,479	4,201	278
Eighth Judicial District Court	4,899	4,898	4,770	128
Ninth Judicial District Court	5,762	5,751	5,617	134



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2020

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>Judicial (Continued)</b>				
Tenth Judicial District Court	\$ 1,783	\$ 1,783	\$ 1,776	\$ 7
Eleventh Judicial District Court	11,248	11,591	11,163	428
Twelfth Judicial District Court	5,349	5,595	5,363	232
Thirteenth Judicial District Court	12,016	12,218	11,915	303
Bernalillo County Metropolitan Court	29,405	29,631	29,086	545
First Judicial District Attorney	6,467	6,467	6,411	56
Second Judicial District Attorney	27,144	27,172	26,146	1,026
Third Judicial District Attorney	6,333	6,378	5,980	398
Fourth Judicial District Attorney	3,617	3,617	3,102	515
Fifth Judicial District Attorney	6,216	6,243	6,189	54
Sixth Judicial District Attorney	3,503	3,503	3,369	134
Seventh Judicial District Attorney	2,860	2,860	2,793	67
Eighth Judicial District Attorney	3,176	3,176	3,128	48
Ninth Judicial District Attorney	3,507	3,507	3,523	(16)
Tenth Judicial District Attorney	1,469	1,469	1,454	15
Eleventh Judicial District Attorney-Division I	4,919	4,926	4,706	220
Twelfth Judicial District Attorney	3,826	4,095	3,993	102
Thirteenth Judicial District Attorney	5,976	5,976	5,793	183
Administrative Office of the District Attorneys	2,739	2,739	2,424	315
Eleventh Judicial District Attorney-Division II	2,959	2,959	2,811	148
Administrative Support	15,500	17,504	12,981	4,523
Administrative Support	10,271	10,271	8,307	1,964
Statewide Judiciary Automation	14,014	14,014	12,413	1,601
Special Court Services	-	-	-	-
Administrative Support	55,738	56,042	54,446	1,596
Special Appropriations	18,678	18,621	15,822	2,799
<b>Total Judicial</b>	<b>362,878</b>	<b>368,335</b>	<b>346,425</b>	<b>21,910</b>
<b>Legislative</b>				
Leg Analysis/Oversight Program	4,491	4,491	4,338	153
Education Study Committee	1,407	1,407	1,088	319
Special Appropriations	13,025	13,025	11,471	1,554
<b>Total Legislative</b>	<b>18,923</b>	<b>18,923</b>	<b>16,897</b>	<b>2,026</b>
<b>Public Safety</b>				
Program Support	7,959	7,959	5,152	2,807
Law Enforcement	126,686	126,686	122,274	4,412
Program Support	13,517	12,817	11,972	845
Inmate Management and Control	294,772	297,760	292,730	5,030
Community Offender Management	39,205	39,205	36,807	2,398
Parole Board	528	528	518	10
Juvenile Parole Board	8	8	4	4
Victim Compensation	6,962	7,212	7,074	138
Federal Grant Administration	23,099	23,099	15,933	7,166
National Guard Support	24,851	30,006	21,688	8,318
Crisis Response	-	-	-	-
Homeland Security and Emergency Management Department	28,179	29,186	19,049	10,137
Motor Transportation Program	-	-	-	-
State Law Enforcement Support Program	22,061	22,545	17,968	4,577
Special Appropriations	7,328	7,328	7,012	316
<b>Total Public Safety</b>	<b>595,155</b>	<b>604,339</b>	<b>558,181</b>	<b>46,158</b>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2020

(In Thousands)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES AND OTHER FINANCING USES (CONT.)</b>				
<b>Regulation and Licensing</b>				
Economic Development	\$ 9,902	\$ 20,858	\$ 10,834	\$ 10,024
Film	686	686	668	18
Program Support	3,359	3,359	3,208	151
Job Creation & Job Growth	-	-	-	-
Program Support	1,202	1,202	1,171	31
Outreach	2,282	2,343	2,081	262
Marketing and Promotion	14,491	14,491	14,129	362
Construction Industries and Manufactured Housing	9,370	9,370	8,496	874
Financial Institutions and Securities	4,960	4,960	3,340	1,620
Alcohol and Gaming	1,030	1,030	1,016	14
Program Support	3,779	3,779	3,562	217
Policy and Regulation	7,953	7,953	6,820	1,133
Public Safety	76,435	79,435	77,596	1,839
Program Support	1,776	1,776	1,660	116
Special Revenues	77,347	77,347	17,042	60,305
Board of Examiners for Architects	408	508	449	59
New Mexico Border Authority	535	688	591	97
Medical Board	2,159	2,159	2,049	110
Board of Nursing	2,883	3,027	2,589	438
ASD/PEPS	998	998	797	201
Gaming Control Board	5,537	5,537	5,513	24
State Racing Commission	4,201	4,201	2,381	1,820
Board of Veterinary Medicine	495	495	411	84
Office of Military Base Planning and Support	227	227	198	29
Program Thirty-three	-	-	-	-
Program Thirty-four	-	-	-	-
Spaceport Authority	9,839	10,330	8,215	2,115
Special Revenue	5,799	5,949	5,949	-
Insurance Operations Program	10,522	10,878	10,212	666
Patient Compensation Program	-	-	-	-
Boards and Commission	16,783	17,263	14,950	2,313
Securities Division	1,960	1,960	1,536	424
Outdoor Recreation	200	210	140	70
Special Appropriations	16,682	16,682	7,391	9,291
<b>Total Regulation and Licensing</b>	<b>293,800</b>	<b>309,701</b>	<b>214,994</b>	<b>94,707</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>15,288,825</b>	<b>16,919,357</b>	<b>15,386,928</b>	<b>\$ 1,532,429</b>
<b>Net Change in Fund Balance</b>	<b>\$ (43,137)</b>	<b>\$ (46,131)</b>	<b>\$ (6,109,687)</b>	



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2020

(In Thousands)

### Budget Basis to GAAP Basis Reconciliation

Net Change in Fund Balance (Budgetary Basis) \$ (6,109,687)

#### Differences:

Taxes - Bud Refs other than 120 and 920	5,826,134
Investment Income - Bud Refs 120 and 920	91,755
Rent and Royalties - Bud Refs other than 120 and 920	886,975
Charges for Services - Bud Refs other than 120 and 920	1,028
Licenses, Fees and Permits - Bud Refs other than 120 and 920	62,954
Assessments - Bud Refs other than 120 and 920	1,980
Misc. and Other Revenue - Bud Refs other than 120 and 920	18,235
Federal Revenue - Bud Refs other than 120 and 920	523,206
Transfers In - Bud Refs other than 120 and 920	1,140,764
Non Budgeted - Transfers In - Component Units	61,410
Transfers In - Bud Refs other than 120 and 920 (Ref. Bond Proceeds)	-
NonBudgeted Revenue - Bond Issuances & Premiums	-
NonBudgeted Revenue - Sale of Capital Assets	1,836
NonBudgeted Revenue - Tobacco Settlement - 497101	34,152
Expenses - Bud Refs other than 120 and 920	(920,132)
Transfers Out - Bud Refs other than 120 and 920	(10,013,199)
NonBudgeted Expenditure - 569000 In-Kind Expenditure	(33,761)
NonBudgeted Expenditure - 565200 Distr. To Beneficiaries	15,593
NonBudgeted Expenditure - 566100 & 566109 (Reversions)	(7,064)
Non Budgeted Expenditure - 555102 (OFU - NonBudgeted)	(1,839)
Non Budgeted Expenditure - 555210 (OFU CU-NonBudgeted)	(7,470)
NonBudgeted Expenditure Adj. - 577100 (General Fund Allotments)	6,508,869
NonBudgeted Expenditure Adj. - 577200 (General Fund Allotments-CUs)	-
NonBudgeted Expenditure Adj. - 577300 (General Fund Allotments-Ext)	-
NonBudgeted Expenditure - 560300 (Refunds)	-
975001 - Indirect Memo Expense Account	-
No Function - Expenditures	2,829,163
Function Exclusions - Expenditures	-
A Code Expenditures not included in Budgetary Comparison Actuals	(12,346)

### Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances

\$ 898,556

# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION NOTES TO BUDGETARY REPORTING

For the Year Ended June 30, 2020

(In Thousands)

### **Budget Process**

The State Legislature makes annual appropriations, which lapse at fiscal year-end. Legal compliance is monitored through the establishment of a budget (Modified Accrual Budgetary Basis) and a financial control system, which permits a budget to actual expenditures comparison. Expenditures may not legally exceed appropriations for each budget at the program appropriation unit level. Program appropriation unit is identified in the State's accounting records and in the budgetary schedules as P-Codes, such as "P523 Child Support Enforcement." Budgeted program appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriations Act. The budget amounts shown in the financial statements represent the final authorized amounts. Administrative line item expenditures (personnel, contractual, and other) may legally exceed amounts budgeted; however, the total budget category expenditures may not legally exceed the approved budget for the program appropriation. Chapter 6-3, NMSA 1978, sets forth the process used to develop the budget for the State of New Mexico. The process is as follows:

1. No later than September 1, the appropriation request is submitted to the Legislative Finance Committee (LFC), and the Budget Division of the Department of Finance and Administration (DFA), for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of those hearings are incorporated in the State's General Appropriations Act (Act).
3. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
4. Not later than May 1, an annual operating budget is submitted to DFA by appropriation unit and object code based upon the appropriation authorized by the Legislature. DFA reviews and approves the operating budget, which becomes effective on July 1.
5. Formal budgetary integration is employed as a management control device during the fiscal year for the General and Special Revenue Funds.

### **Budgetary Basis of Accounting**

The budget is adopted on the modified accrual basis of accounting, per statute; however; accounts payable which are not recorded in a timely manner (before the statutory fiscal year-end deadline) will not be paid from the current year appropriation, and they are thus not recorded as a budgetary expenditure. Instead, they must be paid out of the next year's budget. This budgetary basis is not consistent with generally accepted accounting principles (GAAP). Balances remaining at the end of the fiscal year from appropriations made from the State General Fund shall revert to the appropriate fund, unless otherwise indicated in the appropriations act or otherwise provided by law. Encumbrances do not carry over to the next year for operating budgets.

# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION NOTES TO BUDGETARY REPORTING

For the Year Ended June 30, 2020

(In Thousands)

### **Multiple Year Appropriation – Capital Projects Budgets and Special Appropriation Budgets**

Budgets for multiple year monies are not made on an annual basis, but are adopted on a project length basis. Budgets for, the Capital Projects Fund may be established for periods from two to five years depending on the nature of the project or appropriation. These non-operating budgets primarily serve as a management control purpose, and because related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided.

### **Budget to GAAP Reconciliation**

The budgetary comparison schedules of the various funds present comparisons of the original estimated budget and legally adopted budget with actual data on a budgetary basis. Both the budget and actual amounts represent single year activity based on the budget reference assigned to the particular transaction. Since accounting principles applied for the purposes of developing data on a budgetary basis, differ significantly from those used to present financial statements in conformity with GAAP, a budget to GAAP reconciliation is presented following the budgetary comparison schedules.

In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities for the operating budgets. Expenditures are classified in the financial control system based on whether the appropriation is from the operating or multiple year budgets (special or capital). Expenditures funded by the operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation.

However, in the governmental operating statements, all governmental funds are included and expenditures are classified according to what was actually purchased. Capital outlays are fixed asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures. Additionally, certain governmental activities are excluded from the budgetary schedules because they are not appropriated.

Because of perspective differences between this budgetary comparison and the general fund statement of revenues, expenditures, and changes in fund balance, this schedule is presented as required supplementary information (RSI.)

The State's component appropriation accounts do not adopt an annual appropriated budget; however, the expenditures of the component appropriations by law must equal the individual amounts appropriated in the various appropriation acts. Other activities designated as non-appropriated (not budgeted) by the Legislature are the Severance Tax Fund, the Land Grant Fund., and the following Enterprise Funds: State Fair Commission, Environment Department, State Infrastructure Bank, and Unemployment Insurance Funds.

### **Excess of Expenses/Expenditures Over Budget**

For the fiscal year ended June 30, 2020, the Ninth Judicial District Attorney exceeded Pcode/program budget authority.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY PUBLIC EMPLOYEES RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year Ended June 30 , 2020	Fiscal Year Ended June 30 , 2019	Fiscal Year Ended June 30 , 2018	Fiscal Year Ended June 30 , 2017	Fiscal Year Ended June 30 , 2016	Fiscal Year Ended June 30 , 2015	Fiscal Year Ended June 30 , 2014
<b>Total Pension Liability</b>							
Service Cost	\$ 401,166	\$ 403,879	\$ 376,310	\$ 405,561	\$ 390,221	\$ 389,053	\$ 418,996
Interest	1,547,097	1,504,991	1,462,669	1,452,723	1,393,557	1,335,950	1,286,996
Benefit Changes	(710,227)	-	-	-	-	-	-
Difference Between Expected and Actual Experience	213,521	(54,005)	113,712	(584,186)	330,751	59,112	-
Changes of Assumptions	(222)	-	545,510	(62,778)	424,792	-	(91,857)
Benefit Payments	(1,255,018)	(1,193,943)	(1,133,418)	(1,084,818)	(1,024,399)	(966,237)	(905,329)
Refunds of Contributions	(44,903)	(54,337)	(50,288)	(44,396)	(44,938)	(46,010)	(47,377)
Net Change in Total Pension Liability	151,414	606,585	1,314,495	82,106	1,469,984	771,868	661,429
Total Pension Liability - Beginning	21,989,224	21,382,639	20,068,144	19,986,038	18,516,054	17,744,187	17,082,758
Total Pension Liability - Ending	22,140,638	21,989,224	21,382,639	20,068,144	19,986,038	18,516,055	17,744,187
<b>Plan Net Position</b>							
Contributions - Employer	368,425	339,676	319,499	332,473	324,752	317,164	370,765
Contributions - Member	297,153	281,643	282,847	272,829	265,529	258,920	174,037
Special Fund Appropriation	55,000						
Net Investment Income	(223,545)	935,561	1,004,227	1,500,759	47,445	251,488	2,118,285
Benefit Payments	(1,255,018)	(1,193,944)	(1,133,418)	(1,084,818)	(1,024,399)	(966,236)	(905,329)
Administrative Expenses	(14,318)	(13,583)	(12,667)	(11,506)	(10,754)	(9,886)	(10,336)
Refunds of Contributions	(44,903)	(54,337)	(50,288)	(44,396)	(44,938)	(46,010)	(47,377)
Other	1,646	2,047	2,110	471	12,318	25,296	17,006
Net Change in Plan Net Position	(815,560)	297,063	412,310	965,812	(430,047)	(169,264)	1,717,051
Plan Net Position - Beginning	15,507,545	15,210,482	14,798,917	13,826,658	14,255,528	14,424,793	12,707,741
Prior Period Adjustments	-	-	(745)	6,447	1,177	-	-
Plan Net Position - beginning, restated	15,507,545	15,210,482	14,798,172	13,833,105	14,256,705	14,424,793	12,707,741
Plan Net Position - Ending	14,691,984	15,507,545	15,210,482	14,798,917	13,826,658	14,255,529	14,424,792
<b>Net Pension Liability - Ending</b>	<b>\$ 7,448,653</b>	<b>6,481,679</b>	<b>6,172,157</b>	<b>\$ 5,269,227</b>	<b>\$ 6,159,380</b>	<b>\$ 4,260,526</b>	<b>\$ 3,319,394</b>

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY

### JUDICIAL RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,

(In Thousands)

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
<b>Total Pension Liability</b>							
Service Cost	\$ 5,286	\$ 4,282	\$ 4,488	\$ 5,492	\$ 3,245	\$ 3,344	\$ 3,793
Interest	10,211	10,341	9,867	9,066	10,238	9,900	10,798
Benefit Changes	-	-	-	-	-	-	(16,059)
Difference Between Expected and Actual Experience	(3,901)	7,420	(1,358)	(2,474)	4,737	755	-
Changes of Assumptions	18,400	19,033	(2,892)	(17,241)	46,155	-	(1,004)
Benefit Payments	(12,013)	(11,352)	(10,585)	(10,096)	(9,813)	(9,373)	(8,770)
Refunds of Contributions	(8)	(100)	-	(11)	(45)	(40)	(52)
Net Change in Total Pension Liability	17,975	29,624	(480)	(15,264)	54,517	4,586	(11,294)
Total Pension Liability - Beginning	205,435	175,811	176,291	191,555	137,038	132,452	143,746
Total Pension Liability - Ending	223,409	205,435	175,811	176,291	191,555	137,038	132,452
<b>Plan Net Position</b>							
Contributions - Employer	4,683	4,731	4,723	4,524	4,237	4,196	3,741
Contributions - Member	1,783	1,692	1,632	1,636	1,582	1,579	1,086
Net Investment Income	(1,252)	5,528	6,020	9,012	232	1,512	13,197
Benefit Payments	(12,013)	(11,352)	(10,585)	(10,096)	(9,813)	(9,373)	(8,770)
Administrative Expenses	(82)	(79)	(75)	(69)	(64)	(60)	(64)
Refunds of Contributions	(8)	(100)	-	(11)	(45)	(40)	(53)
Other	-	10	-	-	72	33	486
Net Change in Plan Net Position	(6,889)	430	1,715	4,996	(3,799)	(2,153)	9,623
Plan Net Position - Beginning	91,761	91,331	89,616	84,932	88,989	91,142	81,519
Prior Period Adjustments	-	-	-	(312)	(257)	-	-
Plan Net Position - beginning, restated	91,761	91,331	89,616	84,620	88,732	91,142	81,519
Plan Net Position - Ending	84,872	91,761	91,331	89,616	84,933	88,989	91,142
<b>Net Pension Liability - Ending</b>	<b>\$ 138,538</b>	<b>\$ 113,674</b>	<b>\$ 84,480</b>	<b>\$ 86,675</b>	<b>\$ 106,623</b>	<b>\$ 48,050</b>	<b>\$ 41,310</b>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY MAGISTRATE RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
<b>Total Pension Liability</b>							
Service Cost	\$ 1,656	\$ 1,466	\$ 1,354	\$ 1,537	\$ 1,118	\$ 948	\$ 1,428
Interest	3,436	3,494	3,487	3,192	3,452	3,445	3,689
Benefit Changes	-	-	-	-	-	-	(7,528)
Difference Between Expected and Actual Experience	(1,286)	2,209	(237)	(1,539)	1,571	6,703	-
Changes of Assumptions	(18,414)	5,255	2,874	(8,114)	8,832	-	(7,644)
Benefit Payments	(4,204)	(4,026)	(3,951)	(3,966)	(3,976)	(3,956)	(3,690)
Refunds of Contributions	-	(56)	(63)	-	(15)	(5)	(15)
Net Change in Total Pension Liability	(18,812)	8,342	3,464	(8,890)	10,982	7,135	(13,760)
Total Pension Liability - Beginning	77,434	69,092	65,628	74,518	63,536	56,401	70,161
Total Pension Liability - Ending	58,618	77,434	69,092	65,628	74,518	63,536	56,401
<b>Plan Net Position</b>							
Contributions - Employer	1,293	1,236	1,232	1,282	1,280	937	793
Contributions - Member	650	640	580	603	587	490	266
Net Investment Income	(437)	1,938	2,156	3,290	70	579	5,199
Benefit Payments	(4,204)	(4,026)	(3,951)	(3,966)	(3,977)	(3,956)	(3,690)
Administrative Expenses	(28)	(28)	(27)	(25)	(24)	(23)	(24)
Refunds of Contributions	-	(56)	(63)	-	(15)	(5)	(15)
Other	-	-	14	3	27	(19)	217
Net Change in Plan Net Position	(2,727)	(296)	(59)	1,187	(2,052)	(1,997)	2,746
Plan Net Position - Beginning	31,798	32,094	32,226	31,038	33,187	35,185	32,439
Prior Period Adjustments	-	-	(73)	-	(98)	-	-
Plan Net Position - beginning, restated	31,798	32,094	32,153	31,038	33,089	35,185	32,439
Plan Net Position - Ending	29,071	31,798	32,094	32,226	31,038	33,187	35,185
<b>Net Pension Liability - Ending</b>	<b>\$ 29,547</b>	<b>\$ 45,636</b>	<b>\$ 36,998</b>	<b>\$ 33,402</b>	<b>\$ 43,480</b>	<b>\$ 30,349</b>	<b>\$ 21,216</b>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
<b>Total Pension Liability</b>							
Service Cost	\$ 2,250	\$ 2,194	\$ 2,204	\$ 2,337	\$ 1,440	\$ 1,251	\$ 1,254
Interest	3,715	3,594	3,555	3,584	3,376	3,105	2,872
Benefit Changes	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(2,143)	(1,573)	(2,504)	(4,101)	(498)	874	-
Changes of Assumptions	(1,853)	-	1,363	-	1,976	-	408
Benefit Payments	(2,626)	(2,457)	(2,319)	(222)	(1,836)	(1,633)	(1,419)
Refunds of Contributions	-	-	-	(2,031)	-	-	-
Net Change in Total Pension Liability	(655)	1,758	2,299	(433)	4,458	3,597	3,115
Total Pension Liability - Beginning	52,560	50,802	48,503	48,936	44,478	40,881	37,766
Total Pension Liability - Ending	51,905	52,560	50,802	48,503	48,936	44,478	40,881
<b>Plan Net Position</b>							
Contributions - Employer	750	750	750	750	750	750	750
Contributions - Member	-	-	-	-	-	-	-
Net Investment Income	(1,057)	4,318	4,512	6,682	206	1,094	8,920
Benefit Payments	(2,626)	(2,457)	(2,319)	(2,031)	(1,835)	(1,633)	(1,419)
Administrative Expenses	(67)	(63)	(58)	(52)	(47)	(43)	(44)
Refunds of Contributions	-	-	-	-	-	-	-
Other	-	1	1	1	51	12	404
Net Change in Plan Net Position	(3,000)	2,549	2,886	5,350	(875)	180	8,611
Plan Net Position - Beginning	71,836	69,287	66,399	61,049	62,103	61,923	53,312
Prior Period Adjustments	-	-	-	-	(179)	-	-
Plan Net Position - beginning, restated	71,836	69,287	66,399	61,049	61,924	61,923	53,312
Plan Net Position - Ending	68,836	71,836	69,287	66,399	61,049	62,103	61,923
<b>Net Pension Liability - Ending</b>	<b>\$ (16,931)</b>	<b>\$ (19,276)</b>	<b>\$ (18,485)</b>	<b>\$ (17,896)</b>	<b>\$ (12,113)</b>	<b>\$ (17,626)</b>	<b>\$ (21,042)</b>



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY EDUCATIONAL EMPLOYEES RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
<b>Total Pension Liability</b>							
Service Cost	\$ 388,501	\$ 523,132	\$ 494,876	\$ 357,631	\$ 356,874	\$ 346,956	\$ 350,248
Interest	1,501,193	1,396,376	1,375,676	1,424,586	1,367,647	1,321,048	1,254,730
Benefit Changes	-	(4,381,849)	-	-	-	-	-
Difference Between Expected and Actual Experience	177,584	(112,652)	(184,090)	(207,789)	42,492	(86,722)	(114,508)
Changes of Assumptions	11,316,076	-	659,788	4,371,800	-	299,085	-
Benefit Payments	(1,220,261)	(1,164,645)	(1,107,441)	(1,052,675)	(1,012,731)	(957,185)	(907,214)
Refunds of Contributions	-	-	-	-	-	-	-
Net Change in Total Pension Liability	12,163,093	(3,739,638)	1,238,809	4,893,553	754,282	923,182	583,256
Total Pension Liability - Beginning	21,121,996	24,861,634	23,622,825	18,729,272	17,974,989	17,051,807	16,468,551
Total Pension Liability - Ending	33,285,087	21,121,996	24,861,634	23,622,825	18,729,272	17,974,989	17,051,807
<b>Plan Net Position</b>							
Contributions - Employer	451,556	406,549	388,724	395,844	396,989	395,130	362,463
Contributions - Member	329,725	303,442	287,324	292,809	295,946	294,561	271,514
Net Investment Income	(75,980)	1,037,882	900,132	1,350,389	364,571	429,738	1,444,233
Benefit Payments	(1,220,261)	(1,164,645)	(1,107,441)	(1,052,675)	(1,012,731)	(957,183)	(907,214)
Administrative Expenses	(10,878)	(9,326)	(9,908)	(9,848)	(9,661)	(10,598)	(16,619)
Refunds of Contributions	-	-	-	-	-	-	-
Other	343	487	2,116	-	-	-	-
Net Change in Plan Net Position	(525,494)	574,390	460,947	976,519	35,115	151,648	1,154,377
Plan Net Position - Beginning	13,544,692	12,970,303	12,509,357	11,532,839	11,497,724	11,346,076	10,191,699
Prior Period Adjustments	-	-	-	-	-	-	-
Plan Net Position - beginning, restated	13,544,693	12,970,303	12,509,357	11,532,839	11,497,724	11,346,076	10,191,699
Plan Net Position - Ending	13,019,199	13,544,692	12,970,303	12,509,357	11,532,839	11,497,724	11,346,076
<b>Net Pension Liability - Ending</b>	<b>\$ 20,265,891</b>	<b>\$ 7,577,302</b>	<b>\$ 11,891,331</b>	<b>\$ 11,113,468</b>	<b>\$ 7,196,433</b>	<b>\$ 6,477,266</b>	<b>\$ 5,705,731</b>



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET OPEB LIABILITY NEW MEXICO RETIREE HEALTH CARE AUTHORITY For the Last Ten Years (a) Ending June 30, (In Thousands)

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Service Cost	\$ 123,905	\$ 156,598	\$ 188,372	\$ 265,229
Interest	169,239	208,666	199,584	187,563
Benefit Changes	6,624	14,004	-	-
Difference Between Expected and Actual Experience	(150,535)	(754,197)	(145,524)	(210,436)
Changes of Assumptions	989,793	(535,457)	(225,363)	(958,756)
Claims and Premiums	(109,584)	(96,487)	(122,199)	(113,698)
Net Change in Total OPEB Liability	1,029,442	(1,006,873)	(105,130)	(830,098)
Total OPEB Liability - Beginning	3,999,139	5,006,012	5,111,142	5,941,240
Total OPEB Liability - Ending	5,028,581	3,999,139	5,006,012	5,111,142
Contributions - Employer	96,504	88,516	85,402	85,858
Contributions - Member	226,384	216,528	210,650	196,393
Net Investment Income	10,837	41,663	49,758	67,760
Claims and Premiums	(316,936)	(296,417)	(321,480)	(294,393)
Administrative Expenses	(3,687)	(4,148)	(3,672)	(4,180)
Other	59,821	52,949	57,530	55,556
Net Change in Plan Net Position	72,923	99,093	78,188	106,994
Plan Net Position - Beginning	756,750	657,657	579,469	472,475
Prior Period Adjustments	-	-	-	-
Plan Net Position - beginning, restated	756,750	657,657	579,469	472,475
Plan Net Position - Ending	829,673	756,750	657,657	579,469
	<u>\$ 4,198,908</u>	<u>\$ 3,242,389</u>	<u>\$ 4,348,355</u>	<u>\$ 4,531,673</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET PENSION LIABILITY PUBLIC EMPLOYEES RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Total Pension Liability	\$ 22,140,637	\$ 21,989,225	\$ 21,382,639	\$ 20,068,143	\$ 19,986,038	\$ 18,516,055	\$ 17,744,187
Plan Net Position	14,691,984	15,507,546	15,210,483	14,798,918	13,826,658	14,255,529	14,424,793
Net Pension Liability	<u>\$ 7,448,653</u>	<u>\$ 6,481,679</u>	<u>\$ 6,172,156</u>	<u>\$ 5,269,225</u>	<u>\$ 6,159,380</u>	<u>\$ 4,260,526</u>	<u>\$ 3,319,394</u>
Percentage of Plan Net Position to Total Pension Liability	<u>66.36%</u>	<u>70.52%</u>	<u>71.13%</u>	<u>73.74%</u>	<u>69.18%</u>	<u>76.99%</u>	<u>81.29%</u>
Covered Payroll	<u>\$ 2,339,923</u>	<u>\$ 2,287,712</u>	<u>\$ 2,265,036</u>	<u>\$ 2,193,889</u>	<u>\$ 2,326,943</u>	<u>\$ 2,248,254</u>	<u>\$ 2,102,265</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>318.33%</u>	<u>283.33%</u>	<u>272.50%</u>	<u>240.18%</u>	<u>264.70%</u>	<u>189.50%</u>	<u>157.90%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET PENSION LIABILITY JUDICIAL RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Total Pension Liability	\$ 223,409	\$ 205,435	\$ 175,810	\$ 176,291	\$ 191,555	\$ 137,038	\$ 132,452
Plan Net Position	84,871	91,760	91,331	89,616	84,932	88,988	91,141
Net Pension Liability	<u>\$ 138,538</u>	<u>\$ 113,675</u>	<u>\$ 84,479</u>	<u>\$ 86,675</u>	<u>\$ 106,623</u>	<u>\$ 48,050</u>	<u>\$ 41,311</u>
Percentage of Plan Net Position to Total Pension Liability	<u>37.99%</u>	<u>44.67%</u>	<u>51.95%</u>	<u>50.83%</u>	<u>44.34%</u>	<u>64.94%</u>	<u>68.81%</u>
Covered Payroll	<u>\$ 16,090</u>	<u>\$ 16,292</u>	<u>\$ 15,126</u>	<u>\$ 15,493</u>	<u>\$ 15,612</u>	<u>\$ 15,084</u>	<u>\$ 13,163</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>861.00%</u>	<u>697.74%</u>	<u>558.50%</u>	<u>559.45%</u>	<u>682.95%</u>	<u>318.54%</u>	<u>313.83%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET PENSION LIABILITY MAGISTRATE RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Total Pension Liability	\$ 58,618	\$ 77,431	\$ 69,090	\$ 65,628	\$ 74,519	\$ 63,536	\$ 56,401
Plan Net Position	29,071	31,798	32,093	32,225	31,038	33,187	35,185
Net Pension Liability	<u>\$ 29,547</u>	<u>\$ 45,633</u>	<u>\$ 36,997</u>	<u>\$ 33,403</u>	<u>\$ 43,481</u>	<u>\$ 30,349</u>	<u>\$ 21,216</u>
Percentage of Plan Net Position to Total Pension Liability	<u>49.59%</u>	<u>41.07%</u>	<u>46.45%</u>	<u>49.10%</u>	<u>41.65%</u>	<u>52.23%</u>	<u>62.38%</u>
Covered Payroll	<u>\$ 6,025</u>	<u>\$ 6,025</u>	<u>\$ 5,638</u>	<u>\$ 5,633</u>	<u>\$ 5,243</u>	<u>\$ 5,066</u>	<u>\$ 3,516</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>490.39%</u>	<u>757.37%</u>	<u>656.17%</u>	<u>592.97%</u>	<u>829.29%</u>	<u>599.09%</u>	<u>603.49%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET PENSION LIABILITY VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Total Pension Liability	\$ 51,905	\$ 52,561	\$ 50,802	\$ 48,503	\$ 48,936	\$ 44,478	\$ 40,881
Plan Net Position	68,837	71,836	69,287	66,401	61,050	62,103	61,923
Net Pension Liability	<u>\$ (16,932)</u>	<u>\$ (19,275)</u>	<u>\$ (18,485)</u>	<u>\$ (17,898)</u>	<u>\$ (12,114)</u>	<u>\$ (17,625)</u>	<u>\$ (21,042)</u>
Percentage of Plan Net Position to Total Pension Liability	<u>132.62%</u>	<u>136.67%</u>	<u>136.39%</u>	<u>136.90%</u>	<u>124.76%</u>	<u>139.63%</u>	<u>151.47%</u>
Covered Payroll	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET PENSION LIABILITY EDUCATIONAL EMPLOYEES RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014
Total Pension Liability	\$ 33,285,087	\$ 21,121,994	\$ 24,861,632	\$ 23,622,824	\$ 18,729,271	\$ 17,974,989	\$ 17,051,807
Plan Net Position	13,019,197	13,544,692	12,970,301	12,509,356	11,532,838	11,497,723	11,346,076
Net Pension Liability	<u>\$ 20,265,890</u>	<u>\$ 7,577,302</u>	<u>\$ 11,891,331</u>	<u>\$ 11,113,468</u>	<u>\$ 7,196,433</u>	<u>\$ 6,477,266</u>	<u>\$ 5,705,731</u>
Percentage of Plan Net Position to Total Pension Liability	<u>39.11%</u>	<u>64.13%</u>	<u>52.17%</u>	<u>52.95%</u>	<u>61.58%</u>	<u>63.97%</u>	<u>66.54%</u>
Covered Payroll	<u>\$ 3,048,404</u>	<u>\$ 2,797,686</u>	<u>\$ 2,678,215</u>	<u>\$ 2,728,362</u>	<u>\$ 2,740,527</u>	<u>\$ 2,730,320</u>	<u>\$ 2,718,101</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>664.80%</u>	<u>270.84%</u>	<u>444.00%</u>	<u>407.33%</u>	<u>262.59%</u>	<u>237.23%</u>	<u>209.92%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET OPEB LIABILITY NEW MEXICO RETIREE HEALTH CARE AUTHORITY For the Last Ten Years (a) Ending June 30, (In Thousands)

	Ended <u>June 30, 2020</u>	Ended <u>June 30, 2019</u>	Ended <u>June 30, 2018</u>	Ended <u>June 30, 2017</u>
Total OPEB Liability	\$ 5,028,581	\$ 3,999,138	\$ 5,006,012	\$ 5,111,142
Plan Net Position	<u>829,673</u>	<u>756,749</u>	<u>657,657</u>	<u>579,469</u>
Net OPEB Liability	<u>\$ 4,198,908</u>	<u>\$ 3,242,389</u>	<u>\$ 4,348,355</u>	<u>\$ 4,531,673</u>
Percentage of Plan Net Position to Total OPEB Liability	<u>16.50%</u>	<u>18.92%</u>	<u>13.14%</u>	<u>11.34%</u>
Covered Payroll	<u>\$ 4,298,116</u>	<u>\$ 4,172,929</u>	<u>\$ 4,290,617</u>	<u>\$ 4,165,647</u>
Net OPEB Liability as a Percentage of Covered Payroll	<u>97.69%</u>	<u>77.70%</u>	<u>101.35%</u>	<u>108.79%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET OPEB LIABILITY THE UNIVERSITY OF NEW MEXICO For the Last Ten Years (a) Ending June 30, (Amounts in Thousands)

*Amounts are in thousands*

	2020	2019	2018	2107
<b>Total OPEB liability</b>				
Service cost	3,267	3,501	3,526	3,019
Interest	10,640	10,007	9,469	9,058
Changes of benefit terms	-	-	-	-
Differences between expected & actual experience	(38,575)	-	-	-
Changes of assumptions	7,729	(7,105)	(6,444)	7,114
Benefit payments	5,298	(4,913)	(4,841)	(4,818)
<b>Net change in total OPEB liability</b>	<b>(22,236)</b>	<b>1,490</b>	<b>1,710</b>	<b>14,373</b>
<b>Total OPEB liability- beginning</b>	<b>156,289</b>	<b>154,799</b>	<b>153,089</b>	<b>138,715</b>
<b>Total OPEB liability- ending (a)</b>	<b>134,053</b>	<b>156,289</b>	<b>154,799</b>	<b>153,089</b>
<b>Plan fiduciary net position</b>				
Contributions- employer	7,513	7,322	7,467	7,675
Contributions- member	2,215	2,408	2,625	2,856
Net investment income	2,111	2,080	1,615	895
Benefit payments	(5,298)	(4,913)	(4,841)	(4,818)
Administrative expense	(5)	(5)	-	-
<b>Net change in plan fiduciary net position</b>	<b>6,536</b>	<b>6,892</b>	<b>6,866</b>	<b>6,608</b>
<b>Plan fiduciary net position- beginning</b>	<b>30,805</b>	<b>23,913</b>	<b>17,045</b>	<b>10,435</b>
<b>Plan fiduciary net position- ending (b)</b>	<b>37,341</b>	<b>30,805</b>	<b>23,913</b>	<b>17,045</b>
<b>University's net OPEB liability- ending (a)-(b)</b>	<b>96,712</b>	<b>125,484</b>	<b>130,886</b>	<b>136,044</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>27.86%</b>	<b>19.71%</b>	<b>15.45%</b>	<b>11.13%</b>
<b>Covered-employee payroll</b>	<b>295,345</b>	<b>321,166</b>	<b>350,452</b>	<b>383,432</b>
<b>University's net OPEB liability as a percentage of covered-employee payroll</b>	<b>32.75%</b>	<b>39.07%</b>	<b>37.35%</b>	<b>35.48%</b>

### Notes to the Schedule:

Benefit changes: None

Differences between expected and actual experience: The \$38.5 million decrease in the liability from June 30, 2019 to June 30, 2020 is due to changes in the census, claims, and premiums experience.

Changes of assumptions: The \$6.4 million decrease in the liability from the fiscal year ending June 30, 2017 to the fiscal year ending June 30, 2018 is due to the increase in the assumed discount rate as of the measurement date. The \$7.1 million decrease in the liability from the fiscal year ending June 30, 2018 to the fiscal year ending June 30, 2019 is due to the increase in the assumed discount rate as of the measurement date. The \$7.7 million increase in the liability from June 30, 2019 to June 30, 2020 is due to the decrease in the assumed discount rate from 6.78% as of June 30, 2019 to 6.69% as of June 30, 2020, as well as updates to the trend, excise tax, and mortality assumptions.



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET OPEB LIABILITY NEW MEXICO STATE UNIVERSITY

For the Last Ten Years (a) Ending June 30,  
(Amounts are in Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>			
Service cost	5,787	5,127	4,936
Interest	5,208	5,268	5,291
<b>Current Recognized deferred outflows/(inflows):</b>			
Difference between expected and actual experienc	(13,724)		
Changes in assumptions or other inputs	28,160	7,135	(5,357)
Benefit payments	(5,274)	(5,758)	(5,523)
<b>Net change in total OPEB liability</b>	20,157	11,772	(653)
<b>Total OPEB liability- beginning</b>	145,672	133,899	134,552
<b>Total OPEB liability- ending</b>	<u>165,829</u>	<u>145,672</u>	<u>133,899</u>
<b>Covered-employee payroll</b>	131,987	153,961	150,205
<b>University's net OPEB liability as a percentage of covered-employee payroll</b>	126%	95%	89%

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF NET OPEB LIABILITY NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY For the Last Ten Years (a) Ending June 30, (In Thousands)

	2020	2019	2018	2017
<b>Total OPEB liability</b>				
Service cost	1,999	2,317	2,697	2,149
Interest cost	1,518	1,377	1,225	1,194
Changes of benefit terms	-	-	-	-
Differences between expected & actual experience	(5,898)	-	-	-
Changes of assumptions	2,050	(1,486)	(3,354)	3,706
Benefit payments	(61)	(649)	(1,490)	(930)
<b>Net change in total OPEB liability</b>	<b>(392)</b>	<b>1,559</b>	<b>(922)</b>	<b>6,119</b>
<b>Total OPEB liability- beginning</b>	<b>32,523</b>	<b>30,964</b>	<b>31,886</b>	<b>25,765</b>
<b>Total OPEB liability- ending (a)</b>	<b>32,131</b>	<b>32,523</b>	<b>30,964</b>	<b>31,886</b>
<b>Plan fiduciary net position</b>				
Contributions- employer	2,239	3,997	4,998	4,936
Contributions- member	1,632	3,386	3,706	3,628
Net investment income	149	173	208	29
Benefit payments	(61)	(649)	(1,490)	(930)
Administrative expense	(306)	(359)	(378)	(388)
Other	(3,714)	(5,899)	(6,132)	(5,963)
<b>Net change in plan fiduciary net position</b>	<b>(61)</b>	<b>649</b>	<b>912</b>	<b>1,312</b>
<b>Plan fiduciary net position- beginning</b>	<b>4,304</b>	<b>3,655</b>	<b>2,743</b>	<b>1,431</b>
<b>Plan fiduciary net position- ending (b)</b>	<b>4,243</b>	<b>4,304</b>	<b>3,655</b>	<b>2,743</b>
<b>University's net OPEB liability- ending (a)-(b)</b>	<b>27,888</b>	<b>28,219</b>	<b>27,309</b>	<b>29,143</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	13.2%	13.2%	11.8%	8.6%
<b>Covered-employee payroll</b>	29,916	28,337	28,142	27,958
<b>University's net OPEB liability as a percentage of covered-employee payroll</b>	93%	100%	97%	104%

### Notes to the Schedule:

Changes in assumptions: The \$3.4 million decrease in liability from the fiscal year ending June 30, 2017 to the fiscal year ending June 30, 2018 is due to the increase in the assumed discount rate as of the measurement date. The \$1.5 million decrease in the liability from the fiscal year ending June 30, 2018 to the fiscal year ending June 30, 2019 is due to the increase in the assumed discount rate as of the measurement date.

Benefits changes: None

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PUBLIC EMPLOYEES RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Statutory Required Contributions	\$ 368,425	\$ 339,676	\$ 319,499	\$ 332,473	\$ 324,752
Actual Employer Contributions	<u>368,425</u>	<u>339,676</u>	<u>319,499</u>	<u>332,473</u>	<u>324,752</u>
Annual Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 2,339,923</u>	<u>\$ 2,287,712</u>	<u>\$ 2,265,036</u>	<u>\$ 2,193,889</u>	<u>\$ 2,326,943</u>
Annual Contribution as a Percentage of Covered Payroll	<u>15.75%</u>	<u>14.85%</u>	<u>14.11%</u>	<u>15.15%</u>	<u>13.96%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
Statutory Required Contributions	\$ 317,164	\$ 370,766	\$ 285,560	\$ 274,906	\$ 283,377
Actual Employer Contributions	317,164	370,766	285,560	274,906	283,377
Annual Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 2,248,254</u>	<u>\$ 2,102,265</u>	<u>\$ 2,049,738</u>	<u>\$ 1,994,280</u>	<u>\$ 1,935,014</u>
Annual Contribution as a Percentage of Covered Payroll	<u>14.11%</u>	<u>17.64%</u>	<u>13.93%</u>	<u>13.78%</u>	<u>14.64%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION JUDICIAL RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Statutory Required Contributions	\$ 6,045	\$ 5,881	\$ 4,908	\$ 4,975	\$ 4,816
Actual Employer Contributions	4,683	4,731	4,723	4,524	4,237
Annual Contribution Deficiency (Excess)	<u>\$ 1,362</u>	<u>\$ 1,150</u>	<u>\$ 185</u>	<u>\$ 451</u>	<u>\$ 579</u>
Covered Payroll	<u>\$ 16,090</u>	<u>\$ 16,292</u>	<u>\$ 15,126</u>	<u>\$ 15,493</u>	<u>\$ 15,612</u>
Annual Contribution as a Percentage of Covered Payroll	<u>29.11%</u>	<u>29.04%</u>	<u>31.22%</u>	<u>29.20%</u>	<u>27.14%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION JUDICIAL RETIREMENT SYSTEM (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
Statutory Required Contributions	\$ 4,919	\$ 6,413	\$ 7,235	\$ 5,835	\$ 5,784
Actual Employer Contributions	4,196	3,741	3,527	3,266	3,824
Annual Contribution Deficiency (Excess)	<u>\$ 723</u>	<u>\$ 2,672</u>	<u>\$ 3,708</u>	<u>\$ 2,569</u>	<u>\$ 1,960</u>
Covered Payroll	<u>\$ 15,084</u>	<u>\$ 13,163</u>	<u>\$ 13,226</u>	<u>\$ 12,691</u>	<u>\$ 12,267</u>
Annual Contribution as a Percentage of Covered Payroll	<u>27.82%</u>	<u>28.42%</u>	<u>26.67%</u>	<u>25.74%</u>	<u>31.17%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION MAGISTRATE RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Statutory Required Contributions	\$ 1,923	\$ 1,862	\$ 1,588	\$ 1,576	\$ 1,463
Actual Employer Contributions	<u>1,293</u>	<u>1,236</u>	<u>1,232</u>	<u>1,282</u>	<u>1,280</u>
Annual Contribution Deficiency (Excess)	<u>\$ 630</u>	<u>\$ 626</u>	<u>\$ 356</u>	<u>\$ 294</u>	<u>\$ 183</u>
Covered Payroll	<u>\$ 6,025</u>	<u>\$ 6,025</u>	<u>\$ 5,638</u>	<u>\$ 5,633</u>	<u>\$ 5,243</u>
Annual Contribution as a Percentage of Covered Payroll	<u>21.45%</u>	<u>20.52%</u>	<u>21.85%</u>	<u>22.76%</u>	<u>24.42%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION MAGISTRATE RETIREMENT SYSTEM (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
Statutory Required Contributions	\$ 1,967	\$ 1,992	\$ 2,286	\$ 1,793	\$ 2,014
Actual Employer Contributions	<u>937</u>	<u>793</u>	<u>805</u>	<u>676</u>	<u>895</u>
Annual Contribution Deficiency (Excess)	<u>\$ 1,030</u>	<u>\$ 1,199</u>	<u>\$ 1,481</u>	<u>\$ 1,117</u>	<u>\$ 1,119</u>
Covered Payroll	<u>\$ 5,066</u>	<u>\$ 3,516</u>	<u>\$ 3,137</u>	<u>\$ 3,214</u>	<u>\$ 3,405</u>
Annual Contribution as a Percentage of Covered Payroll	<u>18.49%</u>	<u>22.56%</u>	<u>25.67%</u>	<u>21.04%</u>	<u>26.27%</u>



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Statutory Required Contributions	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Actual Employer Contributions	750	750	750	750	750
Annual Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Annual Contribution as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
Statutory Required Contributions	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Actual Employer Contributions	750	750	750	750	750
Annual Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Annual Contribution as a Percentage of Covered Payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Statutory Required Contributions	\$ 586,452	\$ 587,331	\$ 546,593	\$ 477,840	\$ 465,341
Actual Employer Contributions	<u>451,556</u>	<u>406,549</u>	<u>388,724</u>	<u>395,844</u>	<u>396,989</u>
Annual Contribution Deficiency (Excess)	<u>\$ 134,895</u>	<u>\$ 180,782</u>	<u>\$ 157,869</u>	<u>\$ 81,996</u>	<u>\$ 68,352</u>
Covered Payroll	<u>\$ 3,048,404</u>	<u>\$ 2,797,686</u>	<u>\$ 2,678,215</u>	<u>\$ 2,728,362</u>	<u>\$ 2,740,527</u>
Annual Contribution as a Percentage of Covered Payroll	<u>14.81%</u>	<u>14.53%</u>	<u>14.51%</u>	<u>14.51%</u>	<u>14.49%</u>

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
Statutory Required Contributions	\$ 450,951	\$ 479,884	\$ 480,700	\$ 400,461	\$ 377,885
Actual Employer Contributions	395,130	362,463	299,658	253,845	308,368
Annual Contribution Deficiency (Excess)	\$ 55,821	\$ 117,421	\$ 181,042	\$ 146,616	\$ 69,517
Covered Payroll	\$ 2,730,320	\$ 2,718,101	\$ 2,706,170	\$ 2,495,300	\$ 2,523,800
Annual Contribution as a Percentage of Covered Payroll	14.47%	13.34%	11.07%	10.17%	12.22%

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB NEW MEXICO RETIREE HEALTH CARE AUTHORITY

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

	Fiscal Year			
	2020	2019	2018	2017
Statutory Required Contributions	\$ 96,504	\$ 88,516	\$ 85,402	\$ 85,858
Actual Employer Contributions	<u>96,504</u>	<u>88,516</u>	<u>85,402</u>	<u>85,858</u>
Annual Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 4,298,116</u>	<u>\$ 4,172,929</u>	<u>\$ 4,290,617</u>	<u>\$ 4,165,647</u>
Annual Contribution as a Percentage of Covered Payroll	<u>2.25%</u>	<u>2.12%</u>	<u>1.99%</u>	<u>2.06%</u>



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY For the Last Ten Years (a) Ending June 30, (In Thousands)

	2020	2019	2018	2017
Actuarially determined contribution	3,997	2,239	3,997	4,998
Contributions in relation to the actuarially determined contribution	3,997	2,239	3,997	4,998
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	30,619	14,433	28,337	28,142
Contributions as a percentage of payroll	13.1%	15.5%	14.1%	17.8%

### Notes to Schedule:

Valuation date                      January 1, 2019

### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal – level % of salary
Asset valuation method	Market value of assets
Inflation	3.0%
Healthcare cost trend rates	Medical Pre-Medicare: 5.75% initially, reduced by decrements to a rate of 5.00% after seven years Medical Post-Medicare: 5.00% consistent for next six years Pharmacy: 7.00% initially, reduced by decrement to a rate of 5.00% after eight years Dental and Vision: 3.0%
Salary increases	3.0%
Investment rate of return	6.0%
Retirement age	64
Mortality	PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS - PENSION PUBLIC EMPLOYEES RETIREMENT SYSTEM For the Last Ten Years (a) Ending June 30,

	Fiscal Year						
	2020	2019	2018	2017	2016	2015	2014
Annual Money-weighted Rate of Return, Net of Investment Expenses	<u>-2.70%</u>	<u>5.60%</u>	<u>6.50%</u>	<u>10.60%</u>	<u>0.70%</u>	<u>1.70%</u>	<u>17.40%</u>

\* Information for prior years not available.



# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS - PENSION EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM For the Last Ten Years (a) Ending June 30, 2020

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Annual Money-weighted Rate of Return, Net of Investment Expenses	<u>-0.97%</u>	<u>7.29%</u>	<u>8.38%</u>	<u>11.91%</u>	<u>2.68%</u>	<u>4.06%</u>	<u>14.71%</u>	<u>11.12%</u>	<u>1.87%</u>	<u>19.30%</u>

**STATE OF NEW MEXICO**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS - OPEB  
NEW MEXICO RETIREE HEALTH CARE AUTHORITY  
For the Last Ten Years (a) Ending June 30,**

	<b>Fiscal Year</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Annual Money-weighted Rate of Return, Net of Investment Expenses</b>	<u>1.43%</u>	<u>6.53%</u>	<u>9.06%</u>	<u>13.98%</u>

\* Information for prior years not available.

# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS - OPEB THE UNIVERSITY OF NEW MEXICO For the Last Ten Years (a) Ending June 30,

	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	4.55%	6.18%	6.77%	11.26%

\* Information for prior years not available.

# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS - OPEB NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY For the Last Ten Years (a) Ending June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	3.70%	7.10%	9.40%	11.30%

\* Information for prior years not available.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS

### ALL RETIREMENT SYSTEMS

Fiscal Year Ending June 30, 2020

(In Thousands)

	PERS	JRS	MRS	VFRS	EERS
Valuation date	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Pay	Level Percent of Pay, Open	Level Percent of Payroll, Open	Level Dollar, Open	Closed 30 year period, Amortization. Level percent of Payroll.
Amortization period	Solved for Based on Statutory Rates	30 years	30 years	30 years	Closed 30 years
Asset valuation method					5 Year Smoothed Market
Actuarial Assumptions:					
Investment Rate of Return	7.25%	SEIR 4.34%	SEIR 7.25%	7.25%	7%
Projected Benefit Payment	100 years	89 years	86 years	100 years	
Payroll Growth	3.00%	3.00%	3.00%	N/A	-
Projected Salary Increases	3.25%-13.50%	4.00%	3.25%	N/A	2.30% Inflation, plus .05% Prod, Inc.
Includes Inflation At	2.50%	2.50%	2.50%	2.50%	2.30%
Mortality Assumption	RPH-2014 Blue Collar Mortality Table	RPH-2014 Blue Collar Mortality Table	RPH-2014 Blue Collar Mortality Table	RPH-2014 Blue Collar Mortality Table	2020 GRS Southwest Region Teacher Mortality Table
Discount Rate	7.25%	4.34%	7.25%	7.25%	3.89%
Municipal Bond Rate	3.50%	3.50%	3.50%		3.50%

All percentages are stated at an annual rate.  
Investment rate of return is net of investment expenses.

# STATE OF NEW MEXICO

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## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS NEW MEXICO RETIREE HEALTH CARE AUTHORITY Fiscal Year Ending June 30, 2020 (In Thousands)

Valuation Date	June 30, 2019
Actuarial cost method	Entry age normal, level of percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
<u>Actuarial Assumptions:</u>	
Inflation	2.50% for ERB; 2.50% for PERA
Projected payroll increases:	3.25% to 13.50% based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate:	8% graded down to 4.5% over 14 years for Non- Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs

The Following Presents Required Supplementary Information for the Employer Reporting of  
Pension and OPEB Amounts

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Year Ended June 30,

(In Thousands)

PERA - State-Funded Divisions	Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
State proportion of the net pension liability	51.29%	52.74%	\$ 52.52	51.25%	52.70%	54.10%
State proportionate share of the net pension liability	\$ 3,324,673	\$ 3,255,419	\$ 2,767,431	\$ 3,156,785	\$ 2,243,965	\$ 1,795,898
State covered payroll (b)	\$ 1,024,186	\$ 987,851	\$ 1,030,651	\$ 1,192,558	\$ 1,184,830	\$ 1,137,325
State proportionate share of the net pension liability as a percentage of its covered payroll	324.62%	329.55%	268.51%	264.71%	189.39%	157.91%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

PERA - Judicial Fund	Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
State proportion of the net pension liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
State proportionate share of the net pension liability	\$ 113,675	\$ 84,479	\$ 86,675	\$ 106,623	\$ 48,050	\$ 41,311
State covered payroll (b)	\$ 16,291	\$ 15,126	\$ 15,493	\$ 15,612	\$ 15,084	\$ 13,163
State proportionate share of the net pension liability as a percentage of its covered payroll	697.78%	558.50%	559.45%	682.95%	318.54%	313.83%
Plan fiduciary net position as a percentage of the total pension liability	44.67%	51.95%	50.83%	44.34%	64.94%	68.81%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

PERA - Magistrate Fund	Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
State proportion of the net pension liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
State proportionate share of the net pension liability	\$ 45,634	\$ 36,998	\$ 33,403	\$ 43,481	\$ 30,349	\$ 21,216
State covered payroll (b)	\$ 6,025	\$ 5,638	\$ 5,633	\$ 5,243	\$ 5,066	\$ 3,516
State proportionate share of the net pension liability as a percentage of its covered payroll	757.41%	656.23%	592.99%	829.29%	599.09%	603.49%
Plan fiduciary net position as a percentage of the total pension liability	41.07%	46.45%	49.10%	41.65%	52.23%	62.38%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(CONTINUED)

For the Last Ten Years (a) Ending June 30,

(In Thousands)

PERA - Volunteer Firefighters Fund	Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
State proportion of the net pension liability (asset)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
State proportionate share of the net pension liability	\$ (19,276)	\$ (18,485)	\$ (17,898)	\$ (12,114)	\$ (17,625)	\$ (21,042)
State covered payroll (b)	*	*	*	*	*	*
State proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A	N/A

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

\* There is no covered payroll. The State Legislature provides a contribution of \$750 thousand per year.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(CONTINUED)

For the Last Ten Years (a) Ending June 30,

(In Thousands)

ERB - State Agencies	Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
State proportion of the net pension liability	0.29%	0.29%	0.27%	0.30%	0.34%	0.34%
State proportionate share of the net pension liability	\$ 22,005	\$ 34,028	\$ 30,486	\$ 21,580	\$ 22,015	\$ 19,127
State covered payroll (b)	\$ 8,489	\$ 8,000	\$ 8,561	\$ 9,662	\$ 9,240	\$ 9,242
State proportionate share of the net pension liability as a percentage of its covered payroll	259.22%	425.35%	356.10%	223.35%	238.26%	206.96%
Plan fiduciary net position as a percentage of the total pension liability	64.13%	52.17%	52.95%	61.58%	63.97%	66.54%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

## STATE OF NEW MEXICO

### REQUIRED SUPPLEMENTARY INFORMATION

#### SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

ERB - Educational Institutions	Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
State proportion of the net pension liability	27.87%	28.73%	28.80%	28.65%	28.85%	29.19%
State proportionate share of the net pension liability	\$ 2,111,751	\$ 3,416,362	\$ 3,200,504	\$ 2,061,616	\$ 1,868,432	\$ 1,665,276
State covered payroll (b)	\$ 814,496	\$ 802,777	\$ 818,187	\$ 819,993	\$ 804,471	\$ 930,167
State proportionate share of the net pension liability as a percentage of its covered payroll	259.27%	425.57%	391.17%	251.42%	232.26%	179.03%
Plan fiduciary net position as a percentage of the total pension liability	64.13%	52.17%	52.95%	61.58%	63.97%	66.54%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

<u>Retiree Health Care - State-Funded Divisions</u>	<u>Measurement Date</u>		
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
State proportion of the net OPEB liability	24.22%	24.13%	24.12%
State proportionate share of the net OPEB liability	\$ 785,609	\$ 1,049,291	\$ 1,093,162
State covered payroll (b)	\$ 1,035,350	\$ 1,030,100	\$ 1,035,550
State proportionate share of the net OPEB liability as a percentage of its covered payroll	75.88%	101.86%	105.56%
Plan fiduciary net position as a percentage of the total OPEB liability	18.92%	13.14%	11.34%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

Retiree Health Care - Educational Institutions	Measurement Date		
	June 30, 2019	June 30, 2018	June 30, 2017
State proportion of the net OPEB liability	2.73%	2.86%	\$ 2.89
State proportionate share of the net OPEB liability	\$ 88,554	\$ 124,460	\$ 130,892
State covered payroll (b)	\$ 122,700	\$ 128,727	\$ 123,997
State proportionate share of the net OPEB liability as a percentage of its covered payroll	72.17%	96.69%	105.56%
Plan fiduciary net position as a percentage of the total OPEB liability	18.92%	13.14%	11.34%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

The Following Presents Required Supplementary Information for the State as Employer



# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

<u>PERA - State-Funded Divisions</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
Contractually Required contribution	\$ 200,231	\$ 181,674	\$ 174,957	\$ 184,801	\$ 171,144	\$ 176,397
Contributions in relation to contractually required contributions	200,231	181,674	174,957	184,801	171,144	176,397
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State covered payroll	\$ 1,111,517	\$ 1,024,186	\$ 987,851	\$ 1,030,651	\$ 1,192,558	\$ 1,184,830
Contributions as a percentage of covered payroll	18.01%	17.74%	17.71%	17.93%	14.35%	14.89%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

<u>PERA - Judicial Fund</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>
Contractually Required contribution	\$ 6,045	\$ 5,881	\$ 4,908	\$ 4,975	\$ 4,816	\$ 4,919	\$ 6,413
Contributions in relation to contractually required contributions	4,683	4,731	4,723	4,524	4,237	4,196	3,741
Contribution deficiency	<u>\$ 1,362</u>	<u>\$ 1,150</u>	<u>\$ 185</u>	<u>\$ 451</u>	<u>\$ 579</u>	<u>\$ 723</u>	<u>\$ 2,672</u>
State covered payroll	\$ 16,090	\$ 16,292	\$ 15,126	\$ 15,493	\$ 15,612	\$ 15,084	\$ 13,163
Contributions as a percentage of covered payroll	29.11%	29.04%	31.23%	29.20%	27.14%	27.82%	28.42%

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(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

<u>PERA - Magistrate Fund</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>
Contractually Required contribution	\$ 1,923	\$ 1,862	\$ 1,588	\$ 1,576	\$ 1,463	\$ 1,967	\$ 1,992
Contributions in relation to contractually required contributions	1,293	1,236	1,232	1,282	1,280	937	793
Contribution deficiency	<u>\$ 630</u>	<u>\$ 626</u>	<u>\$ 356</u>	<u>\$ 294</u>	<u>\$ 183</u>	<u>\$ 1,030</u>	<u>\$ 1,199</u>
State covered payroll	\$ 6,025	\$ 6,025	\$ 5,638	\$ 5,633	\$ 5,243	\$ 5,066	\$ 3,516
Contributions as a percentage of covered payroll	21.45%	20.51%	21.85%	22.76%	24.42%	18.49%	22.56%

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(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

<u>PERA - Volunteer Firefighters Fund</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>
Statutorily determined contribution *	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Contributions in relation to statutorily determined contributions	750	750	750	750	750	750	750
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State covered payroll	*	*	*	*	*	*	*
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

\* There is no covered payroll. The State Legislature provides a contribution of \$750 thousand per year.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

<u>ERB - State Agencies</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
Contractually Required contribution	\$ 1,217	\$ 1,180	\$ 1,112	\$ 1,190	\$ 1,343	\$ 1,215
Contributions in relation to contractually required contributions	1,217	1,180	1,112	1,190	1,343	1,215
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State covered payroll	8,601	8,489	8,000	8,561	9,662	9,240
Contributions as a percentage of covered payroll	14.15%	13.90%	13.90%	13.90%	13.90%	13.15%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

<b>ERB - Educational Institutions</b>	<b>FY2020</b>	<b>FY2019</b>	<b>FY2018</b>	<b>FY2017</b>	<b>FY2016</b>	<b>FY2015</b>
Contractually Required contribution	\$ 121,126	\$ 113,215	\$ 111,586	\$ 113,728	\$ 113,979	\$ 105,788
Contributions in relation to contractually required contributions	121,126	113,215	111,586	113,728	113,979	105,788
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Educational Institutions' covered payroll	856,014	814,496	802,777	818,187	819,993	804,471
Contributions as a percentage of covered payroll	14.15%	13.90%	13.90%	13.90%	13.90%	13.15%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

<u>Retiree Health Care - State-Funded Divisions</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>
Contractually Required contribution	\$ 22,981	\$ 20,707	\$ 20,602
Contributions in relation to contractually required contribution	22,981	20,707	20,602
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State covered payroll	\$ 1,149,050	\$ 1,035,350	\$ 1,030,100
Contributions as a percentage of covered payroll	2.00%	2.00%	2.00%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

# STATE OF NEW MEXICO

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)

For the Last Ten Years (a) Ending June 30,  
(In Thousands)

<b>Retiree Health Care - Educational Institutions</b>	<b>FY2020</b>	<b>FY2019</b>	<b>FY2018</b>
Contractually Required contribution	\$ 2,554	\$ 2,454	\$ 2,575
Contributions in relation to contractually required contribution	2,554	2,454	2,575
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State covered payroll	\$ 127,700	\$ 122,700	\$ 128,727
Contributions as a percentage of covered payroll	2.00%	2.00%	2.00%

(a) The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

(b) Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.



STATE OF NEW MEXICO  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

# FINANCIAL SECTION

## OTHER SUPPLEMENTARY INFORMATION



ICE CAVE AND BANDERA VOLCANO  
SOURCE - WWW.NEWMEXICO.ORG

# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR PROPRIETARY FUNDS COMBINING FINANCIAL STATEMENTS

### **Enterprise Funds**

Enterprise funds report the activities for which fees are charged to external users for goods and services. Enterprise Funds are presented beginning on page 270.

### **Internal Service Funds**

Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public. Internal Service Funds are presented beginning on page 282.

# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR ENTERPRISE FUNDS COMBINING FINANCIAL STATEMENTS

**Industries for the Blind** – The New Mexico Commission for the Blind’s mission is to encourage and enable the State’s blind citizens to achieve vocational, economic, and social equality. This proprietary fund is used to provide career training and other assistance for New Mexico’s blind citizens and entails the operations of the Albuquerque Training Center.

**Corrections Industries Revolving Fund** – This fund is used to account for certain activities of the Corrections Industries Division of the Department of Corrections. These activities include the manufacture of furniture and textiles, production of agricultural crops, and data entry services.

**Environment Department** – This fund is used to account for revolving loans for wastewater and drinking water facilities.

**New Mexico Magazine** – New Mexico Magazine is a program of the Department of Tourism. The fund accounts for the publishing and distribution of the monthly New Mexico Magazine.

**New Mexico Public Schools Insurance Authority (NMPSIA)** – NMPSIA is a self-insurance pool that provides various benefits and risk coverage to participating public schools, school board members and public school employees, plus retired board members and employees. Coverage provided includes property, casualty, workers’ compensation, health, life, and disability.

**State Infrastructure Bank** – The State Infrastructure Bank is a proprietary fund administered by the Department of Transportation. The fund is used to account for loans made for road projects.

**Miners’ Colfax Medical Center** – Miners’ Colfax Medical Center is a State owned medical facility in Raton, New Mexico. The current organization is a result of a merger between the Miners’ Hospital and Northern Colfax County Hospital. Miners’ Colfax operates a 25-bed acute care hospital; a 37 bed extended care facility and various outpatient clinics in Raton, New Mexico. Miners’ Colfax has programs that serve both miners and non-miners.

**State Fair Commission** – This fund administers the operations of the annual New Mexico State Fair and the use of the Fairgrounds facilities during the year

**Department of Cultural Affairs** – This fund administers the enterprise operations of the Department of Cultural Affairs.

**Education Trust Board** – The Education Trust Board of New Mexico operates as a self-sustaining entity which is administratively connected to the NM Department of Higher Education. This fund administers New Mexico’s Section 529 College Savings Plans under rules promulgated by the Board. The financial statements of the two savings plans are presented as a private purpose fiduciary trust fund.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS

June 30, 2020

(In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority	State Infrastructure Bank
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ -	\$ 2	\$ -	\$ -	\$ 19,812	\$ -
Investment in the State General Fund						
Investment Pool	168	1,617	176,965	1,699	747	10,655
Investment in the Local Government						
Investment Pool	-	-	-	-	94,660	-
Prepaid Expenses and Other Assets	-	-	-	75	256	-
Receivables, Net	17	1,455	12,490	73	9,952	89
Inventories	-	717	-	-	-	-
<b>Total Current Assets</b>	<b>185</b>	<b>3,791</b>	<b>189,455</b>	<b>1,847</b>	<b>125,427</b>	<b>10,744</b>
Noncurrent Assets:						
Loans Receivable	-	-	185,612	-	-	11,264
Investments	-	-	-	-	29,875	-
Nondepreciable Capital Assets	-	-	-	-	237	-
Capital Assets, Net	6	424	-	-	26	-
<b>Total Noncurrent Assets</b>	<b>6</b>	<b>424</b>	<b>185,612</b>	<b>-</b>	<b>30,138</b>	<b>11,264</b>
<b>Total Assets</b>	<b>191</b>	<b>4,215</b>	<b>375,067</b>	<b>1,847</b>	<b>155,565</b>	<b>22,008</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows - OPEB	2	30	-	13	17	-
Deferred Outflows - Pension	40	545	-	222	284	-
<b>Total Deferred Outflows</b>	<b>42</b>	<b>575</b>	<b>-</b>	<b>235</b>	<b>301</b>	<b>-</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2020

(In Thousands)

	Miners' Colfax Medical Center	State Fair Commission	Dept. of Cultural Affairs	Education Trust Board	Total
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 967	\$ 1,100	\$ -	\$ -	\$ 21,881
Investment in the State General Fund					
Investment Pool	10,952	-	946	676	204,425
Investment in the Local Government					
Investment Pool	-	-	-	10,277	104,937
Prepaid Expenses and Other Assets	-	-	-	-	331
Receivables, Net	3,122	573	-	144	27,915
Inventories	856	-	-	-	1,573
<b>Total Current Assets</b>	<b>15,897</b>	<b>1,673</b>	<b>946</b>	<b>11,097</b>	<b>361,062</b>
Noncurrent Assets:					
Loans Receivable	-	-	-	-	196,876
Investments	1,002	-	-	-	30,877
Nondepreciable Capital Assets	905	1,485	-	-	2,627
Capital Assets, Net	21,755	38,244	531	-	60,986
<b>Total Noncurrent Assets</b>	<b>23,662</b>	<b>39,729</b>	<b>531</b>	<b>-</b>	<b>291,366</b>
<b>Total Assets</b>	<b>39,559</b>	<b>41,402</b>	<b>1,477</b>	<b>11,097</b>	<b>652,428</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows - OPEB	291	41	-	5	399
Deferred Outflows - Pension	4,846	681	-	89	6,707
<b>Total Deferred Outflows</b>	<b>5,137</b>	<b>722</b>	<b>-</b>	<b>94</b>	<b>7,106</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2020

(In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority	State Infrastructure Bank
<b>LIABILITIES</b>						
Current Liabilities:						
Deficiency in SGFIP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	4	795	-	116	219	-
Accrued Liabilities	4	62	-	35	48	-
Unearned Revenue	-	10	-	44	149	-
Due to Other Funds	-	-	-	-	2,000	-
Due to Higher Education	-	-	-	-	-	-
Funds Held for Others	-	-	-	-	-	-
Bonds Payable - Current Portion	-	-	-	-	-	-
Other Liabilities - Current Portion	-	83	-	807	31,348	-
<b>Total Current Liabilities</b>	<b>8</b>	<b>950</b>	<b>-</b>	<b>1,002</b>	<b>33,764</b>	<b>-</b>
Noncurrent Liabilities:						
Bonds Payable	-	-	-	-	-	-
Net Pension Liability	283	3,849	-	1,568	2,008	-
Net OPEB Liability	68	837	-	378	484	-
Other Liabilities	-	-	-	75	82,364	-
<b>Total Noncurrent Liabilities</b>	<b>351</b>	<b>4,686</b>	<b>-</b>	<b>2,021</b>	<b>84,856</b>	<b>-</b>
<b>Total Liabilities</b>	<b>359</b>	<b>5,636</b>	<b>-</b>	<b>3,023</b>	<b>118,620</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows - OPEB	40	489	-	220	282	-
Deferred Inflows - Pension	15	202	-	82	105	-
	<b>55</b>	<b>691</b>	<b>-</b>	<b>302</b>	<b>387</b>	<b>-</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	6	424	-	-	263	-
Restricted for:						
Unemployment and Insurance	-	-	-	-	-	-
Loans	-	-	375,067	-	-	-
Other Purposes	177	2,841	-	-	38,726	22,008
Unrestricted (Deficit)	(364)	(4,802)	-	(1,243)	(2,130)	-
<b>Total Net Position</b>	<b>\$ (181)</b>	<b>\$ (1,537)</b>	<b>\$ 375,067</b>	<b>\$ (1,243)</b>	<b>\$ 36,859</b>	<b>\$ 22,008</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2020

(In Thousands)

	Miners' Colfax Medical Center	State Fair Commission	Dept. of Cultural Affairs	Education Trust Board	Total
<b>LIABILITIES</b>					
Current Liabilities:					
Deficiency in SGFIP	\$ -	\$ 175	\$ -	\$ -	\$ 175
Accounts Payable	1,061	116	103	249	2,663
Accrued Liabilities	869	114	-	18	1,150
Unearned Revenue	4,438	8	-	-	4,649
Due to Other Funds	-	-	-	-	2,000
Due to Higher Education	4	-	-	-	4
Funds Held for Others	40	255	-	-	295
Bonds Payable - Current Portion	1,060	-	-	-	1,060
Other Liabilities - Current Portion	1,983	385	-	24	34,630
<b>Total Current Liabilities</b>	<b>9,455</b>	<b>1,053</b>	<b>103</b>	<b>291</b>	<b>46,626</b>
Noncurrent Liabilities:					
Bonds Payable	6,935	-	-	-	6,935
Net Pension Liability	34,239	4,813	-	626	47,386
Net OPEB Liability	8,243	1,159	-	151	11,320
Other Liabilities	2,050	-	-	-	84,489
<b>Total Noncurrent Liabilities</b>	<b>51,467</b>	<b>5,972</b>	<b>-</b>	<b>777</b>	<b>150,130</b>
<b>Total Liabilities</b>	<b>60,922</b>	<b>7,025</b>	<b>103</b>	<b>1,068</b>	<b>196,756</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows - OPEB	4,812	677	-	88	6,608
Deferred Inflows - Pension	1,798	253	-	33	2,488
	<b>6,610</b>	<b>930</b>	<b>-</b>	<b>121</b>	<b>9,096</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	14,665	39,729	531	-	55,618
Restricted for:					
Unemployment and Insurance	-	-	-	-	-
Loans	-	-	-	-	375,067
Other Purposes	1,858	1,120	-	10,805	77,535
Unrestricted (Deficit)	(39,359)	(6,680)	843	(803)	(54,538)
<b>Total Net Position</b>	<b>\$ (22,836)</b>	<b>\$ 34,169</b>	<b>\$ 1,374</b>	<b>\$ 10,002</b>	<b>\$ 453,682</b>



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended June 30, 2020 (In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority	State Infrastructure Bank
<b>OPERATING REVENUES</b>						
Charges for Services	\$ 4,813	\$ 8,044	\$ -	\$ 2,653	\$ 393,010	\$ -
Unemployment Insurance	-	-	-	-	-	-
Federal Revenue	-	-	-	38	-	-
Loan and Other Income	-	-	7,720	-	-	353
Other Operating Revenues	56	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>4,869</u>	<u>8,044</u>	<u>7,720</u>	<u>2,691</u>	<u>393,010</u>	<u>353</u>
<b>OPERATING EXPENSES</b>						
Benefits, Claims, and Premiums	-	-	-	-	3,771	-
General and Administrative Expenses	103	2,055	1,387	2,969	393,373	-
Depreciation Expense	10	83	-	-	13	-
Other Operating Expenses	4,710	5,851	-	12	-	-
<b>Total Operating Expenses</b>	<u>4,823</u>	<u>7,989</u>	<u>1,387</u>	<u>2,981</u>	<u>397,157</u>	<u>-</u>
<b>Operating Income (Loss)</b>	<u>46</u>	<u>55</u>	<u>6,333</u>	<u>(290)</u>	<u>(4,147)</u>	<u>353</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest and Investment Income	-	50	107	-	2,616	-
Government Grants and Contracts	-	-	7,779	-	-	-
Other Revenue (Expenses)	-	67	2,382	-	331	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>-</u>	<u>117</u>	<u>10,268</u>	<u>-</u>	<u>2,947</u>	<u>-</u>
<b>Income (Loss) Before Transfers</b>	<u>46</u>	<u>172</u>	<u>16,601</u>	<u>(290)</u>	<u>(1,200)</u>	<u>353</u>
<b>TRANSFERS</b>						
Transfers In	-	-	-	-	8,170	-
Transfers Out	-	-	(995)	-	(170)	-
<b>Total Transfers</b>	<u>-</u>	<u>-</u>	<u>(995)</u>	<u>-</u>	<u>8,000</u>	<u>-</u>
<b>Change in Net Position</b>	46	172	15,606	(290)	6,800	353
<b>Net Position - Beginning, as Restated</b>	(227)	(1,709)	359,461	(953)	30,059	21,655
<b>Net Position - Ending</b>	<u>\$ (181)</u>	<u>\$ (1,537)</u>	<u>\$ 375,067</u>	<u>\$ (1,243)</u>	<u>\$ 36,859</u>	<u>\$ 22,008</u>



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2020

(In Thousands)

	Miners' Colfax Medical Center	State Fair Commission	Dept. of Cultural Affairs	Education Trust Board	Total
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 13,001	\$ 10,241	\$ 17	\$ 3,284	\$ 435,063
Federal Revenue	10,522	-	-	-	10,560
Loan and Other Income	-	-	-	-	8,073
Other Operating Revenues	-	-	-	-	56
<b>Total Operating Revenues</b>	<b>23,523</b>	<b>10,241</b>	<b>17</b>	<b>3,284</b>	<b>453,752</b>
<b>OPERATING EXPENSES</b>					
Benefits, Claims, and Premiums	-	-	-	-	3,771
General and Administrative Expenses	38,155	12,331	377	3,026	453,776
Depreciation Expense	2,106	2,634	48	-	4,894
Other Operating Expenses	229	42	-	-	10,844
<b>Total Operating Expenses</b>	<b>40,490</b>	<b>15,007</b>	<b>425</b>	<b>3,026</b>	<b>473,285</b>
<b>Operating Income (Loss)</b>	<b>(16,967)</b>	<b>(4,766)</b>	<b>(408)</b>	<b>258</b>	<b>(19,533)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and Investment Income	692	-	-	183	3,648
Government Grants and Contracts	-	-	-	-	7,779
Other Revenue (Expenses)	489	700	-	-	3,969
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,181</b>	<b>700</b>	<b>-</b>	<b>183</b>	<b>15,396</b>
<b>Income (Loss) Before Transfers</b>	<b>(15,786)</b>	<b>(4,066)</b>	<b>(408)</b>	<b>441</b>	<b>(4,137)</b>
<b>TRANSFERS</b>					
Transfers In	7,803	2,998	-	-	18,971
Transfers Out	-	-	-	-	(1,165)
<b>Total Transfers</b>	<b>7,803</b>	<b>2,998</b>	<b>-</b>	<b>-</b>	<b>17,806</b>
<b>Change in Net Position</b>	<b>(7,983)</b>	<b>(1,068)</b>	<b>(408)</b>	<b>441</b>	<b>13,669</b>
<b>Net Position - Beginning, as Restated</b>	<b>(14,853)</b>	<b>35,237</b>	<b>1,782</b>	<b>9,561</b>	<b>440,013</b>
<b>Net Position - Ending</b>	<b>\$ (22,836)</b>	<b>\$ 34,169</b>	<b>\$ 1,374</b>	<b>\$ 10,002</b>	<b>\$ 453,682</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended June 30, 2020 (In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority	State Infrastructure Bank
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Received from:						
Fees for Service	\$ 4,866	\$ 7,172	\$ 3,657	\$ 2,684	\$ 394,160	\$ -
Gifts, Grants, and Contracts	-	-	-	-	-	-
Loan and Note Repayments	-	-	11,764	-	-	113
Other Sources	-	129	5,179	-	-	328
Cash Payments to or for:						
Suppliers	(4,751)	(6,042)	(13,415)	(1,888)	(390,265)	-
Employees	(111)	(1,338)	-	(723)	-	-
Unemployment Benefits	-	-	-	-	-	-
Other Payments	-	(159)	(4,658)	-	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>4</b>	<b>(238)</b>	<b>2,527</b>	<b>73</b>	<b>3,895</b>	<b>441</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers In	-	-	-	-	8,000	-
Transfers Out	-	-	(995)	-	-	-
Gifts for Other Than Capital Purposes	-	-	-	-	-	-
Intergovernmental Receipts	-	-	7,779	-	-	-
Other Noncapital Financing	-	-	884	-	2,332	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>-</b>	<b>-</b>	<b>7,668</b>	<b>-</b>	<b>10,332</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of Capital Assets	-	(81)	-	-	-	-
Capital Debt Service Payments - Principal	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	56	-	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Receipts of Interest and Dividends of Investments	-	50	107	-	1,773	-
Receipts of Rent	-	263	-	-	-	-
Proceeds from Sale and Maturity of Investments	-	-	-	-	-	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>	<b>313</b>	<b>107</b>	<b>-</b>	<b>1,773</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash</b>	<b>4</b>	<b>50</b>	<b>10,302</b>	<b>73</b>	<b>16,000</b>	<b>441</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>164</b>	<b>1,569</b>	<b>166,663</b>	<b>1,626</b>	<b>99,219</b>	<b>10,214</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 168</b>	<b>\$ 1,619</b>	<b>\$ 176,965</b>	<b>\$ 1,699</b>	<b>\$ 115,219</b>	<b>\$ 10,655</b>
<b>Cash and Cash Equivalents</b>						
Unrestricted	\$ -	\$ 2	\$ -	\$ -	\$ 19,812	\$ -
Investment in State Gen. Fund Investment Pool	168	1,617	176,965	1,699	747	10,655
Investment in Local Government Invest Pool	-	-	-	-	94,660	-
Deficiency in SGFIP	-	-	-	-	-	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 168</b>	<b>\$ 1,619</b>	<b>\$ 176,965</b>	<b>\$ 1,699</b>	<b>\$ 115,219</b>	<b>\$ 10,655</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2020

(In Thousands)

	Miners' Colfax Medical Center	State Fair Commission	Dept. of Cultural Affairs	Education Trust Board	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from:					
Fees for Service	\$ 21,349	\$ 9,131	\$ 17	\$ -	\$ 443,036
Gifts, Grants, and Contracts	-	-	-	3,718	3,718
Loan and Note Repayments	-	-	-	-	11,877
Other Sources	1,673	-	-	-	7,309
Cash Payments to or for:					
Suppliers	(13,195)	(5,852)	(308)	(2,566)	(438,282)
Employees	(19,155)	(5,619)	-	-	(26,946)
Other Payments	-	-	-	-	(4,817)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(9,328)</b>	<b>(2,340)</b>	<b>(291)</b>	<b>1,152</b>	<b>(4,105)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In	739	-	-	-	8,739
Transfers Out	-	-	-	-	(995)
Gifts for Other Than Capital Purposes	5,722	-	-	-	5,722
Intergovernmental Receipts	-	-	-	-	7,779
Other Noncapital Financing	10,229	700	-	-	14,145
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>16,690</b>	<b>700</b>	<b>-</b>	<b>-</b>	<b>35,390</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of Capital Assets	(1,587)	(196)	(365)	-	(2,229)
Capital Debt Service Payments - Principal	(1,030)	-	-	-	(1,030)
Proceeds from Sale of Capital Assets	-	-	-	-	56
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(2,617)</b>	<b>(196)</b>	<b>(365)</b>	<b>-</b>	<b>(3,203)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Receipts of Interest and Dividends of Investments	23	-	-	189	2,142
Receipts of Rent	-	-	-	-	263
Proceeds from Sale and Maturity of Investments	-	-	-	(5)	(5)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>184</b>	<b>2,400</b>
<b>Net Increase (Decrease) in Cash</b>	<b>4,768</b>	<b>(1,836)</b>	<b>(656)</b>	<b>1,336</b>	<b>30,482</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>7,151</b>	<b>2,761</b>	<b>1,602</b>	<b>9,617</b>	<b>300,586</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 11,919</b>	<b>\$ 925</b>	<b>\$ 946</b>	<b>\$ 10,953</b>	<b>\$ 331,068</b>
<b>Cash and Cash Equivalents</b>					
Unrestricted	\$ 967	\$ 1,100	\$ -	\$ -	\$ 21,881
Investment in State Gen. Fund Investment Pool	10,952	-	946	676	204,425
Investment in Local Government Invest Pool	-	-	-	10,277	104,937
Deficiency in SGFIP	-	(175)	-	-	(175)
<b>Total Cash and Cash Equivalents</b>	<b>\$ 11,919</b>	<b>\$ 925</b>	<b>\$ 946</b>	<b>\$ 10,953</b>	<b>\$ 331,068</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2020

(In Thousands)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority	State Infrastructure Bank
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 46	\$ 55	\$ 6,333	\$ (290)	\$ (4,147)	\$ 353
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	10	83	-	-	13	-
Realized (Gain) Loss on Disposal of Assets	-	23	-	-	-	-
Change in net pension liability	(22)	249	-	313	20	-
Change in net OPEB liability	(31)	(289)	-	42	(132)	-
Bad Debt Expense	-	-	-	-	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:						
Receivables/Due From Other Funds	(4)	(744)	(3)	10	1,151	-
Notes/Loans	-	-	(3,803)	-	-	88
Inventories	-	117	-	-	-	-
Prepaid Items/Other Assets	-	-	-	(23)	-	-
Accounts Payable/Accrued Liabilities/Due To Other Funds	5	268	-	28	3,200	-
Loss Adjustments	-	-	-	-	3,771	-
Unearned Revenue	-	-	-	(7)	19	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 4</b>	<b>\$ (238)</b>	<b>\$ 2,527</b>	<b>\$ 73</b>	<b>\$ 3,895</b>	<b>\$ 441</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2020

(In Thousands)

	Miners' Colfax Medical Center	State Fair Commission	Dept. of Cultural Affairs	Education Trust Board	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (16,967)	\$ (4,766)	\$ (408)	\$ 258	\$ (19,533)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	2,106	2,634	48	-	4,894
Realized (Gain) Loss on Disposal of Assets	-	-	-	-	23
Change in net pension liability	5,754	491	-	188	6,993
Change in net OPEB liability	387	(100)	-	47	(76)
Bad Debt Expense	1,011	-	-	-	1,011
Net Changes in Assets and Liabilities Related to Operating Activities:					
Receivables/Due From Other Funds	(428)	(522)	-	433	(107)
Notes/Loans	-	-	-	-	(3,715)
Inventories	(63)	-	-	-	54
Prepaid Items/Other Assets	-	124	-	-	101
Accounts Payable/Accrued Liabilities/Due To Other Funds	(1,128)	(153)	69	226	2,515
Loss Adjustments	-	-	-	-	3,771
Unearned Revenue	-	(48)	-	-	(36)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (9,328)</u>	<u>\$ (2,340)</u>	<u>\$ (291)</u>	<u>\$ 1,152</u>	<u>\$ (4,105)</u>

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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION NONMAJOR INTERNAL SERVICE FUNDS COMBINING FINANCIAL STATEMENTS

June 30, 2020

**Fleet Operations** – This fund accounts for the operations of the Transportation Motor Pool and the State Aircraft Pool, which provide ground and air transportation services to all state agencies on a fee basis.

**Risk Management** – This fund provides insurance coverage for all state agencies. Areas covered include public liability, workers compensation, group health and life, unemployment compensation, surety bond, and property insurance. Agencies are charged a premium based on several factors, including history and number of employees.

**Printing and Records** – This fund accounts for the provision of printing services of all kinds to state agencies according to an approved fee schedule. The fund also includes services for the retention and storage of public records for all state agencies, which pay an assessment based on size and usage.

**Communications Services** – This fund provides voice and data telecommunications services to all state agencies, which are assessed an annual fee based on size and prior usage.

**Information Processing** – This fund provides automated data processing services for all state agencies, which are assessed an annual fee based on size and prior usage.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NONMAJOR INTERNAL SERVICE FUNDS

June 30, 2020

(In Thousands)

	Fleet Operations	Risk Management	Printing and Records	Communication Services	Information Processing	Total
<b>ASSETS</b>						
Current Assets:						
Investment in the State General Fund						
Investment Pool	\$ 4,428	\$ 149,111	\$ 2,287	\$ 7,864	\$ 50,795	\$ 214,485
Receivables, Net	2	283	80	6,871	2	7,238
Inventories and Other Assets	-	-	-	-	10	10
<b>Total Current Assets</b>	<b>4,430</b>	<b>149,394</b>	<b>2,367</b>	<b>14,735</b>	<b>50,807</b>	<b>221,733</b>
Noncurrent Assets:						
Nondepreciable Capital Assets	-	-	-	9,738	131	9,869
Capital Assets, Net	8,155	-	650	24,108	23,272	56,185
<b>Total Noncurrent Assets</b>	<b>8,155</b>	<b>-</b>	<b>650</b>	<b>33,846</b>	<b>23,403</b>	<b>66,054</b>
<b>Total Assets</b>	<b>12,585</b>	<b>149,394</b>	<b>3,017</b>	<b>48,581</b>	<b>74,210</b>	<b>287,787</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows - OPEB	28	58	100	140	75	401
Deferred Outflows - Pension	474	963	1,662	2,338	1,240	6,677
<b>Total Deferred Outflows</b>	<b>502</b>	<b>1,021</b>	<b>1,762</b>	<b>2,478</b>	<b>1,315</b>	<b>7,078</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	291	12,643	236	597	1,459	15,226
Accrued Liabilities	80	203	179	464	203	1,129
Unearned Revenue	-	210	1	-	-	211
Due to Other Funds	-	-	-	-	1	1
Other Liabilities	114	85,564	241	583	279	86,781
<b>Total Current Liabilities</b>	<b>485</b>	<b>98,620</b>	<b>657</b>	<b>1,644</b>	<b>1,942</b>	<b>103,348</b>
Noncurrent Liabilities:						
Net Pension Liability	3,350	6,803	11,741	16,521	8,775	47,190
Net OPEB Liability	807	1,638	2,827	3,979	2,113	11,364
Other Liabilities	2	67,187	9	-	-	67,198
<b>Total Noncurrent Liabilities</b>	<b>4,159</b>	<b>75,628</b>	<b>14,577</b>	<b>20,500</b>	<b>10,888</b>	<b>125,752</b>
<b>Total Liabilities</b>	<b>4,644</b>	<b>174,248</b>	<b>15,234</b>	<b>22,144</b>	<b>12,830</b>	<b>229,100</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows - OPEB	471	956	1,650	2,322	1,234	6,633
Deferred Inflows - Pension	176	357	616	867	460	2,476
<b>Total Deferred Inflows</b>	<b>647</b>	<b>1,313</b>	<b>2,266</b>	<b>3,189</b>	<b>1,694</b>	<b>9,109</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	8,155	-	650	33,846	23,402	66,053
Restricted for Other Purposes	-	-	-	13,092	48,869	61,961
Unrestricted (Deficit)	(359)	(25,146)	(13,371)	(21,212)	(11,270)	(71,358)
<b>Total Net Position</b>	<b>\$ 7,796</b>	<b>\$ (25,146)</b>	<b>\$ (12,721)</b>	<b>\$ 25,726</b>	<b>\$ 61,001</b>	<b>\$ 56,656</b>



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR INTERNAL SERVICE FUNDS For the Year Ended June 30, 2020 (In Thousands)

	Fleet Operations	Risk Management	Printing and Records	Communication Services	Information Processing	Total
<b>OPERATING REVENUES</b>						
Charges for Services	\$ 6,928	\$ 448,869	\$ 2,387	\$ 48,483	\$ 10,788	\$ 517,455
<b>Total Operating Revenues</b>	<u>6,928</u>	<u>448,869</u>	<u>2,387</u>	<u>48,483</u>	<u>10,788</u>	<u>517,455</u>
<b>OPERATING EXPENSES</b>						
General and Administrative Expenses	7,473	435,860	7,692	38,298	7,442	496,765
Depreciation Expense	1,822	-	147	5,423	3,099	10,491
Other Operating Expenses	-	2,174	42	-	-	2,216
<b>Total Operating Expenses</b>	<u>9,295</u>	<u>438,034</u>	<u>7,881</u>	<u>43,721</u>	<u>10,541</u>	<u>509,472</u>
<b>Operating Income (Loss)</b>	<u>(2,367)</u>	<u>10,835</u>	<u>(5,494)</u>	<u>4,762</u>	<u>247</u>	<u>7,983</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest and Investment Income	-	4,838	-	-	902	5,740
Gain (Loss) on Sale of Capital Assets	79	-	164	-	-	243
Nonoperating Revenues (Expenses)	29	9,722	17	30	-	9,798
<b>Total Nonoperating Revenues (Expenses)</b>	<u>108</u>	<u>14,560</u>	<u>181</u>	<u>30</u>	<u>902</u>	<u>15,781</u>
<b>Income (Loss) Before Transfers</b>	<u>(2,259)</u>	<u>25,395</u>	<u>(5,313)</u>	<u>4,792</u>	<u>1,149</u>	<u>23,764</u>
<b>TRANSFERS</b>						
Transfers In	8,695	18,608	5,305	16,222	11,547	60,377
Transfers Out	(3,601)	(17,703)	(617)	(7,978)	(12,564)	(42,463)
<b>Total Transfers</b>	<u>5,094</u>	<u>905</u>	<u>4,688</u>	<u>8,244</u>	<u>(1,017)</u>	<u>17,914</u>
<b>Change in Net Position</b>	2,835	26,300	(625)	13,036	132	41,678
Net Position - Beginning, as Restated	4,961	(51,446)	(12,096)	12,690	60,869	14,978
<b>Net Position - Ending</b>	<u>\$ 7,796</u>	<u>\$ (25,146)</u>	<u>\$ (12,721)</u>	<u>\$ 25,726</u>	<u>\$ 61,001</u>	<u>\$ 56,656</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CASH FLOWS NONMAJOR INTERNAL SERVICE FUNDS

June 30, 2020

(In Thousands)

	Fleet Operations	Risk Management	Printing and Records	Communication Services	Information Processing	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Received from:						
Fees for Service	\$ 6,940	\$ 449,394	\$ 2,406	\$ 48,374	\$ 10,967	\$ 518,081
Other Sources	133	21,830	156	-	-	22,119
Cash Payments to or for:						
Suppliers	(5,185)	(470,712)	(2,687)	(32,131)	(4,584)	(515,299)
Employees	(1,992)	(4,390)	(4,165)	(9,306)	(4,330)	(24,183)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(104)</u>	<u>(3,878)</u>	<u>(4,290)</u>	<u>6,937</u>	<u>2,053</u>	<u>718</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers In	3,538	18,608	4,280	1,630	23,124	51,180
Transfers Out	(289)	(17,338)	(89)	(16,456)	(7,464)	(41,636)
Other Noncapital Financing	(3,160)	16,748	122	(4,710)	(1,095)	7,905
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>89</u>	<u>18,018</u>	<u>4,313</u>	<u>(19,536)</u>	<u>14,565</u>	<u>17,449</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from Sale of Capital Assets	79	-	-	164	-	243
Acquisition of Capital Assets	(31)	-	11	-	(2,658)	(2,678)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>48</u>	<u>-</u>	<u>11</u>	<u>164</u>	<u>(2,658)</u>	<u>(2,435)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Receipts of Interest and Dividends of Investments	-	-	-	-	902	902
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>902</u>	<u>902</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents at Beginning of Year, as Restated</b>	33	14,140	34	(12,435)	14,862	16,634
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 4,395</u>	<u>\$ 134,971</u>	<u>\$ 2,253</u>	<u>\$ 20,299</u>	<u>\$ 35,933</u>	<u>\$ 197,851</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 4,428</u>	<u>\$ 149,111</u>	<u>\$ 2,287</u>	<u>\$ 7,864</u>	<u>\$ 50,795</u>	<u>\$ 214,485</u>
<b>Cash and Cash Equivalents</b>						
Investment in the State General Fund Investment Pool	4,428	149,111	2,287	7,864	50,795	214,485
<b>Total Cash and Cash Equivalents</b>	<u>\$ 4,428</u>	<u>\$ 149,111</u>	<u>\$ 2,287</u>	<u>\$ 7,864</u>	<u>\$ 50,795</u>	<u>\$ 214,485</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ (2,367)	\$ 10,835	\$ (5,494)	\$ 4,762	\$ 247	\$ 7,983
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	1,822	-	147	5,423	3,099	10,491
Change in net pension liability	462	444	1,208	(537)	(632)	945
Change in net OPEB liability	(11)	(263)	(238)	(1,424)	(927)	(2,863)
Net Changes in Assets and Liabilities Related to Operating Activities:						
Receivables/Due From Other Funds	13	300	11	(62)	178	440
Prepaid Items/Other Assets	(28)	(396)	(64)	-	1	(487)
Insurance Claims Payable	-	(14,201)	-	-	-	(14,201)
Accounts Payable/Accrued Liabilities/Due To Other Funds	5	(597)	140	(1,225)	87	(1,590)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (104)</u>	<u>\$ (3,878)</u>	<u>\$ (4,290)</u>	<u>\$ 6,937</u>	<u>\$ 2,053</u>	<u>\$ 718</u>

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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION

### FIDUCIARY FUNDS

### PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS FINANCIAL STATEMENTS

**Public Employees Retirement Association - (PERA)** – PERA is a qualified, defined benefit, government retirement plan established by the State of New Mexico to provide pension benefits for all State, County, and Municipal employees, police, firefighters, judges, magistrates and legislators. PERA is comprised of four separate systems which offer an array of retirement benefit plans to state, county, and municipal employees, police, firefighters, judges, magistrates, and legislators.

**Educational Employees’ Retirement System (EERS)** – EERS is a qualified, defined benefit, governmental retirement plan established and administered by the State of New Mexico to provide pension benefits for all state certified employees, teachers and other employees of the State educational institutions, junior colleges, and technical vocational institutes.

**New Mexico Retiree Health Care Authority (RHCA)** – RHCA is a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that provides comprehensive core group health insurance for persons who have retired from public service with entities in the State of New Mexico.

**Deferred Compensation Plan (IRC 457)** – The State of New Mexico offers its employees a deferred compensation plan (Plan) under Chapters 10-7A-1 to 10-7A-12, NMSA 1978, the “Deferred Compensation Act,” is in accordance with Internal Revenue Code Section 457. The Plan permits employees to defer a portion of their income until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Public Employee’s Retiree Association is the trustee of the Plan; however, the Plan is administered by a third party administrator acting under contract with PERA.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

June 30, 2020

(In Thousands)

	Public Employees Retirement	Educational Employees Retirement System	New Mexico Retiree Health Care Authority	Deferred Compensation (IRC 457) Plan	Total
<b>ASSETS</b>					
Cash and Short-Term Investments	\$ 946,091	\$ 186,404	\$ -	\$ -	\$ 1,132,495
Investment in State General Fund Investment Pool	17,982	8,313	46,961	41	73,297
Investment in Local Government Investment Pool	-	106	-	-	106
Investments:					
U.S. Gov't. and Agency Securities	889,227	334,938	-	-	1,224,165
International Securities	2,359,059	2,907,281	172,875	-	5,439,215
Corporate Equity Securities	2,145,190	2,457,879	216,299	-	4,819,368
Corporate and Municipal Bonds	1,450,866	358,509	174,843	-	1,984,218
Partnerships and Other Investments	7,274,091	6,665,914	224,257	-	14,164,262
Securities Lending Collateral Invest.	296,084	-	-	-	296,084
Deferred Comp. Plan Invest.	-	-	-	649,693	649,693
Receivables:					
Brokers	1,136,799	123,096	-	-	1,259,895
Accrued Interest and Other	-	10,716	-	-	10,716
Accounts Receivable	28,914	93,110	18,123	26	140,173
Component Units	-	-	301	-	301
Participant Loans	-	-	796	12,335	13,131
Capital Assets, Net	10,923	1,497	1,222	-	13,642
<b>Total Assets</b>	<b>16,555,226</b>	<b>13,147,763</b>	<b>855,677</b>	<b>662,095</b>	<b>31,220,761</b>
<b>LIABILITIES</b>					
Accounts Payable	4,609	3,464	4,796	-	12,869
Accrued Liabilities	355	336	90	3	784
Due to Brokers	1,376,320	123,138	-	-	1,499,458
Unearned Revenue	-	-	409	-	409
Deposits Held in Trust	2,738	114	-	-	2,852
Other Liabilities	296,442	1,516	20,710	9	318,677
<b>Total Liabilities</b>	<b>1,680,464</b>	<b>128,568</b>	<b>26,005</b>	<b>12</b>	<b>1,835,049</b>
<b>NET POSITION</b>					
Restricted for:					
Pension Benefits	14,874,762	13,019,195	-	-	27,893,957
Other Employee Benefits	-	-	829,672	-	829,672
Defined Contribution	-	-	-	662,083	662,083
<b>Net Position</b>	<b>\$ 14,874,762</b>	<b>\$ 13,019,195</b>	<b>\$ 829,672</b>	<b>\$ 662,083</b>	<b>\$ 29,385,712</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

For the Year Ended June 30, 2020

(In Thousands)

	Public Employees Retirement	Educational Employees Retirement System	New Mexico Retiree Health Care Authority	Deferred Compensation (IRC 457) Plan	Total
<b>ADDITIONS</b>					
Contributions:					
Employee Contributions	\$ 300,486	\$ 327,998	\$ 178,132	\$ 41,705	\$ 848,321
Employer Contributions	371,751	451,556	144,756	-	968,063
Other	8	-	-	-	8
<b>Total Contributions</b>	<b>672,245</b>	<b>779,554</b>	<b>322,888</b>	<b>41,705</b>	<b>1,816,392</b>
Investment Income (Loss):					
Net Increase in Fair Value of Investments	(404,622)	(36,836)	9,623	8,946	(422,889)
Interest and Dividends	243,904	104,357	1,277	15,365	364,903
	(160,718)	67,521	10,900	24,311	(57,986)
Less Investment Expense	65,574	143,400	386	-	209,360
<b>Net Investment Income</b>	<b>(226,292)</b>	<b>(75,879)</b>	<b>10,514</b>	<b>24,311</b>	<b>(267,346)</b>
Other Additions:					
Other Operating Revenues	59,217	1,968	59,759	107	121,051
<b>Total Other Additions</b>	<b>59,217</b>	<b>1,968</b>	<b>59,759</b>	<b>107</b>	<b>121,051</b>
<b>Total Additions</b>	<b>505,170</b>	<b>705,643</b>	<b>393,161</b>	<b>66,123</b>	<b>1,670,097</b>
<b>DEDUCTIONS</b>					
Benefits and Claims	1,273,861	1,169,305	-	47,481	2,490,647
Refunds	44,911	50,956	579	-	96,446
General and Administrative Expenses	13,895	10,600	319,615	1,576	345,686
Other Operating Expenses	680	278	43	-	1,001
<b>Total Deductions</b>	<b>1,333,347</b>	<b>1,231,139</b>	<b>320,237</b>	<b>49,057</b>	<b>2,933,780</b>
<b>Change in Net Position</b>	<b>(828,177)</b>	<b>(525,496)</b>	<b>72,924</b>	<b>17,066</b>	<b>(1,263,683)</b>
<b>Net Position - Beginning, as Restated</b>	<b>15,702,939</b>	<b>13,544,691</b>	<b>756,748</b>	<b>645,017</b>	<b>30,649,395</b>
<b>Net Position - Ending</b>	<b>\$ 14,874,762</b>	<b>\$ 13,019,195</b>	<b>\$ 829,672</b>	<b>\$ 662,083</b>	<b>\$ 29,385,712</b>

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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION FIDUCIARY FUNDS EXTERNAL INVESTMENT TRUST FUNDS FINANCIAL STATEMENTS

**State Investment Council** – The State Investment Council (Council) is responsible for the investment activities of certain State of New Mexico Trust Funds. Pursuant to New Mexico law, the Council created the following investment pools: Large Capitalization Active, Large Capitalization Index, Core Bonds, Structured Credit, Mid\Small Capitalization, Non-U.S. Equity Securities, Non-U.S. Emerging Markets, and Absolute Bonds. The investment pools provide long-term investment opportunities for state agencies and designated institutions that have funds available for a long-term investment program that will extend for more than one year. Only the portion of the fund that is not owned by the State is presented as an External Trust Fund. Other portions of the fund that are owned by State entities are presented in both the Governmental Funds and Proprietary Funds as assets of those respective entities.

**State Treasurer** – The Office of the State Treasurer holds and invests monies for other state agencies and local governments through the Local Governmental Investment Pool. Only the portion of the fund that is not owned by the State is presented as an External Trust Fund. Other portions of the fund that are owned by the State are presented in both the Governmental Funds and Proprietary Funds as assets of those respective entities.



# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF FIDUCIARY NET POSITION EXTERNAL INVESTMENT TRUST FUNDS

June 30, 2020

(In Thousands)

	State Investment Council	State Treasurer	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,954	\$ 92,673	\$ 96,627
Investment in Local Government			
Investments	85,356	699,521	784,877
Receivables	2,392	191	2,583
<b>Total Assets</b>	<b>91,702</b>	<b>792,385</b>	<b>884,087</b>
<b>LIABILITIES</b>			
Other Liabilities	2,072	32,148	34,220
<b>Total Liabilities</b>	<b>2,072</b>	<b>32,148</b>	<b>34,220</b>
<b>NET POSITION</b>			
Held in Trust for			
External Investment Pool Participants	89,630	760,237	849,867
<b>Net Position</b>	<b>\$ 89,630</b>	<b>\$ 760,237</b>	<b>\$ 849,867</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION EXTERNAL INVESTMENT TRUST FUNDS For the Year Ended June 30, 2020 (In Thousands)

	State Investment Council	State Treasurer	Total
<b>ADDITIONS</b>			
Pool Participant Deposits	\$ 5,581	\$ 705,612	\$ 711,193
Investment Income (Loss):			
Net Increase (Decrease) in Fair Value of Investments	75	3,849	3,924
Interest and Dividends	3,126	-	3,126
<b>Total Additions</b>	<b>8,782</b>	<b>709,461</b>	<b>718,243</b>
<b>DEDUCTIONS</b>			
General and Administrative Expenses	5,220	-	5,220
Distributions	-	620,626	620,626
<b>Total Deductions</b>	<b>5,220</b>	<b>620,626</b>	<b>625,846</b>
<b>Change in Net Position</b>	<b>3,562</b>	<b>88,835</b>	<b>92,397</b>
<b>Net Position - Beginning, as Restated</b>	<b>86,068</b>	<b>671,402</b>	<b>757,470</b>
<b>Net Position - Ending</b>	<b>\$ 89,630</b>	<b>\$ 760,237</b>	<b>\$ 849,867</b>

\* The pool participant deposits reported for the State Treasurer above is net of actual pool participant deposits and withdrawals.

\*\* Includes reduction of interfund investments.

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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION FIDUCIARY FUNDS PRIVATE PURPOSE TRUST FUNDS FINANCIAL STATEMENTS

**Scholarship Fund** – This grouping includes scholarship trust funds administered by the Higher Education Department and the Public Education Department.

**Higher Education Savings Fund** – The 529 Higher Education Savings Plan is a variable return college savings program that enables individuals to save and invest in order to fund future higher education expenses of a child or beneficiary. The program is designed to be a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended, and is maintained by the Education Trust Board.

**Water Trust Fund** – The Water Trust Fund accounts for monies appropriated, donated, or otherwise accrued in the fund for the water project fund, which is administered by the State Investment Council.

**Bartlett Trust Fund** – The Cultural Affairs Department is the administrator of a trust fund which was privately endowed for the benefit of the Museum of International Folk Art.

**Children’s Trust Fund** - This fund accounts for a part of marriage license fees as well as private donations for the purpose of advocacy of children and prevention of child abuse and neglect.

**Children’s Trust Fund Next Generation** – This fund accumulates resources for programs that provide positive child and youth development activities.

**Office of Superintendent of Insurance** – This fund is comprised to two funds:

- a) Patient’s Compensation Fund – This is a medical malpractice insurance risk – assuming fund mandated by the Medical Malpractice Act.
- b) Trust Fund for Policyholders and Creditors of insurance companies which have entered into receivership.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS

June 30, 2020

(In Thousands)

	Scholarship	Higher Education Savings	Water Trust	Bartlett Trust	Children's Trust	Children's Trust Next Gen.	Office of State Insurance	Rural Libraries Trust	Total
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 20	\$ 9,220	\$ 1,415	\$ -	\$ -	\$ -	\$ 1,242	\$ 48	\$ 11,945
Investment in State General Fund Investment Pool	15,013	-	-	113	2,172	534	60,526	-	78,358
Investments:									
Investment Pools	2,446	2,412,881	38,868	-	4,563	1,550	629,343	982	3,090,633
Receivables:									
Brokers	-	-	226	-	-	-	-	25	251
Accounts Receivable	-	-	46	-	6	-	127	2	181
Other Receivables	-	-	-	-	-	-	-	2,000	2,000
<b>Total Assets</b>	<u>17,479</u>	<u>2,422,101</u>	<u>40,555</u>	<u>113</u>	<u>6,741</u>	<u>2,084</u>	<u>691,238</u>	<u>3,057</u>	<u>\$ 3,183,368</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Deferred Outflows of Resources	-	-	-	-	-	-	467	-	467
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>467</u>	<u>-</u>	<u>\$ 467</u>
<b>LIABILITIES</b>									
Accounts Payable	-	-	-	-	-	-	663	-	663
Accrued Liabilities	-	1,747	-	-	-	-	9	-	1,756
Other Liabilities	-	-	285	-	-	-	159,929	32	160,246
<b>Total Liabilities</b>	<u>-</u>	<u>1,747</u>	<u>285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,601</u>	<u>32</u>	<u>\$ 162,665</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred Inflows of Resources	-	-	-	-	-	-	11,565	-	11,565
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,565</u>	<u>-</u>	<u>\$ 11,565</u>
<b>NET POSITION</b>									
Held in Trust for Other Purposes	17,479	2,420,354	40,270	113	6,741	2,084	519,539	3,025	3,009,605
<b>Net Position</b>	<u>\$ 17,479</u>	<u>\$ 2,420,354</u>	<u>\$ 40,270</u>	<u>\$ 113</u>	<u>\$ 6,741</u>	<u>2,084</u>	<u>519,539</u>	<u>3,025</u>	<u>\$ 3,009,605</u>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

### PRIVATE PURPOSE TRUST FUNDS

For the Year Ended June 30, 2020

(In Thousands)

	Scholarship	Higher Education Savings	Water Trust	Bartlett Trust	Children's Trust	Children's Trust Next Gen.	Office of State Insurance	Rural Libraries Trust	Total
<b>ADDITIONS</b>									
Member Contributions	\$ -	\$ 509,506	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 509,506
Total Contributions	-	509,506	-	-	-	-	-	-	509,506
Investment Income:									
Net Increase (Decrease) in									
Fair Value of Investments	-	28,352	(1,063)	-	182	70	150,728	4	178,273
Interest and Dividends	149	58,234	913	4	67	17	1,940	22	61,346
	149	86,586	(150)	4	249	87	152,668	26	239,619
Less Investment Expense	4	3,017	25	-	-	-	-	1	3,047
Net Investment Income	145	83,569	(175)	4	249	87	152,668	25	236,572
Other Additions:									
Appropriations	-	-	-	-	-	-	-	3,000	3,000
Other Operating Revenues	-	18	-	-	73	-	30,495	-	30,586
Total Other Additions	-	18	-	-	73	-	30,495	3,000	33,586
<b>Total Additions</b>	<b>145</b>	<b>593,093</b>	<b>(175)</b>	<b>4</b>	<b>322</b>	<b>87</b>	<b>183,163</b>	<b>3,025</b>	<b>779,664</b>
<b>DEDUCTIONS</b>									
Distributions	-	640,312	4,000	-	-	-	-	-	644,312
Payments	3,089	-	-	-	-	-	-	-	3,089
General and Administrative Expenses	2,000	7,287	-	-	-	-	186,838	-	196,125
<b>Total Deductions</b>	<b>5,089</b>	<b>647,599</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>186,838</b>	<b>-</b>	<b>843,526</b>
<b>Change in Net Position</b>	<b>(4,944)</b>	<b>(54,506)</b>	<b>(4,175)</b>	<b>4</b>	<b>322</b>	<b>87</b>	<b>(3,675)</b>	<b>3,025</b>	<b>(63,862)</b>
<b>Net Position - Beginning, as Restated</b>	<b>22,423</b>	<b>2,474,860</b>	<b>44,445</b>	<b>109</b>	<b>6,419</b>	<b>1,997</b>	<b>523,214</b>	<b>-</b>	<b>3,073,467</b>
<b>Net Position - Ending</b>	<b>\$ 17,479</b>	<b>\$ 2,420,354</b>	<b>\$ 40,270</b>	<b>\$ 113</b>	<b>\$ 6,741</b>	<b>\$ 2,084</b>	<b>\$ 519,539</b>	<b>\$ 3,025</b>	<b>\$ 3,009,605</b>

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# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

#### AGENCY FUNDS

Year Ended June 30, 2020

(In Thousands)

**Agency Funds** – Agency funds report amounts which are held for other persons or governments in a fiduciary capacity before final distribution or resolution.

	Balance July 1, 2019 as Restated	Additions	Deletions	Balance June 30, 2020
<b>Assets</b>				
Cash and Cash Equivalents	\$ 22,385	\$ 13,827	\$ 13,822	\$ 22,390
Investment in State General Fund Investment Pool	62,985	17,175,303	17,201,737	36,551
Investment in Local Government Investment Pool	1,905	2,466	43	4,328
Due from Other Parties	-	1,971	1,971	-
Due From Component Units	-	-	-	-
Receivables, Net	354,667	10,726,561	10,740,634	340,594
Other Assets	-	462	-	462
<b>Total Assets</b>	<b>\$ 441,942</b>	<b>\$ 27,920,590</b>	<b>\$ 27,958,207</b>	<b>\$ 404,325</b>
<b>Liabilities</b>				
Accounts Payable	\$ 610	\$ 3,270,138	\$ 3,268,739	\$ 2,009
Accrued Liabilities	94	1,473	1,467	100
Due to Component Units	13,685	16,654	16,338	14,001
Due to Other Parties	62	4,146,972	4,147,034	-
Intergovernmental Payables	396,143	450,207	495,098	351,252
Deposits Held in Trust	26,288	22,104,262	22,096,808	33,742
Other Liabilities	5,060	331,454	333,293	3,221
<b>Total Liabilities</b>	<b>\$ 441,942</b>	<b>\$ 30,321,160</b>	<b>\$ 30,358,777</b>	<b>\$ 404,325</b>



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# STATE OF NEW MEXICO

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## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NON-MAJOR COMPONENT UNITS

June 30, 2020

(In Thousands)

### Non-major Component Units

There were seventeen non-major component units at June 30, 2020. They are as follows: UNM Alumni Association; UNM Lobo Club; UNM Anderson School of Management Foundation; New Mexico Tech Foundation; New Mexico Highlands University (NMHU) Foundation; NMHU Stable Isotopes Corporation; Western New Mexico University Foundation; Eastern New Mexico University (ENMU) Foundation; ENMU Roswell Foundation; ENMU Ruidoso Foundation; Northern New Mexico College Foundation; New Mexico Military Institute Foundation; New Mexico School for the Visually Impaired Foundation; Cumbres & Toltec Scenic Railroad Commission; New Mexico Renewable Transmission Authority; the New Mexico Small Business Investment Corporation and State Charter Charter Schools.

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION

### NON-MAJOR COMPONENT UNITS

June 30, 2020

(In Thousands)

	UNM Alumni Association	UNM Lobo Club	UNM- Anderson Schools of Mgt. Foundation	New Mexico Tech Foundation	New Mexico Highlands University Foundation	NMHU - Stable Isotopes Corporation	Western New Mexico University Foundation	Eastern New Mexico University Foundation	ENMU - Roswell Foundation
<b>ASSETS</b>									
Current Assets:									
Cash and Cash Equivalents	\$ 1,231	\$ 3,688	\$ 1,384	\$ 251	\$ 673	\$ -	\$ 498	\$ 172	\$ 38
Investment in Local Government	-	-	-	-	-	-	-	-	-
Investment Pool	-	-	-	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	643	-	-
Investments	8,478	-	2,783	21,848	-	-	-	-	-
Due From Primary Government	-	-	55	-	-	-	-	-	-
Receivables, Net	2	-	382	16	151	-	5	13	-
Prepaid Expenses	28	18	-	-	3	-	-	5	1
Inventory	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>9,739</b>	<b>3,706</b>	<b>4,604</b>	<b>22,115</b>	<b>827</b>	<b>-</b>	<b>1,146</b>	<b>190</b>	<b>39</b>
Noncurrent Assets:									
Restricted Cash and Cash Equivalents	-	-	-	-	1,020	-	184	-	-
Restricted Investments	-	-	-	5,495	-	-	-	-	-
Loans Receivable, Net	-	-	-	31	-	-	-	-	-
Investments	-	-	-	-	8,696	-	9,106	22,121	12,155
Other Noncurrent Assets	-	-	-	-	235	-	926	-	-
Nondepreciable Capital Assets	-	-	-	-	6,483	-	275	148	-
Other Capital Assets, Net	-	-	-	1,389	981	-	17	-	-
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,915</b>	<b>17,415</b>	<b>-</b>	<b>10,508</b>	<b>22,269</b>	<b>12,155</b>
<b>Total Assets</b>	<b>9,739</b>	<b>3,706</b>	<b>4,604</b>	<b>29,030</b>	<b>18,242</b>	<b>-</b>	<b>11,654</b>	<b>22,459</b>	<b>12,194</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Deferred Outflows - OPEB	-	-	-	-	-	-	-	-	-
Deferred Outflows - Pension	-	-	-	-	-	-	-	-	-
<b>Total Deferred Outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NON-MAJOR COMPONENT UNITS (CONTINUED)

June 30, 2020

(In Thousands)

	ENMU - Ruidoso Foundation	Northern New Mexico College Foundation	New Mexico Military Institute Foundation	New Mexico School for Visually Impaired Foundation	Cumbres & Toltec Scenic RR Commission	NM Renewable Transmission Authority	NM Small Bus Investment Corp.	Charter Schools	Total Nonmajor Component Units
<b>ASSETS</b>									
Current Assets:									
Cash and Cash Equivalents	\$ 187	\$ 715	\$ 56	\$ 21	\$ 2,863	\$ 226	\$ 229	\$ 62,615	74,847
Investment in Local Government Investment Pool	-	-	-	-	-	226	10,122	-	10,348
Restricted Cash and Cash Equivalents	-	-	1,537	-	-	-	-	12,067	14,247
Investments	-	-	-	-	-	-	22,826	102	56,037
Due From Primary Government	-	-	-	-	-	-	-	6,159	6,214
Receivables, Net	4	-	62	-	1,054	21	3	801	2,514
Prepaid Expenses	-	-	-	-	33	8	5	623	724
Inventory	-	-	-	-	243	-	-	-	243
<b>Total Current Assets</b>	<b>191</b>	<b>715</b>	<b>1,655</b>	<b>21</b>	<b>4,193</b>	<b>481</b>	<b>33,185</b>	<b>82,367</b>	<b>165,174</b>
Noncurrent Assets:									
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	-	1,204
Restricted Investments	-	-	42,777	-	-	-	-	-	48,272
Loans Receivable, Net	-	-	-	-	-	-	62,551	-	62,582
Investments	232	3,959	19,390	154	-	-	2,491	-	78,304
Other Noncurrent Assets	-	-	1,739	-	-	-	-	-	2,900
Nondepreciable Capital Assets	-	-	-	-	1,659	-	-	18,241	26,806
Other Capital Assets, Net	-	-	1	-	14,602	-	-	65,555	82,545
<b>Total Noncurrent Assets</b>	<b>232</b>	<b>3,959</b>	<b>63,907</b>	<b>154</b>	<b>16,261</b>	<b>-</b>	<b>65,042</b>	<b>83,796</b>	<b>302,613</b>
<b>Total Assets</b>	<b>423</b>	<b>4,674</b>	<b>65,562</b>	<b>175</b>	<b>20,454</b>	<b>481</b>	<b>98,227</b>	<b>166,163</b>	<b>467,787</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Deferred Outflows - OPEB	-	-	-	-	-	-	-	11,268	11,268
Deferred Outflows - Pension	-	-	-	-	-	-	-	59,315	59,315
<b>Total Deferred Outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,583</b>	<b>70,583</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NON-MAJOR COMPONENT UNITS (CONTINUED)

June 30, 2020

(In Thousands)

	UNM Alumni Association	UNM Lobo Club	UNM- Anderson Schools of Mgt. Foundation	New Mexico Tech Foundation	New Mexico Highlands University Foundation	NMHU - Stable Isotopes Corporation	Western New Mexico University Foundation	Eastern New Mexico University Foundation	ENMU - Roswell Foundation
<b>LIABILITIES</b>									
Current Liabilities:									
Accounts Payable	36	-	4	-	20	-	-	41	22
Accrued Liabilities	-	-	-	29	2	-	-	257	-
Unearned Revenue	-	-	669	-	-	-	-	-	-
Due to Primary Government	-	2,120	306	-	-	-	282	-	-
Funds Held for Others	-	-	-	-	-	-	307	-	-
Other Liabilities	-	-	-	624	220	-	-	-	-
<b>Total Current Liabilities</b>	<b>36</b>	<b>2,120</b>	<b>979</b>	<b>653</b>	<b>242</b>	<b>-</b>	<b>589</b>	<b>298</b>	<b>22</b>
Noncurrent Liabilities:									
Net Pension Liability	-	-	-	-	-	-	-	-	-
Net OPEB Liability	-	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	6	3,112	-	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>3,112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>36</b>	<b>2,120</b>	<b>979</b>	<b>659</b>	<b>3,354</b>	<b>-</b>	<b>589</b>	<b>298</b>	<b>22</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unearned Revenue	-	303	-	-	-	-	-	-	-
Deferred Inflows - OPEB Liability	-	-	-	-	-	-	-	-	-
Deferred Inflows - Pension Liability	-	-	-	-	-	-	-	-	-
<b>Total Deferred Inflows</b>	<b>-</b>	<b>303</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>									
Net Investment in Capital Assets	-	-	-	1,389	6,611	-	292	148	-
Restricted:									
Nonexpendable	-	-	-	5,500	5,246	-	10,216	10,999	1,990
Expendable:									
Other Purposes	-	-	572	2,093	1,698	-	337	10,116	4,986
Unrestricted Net Position (Deficit)	9,703	1,283	3,053	19,389	1,333	-	220	898	5,196
<b>Total Net Position (Deficit)</b>	<b>\$ 9,703</b>	<b>\$ 1,283</b>	<b>\$ 3,625</b>	<b>\$ 28,371</b>	<b>\$ 14,888</b>	<b>\$ -</b>	<b>\$ 11,065</b>	<b>\$ 22,161</b>	<b>\$ 12,172</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF NET POSITION NON-MAJOR COMPONENT UNITS (CONTINUED)

(In Thousands)

	ENMU - Ruidoso Foundation	Northern New Mexico College Foundation	New Mexico Military Institute Foundation	New Mexico School for Visually Impaired Foundation	Cumbres & Toltec Scenic RR Commission	NM Renewable Transmission Authority	NM Small Bus Investment Corp.	Charter Schools	Total Nonmajor Component Units
<b>LIABILITIES</b>									
Current Liabilities:									
Accounts Payable	20	-	3	-	336	70	-	2,149	2,701
Accrued Liabilities	-	-	20	-	70	-	-	14,079	14,457
Unearned Revenue	-	184	-	-	711	-	-	175	1,739
Due to Primary Government	-	330	269	-	-	-	-	49	3,356
Funds Held for Others	-	-	-	-	-	-	-	-	307
Other Liabilities	-	60	392	-	570	10	1,710	203	3,789
<b>Total Current Liabilities</b>	<b>20</b>	<b>574</b>	<b>684</b>	<b>-</b>	<b>1,687</b>	<b>80</b>	<b>1,710</b>	<b>16,655</b>	<b>26,349</b>
Noncurrent Liabilities:									
Net Pension Liability	-	-	-	-	-	-	-	172,412	172,412
Net OPEB Liability	-	-	-	-	-	-	-	48,810	48,810
Other Liabilities	-	-	-	-	21	-	-	76,098	79,237
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>297,320</b>	<b>300,459</b>
<b>Total Liabilities</b>	<b>20</b>	<b>574</b>	<b>684</b>	<b>-</b>	<b>1,708</b>	<b>80</b>	<b>1,710</b>	<b>313,975</b>	<b>326,808</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unearned Revenue	-	-	-	-	905	-	-	-	1,208
Deferred Inflows - OPEB Liability	-	-	-	-	-	-	-	32,446	32,446
Deferred Inflows - Pension Liability	-	-	-	-	-	-	-	15,320	15,320
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>905</b>	<b>-</b>	<b>-</b>	<b>47,766</b>	<b>48,974</b>
<b>NET POSITION</b>									
Net Investment in Capital Assets	-	-	-	-	16,261	-	-	14,894	39,595
Restricted:									
Nonexpendable	212	3,837	27,489	-	-	-	-	30,506	95,995
Expendable:									
Other Purposes	87	-	17,309	154	-	401	96,517	-	134,270
Unrestricted Net Position (Deficit)	104	263	20,080	21	1,580	-	-	(170,395)	(107,272)
<b>Total Net Position (Deficit)</b>	<b>\$ 403</b>	<b>\$ 4,100</b>	<b>\$ 64,878</b>	<b>\$ 175</b>	<b>\$ 17,841</b>	<b>\$ 401</b>	<b>\$ 96,517</b>	<b>\$ (124,995)</b>	<b>162,588</b>

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF ACTIVITIES NON-MAJOR COMPONENT UNITS

June 30, 2020

(In Thousands)

	UNM Alumni Association	UNM Lobo Club	UNM Anderson Schools of Mgt. Foundation	New Mexico Tech Foundation	New Mexico Highlands University Foundation	NMHU - Stable Isotopes Foundation	Western New Mexico University Foundation	Eastern New Mexico University Foundation	ENMU - Roswell Foundation
Expenses	\$ 764	\$ 5,033	\$ 990	\$ 2,160	\$ 936	\$ 108	\$ 733	\$ 1,266	\$ 291
Program Revenues:									
Charges for Services	3	-	572	-	-	108	-	-	-
Operating Grants and Contributions	723	5,047	318	1,180	2,081	-	453	161	589
Total Program Revenues	726	5,047	890	1,180	2,081	108	453	161	589
Nonoperating Revenues:									
Grant Revenue	-	-	-	-	-	-	-	-	-
Net (Expenses) Revenues	(38)	14	(100)	(980)	1,145	-	(280)	(1,105)	298
Other Revenues & Expenses:									
Payment from State of New Mexico	-	-	-	-	-	-	-	-	-
Payment to State of New Mexico	-	-	-	-	-	-	-	-	-
Other	304	-	-	-	(2)	-	301	1,489	91
Investment Income	(22)	22	76	1,516	(36)	-	434	880	518
Total General Revenues	282	22	76	1,516	(38)	-	735	2,369	609
<b>Change in Net Position</b>	244	36	(24)	536	1,107	-	455	1,264	907
<b>Net Position - Beginning, as Restated</b>	9,459	1,247	3,649	27,835	13,781	-	10,610	20,897	11,265
<b>Net Position - Ending (Deficit)</b>	\$ 9,703	\$ 1,283	\$ 3,625	\$ 28,371	\$ 14,888	\$ -	\$ 11,065	\$ 22,161	\$ 12,172

# STATE OF NEW MEXICO

## OTHER SUPPLEMENTARY INFORMATION COMBINING STATEMENT OF ACTIVITIES NON-MAJOR COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2020

(In Thousands)

	ENMU - Ruidoso Foundation	Northern New Mexico College Foundation	New Mexico Military Institute Foundation	New Mexico School for Visually Impaired Foundation	Cumbres & Toltec Scenic RR Commission	NM Renewable Transmission Authority	NM Small Business Investment Corp.	Charter Schools	Total Nonmajor Component Units
Expenses	\$ 87	\$ 87	\$ 2,025	\$ 12	\$ 6,368	\$ 1,269	\$ 1,204	\$ 113,146	\$ 136,479
Program Revenues:									
Charges for Services	-	-	346	-	4,717	-	-	1,940	7,686
Operating Grants and Contributions	16	179	1,394	20	2,331	885	-	32,862	48,239
Total Program Revenues	16	179	1,740	20	7,048	885	-	34,802	55,925
Net (Expenses) Revenues	(71)	92	(285)	8	680	(384)	(1,204)	(78,344)	(80,554)
Other Revenues & Expenses:									
Payment from State of New Mexico	-	-	-	-	-	675	57,755	146,649	205,079
Other	54	-	-	-	75	-	-	3,027	5,339
Investment Income	-	53	1,661	2	6	4	1,275	-	6,389
Total General Revenues	54	53	1,661	2	81	679	59,030	149,676	216,807
Change in Net Position	(17)	145	1,376	10	761	295	57,826	71,332	136,253
Net Position - Beginning, as Restated	420	3,955	63,502	165	17,080	106	38,691	(196,327)	26,335
Net Position - Ending (Deficit)	\$ 403	\$ 4,100	\$ 64,878	\$ 175	\$ 17,841	\$ 401	\$ 96,517	\$ (124,995)	\$ 162,588



STATE OF NEW MEXICO  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

# STATISTICAL SECTION



EAGLE NEST LAKE STATE PARK  
SOURCE - [WWW.NEWMEXICO.ORG](http://WWW.NEWMEXICO.ORG)

# STATE OF NEW MEXICO

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

### INDEX TO STATISTICAL SECTION

The Statistical Section provides additional historical context and detail to aid in using the information in the financial statements, notes to the financial statements and required supplementary information for the primary government of the State of New Mexico in understanding and assessing the State's overall financial health.

#### Financial Trends Information

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

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#### Revenue Capacity Information

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#### Debt Capacity Information

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#### Demographics and Economic Information

These schedules contain demographic and economic indicators to help the reader to understand the environment within which the State's financial activities take place.

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#### Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

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# STATE OF NEW MEXICO

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## ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020

### INDEX TO STATISTICAL SECTION

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#### Other Information

These graphs and schedules offer a historical view of expenditures in constant dollars.

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Sources: Unless otherwise noted, the information in the following schedules is derived from the State of New Mexico Annual Financial Report.

Note: The statements which comprise the Statistical Section have not been audited.

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# STATE OF NEW MEXICO

## NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 5,971,617	\$ 5,826,283	\$ 5,866,806	\$ 5,904,225	\$ 5,930,820
Restricted	30,024,134	27,579,790	25,740,851	23,268,593	18,311,421
Unrestricted	(4,658,434)	(3,216,115)	(4,690,920)	(3,311,309)	(326,978)
Total Governmental Activities Net Position	<u>\$ 31,337,317</u>	<u>\$ 30,189,958</u>	<u>\$ 26,916,737</u>	<u>\$ 25,861,508</u>	<u>\$ 23,915,263</u>
<b>Business-type Activities</b>					
Net Investment in Capital Assets	\$ 1,808,184	\$ 1,770,690	\$ 1,755,991	\$ 1,742,099	\$ 1,654,692
Restricted	1,113,160	1,386,077	1,319,357	1,251,369	1,317,251
Unrestricted	(970,769)	(1,905,986)	(1,547,653)	(846,457)	(975,829)
Total Business-type Activities Net Position	<u>\$ 1,950,575</u>	<u>\$ 1,250,781</u>	<u>\$ 1,527,697</u>	<u>\$ 2,147,011</u>	<u>\$ 1,996,114</u>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 7,779,801	\$ 7,596,973	\$ 7,622,797	\$ 7,646,323	\$ 7,585,511
Restricted	31,137,294	28,965,865	27,060,209	24,519,962	19,628,672
Unrestricted	(5,629,204)	(5,122,101)	(6,238,579)	(4,157,768)	(1,302,806)
Total Primary Government Net Position	<u>\$ 33,287,891</u>	<u>\$ 31,440,739</u>	<u>\$ 28,444,427</u>	<u>\$ 28,008,517</u>	<u>\$ 25,911,377</u>

# STATE OF NEW MEXICO

## SCHEDULE A-1

(Accrual Basis of Accounting)

	Fiscal Year				
	2015	2014	2013	2012 as Restated	2011 as Restated
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 5,356,468	\$ 5,164,435	\$ 5,552,572	\$ 6,463,198	\$ 6,671,011
Restricted	12,658,737	6,925,810	4,774,368	5,542,541	5,685,913
Unrestricted	7,158,005	1,464,494	2,417,608	450,731	261,333
<b>Total Governmental Activities Net Position</b>	<u>\$ 25,173,210</u>	<u>\$ 13,554,739</u>	<u>\$ 12,744,548</u>	<u>\$ 12,456,470</u>	<u>\$ 12,618,257</u>
<b>Business-type Activities</b>					
Net Investment in Capital Assets	\$ 1,589,677	\$ 1,517,364	\$ 1,507,921	\$ 1,488,738	\$ 1,491,224
Restricted	987,021	2,919,494	2,143,068	1,471,752	1,978,206
Unrestricted	(827,718)	139,334	697,511	1,256,024	767,876
<b>Total Business-type Activities Net Position</b>	<u>\$ 1,748,980</u>	<u>\$ 4,576,192</u>	<u>\$ 4,348,500</u>	<u>\$ 4,216,514</u>	<u>\$ 4,237,306</u>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 6,946,145	\$ 6,681,799	\$ 7,060,493	\$ 7,951,936	\$ 8,162,235
Restricted	13,645,758	9,845,304	6,917,436	7,014,293	7,664,119
Unrestricted	6,330,287	1,603,828	3,115,119	1,706,755	1,029,209
<b>Total Primary Government Net Position</b>	<u>\$ 26,922,190</u>	<u>\$ 18,130,931</u>	<u>\$ 17,093,048</u>	<u>\$ 16,672,984</u>	<u>\$ 16,855,563</u>

\* Implementation of GASB 68 - Effective FY15

# STATE OF NEW MEXICO

## CHANGES IN NET POSITION

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Program Expenses</b>					
Governmental Activities:					
General Control	\$ 946,145	\$ 949,925	\$ 1,244,170	\$ 1,722,398	\$ 1,706,181
Culture, Recreation, and Natural Resources	294,254	263,383	247,368	247,510	239,104
Highway and Transportation	952,604	876,159	805,736	824,522	987,512
Judicial	367,458	341,818	306,806	304,097	315,829
Legislative	26,741	28,024	24,068	26,834	23,184
Public Safety	593,994	548,909	534,228	552,421	498,391
Regulation and Licensing	207,749	194,956	175,084	124,269	118,405
Health and Human Services	9,447,582	7,864,173	7,982,533	8,008,413	8,008,413
Education	3,929,465	3,483,071	3,167,364	3,286,148	3,554,909
Unemployment Benefits	-	-	-	-	-
Interest	112,126	130,183	123,439	115,594	123,083
Special Items					
Reduction of Receivable, Internal Service Fund	-	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>16,878,118</b>	<b>14,680,602</b>	<b>14,610,795</b>	<b>15,212,206</b>	<b>15,575,011</b>
Business-type Activities:					
Educational Institutions	2,802,997	3,844,396	3,645,245	3,383,288	3,126,892
Public Schools Insurance	397,157	370,389	354,996	383,282	395,579
Environmental Loans	1,387	2,726	1,526	1,949	2,266
Lottery					
Miners' Coffax Medical Center	40,490	37,506	34,807	33,180	31,295
Unemployment Insurance	1,547,564	137,995	166,040	178,334	195,506
State Fair	15,007	15,919	16,357	16,124	14,841
Other Business-type Activities	19,248	22,845	20,536	18,869	16,524
Special Items - Expo	-	-	-	-	866
<b>Total Business-type Activity Expenses</b>	<b>4,823,850</b>	<b>4,431,776</b>	<b>4,239,508</b>	<b>4,015,026</b>	<b>3,783,769</b>
<b>Total Primary Government Expenses</b>	<b>\$ 21,701,968</b>	<b>\$ 19,112,379</b>	<b>\$ 18,850,302</b>	<b>\$ 19,227,232</b>	<b>\$ 19,358,780</b>

# In fiscal year 2011, the New Mexico Lottery Authority was determined to be a discrete component unit. Prior to fiscal year 2011, the New Mexico Lottery Authority was considered to be a blended component unit and was presented as a nonmajor proprietary fund.

+In 2010, the President of the United States signed into law the American Recovery and Reinvestment Act (ARRA) of 2010. The State accounts for all ARRA revenue and expenditures under fund 89000, which is classified as a special revenue fund. Under ARRA, the State received federal unemployment monies that were accounted for in fund 89000. The Unemployment expenditures reported in the governmental activities represent funds from ARRA.

\*In fiscal year 2006, the Unemployment fund was determined to be a nonmajor proprietary fund.

# STATE OF NEW MEXICO

## SCHEDULE A-2

(Accrual Basis of Accounting)

	Fiscal Year				
	2015	2014 as Restated	2013 as Restated	2012 as Restated	2011 as Restated
<b>Program Expenses</b>					
Governmental Activities:					
General Control	\$ 993,220	\$ 918,870	\$ 1,254,250	\$ 1,311,355	\$ 1,217,362
Culture, Recreation, and Natural Resources	203,319	228,000	187,209	308,748	226,366
Highway and Transportation	1,051,567	1,230,707	1,023,696	945,406	905,469
Judicial	255,761	242,449	235,363	230,465	237,705
Legislative	29,626	23,751	25,774	24,047	26,147
Public Safety	480,286	457,119	469,359	441,675	449,734
Regulation and Licensing	126,917	112,770	104,919	145,748	105,199
Health and Human Services	7,401,005	6,284,737	5,777,302	5,603,724	5,631,423
Education	4,024,669	3,223,837	3,215,643	3,117,733	3,180,978
Unemployment Benefits	-	-	-	-	15,809
Interest	131,154	127,001	110,413	119,779	154,043
Special Items					
Reduction of Receivable, Internal Service Fund	977	-	-	101,735	-
<b>Total Governmental Activities Expenses</b>	<u>14,698,501</u>	<u>12,849,241</u>	<u>12,403,928</u>	<u>12,350,415</u>	<u>12,150,235</u>
Business-type Activities:					
Educational Institutions	3,041,713	2,901,959	2,845,355	2,768,492	2,761,289
Public Schools Insurance	363,373	349,589	331,783	322,904	320,762
Environmental Loans	441	294	673	874	14,908
Lottery	-	-	-	-	-
Miners' Colfax Medical Center	24,967	29,650	23,229	22,608	24,706
Unemployment Insurance	193,479	261,763	356,558	546,600	742,883
State Fair	15,417	14,671	14,613	16,115	16,031
Other Business-type Activities	18,199	11,409	9,934	10,387	11,988
Special Items - Expo	-	-	-	-	-
<b>Total Business-type Activity Expenses</b>	<u>3,657,589</u>	<u>3,569,335</u>	<u>3,582,145</u>	<u>3,687,980</u>	<u>3,892,567</u>
<b>Total Primary Government Expenses</b>	<u>\$ 18,356,090</u>	<u>\$ 16,418,576</u>	<u>\$ 15,986,073</u>	<u>\$ 16,038,395</u>	<u>\$ 16,042,802</u>



# STATE OF NEW MEXICO

## CHANGES IN NET POSITION (CONTINUED)

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services					
General Control	\$ 2,227,030	\$ 2,795,908	\$ 1,958,862	\$ 1,581,393	\$ 1,457,352
Culture, Recreation, and Natural Resources	66,086	57,330	70,071	64,956	63,474
Highway and Transportation	108,044	115,639	111,792	109,835	110,754
Judicial	15,655	17,873	17,706	17,011	15,620
Legislative	-	-	-	-	-
Public Safety	11,753	44,304	12,641	9,326	9,345
Regulation and Licensing	44,733	41,915	41,178	34,304	35,218
Health and Human Services	199,137	167,077	173,479	159,894	147,373
Education	6,464	6,474	6,862	7,346	7,362
Operating Grants and Contributions	7,750,233	6,453,390	6,850,440	6,595,050	6,855,527
Capital Grants and Contributions	462,264	376,591	-	-	-
<b>Total Governmental Activities</b>					
<b>Program Revenues</b>	<u>10,891,399</u>	<u>10,076,501</u>	<u>9,243,031</u>	<u>8,579,115</u>	<u>8,702,025</u>
Business-type Activities:					
Charges for Services					
Educational Institutions	1,768,685	1,732,441	1,665,364	1,642,869	1,521,460
Public Schools Insurance	393,010	375,555	373,489	378,957	363,949
Lottery	-	-	-	-	-
Environmental Loans	-	-	-	-	-
Miners' Colfax Medical Center	13,001	16,875	22,031	21,396	26,672
Unemployment Insurance	121,004	189	243	235	361
State Fair	10,239	12,182	11,469	11,722	11,928
Other Business-type Activities	18,814	22,099	20,666	17,280	13,954
Nonmajor Enterprise Funds					
Operating Grants and Contributions	1,919,974	663,285	697,032	896,071	595,057
Capital Grants and Contributions	7,751	23,997	12,437	11,607	6,906
<b>Total Business-type Activities</b>					
<b>Program Revenues</b>	<u>4,252,478</u>	<u>2,846,623</u>	<u>2,802,731</u>	<u>2,980,137</u>	<u>2,540,287</u>
<b>Total Primary Government</b>					
<b>Program Revenues</b>	<u>\$ 15,143,877</u>	<u>\$ 12,923,124</u>	<u>\$ 12,045,762</u>	<u>\$ 11,559,252</u>	<u>\$ 11,242,312</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (5,986,719)	\$ (4,693,510)	\$ (5,367,765)	\$ (6,381,223)	\$ (6,872,986)
Business-type Activities	<u>(571,372)</u>	<u>(1,585,154)</u>	<u>(1,436,776)</u>	<u>(1,034,888)</u>	<u>(1,243,482)</u>
<b>Total Primary Government Net Expense</b>	<u>\$ (6,558,090)</u>	<u>\$ (6,278,664)</u>	<u>\$ (6,804,541)</u>	<u>\$ (7,416,111)</u>	<u>\$ (8,116,468)</u>

- Implementation of GASB 68 – Effective FY15

# STATE OF NEW MEXICO

## SCHEDULE A-2

(Accrual Basis of Accounting)

	Fiscal Year				
	2015	2014 as Restated	2013 as Restated	2012 as Restated	2011 as Restated
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services					
General Control	\$ 1,880,869	\$ 796,337	\$ 784,337	\$ 305,992	\$ 187,280
Culture, Recreation, and Natural Resources	59,392	94,694	89,063	134,163	125,711
Highway and Transportation	105,215	301,126	185,593	268,612	272,038
Judicial	6,243	5,040	109,660	177,156	151,097
Legislative	-	-	-	-	-
Public Safety	9,162	26,711	263,568	363,078	355,965
Regulation and Licensing	45,558	75,308	65,646	95,278	138,848
Health and Human Services	135,431	365,016	133,060	167,230	275,408
Education	8,726	7,535	5,329	4,899	6,252
Operating Grants and Contributions	6,356,248	4,932,895	4,777,647	4,578,609	5,220,477
Capital Grants and Contributions	-	400,212	210,500	447,962	369,813
<b>Total Governmental Activities</b>					
<b>Program Revenues</b>	<u>8,606,844</u>	<u>7,004,874</u>	<u>6,624,403</u>	<u>6,542,979</u>	<u>7,102,889</u>
Business-type Activities:					
Charges for Services					
Educational Institutions	1,567,129	1,380,232	1,359,675	1,289,871	1,169,885
Public Schools Insurance	351,731	342,725	321,549	322,593	326,622
Lottery	-	-	-	-	-
Environmental Loans	-	3,905	4,423	4,384	4,215
Miners' Colfax Medical Center	17,450	25,025	21,784	23,455	22,442
Unemployment Insurance	-	215,699	223,057	216,824	-
State Fair	11,556	12,142	12,142	13,831	11,983
Other Business-type Activities	16,304	10,523	10,562	10,260	11,218
Nonmajor Enterprise Funds					
Operating Grants and Contributions	627,067	771,706	751,861	1,041,706	1,306,820
Capital Grants and Contributions	12,524	25,541	8,392	16,132	998
<b>Total Business-type Activities</b>					
<b>Program Revenues</b>	<u>2,603,761</u>	<u>2,787,498</u>	<u>2,713,445</u>	<u>2,939,056</u>	<u>2,854,183</u>
<b>Total Primary Government</b>					
<b>Program Revenues</b>	<u>\$ 11,210,605</u>	<u>\$ 9,792,372</u>	<u>\$ 9,337,848</u>	<u>\$ 9,482,035</u>	<u>\$ 9,957,072</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (6,091,657)	\$ (5,844,367)	\$ (5,779,525)	\$ (5,807,436)	\$ (5,047,346)
Business-type Activities	<u>(1,053,828)</u>	<u>(781,837)</u>	<u>(868,700)</u>	<u>(748,924)</u>	<u>(1,038,384)</u>
<b>Total Primary Government Net Expense</b>	<u>\$ (7,145,485)</u>	<u>\$ (6,626,204)</u>	<u>\$ (6,648,225)</u>	<u>\$ (6,556,360)</u>	<u>\$ (6,085,730)</u>

# STATE OF NEW MEXICO

## CHANGES IN NET POSITION (CONTINUED)

Last Ten Fiscal Years

(In Thousands)

	2020	2019	2018	2017	2016
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Individual Income Tax	\$ 1,715,499	\$ 1,713,643	\$ 1,581,590	\$ 1,418,070	\$ 1,320,154
Corporate Income Tax	63,000	179,781	(67,093)	76,274	118,502
Gross Receipts Taxes	3,115,214	2,869,466	2,541,586	2,168,168	2,109,889
Business Privilege	2,530,032	2,531,119	2,212,070	1,863,055	1,622,513
Unemployment Insurance	-	18,510	14,529	7,200	18,970
Other Taxes	35,080	4,849	7,154	3,545	7,055
Investment Income	316,768	1,407,042.84	1,949,318.96	2,548,331	909,846
Capital Gain	7,703	7,792	404	-	-
Non Operating Investment Income and Other	-	-	155	68	34
Other Revenue (Expense)	298,789	201,773	234,541	629,959	629,959
Special Item - Potential Loss SGFIP	-	-	-	-	-
Special Item - Indian Water Rights Settlement	(15)	-	-	-	(12,436)
Special Item - AZ Water Settlement	-	-	-	9,040	9,040
Transfers	(940,448)	(843,055)	(727,311)	(1,084,495)	(1,084,495)
<b>Total Governmental Activities</b>	<u>7,141,622</u>	<u>8,090,920</u>	<u>7,746,944</u>	<u>7,639,216</u>	<u>5,649,032</u>
Business-type Activities:					
Taxes					
Other Taxes	-	126,103	167,975	205,143	342,488
Investment Income (Loss)	22,741	23,776	14,276	13,742	9,838
Non Operating Investment Income and Other	34,408	50,207	27,865	47,929	21,465
Other Revenue	275,299	258,532	260,061	123,959	242,772
Transfers	940,448	843,055	727,311	831,243	831,243
<b>Total Business-type Activities</b>	<u>1,272,896</u>	<u>1,301,673</u>	<u>1,197,489</u>	<u>1,222,016</u>	<u>1,447,806</u>
<b>Total Primary Government</b>	<u>\$ 8,414,517</u>	<u>\$ 9,392,593</u>	<u>\$ 8,944,432</u>	<u>\$ 8,861,232</u>	<u>\$ 7,096,838</u>
<b>Change in Net Position</b>					
Governmental Activities	1,154,903	3,397,410	2,379,179	1,257,992	(1,223,955)
Business-type Activities	701,524	(283,481)	(239,287)	187,128	204,324
<b>Total Primary Government</b>	<u>\$ 1,856,427</u>	<u>\$ 3,113,929</u>	<u>\$ 2,139,893</u>	<u>\$ 1,445,122</u>	<u>\$ (1,019,629)</u>

# STATE OF NEW MEXICO

## SCHEDULE A-2

(Accrual Basis of Accounting)

	Fiscal Year				
	2015	2014 as Restated	2013 as Restated	2012 as Restated	2011 as Restated
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Individual Income Tax	\$ 1,451,288	\$ 1,236,674	\$ 1,236,015	\$ 1,189,273	\$ 1,088,300
Corporate Income Tax	262,600	196,762	277,029	270,118	238,452
Gross Receipts Taxes	4,238,670	2,133,540	1,985,601	522,847	444,717
Business Privilege					
Unemployment Insurance					
Other Taxes	33,424	2,048,944	1,736,620	3,362,391	3,145,105
Investment Income	1,212,060	1,351,182	1,208,035	708,673	1,618,785
Capital Gain	-	-	-	-	-
Non Operating Investment Income and Other					
Other Revenue (Expense)	129,035	355,202	271,525	304,819	103,917
Special Item - Potential Loss SGFIP	100,000	(30,000)	-	-	-
Special Item - Indian Water Rights Settlement	(15,561)	-	-	(91,400)	-
Special Item - AZ Water Settlement	9,040	-	-	-	-
Transfers	(797,559)	(687,979)	(647,222)	(544,880)	(704,549)
<b>Total Governmental Activities</b>	<b>6,622,997</b>	<b>6,604,325</b>	<b>6,067,603</b>	<b>5,721,841</b>	<b>5,934,727</b>
Business-type Activities:					
Taxes					
Other Taxes	269,593	-	-	-	207,140
Investment Income (Loss)	9,292	220,411	214,413	70,774	261,972
Non Operating Investment Income and Other					
Other Revenue	244,201	140,737	139,051	27,713	75,506
Transfers	797,559	687,979	647,222	629,645	704,549
<b>Total Business-type Activities</b>	<b>1,320,645</b>	<b>1,049,127</b>	<b>1,000,686</b>	<b>728,132</b>	<b>1,249,167</b>
<b>Total Primary Government</b>	<b>\$ 7,943,642</b>	<b>\$ 7,653,452</b>	<b>\$ 7,068,289</b>	<b>\$ 6,449,973</b>	<b>\$ 7,183,894</b>
<b>Change in Net Position</b>					
Governmental Activities	531,340	759,958	288,078	(85,595)	887,381
Business-type Activities	266,817	267,290	131,986	(20,792)	210,783
<b>Total Primary Government</b>	<b>\$ 798,157</b>	<b>\$ 1,027,248</b>	<b>\$ 420,064</b>	<b>\$ (106,387)</b>	<b>\$ 1,098,164</b>

# STATE OF NEW MEXICO

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>General Fund</b>					
Nonspendable	\$ 46,026	\$ 47,309	\$ 61,378	\$ 59,626	\$ 64,166
Restricted	3,389,316	1,389,540	1,159,544	835,483	890,206
Committed	45,460	35,352	38,294	388,030	250,021
Assigned	12,923	15,472	11,572	9,088	9,989
Unassigned	532,328	1,607,072	882,313	4,895	(120,451)
<b>Total General Fund</b>	<b>\$ 4,026,053</b>	<b>\$ 3,094,745</b>	<b>\$ 2,153,101</b>	<b>\$ 1,297,122</b>	<b>\$ 1,093,931</b>
<b>All Other Governmental Funds</b>					
Post-GASB 54 Implementation					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	26,933,415	26,689,046	24,609,102	22,503,741	20,783,582
Committed	-	-	514	1,959	11,315
Assigned	41	150	-	-	-
Unassigned (Deficit)	(6,815)	(3)	9,553	(3,329)	(9,342)
<b>Total All Other Governmental Funds</b>	<b>\$ 26,926,641</b>	<b>\$ 26,689,193</b>	<b>\$ 24,619,169</b>	<b>\$ 22,502,371</b>	<b>\$ 20,785,555</b>
<b>All Governmental Funds</b>					
Post-GASB 54 Implementation					
Nonspendable	\$ 46,026	\$ 47,309	\$ 61,378	\$ 59,626	\$ 64,166
Restricted	30,322,731	28,078,586	25,768,646	23,339,224	21,673,788
Committed	45,460	35,352	38,808	389,989	261,336
Assigned	12,964	15,622	11,572	9,088	9,989
Unassigned (Deficit)	525,513	1,607,071	891,866	1,566	(129,793)
<b>Total All Governmental Funds</b>	<b>\$ 30,952,694</b>	<b>\$ 29,783,941</b>	<b>\$ 26,772,270</b>	<b>\$ 23,799,493</b>	<b>\$ 21,879,486</b>

# STATE OF NEW MEXICO

## SCHEDULE A-3

(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2015	2014	2013 as Restated	2012 as Restated	2011
<b>General Fund</b>					
Nondisposable	\$ 52,433	\$ 54,809	\$ 5,968	\$ 6,157	\$ 8,636
Restricted	916,201	864,359	67,315	194,988	237,097
Committed	695,182	220,535	23,159	10,082	56,219
Assigned	16,395	9,881	488	293	7,866
Unassigned	189,932	626,317	769,738	604,813	310,765
<b>Total General Fund</b>	<b>\$ 1,870,143</b>	<b>\$ 1,775,901</b>	<b>\$ 866,668</b>	<b>\$ 816,333</b>	<b>\$ 620,583</b>
<b>All Other Governmental Funds</b>					
Post-GASB 54 Implementation					
Nondisposable	\$ 10,000,000	\$ 5,687,834	\$ 5,006,506	\$ 4,651,829	\$ 4,755,242
Restricted	10,987,671	318,808	540,063	821,792	752,599
Committed	10,758	1,190,318	1,413,633	1,320,787	1,497,949
Assigned	-	-	989	-	3,745
Unassigned (Deficit)	-	-	18,242	(43,407)	(190,255)
<b>Total All Other Governmental Funds</b>	<b>\$ 20,998,429</b>	<b>\$ 7,196,960</b>	<b>\$ 6,979,433</b>	<b>\$ 6,751,001</b>	<b>\$ 6,819,280</b>
<b>All Governmental Funds</b>					
Post-GASB 54 Implementation					
Nondisposable	\$ 10,052,433	\$ 5,742,643	\$ 5,012,474	\$ 4,657,986	\$ 4,763,878
Restricted	11,903,872	1,183,167	607,378	1,016,780	989,696
Committed	705,940	1,410,853	1,436,792	1,330,869	1,554,168
Assigned	16,395	9,881	1,477	293	11,611
Unassigned (Deficit)	189,932	626,317	787,980	561,406	120,510
<b>Total All Governmental Funds</b>	<b>\$ 22,868,572</b>	<b>\$ 8,972,861</b>	<b>\$ 7,846,101</b>	<b>\$ 7,567,334</b>	<b>\$ 7,439,863</b>



# STATE OF NEW MEXICO

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017 as Restated	2016
<b>Revenues</b>					
Taxes	\$ 7,402,984	\$ 7,096,166	\$ 6,401,737	\$ 5,472,102	\$ 5,197,084
Federal	8,207,807	6,734,473	6,848,354	6,595,840	6,856,707
Interest and Other Investment Income (Loss)	311,027	1,402,273	1,948,254	2,540,517	912,262
Rentals and Royalties	1,871,338	2,246,843	1,403,151	1,002,692	888,424
Charges for Services	165,893	168,392	173,087	164,565	119,509
Licenses, Fees, and Permits	310,474	318,456	319,293	294,482	307,532
Assessments *	46,289	14,983	12,803	13,820	14,389
Other Revenues	321,663	388,654	257,393	781,248	633,628
<b>Total Revenues</b>	<b>18,637,475</b>	<b>18,370,240</b>	<b>17,364,072</b>	<b>16,865,266</b>	<b>14,929,535</b>
<b>Expenditures</b>					
Current:					
Culture, Recreation, and Natural Resources	271,368	243,938	228,675	230,478	223,328
Education	3,926,195	3,480,930	3,166,486	3,285,298	3,554,249
General Control	414,139	467,422	550,302	981,271	1,600,674
Health and Human Services	9,408,746	7,855,655	7,975,718	7,737,341	7,996,609
Highways and Transportation	556,757	503,931	420,625	448,401	740,977
Judicial	347,330	325,644	300,587	298,224	306,727
Legislative	25,855	27,331	23,992	26,725	23,022
Public Safety	574,944	540,565	515,112	535,834	482,558
Regulation and Licensing	200,198	188,274	169,142	116,252	111,747
Unemployment Benefits	-	-	-	-	-
Land Grant	-	-	-	-	-
Severance Tax	-	-	-	-	-
Capital Outlay	543,938	487,503	405,338	352,204	118,018
Debt Service:					
Principal	892,163	567,644	382,549	298,168	282,120
Interest	114,062	120,424	190,182	123,810	109,886
Bond Issuance Costs	-	-	-	-	-
Provision for Potential Loss in the State General Fund Investment Pool	-	-	-	-	-
<b>Total Expenditures</b>	<b>17,275,695</b>	<b>14,809,261</b>	<b>14,328,708</b>	<b>14,434,007</b>	<b>15,549,915</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<b>1,361,780</b>	<b>3,560,979</b>	<b>3,035,365</b>	<b>2,431,259</b>	<b>(620,380)</b>
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	701,709	310,118	539,370	45,815	474,018
Bond Premium	17,947	7,170	154,128	5,463	82,239
Refunding Bond Issue	-	-	420,096	-	181,395
Proceeds from the Sale of Capital Assets	1,836	1,577	1,751	1,226	1,803
Operating Transfers In	1,502,549	2,172,675	8,604,858	8,030,490	7,182,543
Operating Transfers Out	(2,449,323)	(3,019,190)	(9,336,219)	(8,739,680)	(7,918,883)
Payment to Refunded Bond Escrow Agent	-	-	(450,865)	-	(208,143)
Nonoperating Revenues (Expenditures)	-	-	-	-	-
Note Proceeds	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(225,282)</b>	<b>(527,650)</b>	<b>(66,882)</b>	<b>(656,686)</b>	<b>(205,028)</b>
<b>Special Item</b>					
Reduction of Loss Contingency	-	-	-	-	-
Native American Water Rights Settlement	-	-	-	-	(12,436)
Arizona Water Settlement	-	-	-	-	(9,040)
<b>Total Special Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,476)</b>
<b>Total Other Financing and Special Items</b>	<b>(225,282)</b>	<b>(527,650)</b>	<b>(66,882)</b>	<b>(656,686)</b>	<b>(226,504)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,136,498</b>	<b>\$ 3,033,329</b>	<b>\$ 2,968,483</b>	<b>\$ 1,774,573</b>	<b>\$ (846,884)</b>
Debt Service as a Percentage of Noncapital Expenditures	6.0%	4.8%	4.1%	3.0%	2.5%

# STATE OF NEW MEXICO

## SCHEDULE A-4

(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2015	2014	2013 as Restated	2012 as Restated	2011 as Restated
<b>Revenues</b>					
Taxes	\$ 5,923,849	\$ 5,626,421	\$ 5,235,786	\$ 5,321,538	\$ 4,926,279
Federal	6,363,684	5,338,059	4,981,084	5,035,279	5,558,515
Interest and Other Investment Income (Loss)	1,211,998	1,521,022	1,247,937	708,470	1,618,502
Rentals and Royalties	1,281,002	647,438	568,227	651,576	479,546
Charges for Services	124,674	162,757	160,931	155,089	212,816
Licenses, Fees, and Permits	295,282	364,594	364,371	361,671	356,897
Assessments *	-	-	-	-	-
Other Revenues	202,935	363,411	332,323	212,326	135,360
<b>Total Revenues</b>	<u>15,403,424</u>	<u>14,023,702</u>	<u>12,890,659</u>	<u>12,445,949</u>	<u>13,287,915</u>
<b>Expenditures</b>					
Current:					
Culture, Recreation, and Natural Resources	210,368	185,317	193,639	223,858	211,032
Education	4,025,302	3,220,213	3,214,923	3,117,042	3,180,447
General Control	487,468	403,590	494,668	413,807	376,279
Health and Human Services	7,355,734	6,270,002	5,756,574	5,625,669	5,623,871
Highways and Transportation	462,267	591,824	398,836	330,574	307,454
Judicial	250,360	236,575	229,405	223,942	232,136
Legislative	27,696	21,810	23,954	22,381	24,651
Public Safety	470,406	440,897	454,250	428,331	437,529
Regulation and Licensing	121,567	108,442	101,355	108,457	99,528
Unemployment Benefits	-	-	-	-	15,809
Land Grant	-	-	37,757	45,005	1,132
Severance Tax	-	183,216	176,173	183,423	8,318
Capital Outlay	444,308	507,435	583,782	612,156	721,706
Debt Service:					
Principal	284,766	407,074	317,991	139,847	347,486
Interest	128,197	150,738	130,755	249,345	227,115
Bond Issuance Costs	-	-	-	204	10,225
Provision for Potential Loss in the State General Fund Investment Pool	-	-	-	101,735	-
<b>Total Expenditures</b>	<u>14,268,439</u>	<u>12,727,133</u>	<u>12,114,062</u>	<u>11,825,776</u>	<u>11,824,718</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,134,985</u>	<u>1,296,569</u>	<u>776,597</u>	<u>620,173</u>	<u>1,463,197</u>
<b>Other Financing Sources (Uses)</b>					
Bonds Issued	141,635	371,440	137,220	105,780	39,205
Bond Premium	43,146	50,051	45,400	27,668	129,344
Refunding Bond Issue	79,405	-	220,400	75,715	776,220
Proceeds from the Sale of Capital Assets	1,136	2,053	1,950	5,208	1,420
Operating Transfers In	7,233,253	6,789,132	6,135,227	6,414,978	6,611,286
Operating Transfers Out	(8,035,458)	(7,483,788)	(6,774,851)	(7,033,153)	(7,643,610)
Payment to Refunded Bond Escrow Agent	(96,083)	-	(261,769)	(88,898)	(668,590)
Nonoperating Revenues (Expenditures)	-	-	(5,211)	-	-
Note Proceeds	-	-	-	-	2,025
<b>Total Other Financing Sources (Uses)</b>	<u>(632,966)</u>	<u>(271,112)</u>	<u>(501,634)</u>	<u>(492,702)</u>	<u>(752,700)</u>
<b>Special Item</b>					
Reduction of Loss Contingency	93,479	(30,000)	-	-	-
Native American Water Rights Settlement	-	-	-	-	-
Arizona Water Settlement	-	-	-	-	-
<b>Total Special Items</b>	<u>93,479</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing and Special Item</b>	<u>(539,487)</u>	<u>(301,112)</u>	<u>(501,634)</u>	<u>(492,702)</u>	<u>(752,700)</u>
<b>Net Change in Fund Balances</b>	<u>\$ 595,498</u>	<u>\$ 995,457</u>	<u>\$ 274,963</u>	<u>\$ 127,471</u>	<u>\$ 710,497</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>3.0%</u>	<u>4.6%</u>	<u>3.9%</u>	<u>3.5%</u>	<u>5.2%</u>



# STATE OF NEW MEXICO

## SCHEDULE OF REVENUES, STATE GENERAL FUND

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>REVENUES</b>					
<b>Taxes and License Fees</b>					
General and Selective Sales Taxes:					
Gross Receipts	\$ 2,942,129	\$ 2,669,415	\$ 2,381,082	\$ 2,013,548	\$ 1,975,416
Compensating	63,578	78,380	56,102	48,529	46,882
Tobacco (Luxury)	88,809	75,424	78,368	77,887	79,819
Alcoholic Beverage	24,610	25,295	23,811	7,376	6,732
Insurance	262,329	216,347	213,597	227,464	207,904
Fire Protection	-	-	1,020	-	15,069
Racing	-	765	1,084	1,096	1,130
Private Car	552	931	860	663	703
Motor Vehicle and Other Excise Tax	137,769	152,523	154,008	145,238	150,395
Gaming Tax	46,005	64,886	62,054	59,523	63,050
Leased Vehicles Gross Receipts and Surcharge	4,711	5,727	5,528	5,489	5,536
Gasoline Tax	596	971	358	(380)	867
Telecommunications Relay Surcharge	113	66	58	59	69
Boat Excise Tax	290	282	347	325	195
Other Tax	-	-	-	-	-
<b>Total General and Selective Sales Tax</b>	<b>3,571,491</b>	<b>3,291,012</b>	<b>2,978,277</b>	<b>2,586,817</b>	<b>2,553,767</b>
<b>Income Taxes</b>					
Gross Withholding	100,329	166,318	923,665	872,299	1,200,151
Final Settlements	1,577,189	1,500,831	614,620	504,741	508,566
Less:					
Transfer - Retiree Health Care		(26,256)	(26,256)	(28,306)	(29,519)
Transfer - PIT Suspense and Others	(382,946)	(371,724)	(376,467)	(364,244)	(359,043)
Refunds - TAA Suspense	-	-	-	-	-
Net Personal Income Taxes	1,294,572	1,269,169	1,135,562	984,490	1,320,155
Corporate Taxes	63,198	22,808	106,601	70,156	118,502
Less Refunds	-	-	-	-	-
Net Corporate Income Taxes	63,198	22,808	70,156	70,156	118,502
Estate Taxes	-	-	-	-	1
Fiduciary Taxes	14,343	4,865	7,180	3,635	7,053
<b>Total Income Taxes</b>	<b>1,372,113</b>	<b>1,296,842</b>	<b>1,212,898</b>	<b>1,058,281</b>	<b>1,445,711</b>
<b>Severance Taxes</b>					
Oil and Gas School Tax	388,671	555,356	450,787	304,262	236,818
7% Oil Conservation	29,510	28,702	22,885	17,368	11,375
Resources Excise	7,148	7,834	8,569	9,649	11,203
Natural Gas Processors	14,764	15,125	10,841	10,307	20,354
<b>Total Severance Taxes</b>	<b>440,093</b>	<b>607,017</b>	<b>493,082</b>	<b>341,586</b>	<b>279,750</b>
<b>Total Taxes</b>	<b>5,383,697</b>	<b>5,194,871</b>	<b>4,684,257</b>	<b>3,986,684</b>	<b>4,279,228</b>

# STATE OF NEW MEXICO

## SCHEDULE B-1

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>REVENUES</b>					
<b>Taxes and License Fees</b>					
General and Selective Sales Taxes:					
Gross Receipts	\$ 2,095,153	\$ 1,992,035	\$ 1,917,660	\$ 1,928,469	\$ 1,822,457
Compensating	71,840	78,271	50,911	62,066	69,135
Tobacco (Luxury)	82,348	78,479	86,058	85,360	88,158
Alcoholic Beverage	26,263	26,357	26,240	26,129	25,673
Insurance	189,953	115,067	107,520	114,076	132,659
Fire Protection	15,156	16,082	18,316	18,812	17,583
Racing	670	821	942	852	413
Private Car	660	620	563	553	480
Motor Vehicle and Other Excise Tax	138,701	133,275	125,504	114,707	103,653
Gaming Tax	70,409	66,455	63,073	65,527	65,787
Leased Vehicles Gross Receipts and Surcharge	5,236	5,204	5,125	5,366	5,047
Gasoline Tax	(1,152)	1,227	(4,516)	5,539	792
Telecommunications Relay Surcharge	123	86	91	98	121
Boat Excise Tax	184	184	257	453	494
Other Tax	-	99	4	19	73
<b>Total General and Selective Sales Tax</b>	<u>2,695,544</u>	<u>2,514,262</u>	<u>2,397,748</u>	<u>2,428,026</u>	<u>2,332,525</u>
<b>Income Taxes</b>					
Gross Withholding	1,179,123	1,116,249	1,077,952	1,151,866	1,042,323
Final Settlements	535,298	506,245	517,862	355,734	382,690
Less:					
Transfer - Retiree Health Care	(26,678)	(24,141)	(21,876)	(19,853)	(18,047)
Transfer - PIT Suspense and Others	(355,541)	(351,365)	(340,381)	(346,289)	(352,633)
Refunds - TAA Suspense	-	-	-	-	-
Net Personal Income Taxes	<u>1,332,202</u>	<u>1,246,988</u>	<u>1,233,557</u>	<u>1,141,458</u>	<u>1,054,333</u>
Corporate Taxes	254,477	196,762	267,157	281,047	229,818
Less Refunds	-	-	-	-	-
Net Corporate Income Taxes	<u>254,477</u>	<u>196,762</u>	<u>267,157</u>	<u>281,047</u>	<u>229,818</u>
Estate Taxes	1	32	-	-	12
Fiduciary Taxes	7,510	7,951	7,388	9,011	42,589
<b>Total Income Taxes</b>	<u>1,594,190</u>	<u>1,451,733</u>	<u>1,508,102</u>	<u>1,431,516</u>	<u>1,326,752</u>
<b>Severance Taxes</b>					
Oil and Gas School Tax	375,423	500,659	379,899	399,589	376,104
7% Oil Conservation	20,091	27,244	20,775	21,452	19,371
Resources Excise	13,345	13,013	13,486	12,018	10,139
Natural Gas Processors	18,594	16,197	24,197	23,343	18,182
<b>Total Severance Taxes</b>	<u>427,453</u>	<u>557,113</u>	<u>438,357</u>	<u>456,402</u>	<u>423,796</u>
<b>Total Taxes</b>	<u>4,717,187</u>	<u>4,523,108</u>	<u>4,344,207</u>	<u>4,315,944</u>	<u>4,083,073</u>

# STATE OF NEW MEXICO

## SCHEDULE OF REVENUES, STATE GENERAL FUND (CONTINUED)

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>REVENUES (CONTINUED)</b>					
<b>Taxes and License Fees (Continued)</b>					
<b>License Fees</b>					
Manufactured Housing	\$ 70	\$ 462	\$ 432	\$ 419	\$ 375
Trade and Professions License	23,457	-	-	-	-
Corporate Filing	4,176	3,881	4,042	3,437	3,327
Alcoholic Beverages and Gaming	-	4,960	4,075	4,186	4,028
Financial Institutions	3,396	3,747	3,564	3,480	3,455
Corporate Special	-	-	-	2,984	2,955
Construction Industries	4,890	4,909	5,543	4,700	6,092
Gaming License and Permit Fees	313	373	6,365	577	353
Securities Receipts	2,531	22,340	22,267	22,399	22,016
Public Utilities	11,464	14,493	14,538	11,021	12,040
Health Facilities Fees	-	-	-	-	-
Pipeline Fees	170	242	207	137	153
Motor Vehicles Miscellaneous Fees	228	596	401	-	20
Drivers Training Fees	-	-	-	-	-
State Engineers Fees	-	-	-	-	-
<b>Total License Fees</b>	<u>50,695</u>	<u>56,003</u>	<u>61,434</u>	<u>53,340</u>	<u>54,814</u>
<b>Total Taxes and License Fees</b>	<u>5,434,392</u>	<u>5,250,874</u>	<u>4,745,691</u>	<u>4,040,024</u>	<u>4,334,042</u>
<b>Other Revenue Sources</b>					
<b>Investment Income</b>					
State Land Grant Permanent Fund Income	-	-	-	-	555,103
Earnings on State Balances	91,751	86,880	5,945	(3,230)	25,224
Severance Tax Permanent Fund Earnings	-	-	-	-	193,510
<b>Total Interest Earnings</b>	<u>91,751</u>	<u>86,880</u>	<u>5,945</u>	<u>(3,230)</u>	<u>773,837</u>
<b>Rents and Royalties</b>					
Federal Mineral Leasing	817,116	1,146,800	564,232	435,692	47,817
Land Office	69,858	132,454	111,845	71,490	390,005
<b>Total Rents and Royalties</b>	<u>886,974</u>	<u>1,279,254</u>	<u>676,077</u>	<u>507,182</u>	<u>437,822</u>

# STATE OF NEW MEXICO

## SCHEDULE B-1 (CONTINUED)

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>REVENUES (CONTINUED)</b>					
<b>Taxes and License Fees (Continued)</b>					
<b>License Fees</b>					
Manufactured Housing	\$ 753	\$ 357	\$ 336	\$ 420	\$ 549
Trade and Professions License	-	-	-	-	-
Corporate Filing	4,020	4,262	3,151	2,864	2,850
Alcoholic Beverages and Gaming	3,931	3,770	4,544	3,856	3,840
Financial Institutions	3,556	3,195	3,107	2,917	3,109
Corporate Special	3,308	3,672	3,963	4,096	1,125
Construction Industries	6,199	3,902	4,034	5,052	5,682
Gaming License and Permit Fees	416	373	362	392	262
Securities Receipts	21,267	20,201	19,065	18,765	18,374
Public Utilities	12,129	11,759	11,275	11,056	13,734
Health Facilities Fees	-	-	-	-	-
Pipeline Fees	196	65	50	41	74
Motor Vehicles Miscellaneous Fees	100	111	125	136	150
Drivers Training Fees	-	-	-	-	-
State Engineers Fees	-	-	-	-	-
<b>Total License Fees</b>	<u>55,875</u>	<u>51,667</u>	<u>50,012</u>	<u>49,595</u>	<u>49,749</u>
<b>Total Taxes and License Fees</b>	<u>4,773,062</u>	<u>4,574,775</u>	<u>4,394,219</u>	<u>4,365,539</u>	<u>4,132,822</u>
<b>Other Revenue Sources</b>					
<b>Investment Income</b>					
State Land Grant Permanent Fund Income	502,757	449,382	440,876	461,737	446,227
Earnings on State Balances	24,160	42,293	35,925	17,618	17,633
Severance Tax Permanent Fund Earnings	182,723	170,473	176,173	183,424	184,571
<b>Total Interest Earnings</b>	<u>709,640</u>	<u>662,148</u>	<u>652,974</u>	<u>662,779</u>	<u>648,431</u>
<b>Rents and Royalties</b>					
Federal Mineral Leasing	42,235	569,860	459,631	502,574	411,819
Land Office	542,184	47,481	44,632	92,508	65,620
<b>Total Rents and Royalties</b>	<u>584,419</u>	<u>617,341</u>	<u>504,263</u>	<u>595,082</u>	<u>477,439</u>

# STATE OF NEW MEXICO

## SCHEDULE B-1 (CONTINUED)

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Miscellaneous Receipts and Fees</b>					
Environment Department Filing Fees	\$ 677	\$ 1,082	\$ 1,260	\$ 747	\$ 1,241
Administrative Fees	-	-	-	-	-
Tribal Revenue Sharing	51,677	78,430	68,092	62,717	64,413
Media Lease Payments	-	-	-	22	18
MVD Penalty Assessments	3,771	4,484	4,632	4,271	4,009
Fines and Forfeitures	3,107	3,563	3,932	4,241	4,514
Birth and Death Certificates	1,192	1,175	1,260	1,184	1,043
District Judge Receipts	1,010	1,095	1,146	1,096	947
Notary Public Fees	46	683	658	743	984
Court of Appeals	-	-	-	-	-
Legislative Receipts	9	22	13	26	14
Workmen's Compensation Fees	884	699	390	7	3
Health Care Quality Surchage	1,096	-	-	-	-
Payroll Administration Costs	-	-	-	-	-
Law Enforcement Protection	-	-	-	-	15,297
Small County Assistance	-	-	-	-	11
Supreme Court Fees	-	1	1	1	1
Unclaimed Property	15,565	28,089	20,113	23,030	19,789
Restitution Payments	204	91	80	176	201
Small Cities Assistance	-	-	-	-	-
<b>Total Miscellaneous Receipts and Fees</b>	<u>79,238</u>	<u>119,413</u>	<u>101,576</u>	<u>98,260</u>	<u>112,485</u>
<b>Other Revenues</b>					
Miscellaneous Nonrecurring	219	138	173	970	39,616
Transfers - Reversions	-	-	-	366,208	56,367
<b>Total Other Revenues</b>	<u>219</u>	<u>138</u>	<u>173</u>	<u>367,178</u>	<u>95,983</u>
<b>Total Other Revenue Sources</b>	<u>1,058,182</u>	<u>1,485,685</u>	<u>783,771</u>	<u>969,390</u>	<u>1,420,127</u>
<b>Total Revenues</b>	<u>\$ 6,492,573</u>	<u>\$ 6,736,559</u>	<u>\$ 5,529,462</u>	<u>\$ 5,009,414</u>	<u>\$ 5,754,169</u>

Source: General Fund Financial Audit (30600) - Schedule of Revenue by Source  
Department of Finance and Administration General Fund Report

\* Alcohol is down due to sending a portion to the lottery scholarship fund

STATE OF NEW MEXICO

SCHEDULE B-1 (CONTINUED)

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Miscellaneous Receipts and Fees</b>					
Environment Department Filing Fees	\$ 4,212	\$ 1,322	\$ 3,350	\$ 2,048	\$ 5,201
Administrative Fees	-	-	-	-	-
Tribal Revenue Sharing	67,178	67,582	70,709	68,189	65,891
Media Lease Payments	19	18	21	19	17
MVD Penalty Assessments	5,658	5,982	6,018	5,705	5,737
Fines and Forfeitures	5,241	5,567	5,708	6,052	7,104
Birth and Death Certificates	1,019	1,010	1,045	1,075	1,051
District Judge Receipts	925	936	1,051	1,064	1,196
Notary Public Fees	681	628	648	1,386	607
Court of Appeals	-	-	-	-	-
Legislative Receipts	28	18	35	20	46
Workmen's Compensation Fees	5	268	4	4	15
Health Care Quality Surchage	-	-	-	-	-
Payroll Administration Costs	-	-	-	-	-
Law Enforcement Protection	7,641	3,936	4,576	8,291	9,089
Small County Assistance	5,809	3,748	1,537	3,576	3,346
Supreme Court Fees	1	-	-	-	1
Unclaimed Property	24,644	21,516	16,833	15,452	18,352
Restitution Payments	269	354	446	411	414
Small Cities Assistance	-	-	-	-	-
<b>Total Miscellaneous Receipts and Fees</b>	<u>123,330</u>	<u>112,885</u>	<u>111,981</u>	<u>113,292</u>	<u>118,067</u>
<b>Other Revenues</b>					
Miscellaneous Nonrecurring	36,136	29,509	39,921	42,604	55,825
Transfers - Reversions	59,163	101,751	81,167	68,077	73,499
<b>Total Other Revenues</b>	<u>95,299</u>	<u>131,260</u>	<u>121,088</u>	<u>110,681</u>	<u>129,324</u>
<b>Total Other Revenue Sources</b>	<u>1,512,688</u>	<u>1,523,634</u>	<u>1,390,306</u>	<u>1,481,834</u>	<u>1,373,261</u>
<b>Total Revenues</b>	<u>\$ 6,285,750</u>	<u>\$ 6,098,409</u>	<u>\$ 5,784,525</u>	<u>\$ 5,847,373</u>	<u>\$ 5,506,083</u>



# STATE OF NEW MEXICO

## REVENUE BASE

Last Ten Calendar Years  
(In Thousands)

## SCHEDULE B-2

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Taxable Gross Receipts (in thousands)</b>					
Agriculture, Forestry and Fishing	\$ 175,237	\$ 126,252	\$ 126,940	\$ 111,430	\$ 106,156
Mining	7,310,833	6,815,136	4,834,724	2,213,846	2,328,158
Construction	10,989,995	8,027,002	7,428,957	6,312,982	6,537,914
Manufacturing	2,306,998	2,084,012	1,617,171	1,315,416	1,607,798
Transportation	1,187,865	1,175,605	836,920	571,482	668,207
Communications and Utilities	6,120,717	5,384,324	5,161,295	4,673,015	5,281,589
Wholesale Trade	3,648,654	3,529,917	2,698,455	1,786,231	2,030,984
Retail Trade	16,425,084	14,780,421	13,041,456	11,045,865	12,063,308
Finance, Insurance and Real Estate	2,582,843	2,338,187	2,032,733	1,559,574	1,613,419
Services and Other	30,267,240	26,756,441	22,338,845	17,675,223	19,824,081
Public Administration	883,472	901,867	425,736	587,747	665,833
<b>Total Taxable Gross Receipts</b>	<b>\$ 81,898,938</b>	<b>\$ 71,919,164</b>	<b>\$ 60,543,232</b>	<b>\$ 47,852,811</b>	<b>\$ 52,727,447</b>
<b>State Gross Receipts Tax Rate</b>	<b>5.1%</b>	<b>5.1%</b>	<b>5.1%</b>	<b>5.1%</b>	<b>5.1%</b>
<b>Personal Income by Industry (in millions)</b>					
Federal Civilian	\$ 3,397	\$ 3,335	\$ 3,373	\$ 3,220	\$ 3,103
Federal Military	1,459	1,398	1,323	1,321	1,265
State and Local Government	10,470	9,976	9,596	9,379	9,836
Farm Earnings	1,036	767	793	889	664
Forestry, Fishing, and Related Activities	170	169	163	170	142
Mining	2,656	3,013	2,638	2,532	2,393
Utilities	522	511	490	490	533
Construction	4,001	3,659	3,474	3,368	3,146
Manufacturing	2,210	1,868	1,717	1,372	1,606
Wholesale Trade	1,569	1,538	1,456	1,517	1,491
Retail	3,669	3,599	3,549	3,667	3,670
Transportation and Warehousing	1,858	1,713	1,578	1,550	1,503
Information	829	914	845	812	859
Financial, Insurance, Real Estate, Rental, and Leasing	3,094	2,855	2,721	2,732	2,652
Services	21,959	21,462	20,359	19,782	19,465
Other <sup>1</sup>	35,532	32,843	30,596	27,992	28,063
<b>Total Personal Income</b>	<b>\$ 94,431</b>	<b>\$ 89,620</b>	<b>\$ 84,671</b>	<b>\$ 80,793</b>	<b>\$ 80,391</b>
<b>Highest Income Tax Rate</b>	<b>4.9%</b>	<b>4.9%</b>	<b>4.9%</b>	<b>4.9%</b>	<b>4.9%</b>

<sup>1</sup>Other personal income includes dividends, interest and rent, residence adjustment, personal current transfer receipts and deduction for insurance contributions.

<sup>2</sup>Data for 2012 is based on fiscal year.

Source: New Mexico Department of Taxation and Revenue Department, RP-80 Reports: Gross Receipts by Geographic Area and 6-digit NAICS Code.

Department of Commerce Bureau of Economic Analysis, SQ5N - Personal Income by Major Source and Earnings by Major NAICS Industry Report.

# STATE OF NEW MEXICO

## SCHEDULE B-2 (CONTINUED)

	Fiscal Year				
	2015	2014	2013	2012 as Restated	2011 as Restated
<b>Taxable Gross Receipts (in thousands)</b>					
Agriculture, Forestry and Fishing	\$ 84,720	\$ 54,047	\$ 61,294	\$ 57,791	\$ 59,602
Mining	4,144,544	2,998,455	3,668,701	3,431,242	3,239,185
Construction	6,331,176	4,257,409	5,562,314	5,271,994	5,326,763
Manufacturing	2,238,013	1,607,519	2,015,743	1,833,576	1,643,653
Transportation	867,443	543,996	780,150	686,364	679,289
Communications and Utilities	5,134,386	1,908,054	4,907,802	4,803,345	4,648,079
Wholesale Trade	2,544,689	1,790,115	2,335,113	2,280,235	2,207,054
Retail Trade	12,553,764	9,268,342	12,160,633	12,024,304	11,912,593
Finance, Insurance and Real Estate	1,630,999	1,106,612	1,377,056	1,218,396	1,131,560
Services and Other	19,219,587	15,112,166	17,413,350	17,395,771	17,558,765
Public Administration	673,442	378,243	622,335	597,549	692,754
<b>Total Taxable Gross Receipts</b>	<b>\$ 55,422,763</b>	<b>\$ 39,024,958</b>	<b>\$ 50,904,491</b>	<b>\$ 49,600,567</b>	<b>\$ 49,099,297</b>
<b>State Gross Receipts Tax Rate</b>	<b>5.1%</b>	<b>5.1%</b>	<b>5.1%</b>	<b>5.1%</b>	<b>5.1%</b>
<b>Personal Income by Industry (in millions)</b>					
Federal Civilian	\$ 3,110	\$ 2,948	\$ 2,965	\$ 3,351	\$ 3,331
Federal Military	1,215	1,268	1,367	1,632	1,596
State and Local Government	9,860	9,590	9,229	8,934	8,640
Farm Earnings	1,088	1,769	1,472	1,203	1,389
Forestry, Fishing, and Related Activities	145	150	150	132	99
Mining	3,035	3,167	3,151	2,410	2,045
Utilities	503	491	520	522	442
Construction	3,111	3,042	2,978	2,888	2,868
Manufacturing	2,118	2,089	2,178	2,344	2,272
Wholesale Trade	1,442	1,441	1,451	1,444	1,382
Retail	3,546	3,505	3,412	3,417	3,274
Transportation and Warehousing	1,569	1,508	1,464	1,408	1,318
Information	927	790	881	878	832
Financial, Insurance, Real Estate, Rental, and Leasing	2,725	2,448	2,404	2,139	2,361
Services	18,166	17,790	17,652	17,731	17,233
Other <sup>1</sup>	27,490	26,432	24,537	22,791	22,931
<b>Total Personal Income</b>	<b>\$ 80,050</b>	<b>\$ 78,428</b>	<b>\$ 75,811</b>	<b>\$ 73,224</b>	<b>\$ 72,013</b>
<b>Highest Income Tax Rate</b>	<b>4.9%</b>	<b>4.9%</b>	<b>4.9%</b>	<b>4.9%</b>	<b>4.9%</b>



# STATE OF NEW MEXICO

## REVENUE PAYERS BY INDUSTRY – TAXABLE SALES, SERVICES, AND USE TAX PURCHASES

## SCHEDULE B-3

Most Current Calendar Year and Historical Comparison  
(In Thousands)

	Fiscal Year 2020				Calendar Year 2011			
	Number of Outlets	Percent of Total	Taxable Gross Receipts	Percent of Total	Number of Outlets	Percent of Total	Taxable Gross Receipts	Percent of Total
Agriculture, Forestry and Fishing	2,265	0.5%	\$ 175,237	0.2%	1,361	0.4%	\$ 59,602	0.1%
Mining	5,333	1.1%	7,310,833	8.9%	2,917	0.9%	3,239,185	6.6%
Construction	43,514	9.2%	10,989,995	13.4%	34,274	10.7%	5,326,763	10.8%
Manufacturing	27,620	5.8%	2,306,998	2.8%	13,112	4.1%	1,643,653	3.3%
Transportation	7,946	1.7%	1,187,865	1.5%	5,079	1.6%	679,289	1.4%
Communications and Utilities	35,353	7.5%	6,120,717	7.5%	21,112	6.6%	4,648,079	9.5%
Wholesale Trade	29,115	6.1%	3,648,654	4.5%	18,019	5.6%	2,207,054	4.5%
Retail Trade	99,206	21.0%	16,425,084	20.0%	62,713	19.6%	11,912,593	24.3%
Finance, Insurance and Real Estate	25,787	5.4%	2,582,843	3.2%	14,887	4.7%	1,131,560	2.3%
Services and Other	196,339	41.5%	30,267,240	36.9%	145,408	45.6%	17,558,765	35.8%
Public Administration	956	0.2%	883,472	1.1%	726	0.2%	692,754	1.4%
<b>Total Number of Outlets and Total Taxable Gross Revenues</b>	<b>473,434</b>	<b>100.0%</b>	<b>\$ 81,898,938</b>	<b>100.0%</b>	<b>319,608</b>	<b>100.0%</b>	<b>\$ 49,099,297</b>	<b>100.0%</b>
<b>State Gross Receipts Tax Rate</b>	<b>5.1%</b>				<b>5.1%</b>			

<sup>1</sup>Data for 2020 is based on fiscal year.

Source: New Mexico Department of Taxation and Revenue, Monthly RP-80 Reports: Gross Receipts by Geographic Area and 6-digit NAICS Code  
Source: New Mexico Department of Taxation and Revenue, Quarterly RP-80 Reports: Gross Receipts by Geographic Area and 6-digit NAICS Code

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

# STATE OF NEW MEXICO

## REVENUE PAYERS – PERSONAL INCOME TAX

## SCHEDULE B-4

Most Current Calendar Year and Historical Comparison  
(Dollars, Except for Income Level, in Thousands)

Income Level	2009				2018*			
	Number of Returns	Percent of Total	Personal Income Tax	Percent of Total	Number of Returns	Percent of Total	Personal Income Tax	Percent of Total
\$200,000 and higher	14,804	1.6%	\$ 1,867,483	40.9%	29,750	3.2%	\$ 2,606,690	44.7%
\$100,000 - \$199,999	68,576	7.5%	1,162,986	25.4%	102,740	11.1%	1,615,467	27.7%
\$75,000 - \$99,999	63,674	7.0%	515,691	11.3%	75,330	8.1%	565,550	9.7%
\$50,000 - \$74,999	111,100	12.2%	536,639	11.7%	120,750	13.0%	530,356	9.1%
\$49,999 and lower	654,162	71.7%	488,835	10.7%	600,540	64.6%	513,250	8.8%
Total	<u>912,316</u>	<u>100.0%</u>	<u>\$ 4,571,634</u>	<u>100.0%</u>	<u>929,110</u>	<u>100.0%</u>	<u>\$ 5,831,313</u>	<u>100.0%</u>

\* At the time of the preparation of the 2020 New Mexico State Annual Financial Report, the 2020 and 2019 information were not available.

Source: United States Department of the Treasury, Internal Revenue Service, Tax Year 2018: Historical Table 2 and Tax Year 2009: Historical Table 2 New Mexico (SOI Bulletin)

# STATE OF NEW MEXICO

## PERSONAL INCOME TAX RATES

Last Ten Fiscal Years

## SCHEDULE B-5

Year	Top Tax Rate	Top Income Tax Rate is Applied to Taxable Income in Excess of			Average Effective Rate, As Restated
		Single	Married Filing Jointly	Head of Household	
2020	4.9%	\$ 16,000	\$ 24,000	\$ 24,000	N/A
2019	4.9%	16,000	24,000	24,000	N/A
2018	4.9%	16,000	24,000	24,000	N/A
2017	4.9%	16,000	24,000	24,000	N/A
2016	4.9%	16,000	24,000	24,000	N/A
2015	4.9%	16,000	24,000	24,000	N/A
2014	4.9%	16,000	24,000	24,000	N/A
2013	4.9%	16,000	24,000	24,000	N/A
2012	4.9%	16,000	24,000	24,000	N/A
2011	4.9%	16,000	24,000	24,000	N/A

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# STATE OF NEW MEXICO

## RATIOS OF OUTSTANDING DEBT BY TYPE

## SCHEDULE C-1

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2020	2019	2018 as Restated	2017 as Restated	2016 as Restated
<b>Governmental Activities</b>					
General Obligation	\$ 421,700	\$ 350,925	\$ 411,525	\$ 260,760	\$ 389,270
Enhanced E-911 Revenue Bonds	-	-	-	-	-
Severance Tax Bonds	680,245	814,370	943,670	876,115	641,415
Revenue Bonds	1,094,669	1,221,323	1,276,703	1,367,542	1,558,689
Bond Premium, Discount, Net *	223,794	200,994	304,223	237,638	257,935
Total Government	<u>2,420,408</u>	<u>2,587,612</u>	<u>2,936,121</u>	<u>2,742,055</u>	<u>2,847,309</u>
<b>Business-type Activities*</b>					
Revenue Bonds	823,419	899,736	909,046	869,404	763,824
Capital Leases	546	938	690	1,054	1,502
Total Primary Government	<u>823,965</u>	<u>900,674</u>	<u>909,736</u>	<u>870,458</u>	<u>765,326</u>
Total Debt	<u>\$ 3,244,373</u>	<u>\$ 3,488,286</u>	<u>\$ 3,845,857</u>	<u>\$ 3,612,513</u>	<u>\$ 3,612,635</u>
New Mexico Personal Income	\$ 101,386,400	\$ 86,328,400	\$ 86,328,400	\$ 81,483,543	\$ 79,104,093
Debt as a Percentage of Personal Income	3.2%	4.0%	4.5%	4.4%	4.6%
New Mexico Population	2,101	2,095	2,095	2,088	2,080
General Obligation Debt Per Capita	\$ 201	\$ 167	\$ 196	\$ 125	\$ 187
Total Long-Term Debt Per Capita	\$ 1,545	\$ 1,665	\$ 1,835	\$ 1,730	\$ 1,737

Source State of New Mexico Annual Financial Report for outstanding bonded and non-bonded debt.

See Schedule for Demographics and Economic Statistics for personal income and population data. Ratios are calculated based upon personal income and population which are reported for the prior calendar year.

Note: In the past, total debt was used to calculate the above ratios. Beginning with fiscal year 2009, outstanding debt is used in the ratio calculation; therefore, all prior year balances were restated to reflect the change.

# STATE OF NEW MEXICO

## SCHEDULE C-1

	Fiscal Year				
	2015 as Restated	2014	2013	2012	2011 as Restated
<b>Governmental Activities</b>					
General Obligation	\$ 311,270	\$ 372,700	\$ 296,890	\$ 379,228	\$ 423,854
Enhanced E-911 Revenue Bonds	-	-	-	-	-
Severance Tax Bonds	760,080	683,275	798,740	884,320	1,020,550
Revenue Bonds	1,520,839	1,562,240	1,723,061	1,859,403	1,703,481
Bond Premium, Discount, Net *	-	-	-	-	-
<b>Total Government</b>	<b>2,592,189</b>	<b>2,618,215</b>	<b>2,818,691</b>	<b>3,122,951</b>	<b>3,147,885</b>
<b>Business-type Activities*</b>					
Revenue Bonds	808,463	827,812	840,831	832,306	866,692
Capital Leases	1,919	1,060	1,292	919	248
<b>Total Primary Government</b>	<b>810,382</b>	<b>828,872</b>	<b>842,123</b>	<b>833,225</b>	<b>866,940</b>
<b>Total Debt</b>	<b>\$ 3,402,571</b>	<b>\$ 3,447,087</b>	<b>\$ 3,660,814</b>	<b>\$ 3,956,176</b>	<b>\$ 4,014,825</b>
New Mexico Personal Income	\$ 76,449,091	\$ 72,465,608	\$ 73,822,778	\$ 72,175,501	\$ 68,361,950
Debt as a Percentage of Personal Income	4.5%	4.8%	5.0%	5.5%	5.9%
New Mexico Population	2,083	2,085	2,084	2,078	2,065
General Obligation Debt Per Capita	\$ 149	\$ 179	\$ 142	\$ 182	\$ 205
Total Long-Term Debt Per Capita	\$ 1,633	\$ 1,653	\$ 1,757	\$ 1,904	\$ 1,944

# STATE OF NEW MEXICO

## LONG-TERM LIABILITIES

## SCHEDULE C-2

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2020	2019	2018 As Restated	2017	2016
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 421,700	\$ 350,925	\$ 260,760	\$ 326,755	\$ 429,764
Severance Tax Bonds	680,245	814,370	876,115	955,045	641,415
Revenue Bonds	1,094,669	1,221,323	1,367,542	1,281,950	1,423,069
Bond Premium, Discount, Net *	223,794	257,988	200,994	279,305	217,441
Notes Payable	-	1,250	-	14,000	5,755
Deferred Loss on Refunding, Net *	-	-	-	-	100,167
Claims and Judgments	152,392	166,593	180,149	195,471	100,461
Hedging Derivatives - Interest Rate Swaps	-	-	84,090	119,015	100,167
Native American Water Settlement Liability **	91,543	69,706	60,850	62,100	287,910
Contingent Liabilities	22	29,516	3,678	20,051	-
Compensated Absences	83,605	68,795	63,982	64,051	58,112
Pollution Remediation Obligation	41,666	27,457	42,651	44,278	287,910
Net Pension Liability	3,429,456	3,341,570	3,264,743	2,299,659	1,843,467
Net OPEB Liability	774,289	1,035,068	-	-	-
Capital Leases	-	-	51,690	53,045	53,199
Reserve for Losses	-	-	-	-	-
Other Liabilities	629,536	451,647	-	-	52,307
<b>Total Governmental Activities</b>	<b>7,622,917</b>	<b>7,836,208</b>	<b>6,457,243</b>	<b>5,714,725</b>	<b>5,601,144</b>
<b>Business-type Activities</b>					
Revenue Bonds	\$ 823,419	\$ 865,272	\$ 899,736	\$ 653,372	\$ 695,552
Bond Premium, Discount, Net *	39,279	41,791	43,960	42,649	31,519
Compensated Absences	99,083	87,588	86,356	84,906	20,853
Reserve for Losses	101,940	98,169	89,501	87,453	-
Notes Payable	13,506	11,285	12,985	14,051	-
Insurance Claims Payable	9,953	-	-	-	-
Capital Leases	546	938	1,054	1,308	1,023
Net OPEB Obligation	385,030	432,298	67,969	61,333	-
Derivative Instruments - Interest Rate Swaps	8,375	7,186	8,604	13,350	-
Student Loans	12,069	15,060	15,726	18,592	-
Environmental Cleanup	5,434	5,434	5,434	5,434	-
Net Pension Liability	2,188,285	3,485,718	2,125,341	1,913,152	-
Other Liabilities	174,049	56,714	11,076	-	56,579
<b>Total Business-type Activities</b>	<b>3,860,968</b>	<b>5,107,453</b>	<b>3,367,742</b>	<b>2,895,600</b>	<b>805,526</b>
<b>Total Primary Government Long-term Liabilities</b>	<b>\$ 11,483,885</b>	<b>\$ 12,943,661</b>	<b>\$ 9,824,984</b>	<b>\$ 8,610,325</b>	<b>\$ 6,406,670</b>

Note: Details regarding the liabilities listed above can be found in Note 8, Changes in Long-term Liabilities in the financial statements.

\* In prior years, bond premium, discount, and loss on refunding was not stated separately.

# STATE OF NEW MEXICO

## SCHEDULE C-2

	Fiscal Year				
	2015 As Restated	2014	2013 As Restated	2012 As Restated	2011 As Restated
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 311,270	\$ 372,700	\$ 296,890	\$ 379,288	\$ 423,854
Severance Tax Bonds	760,080	683,275	798,740	884,320	1,020,550
Revenue Bonds	1,520,839	1,562,240	1,723,061	1,859,403	1,703,481
Bond Premium, Discount, Net *	252,771	234,954	236,190	-	-
Notes Payable	1,581	1,598	2,454	3,715	124,205
Deferred Loss on Refunding, Net *	96,042	(91,257)	(81,982)	-	-
Claims and Judgments	259,855	348,753	433,547	225,248	222,821
Hedging Derivatives - Interest Rate Swaps	96,042	(91,257)	(81,982)	-	-
Native American Water Settlement Liability **	-	-	-	-	-
Contingent Liabilities	-	-	-	-	-
Compensated Absences	62,339	61,201	60,946	63,934	73,483
Pollution Remediation Obligation	47,129	53,373	55,694	86,741	86,289
Net Pension Liability	-	-	-	-	-
Net OPEB Liability	-	-	-	-	-
Capital Leases	-	-	-	-	-
Reserve for Losses	100,000	-	-	-	-
Other Liabilities	212,200	252,003	330,217	-	501
<b>Total Governmental Activities</b>	<b>3,720,148</b>	<b>3,387,583</b>	<b>3,773,775</b>	<b>3,502,649</b>	<b>3,655,184</b>
<b>Business-type Activities</b>					
Revenue Bonds	\$ 808,463	\$ 827,812	\$ 840,831	\$ 832,306	\$ 866,692
Bond Premium, Discount, Net *	15,429	17,010	8,831	-	-
Compensated Absences	80,180	77,777	96,219	99,689	93,997
Reserve for Losses	69,988	65,471	65,472	63,406	63,901
Notes Payable	-	-	-	-	-
Insurance Claims Payable	-	-	-	-	-
Capital Leases	1,919	1,060	1,292	919	238
Net OPEB Obligation	-	-	-	-	-
Derivative Instruments - Interest Rate Swaps	-	-	-	-	-
Student Loans	-	-	-	-	-
Environmental Cleanup	-	-	-	-	-
Net Pension Liability	-	-	-	-	-
Other Liabilities	184,094	79,083	56,173	52,750	45,126
<b>Total Business-type Activities</b>	<b>1,160,073</b>	<b>1,068,213</b>	<b>1,068,818</b>	<b>1,049,070</b>	<b>1,069,954</b>
<b>Total Primary Government</b>					
Long-term Liabilities	\$ 4,880,221	\$ 4,455,796	\$ 4,842,593	\$ 4,551,719	\$ 4,725,138



# STATE OF NEW MEXICO

## LEGAL DEBT MARGIN

Last Ten Fiscal Years  
(In Thousands)

## SCHEDULE C-3

	Fiscal Year				
	2020	2019	2018	2017 As Restated	2016
Net Taxable Value of Property					
Subject to Taxation	\$ 70,648,048	\$ 66,919,238	\$ 60,698,949	\$ 57,451,756	\$ 56,625,171
Statutory Debt Limit	1.0%	1.0%	1.0%	1.0%	1.0%
Debt Limit Amount	706,480	669,192	606,989	574,518	566,252
General Obligation Bonds	421,700	260,760	326,755	389,270	311,270
Total General Debt Outstanding	421,700	260,760	326,755	389,270	311,270
Legal Debt Margin	\$ 284,780	\$ 408,432	\$ 280,234	\$ 185,248	\$ 254,982
Legal Debt Margin as a Percentage of the Debt Limit	40.3%	61.0%	46.2%	32.2%	45.0%

**Note:** The *Constitution of the State of New Mexico*, Article IX, Section 8, limits the State's outstanding general debt to a maximum of one percent of the net taxable value of all property subject to taxation within the State. The legal debt margin is the remaining borrowing authority available and is calculated by subtracting the bonded debt outstanding from the legal debt limit as calculated per Constitutional requirements.

**Source:** Note information regarding general bonded debt outstanding can be located within the State of New Mexico's annual financial report per fiscal year. Property value data was provided by the Department of Finance and Administration, Local Government Division, Financial and Property Tax Data by County and Municipality. Per capita information is based upon population data located in the Demographics and Economic Statistics schedule.

# STATE OF NEW MEXICO

## SCHEDULE C-3

	Fiscal Year				
	2015	2014	2013	2012 As Restated	2011
Net Taxable Value of Property					
Subject to Taxation	\$ 58,412,965	\$ 56,473,465	\$ 54,236,936	\$ 54,129,671	\$ 51,040,955
Statutory Debt Limit	1.0%	1.0%	1.0%	1.0%	1.0%
Debt Limit Amount	584,130	564,735	542,369	541,297	510,410
General Obligation Bonds	372,700	296,890	355,500	398,580	453,730
Total General Debt Outstanding	372,700	296,890	355,500	398,580	453,730
Legal Debt Margin	\$ 211,430	\$ 267,845	\$ 186,869	\$ 142,717	\$ 56,680
Legal Debt Margin as a Percentage of the Debt Limit	36.2%	47.4%	34.5%	26.4%	11.1%

# STATE OF NEW MEXICO

## STATUTORY DEBT LIMIT SEVERANCE TAX BONDS

## SCHEDULE C-4

Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	2020	2019	2018	2017	2016
Annual Deposits into Severance Tax Bonding Fund	\$ 646,300	\$ 672,441	\$ 511,115	\$ 342,317	\$ 254,966
50.0% of Annual Deposits	323,150	336,221	255,558	171,159	127,483
Statutory Debt Limit Amount	323,150	336,221	255,558	171,159	127,483
Senior Bond Servicing Amount *	146,965	129,737	142,160	144,766	16,489
Statutory Debt Margin Amount	\$ 176,185	\$ 206,484	\$ 113,398	\$ 26,393	\$ 110,994
Statutory Debt Margin as a Percentage of Debt Limit	54.5%	61.4%	44.4%	15.4%	87.1%

Note: The State Board of Finance is prohibited by the Severance Tax Bonding Act from issuing Senior Severance Tax Bonds unless the aggregate amount of total Senior Severance Tax Bonds outstanding, including the bonds to be issued, can be serviced with not more than 50 percent of the annual deposits into the Bonding Fund, as determined by the deposits during the fiscal year preceding the issuance of the bonds.

\* Does not include payment on refunded bonds, which are paid from escrowed securities, payments on short-term debt issued by the State Treasurer and paid in the same year issued, or payments on Supplemental Bond Series.

Sources New Mexico Office of the State Treasurer audited financial statements.

New Mexico Board of Finance, Severance Tax Bonds, Bond Series 2012A Official Statement.

**STATE OF NEW MEXICO**

**SCHEDULE C-4**

	Fiscal Year				
	2015	2014	2013	2012	2011
Annual Deposits into Severance Tax Bonding Fund	\$ 426,331	\$ 414,956	\$ 426,821	\$ 504,734	\$ 398,576
50.0% of Annual Deposits	<u>213,166</u>	<u>207,478</u>	<u>213,411</u>	<u>252,367</u>	<u>199,288</u>
Statutory Debt Limit Amount	<u>213,166</u>	<u>207,478</u>	<u>213,411</u>	<u>252,367</u>	<u>199,288</u>
Senior Bond Servicing Amount *	<u>129,042</u>	<u>125,597</u>	<u>127,951</u>	<u>121,367</u>	<u>103,867</u>
Statutory Debt Margin Amount	<u>\$ 84,124</u>	<u>\$ 81,881</u>	<u>\$ 85,460</u>	<u>\$ 131,000</u>	<u>\$ 95,421</u>
Statutory Debt Margin as a Percentage of Debt Limit	<u>39.5%</u>	<u>39.5%</u>	<u>40.0%</u>	<u>51.9%</u>	<u>47.9%</u>

# STATE OF NEW MEXICO

## PLEDGED REVENUE BOND COVERAGE

## SCHEDULE C-5

Last Ten Fiscal Years  
(In Thousands)

Fiscal Year	Pledged Revenues Received	Annual Debt Service		Coverage
		Principal	Interest	
<b>Severance Tax Bonds (Including Supplemental Subordinate Liens)</b>				
2020	\$ 646,300	\$ 134,125	\$ 34,255	3.8
2019	672,441	129,300	37,224	4.0
2018	511,115	124,745	36,780	3.2
2017	342,317	124,745	39,485	2.1
2016	254,966	118,345	15,257	1.9
2015	426,331	-	18,301	23.3
2014	414,956	224,525	55,539	1.5
2013	426,821	115,465	33,969	2.9
2012	504,734	128,013	24,304	3.3
2011	398,576	145,546	28,497	2.3
<b>Highway Infrastructure Bonds</b>				
2020	\$ 923,500	\$ 107,110	\$ 48,116	5.9
2019	837,915	103,290	51,541	5.4
2018	914,621	96,925	52,907	6.1
2017	848,903	93,655	63,798	5.4
2016	791,378	68,640	64,753	5.9
2015	385,211	84,080	68,080	2.5
2014	385,116	106,610	71,053	2.2
2013	411,003	138,848	76,561	1.9
2012	785,000	243,060	220,698	1.7
2011	719,811	71,450	79,742	4.8
<b>Energy and Minerals Bonds</b>				
2020	\$ 6,200	\$ 457	\$ 80	11.5
2019	1,077	439	96	2.0
2018	10,136	422	120	18.7
2017	9,462	2,819	198	3.1
2016	8,970	2,008	347	3.8
2015	8,763	1,967	439	3.6
2014	13,652	2,863	645	3.9
2013	8,826	1,819	604	3.6
2012	4,900	1,738	647	2.1
2011	2,578	1,546	395	1.3

N/A Data not available.

Sources: NM Department of Transportation audited financial statements  
 NM Office of the State Treasurer audited financial statements  
 NM State Fair Commission (Expo) audited financial statements  
 NM Energy, Minerals and Natural Resources audited financial statements  
 NM Miner's Colfax Medical Center audited financial statements  
 NM Spaceport Authority audited financial statements  
 NM Department of Cultural Affairs audited financial statements  
 UNM - Health Science is included in Educational in 2020.

UNM audited financial statements  
 NMSU audited financial statements  
 ENMU audited financial statements  
 WNMU audited financial statements  
 NMMI audited financial statements  
 NMHU audited financial statements  
 NMTU audited financial statements

STATE OF NEW MEXICO

SCHEDULE C-5

Fiscal Year	Pledged Revenues Received	Annual Debt Service		Coverage
		Principal	Interest	
<b>Cultural Affairs Bonds and Loan</b>				
2020	\$ 868	\$ 581	\$ 50	1.4
2019	916	568	60	1.5
2018	892	558	65	1.4
2017	1,010	699	70	1.3
2016	821	331	128	1.8
2015	835	320	139	1.8
2014	455	459	224	0.7
2013	1,100	1,432	256	0.7
2012	805	396	170	1.4
2011	795	385	178	1.4
<b>Miners' Colfax Medical Center Bonds</b>				
2020	\$ 1,500	\$ 1,030	\$ 229	1.2
2019	2,954	1,008	252	2.3
2018	6,722	980	282	5.3
2017	6,317	955	315	5.0
2016	6,651	935	337	5.2
2015	5,759	910	277	4.9
2014	5,752	835	423	4.6
2013	6,386	770	509	5.0
2012	6,302	744	535	4.9
2011	6,291	718	559	4.9
<b>State Fair (EXPO) Bonds</b>				
2020	\$ -	\$ -	\$ -	0.0
2019	-	-	-	0.0
2018	-	-	-	0.0
2017	-	-	-	0.0
2016	-	-	-	0.0
2015	448	689	12	0.6
2014	1,070	687	36	1.5
2013	1,070	628	70	1.5
2012	1,100	607	79	1.6
2011	1,000	587	98	1.5
<b>Spaceport Authority Bonds</b>				
2020	\$ 5,000	\$ 3,425	\$ 2,224	0.9
2019	4,216	3,280	2,367	0.7
2018	7,053	3,145	2,502	1.2
2017	6,763	3,020	2,629	1.2
2016	6,551	2,900	2,746	1.2
Debt not issued in prior years.				
<b>Bernalillo County Metropolitan Court</b>				
2020	\$ 3,922	\$ 2,925	\$ 997	1.0
2019	3,587	2,780	1,159	0.9
2018	3,651	2,600	1,266	0.9
Reported on NMFA in Prior Years				
<b>Educational Insititutions</b>				
2020	\$ 2,907,000	\$ 44,793	\$ 36,528	35.7
2019	1,014,174	862,509	356,788	0.8
2018	867,000	42,764	38,347	10.7
Reported on NMFA in Prior Years				
<b>University of New Mexico Health Sciences</b>				
2020	\$ -	\$ -	\$ -	0.0
2019	3,740	2,763	977	1.0
2018	4,297	3,044	1,253	1.0
Reported on UNM in Prior Years				
<b>General Services Department</b>				
2020	\$ 16,100	\$ 5,019	\$ 7,139	1.3
2019	14,200	10,279	3,921	1.0
2018	5,397	2,140	3,257	1.0
Reported on UNM in Prior Years				

# STATE OF NEW MEXICO

## DEMOGRAPHIC AND ECONOMIC INDICATORS

## SCHEDULE D-1

Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Median Age	* Percent High School Grad or Higher (Pop=25 Yrs & >)	Public School Enrollment
2020	2,100,566	\$ 101,386,400,000	\$ 48,266	38.1	86.0	333,020
2019	2,095,428	86,328,400,000	41,198	37.3	85.0	335,829
2018	2,095,428	86,328,400,000	41,198	37.3	85.0	335,829
2017	2,088,070	83,127,300,000	39,811	37.2	84.6	338,370
2016	2,081,015	80,758,305,000	38,807	37.4	84.2	339,613
2015	2,080,328	79,104,093,000	38,025	37.2	84.2	340,365
2014	2,083,024	76,449,091,000	36,701	37.2	84.0	339,219
2013	2,085,193	72,465,608,000	34,752	36.9	83.6	338,223
2012	2,083,784	73,822,778,000	35,427	36.8	83.4	337,225
2011	2,077,756	72,175,501,000	34,737	36.6	83.1	328,591

Sources: Population, Per Capita Personal Income - New Mexico Bureau of Business and Economic Research, University of New Mexico School Enrollment - New Mexico Department of Finance and Administration, Office of Education and Accountability Personal Income - Department of Commerce Bureau of Economic Analysis, Education - Census.gov B15002 American Fact Finder, PEPASR6H GeographyNMYR2012Population Estimates, bea.gov. www.ped.state.nm.us

Note: Personal Income, Per capita Personal Income and median Age data are as of 2018 data.  
2011-18 population data represents estimates based on the 2010 census.  
2017 is Restated

Note: Statistics were revised to indicate the percentage of individuals that have attained educational levels instead of the average educational level as was done in prior years.

\* Education level and years of schooling has been replaced with Percent High School Graduate or Higher

# STATE OF NEW MEXICO

## PRINCIPAL EMPLOYERS

## SCHEDULE D-2

Most Current Calendar Year and Historical Comparison

Entity Name	Calendar Year 2020			Calendar Year 2011*		
	Number of Employees	Rank	Percent of All Employees	Number of Employees	Rank	Percent of All Employees
State of New Mexico (total offices, departments, etc.)	26,024	1	2.9%	21,832	2	2.5%
Federal Government	24,188	2	2.7%	23,643	1	2.7%
UNM (Campuses, Hospital, Medical Group, Etc.)	20,689	3	2.3%	20,042	3	2.3%
Sandia National Laboratories	14,440	4	1.6%	10,560	6	1.2%
Presbyterian Healthcare	14,000	5	1.5%	9,500	7	1.1%
Albuquerque Public Schools	13,751	6	1.5%	11,500	5	1.3%
Walmart Corporate	13,055	7	1.4%	14,709	4	1.7%
Los Alamos National Laboratories	12,367	8	1.4%	7,949	8	0.9%
City of Albuquerque	6,125	9	0.7%	6,940	9	0.8%
NMSU	3,432	10	0.4%	N/A	NA	N/A
<b>Total Employees of Principal Employers</b>	<b>148,071</b>		<b>16.4%</b>	<b>126,675</b>		<b>14.6%</b>

Sources: New Mexico Department of Workforce Solutions, U.S. Department of Labor Statistics

2009 Book of Business List

NMNETLINKS

New Mexico Career Development Association

Albuquerque Public Schools - Human Resources Department

City of Albuquerque One Albuquerque finance.

Governing Magazine 1-25-2019 - Federal Employees by State

State of New Mexico Payroll Control (DFA)

Los Alamos National Laboratory - Facts 3-13-2019, as of 3-2018.

Sandia National Laboratories: Facts & Figures for FY 2018 (9-30-18).

Walmart Corporate - New Mexico, Location Facts

New Mexico State University Quick Facts 2018-2019, on 3-13-19

University of New Mexico - Office of Institutional Analytics - UNM Quick Facts 2015-2018

SEC quarterly reports

Note: Number of employees is based on a calendar year average.

Rankings are based on the employers identified, there may be larger employers not identified from sources available.

Some data sources only included locations that had in excess of 100 employees.

\* Used 2012, did not have information for 2011, since 2011 used 2010 data in annual reporting.



# STATE OF NEW MEXICO

## COMPOSITION OF LABOR FORCE

## SCHEDULE D-3

Last Ten Calendar Years

	Calendar Year				
	2020	2019	2018	2017	2016 as Restated
<b>Nonagricultural Jobs</b>					
Government	186,300	190,300	183,600	186,500	188,900
Mining	18,600	26,300	20,300	20,800	19,800
Construction	49,500	52,200	46,900	45,700	43,400
Manufacturing	26,300	27,700	26,900	26,400	26,900
Trade, Transportation and Utilities	135,400	140,900	136,300	136,600	138,700
Information	9,900	11,300	11,100	12,300	13,000
Financial Activity	32,300	36,000	34,700	34,000	33,500
Professional and Business Services	107,800	109,900	103,200	104,300	101,300
Education and Health Services	135,600	144,000	140,200	139,000	138,200
Leisure and Hospitality	67,600	99,800	94,700	96,400	95,500
Other Services	25,900	27,900	27,600	28,600	28,500
<b>Total Nonagricultural Jobs</b>	<b>795,200</b>	<b>866,300</b>	<b>825,500</b>	<b>830,600</b>	<b>827,700</b>
Civilian Labor Force	960,100	966,624	949,047	929,567	928,732
Total Employed	877,700	920,787	904,196	872,382	866,704
Unemployed	82,400	45,837	44,851	57,185	62,028
Unemployment Rate	8.6%	4.7%	4.8%	6.2%	6.7%
Seasonally Adjusted Rate	8.6%	4.7%	4.7%	6.4%	6.7%

Source New Mexico Department of Workforce Solutions, U.S. Department of Labor Statistics

# STATE OF NEW MEXICO

## SCHEDULE D-3 (CONTINUED)

	Calendar Year				
	2015 as Restated	2014 as Restated	2013 as Restated	2012 as Restated	2011 as Restated
<b>Nonagricultural Jobs</b>					
Government	189,300	194,700	188,300	182,297	195,100
Mining	25,600	28,400	26,800	23,959	21,300
Construction	43,500	43,300	40,600	41,116	43,400
Manufacturing	27,800	28,300	27,300	29,672	29,400
Trade, Transportation and Utilities	139,600	142,700	136,800	134,061	133,300
Information	12,700	12,700	12,300	13,523	14,400
Financial Activity	33,300	33,600	34,100	35,547	32,500
Professional and Business Services	99,700	100,300	96,800	92,746	100,500
Education and Health Services	133,300	131,900	123,200	114,233	121,700
Leisure and Hospitality	93,100	89,000	85,000	86,269	86,300
Other Services	28,500	28,300	27,200	20,970	28,600
<b>Total Nonagricultural Jobs</b>	<b>826,400</b>	<b>833,200</b>	<b>798,400</b>	<b>774,393</b>	<b>806,500</b>
Civilian Labor Force	927,999	927,142	923,899	927,795	930,356
Total Employed	867,387	865,229	859,804	861,617	860,305
Unemployed	60,612	61,913	64,095	66,178	70,051
Unemployment Rate	6.5%	6.7%	6.9%	7.1%	7.5%
Seasonally Adjusted Rate	6.6%	6.7%	7.0%	7.1%	7.5%

# STATE OF NEW MEXICO

## PUBLIC HIGHER EDUCATION ENROLLMENT

## SCHEDULE D-4

Last Ten Academic Years

	Academic Year				
	2019-20	2018-19	2017-18	2016-17	2015-16
Eastern New Mexico University	5,519	4,791	5,573	5,891	5,936
New Mexico Highlands University	2,169	2,350	2,348	2,438	2,653
New Mexico Institute of Mining and Technology	1,517	1,614	1,612	1,666	1,817
New Mexico State University	18,458	18,592	18,398	19,324	19,876
Northern New Mexico College	768	804	799	786	707
University of New Mexico	22,568	22,812	23,430	25,483	28,489
Western New Mexico University	1,974	1,990	2,072	2,045	2,169
<b>Total All Four-Year Institutions</b>	<b>52,973</b>	<b>52,953</b>	<b>54,232</b>	<b>57,633</b>	<b>61,647</b>
Central New Mexico Community College <sup>1</sup>	11,612	12,000	12,156	12,716	13,684
Clovis Community College	1,461	1,509	1,477	1,495	1,500
Luna Community College	526	513	505	614	709
Mesalands Community College	346	413	388	404	469
New Mexico Junior College	1,591	1,464	1,696	1,593	1,651
New Mexico Military Institute	459	487	487	492	511
Northern New Mexico College	N/A	N/A	N/A	N/A	N/A
San Juan College	3,914	3,873	3,672	3,538	4,409
Santa Fe Community College	2,175	2,229	2,252	2,391	2,648
<b>Total All Two-Year Institutions</b>	<b>22,084</b>	<b>22,488</b>	<b>22,633</b>	<b>23,243</b>	<b>25,581</b>
<b>Total All Institutions</b>	<b>75,057</b>	<b>75,441</b>	<b>76,865</b>	<b>80,876</b>	<b>87,228</b>

<sup>1</sup> Albuquerque Technical Vocational Institute's name changed to Central New Mexico Community College

Source: Information can be found at <http://hed.state.nm.us/data-reports/data-reports-1/annual-projects>  
2019 Annual Report

These numbers are by total FTE not head counts. Branches must be included in totals.

# STATE OF NEW MEXICO

## SCHEDULE D-4

	Academic Year				
	2014-15	2013-14	2012-13	2011-12	2009-2010
Eastern New Mexico University	6,327	6,489	6,862	6,874	6,587
New Mexico Highlands University	2,626	2,742	2,758	2,778	2,747
New Mexico Institute of Mining and Technology	1,805	1,766	1,694	1,598	1,552
New Mexico State University	20,630	21,752	22,756	23,418	23,632
Northern New Mexico College	870	1,061	1,186	1,254	1,352
University of New Mexico	28,277	28,586	28,557	28,542	28,337
Western New Mexico University	2,222	2,223	2,153	2,180	2,236
<b>Total All Four-Year Institutions</b>	<b>62,757</b>	<b>64,619</b>	<b>65,966</b>	<b>66,644</b>	<b>66,443</b>
Central New Mexico Community College <sup>1</sup>	14,653	15,920	15,818	16,384	16,687
Clovis Community College	1,548	1,589	1,684	1,760	1,828
Luna Community College	757	856	925	1,013	1,048
Mesalands Community College	428	423	652	597	639
New Mexico Junior College	1,698	1,651	1,626	1,966	1,923
New Mexico Military Institute	550	588	613	579	593
Northern New Mexico College	N/A	N/A	N/A	N/A	N/A
San Juan College	4,619	4,901	4,948	5,027	4,799
Santa Fe Community College	2,899	3,003	2,883	2,890	2,847
<b>Total All Two-Year Institutions</b>	<b>27,152</b>	<b>28,931</b>	<b>29,149</b>	<b>30,216</b>	<b>30,364</b>
<b>Total All Institutions</b>	<b>89,909</b>	<b>93,550</b>	<b>95,115</b>	<b>96,860</b>	<b>96,807</b>

# STATE OF NEW MEXICO

## FULL-TIME EQUIVALENT STATE EMPLOYEES BY FUNCTION SCHEDULE E-1 Last Ten Fiscal Years

	Fiscal Year				
	2020	2019	2018 As Restated	2017	2016
<b>General Government</b>					
Government Operations	1,380.0	1,336.5 <sup>1</sup>	1,334.0	1,355.0	1,190.0
Taxation and Revenue	1,072.8	1,066.8	1,078.0	1,088.0	1,096.0
<b>Human Services and Youth Corrections</b>	4,089.8	4,105.8	3,909.0	4,320.0	4,540.0
<b>Adult Corrections</b>	2,621.0	2,453.0	2,443.0	2,409.0	2,447.0
<b>Public Safety</b>	1,607.3	1,547.3	1,535.0	1,545.0	1,499.7
<b>State Courts</b>	3,542.6	3,473.4 <sup>2</sup>	3,389.0	3,375.0	3,587.4
<b>Health and Environment</b>					
Department of Health	3,769.5	3,551.5 <sup>4</sup>	3,536.0	3,792.0	3,780.0
Department of Environment	634.5	635.5	638.0	637.0	660.5
Miners Colfax Community Hospital	258.0	260.0	258.0	224.0	224.0
<b>Employment and Family Services</b>	1,405.8	1,418.3 <sup>4</sup>	1,643.0	1,435.0	623.5
<b>Natural Resources</b>	1,361.5	1,375.5	1,366.0	1,389.0	1,005.8
<b>Cultural Affairs</b>	509.3	487.9	494.0	509.0	508.8
<b>Business, Labor and Agriculture</b>	878.4	864.4 <sup>3</sup>	860.0	900.0	1,809.5
<b>Education</b>	387.2	384.2	378.0	397.0	348.3
<b>Transportation</b>	2,506.5	2,506.5	2,503.0	2,488.0	2,487.5
<b>Total Full-Time Equivalent State Employees</b>	<u>26,024.2</u>	<u>25,466.6</u>	<u>25,364.0</u>	<u>25,863.0</u>	<u>25,808.0</u>
<b>Change</b>	<u>2.1%</u>	<u>0.4%</u>	<u>-2.0%</u>	<u>0.2%</u>	<u>1.2%</u>

Source New Mexico Legislative General Appropriation Act for each fiscal year's annual appropriation. Used FY14 data in FY15 as data was not available.

NMNETLINKS

New Mexico Career Development Association

Report of the Legislative Finance Committee to the 53rd Legislature Second Session, January 2018, Vol. 2, Pg. 1-351

Report of the Legislative Finance Committee to the 54th Legislature First Session, January 2019, Vol. 2, Pg. 1-324

Report to the Legislative Finance Committee to the Fifty-Fourth Legislature, Second Session January 2020 for the 2021 Fiscal Year, Vol. 2, Pg. 1-348

Report to the Legislative Finance Committee to the Fifty-Fifth Legislature, First Session January 2020 for the 2021 Fiscal Year, Vol. 2, Pg. 1-351.

<sup>1</sup> Total FTE Positions for Attorney General included in Government Operations for 2017 is based on 2016 as 2017 was not available

<sup>2</sup> Total FTE Positions for 4th, 5th, 8th, 9th, and 10th Judicial District Attorneys included in State Courts for 2018 is based on 2017 as 2018 was not available

<sup>3</sup> Total FTE Positions for Gaming Control Board included in Business, Labor and Agriculture for 2018 is based on 2017 as 2018 was not available

<sup>4</sup> Throughout 2018, approximately 222 FTE Positions were transferred from the Department of Health to the Department of Veterans' Services for certain functions including IT Infrastructure, financial oversight and electronic health record.

# STATE OF NEW MEXICO

## SCHEDULE E-1

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>General Government</b>					
Government Operations	1,203.5	1,203.5	1,228.5	1,215.0	1,255.3
Taxation and Revenue	1,109.0	1,109.0	1,136.0	1,136.0	1,150.5
Human Services and Youth Corrections	4,384.1	4,384.1	4,225.1	4,357.1	4,323.1
Adult Corrections	2,453.0	2,453.0	2,453.5	2,490.5	2,490.5
Public Safety	1,452.7	1,452.7	1,456.7	1,467.7	1,474.5
State Courts	3,471.0	3,471.0	3,497.8	3,490.1	3,503.1
<b>Health and Environment</b>					
Department of Health	3,791.0	3,791.0	3,946.0	3,941.0	4,098.0
Department of Environment	660.5	660.5	671.5	673.0	685.0
Miners Colfax Community Hospital	224.0	224.0	224.0	225.0	225.0
Employment and Family Services	618.5	618.5	626.5	624.5	652.5
Natural Resources	967.8	967.8	1,018.8	1,012.3	962.3
Cultural Affairs	507.8	507.8	505.5	536.7	534.2
Business, Labor and Agriculture	1,813.6	1,813.6	1,734.7	1,799.4	1,845.7
Education	350.3	350.3	364.8	418.8	412.2
Transportation	2,489.5	2,489.5	2,502.5	2,502.2	2,504.5
<b>Total Full-Time Equivalent State Employees</b>	<u>25,496.3</u>	<u>25,496.3</u>	<u>25,591.9</u>	<u>25,889.3</u>	<u>26,116.4</u>
Change	<u>0.0%</u>	<u>-0.4%</u>	<u>-1.2%</u>	<u>-0.9%</u>	<u>-0.8%</u>

# STATE OF NEW MEXICO

## OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2020,	2019, as Restated	Fiscal Year 2018, as Restated	2017, as Restated	2016, as Restated
<b>General Government</b>					
<b>Operations</b>					
Public Employees' Retirement Fund's National Performance Ranking Percentile (Ten-Year Annualized) <sup>8 11 24 39 43 50</sup>	40th	39th	39 <sup>th</sup>	39 <sup>th</sup>	30 <sup>th</sup>
<b>Taxation</b>					
% of Electronically Filed Personal Income Tax Returns <sup>9 14 15 19 23 37 44, 47</sup>	90%	88%	87%	86%	85%
% of Motor Vehicle Registrations Issued (with Liability Insurance) <sup>14 15 19 23 37 44 47</sup>	91%	90%	90%	90%	92%
Amount of Delinquent Property Tax Collected and Distributed to Counties in millions <sup>8 10 14 15 19 23 37 44 47</sup>	\$10.4	\$12.9	\$14.6	\$11.5	\$11.6
<b>Regulation</b>					
# of Vehicular Port Traffic at New Mexico Ports <sup>10 14 15 18 26 38 45 48</sup>	937,119	1,548,500	1,597,023	1,571,366	1,589,396
Nursing Licenses Issued <sup>10 15 18 25, 40 46 49</sup>	18,918	24,711	19,340	16,872	16,251
Tri-Annual Physician Licenses Issued <sup>10 14 15 18 27 38 45 48</sup>	4,303	4,086	4,059	4,116	3,744
Biennial Physician Assistant Licenses Issued <sup>10 15 18 27 38 45 48</sup>	629	556	487	455	451
<b>Public Safety</b>					
Inspection/Audit Hours by State Fire Marshall and Pipeline Safety Bureau <sup>10 14 15 19 28 41 45 48</sup>	NA	NA	19,500	16,590	10,408
# of Traffic Fatalities <sup>9 14 15 18 23 37 44 47</sup>	418	417	369	383	366
# of Driving While Intoxicated Fatalities <sup>9 14 15 18 23 37 44 47</sup>	142	157	143	163	149
# of Driving While Intoxicated Arrests <sup>9 14 15 18 23 37 44 47</sup>	1,647	2,171	2,574	N/A	N/A
<b>Education</b>					
<b>Public</b>					
# of High School Graduates (4 year) <sup>1 29 42</sup>	25,995	26,092	26,288	26,587	25,926
Student Dropout Rate for Grades 9 - 12 <sup>2 30 42 52</sup>	NA	NA	NA	3.80%	4.4%
Public School Capital Outlay Allocation (\$ Millions) <sup>4</sup>	N/A	N/A	N/A	N/A	546
<b>Higher</b>					
Graduation Rate of Bachelor Degree Students (Period of Six Years for Completion) <sup>8 10 14 15 38 45 48</sup>	56%	54%	50%	49%	48%
% of First Time Freshman Lottery Scholarship Recipients at Four-Year Institutions Who Complete Within Six Years <sup>8 10 14 15 21</sup>	N/A	N/A	N/A	N/A	75%



STATE OF NEW MEXICO

SCHEDULE E-2

	2015, as Restated	2014, as Restated	Fiscal Year 2013, as Restated	2012, as Restated	2011, as Restated
<b>General Government</b>					
<b>Operations</b>					
Public Employees' Retirement Fund's National Performance Ranking Percentile (Ten-Year Annualized) <sup>8 11 24 39 43 50</sup>	36 <sup>th</sup>	30 <sup>th</sup>	30 <sup>th</sup>	50 <sup>th</sup>	49 <sup>th</sup>
<b>Taxation</b>					
% of Electronically Filed Personal Income Tax Returns <sup>9 14 15 19 23 37 44, 47</sup>	92%	90%	85%	82%	63%
% of Motor Vehicle Registrations Issued (with Liability Insurance) <sup>14 15 19 23 37 44 47</sup>	91%	91%	91%	92%	91%
Amount of Delinquent Property Tax Collected and Distributed to Counties in millions <sup>8 10 14 15 19 23 37 44 47</sup>	\$10.4	\$13.1	\$12.4	\$11.0	\$6.5
<b>Regulation</b>					
# of Vehicular Port Traffic at New Mexico Ports <sup>10 14 15 18 26 38 45 48</sup>	1,463,046	1,279,179	824,824	766,671	830,000
Nursing Licenses Issued <sup>10 15 18 25, 40 46 49</sup>	14,854	14,551	15,081	14,500	13,576
Tri-Annual Physician Licenses Issued <sup>10 14 15 18 27 38 45 48</sup>	3,841	3,945	3,661	3,000	2,707
Biennial Physician Assistant Licenses Issued <sup>10 15 18 27 38 45 48</sup>	476	436	398	225	262
<b>Public Safety</b>					
Inspection/Audit Hours by State Fire Marshall and Pipeline Safety Bureau <sup>10 14 15 19 28 41 45 48</sup>	14,775	18,202	11,564	37,919	39,334
# of Traffic Fatalities <sup>9 14 15 18 23 37 44 47</sup>	347	343	304	395	306
# of Driving While Intoxicated Fatalities <sup>9 14 15 18 23 37 44 47</sup>	155	137	120	169	89
# of Driving While Intoxicated Arrests <sup>9 14 15 18 23 37 44 47</sup>	N/A	N/A	N/A	2,479	3,309
<b>Education</b>					
<b>Public</b>					
# of High School Graduates (4 year) <sup>1 29 42</sup>	25,863	25,170	25,903	26,096	26,191
Student Dropout Rate for Grades 9 - 12 <sup>2 30 42 52</sup>	4.4%	4.3%	5.0%	4.4%	4.8%
Public School Capital Outlay Allocation (\$ Millions) <sup>4</sup>	895	457	483	136	NA
<b>Higher</b>					
Graduation Rate of Bachelor Degree Students (Period of Six Years for Completion) <sup>8 10 14 15 38 45 48</sup>	48%	48%	43%	40%	43%
% of First Time Freshman Lottery Scholarship Recipients at Four-Year Institutions Who Complete Within Six Years <sup>8 10 14 15 21</sup>	72%	73%	72%	73%	71%



# STATE OF NEW MEXICO

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	2020,	Fiscal Year			
		2019, as Restated	2018, as Restated	2017, as Restated	2016, as Restated
<b>Health and Human Services</b>					
% of Children Receiving Services in Medicaid Managed Care <sup>10 14 15 23 38 44 47</sup>	73%	75%	72%	85%	85%
% of Child Support Collected of Support Owed <sup>9 14 15 18 23 38 45 48</sup>	59%	58%	57%	56%	56%
# of Homeless Veterans Provided Shelter (Period of Two Weeks or More) <sup>8 10 14 15 21 31</sup>	N/A	N/A	N/A	503	491
% of Children Adopted within 24 Months of Entry into Foster Care <sup>8 10 14 15 23 37 44 48 (Split into two time periods for 2020)</sup>	36%	27%	28%	25%	23%
% of Abused Children with Repeat Maltreatment <sup>9 14 15 23 38 45 48</sup>	14%	17%	15%	15%	12%
% of Preschoolers Fully Immunized <sup>9 14 15 18 45 48</sup>	63%	64%	61%	72%	NA
# of Operating School-Based Health Centers <sup>13 14 15 32</sup>	79	73	73	70	72
Average Patient Length of Stay for Acute Care Facility (Miners' Colfax Hospital) <sup>18 21 26 45 48</sup>	4	5	5	5	3
<b>Corrections</b>					
<b>Juvenile</b>					
% Juveniles Earning Education Credits While Incarcerated <sup>8</sup>	NA	NA	NA	NA	NA
% of Juveniles Who Complete Formal Probation <sup>23 37 38 44 47</sup>	94%	86%	86%	83%	85%
% of Juveniles Recommitted to a Youth Detention Facility <sup>9 14 15 17 23 37 4</sup>	20%	20%	20%	7%	10%
<b>Adult</b>					
Turnover Rate of Correctional Officers <sup>9 14 15 18 23 38 45 48</sup>	2%	25%	28%	2%	10%
Success Rate Recidivism of Offenders Enrolled in After Release Program (36 months) <sup>9 14 15 23 37 45 48</sup>	46%	46%	51%	50%	46%
% of Prisoners Reincarcerated within 36 Months After Release <sup>10 14 15 17 23 37 44 45 48</sup>	54%	54%	49%	50%	46%
<b>Culture and Recreation</b>					
# of Visits to Visitor Information Centers (Millions) <sup>8</sup>	N/A	N/A	N/A	N/A	N/A
# of Unique Website Visitor Sessions (Millions) <sup>8 23 45 48</sup>	2.4	2.4	0.4	0.4	0.6
Circulation Rate for New Mexico Magazine <sup>8 9 14 15 18 33 38 44 47</sup>	70,000	70,000	70,000	70,000	75,000
Attendance to Museum Exhibitions, Performances, Films, Programs <sup>8 10 14 15 34 38 45 48</sup>	827,895	826,969	855,789	779,810	745,101
% of Public Hunting Licenses Drawn by New Mexico Resident Hunters <sup>8 10 14 15 18 36 38 45 48</sup>	88%	84%	84%	84%	84%
Fish Output from Hatchery System (in Pounds) <sup>5 7 8 10 14 15 35 38 45 48</sup>	666,738	670,851	646,175	681,103	638,594
# of Visitors to State Parks (Millions) <sup>8 9 14 15 23 44 47</sup>	4	5	5	5	5
<b>Natural Resources, Environment</b>					
# of Inspections of Oil and Gas Wells and Associated Facilities <sup>8 14 15 23 37</sup>	36,852	31,043	42,880	37,648	49,624
% of Required Mine Inspection Conducted <sup>8 14 15 23 37 45 48</sup>	88%	88%	95%	97%	97%
% of Abandoned Uranium Mines with Current Site Assessments <sup>8</sup>	N/A	N/A	N/A	N/A	N/A
% of Landfills Meeting Groundwater Monitoring Requirements <sup>14 15 23 37 44 47</sup>	97%	99%	96%	97%	100%
# of Wildlife Habitat Acres Conserved or Enhanced <sup>8 20 35</sup>	192,000	192,000	192,000	192,000	NA
# of Threatened/Endangered Species Monitored/Involved in Recovery Process changed to % of Endangered Species in 2017 <sup>8 10 14 15 38 45 48</sup>	51%	48%	41%	52%	N/A

# STATE OF NEW MEXICO

## SCHEDULE E-2 (CONTINUED)

	Fiscal Year				
	2015, as Restated	2014, as Restated	2013, as Restated	2012, as Restated	2011, as Restated
<b>Health and Human Services</b>					
% of Children Receiving Services in Medicaid Managed Care <sup>10 14 15 23 38 44 47</sup>	86%	80%	70%	70%	60%
% of Child Support Collected of Support Owed <sup>9 14 15 18 23 38 45 48</sup>	56%	56%	56%	57%	57%
# of Homeless Veterans Provided Shelter (Period of Two Weeks or More) <sup>8 10 14 15 21 31</sup>	360	360	132	173	300
% of Children Adopted within 24 Months of Entry into Foster Care <sup>8 10 14 15 23 37 44 48 (Split into two time periods for 2020)</sup>	32%	32%	31%	35%	28
% of Abused Children with Repeat Maltreatment <sup>9 14 15 23 38 45 48</sup>	11%	11%	9%	8%	9%
% of Preschoolers Fully Immunized <sup>9 14 15 18 45 48</sup>	76%	72%	72%	76%	65%
# of Operating School-Based Health Centers <sup>13 14 15 32</sup>	80	80	80	82	84
Average Patient Length of Stay for Acute Care Facility (Miners' Colfax Hospital) <sup>18 21 26 45 48</sup>	3	3	3	4	4
<b>Corrections</b>					
<b>Juvenile</b>					
% Juveniles Earning Education Credits While Incarcerated <sup>8</sup>	NA	NA	NA	55%	47%
% of Juveniles Who Complete Formal Probation <sup>23 37 38 44 47</sup>	83%	NA	NA	90%	92%
% of Juveniles Recommitted to a Youth Detention Facility <sup>9 14 15 17 23 37 4</sup>	8%	10%	9%	12%	11%
<b>Adult</b>					
Turnover Rate of Correctional Officers <sup>9 14 15 18 23 38 45 48</sup>	13%	10%	8%	11%	13%
Success Rate Recidivism of Offenders Enrolled in After Release Program (36 months) <sup>9 14 15 23 37 45 48</sup>	47%	36%	28%	37%	35%
% of Prisoners Reincarcerated within 36 Months After Release <sup>10 14 15 17 23 37 44 45 48</sup>	23%	47%	47%	40%	40%
<b>Culture and Recreation</b>					
# of Visits to Visitor Information Centers (Millions) <sup>8</sup>	N/A	NA	N/A	1.3	1
# of Unique Website Visitor Sessions (Millions) <sup>8 23 45 48</sup>	0.8	NA	NA	2	3
Circulation Rate for New Mexico Magazine <sup>8 9 14 15 18 33 38 44 47</sup>	92,148	89,556	91,197	94,221	90,000
Attendance to Museum Exhibitions, Performances, Films, Programs <sup>8 10 14 15 34 38 45 48</sup>	823,450	851,101	826,912	830,000	845,000
% of Public Hunting Licenses Drawn by New Mexico Resident Hunters <sup>8 10 14 15 18 36 38 45 48</sup>	84%	87%	86%	80%	80%
Fish Output from Hatchery System (in Pounds) <sup>5 7 8 10 14 15 35 38 45 48</sup>	637,200	634,779	621,721	592,247	455,000
# of Visitors to State Parks (Millions) <sup>8 9 14 15 23 44 47</sup>	4	4	3.8	4	4
<b>Natural Resources, Environment</b>					
# of Inspections of Oil and Gas Wells and Associated Facilities <sup>8 14 15 23 37</sup>	47,539	38,920	37,707	35,147	27,816
% of Required Mine Inspection Conducted <sup>8 14 15 23 37 45 48</sup>	97%	94%	100%	100%	100%
% of Abandoned Uranium Mines with Current Site Assessments <sup>8</sup>	N/A	N/A	N/A	50%	50%
% of Landfills Meeting Groundwater Monitoring Requirements <sup>14 15 23 37 44 47</sup>	95%	96%	100%	95%	97%
# of Wildlife Habitat Acres Conserved or Enhanced <sup>8 20 35</sup>	NA	NA	NA	100,000	180,331
# of Threatened/Endangered Species Monitored/Involved in Recovery Process changed to % of Endangered Species in 2017 <sup>8 10 14 15 38 45 48</sup>	35	35	39	35	35

# STATE OF NEW MEXICO

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

		Fiscal Year			
	2020,	2019, as Restated	2018, as Restated	2017, as Restated	2016, as Restated
<b>Business, Labor, and Agriculture</b>					
% of Adults Who Entered Employment in 1 <sup>st</sup> Quarter of Receiving Training Services (Changed in 2013 to Percent of Individuals Who Have Received Employment Services Retaining Employment After Six Months) <sup>9 14 15 17 19 23 37 45 48</sup>	69%	79%	79%	78%	80%
# of Rural Jobs Created <sup>9 14 15 23 37 45 48</sup>	460	1,376	2,414	775	641
# of Media Industry Worker Days <sup>9 14 15 18 37 45 48</sup>	102,376	319,814	259,961	448,304	260,307
Changed to "Direct Spending by Industry productions (\$ Millions) <sup>14 23 37 45 48</sup>	\$257	\$525	\$234	\$505	\$387
Economic Impact of Media Industry Productions (\$ Millions) <sup>5 6 9 15 23</sup>	NA	NA	NA	NA	NA
<b>Highways and Transportation</b>					
# of System wide Miles in Deficient Condition <sup>9 14 15 23 37 45 48</sup>	4,420	3,783	4,675	4,675	4,515
# of Traffic Fatalities per 100 Million Vehicle Miles Traveled <sup>5 7 8 12 51</sup>	1.53	1.30	1.43	1.16	1.18
# of Statewide Improved Pavement Surface Miles <sup>5 6 9 14 15 23 37 45 48</sup>	3,970	3,143	2,854	3,668	2,457

		Fiscal Year			
	2015, as Restated	2014, as Restated	2013, as Restated	2012, as Restated	2011, as Restated
<b>Business, Labor, and Agriculture</b>					
% of Adults Who Entered Employment in 1 <sup>st</sup> Quarter of Receiving Training Services (Changed in 2013 to Percent of Individuals Who Have Received Employment Services Retaining Employment After Six Months) <sup>9 14 15 17 19 23 37 45 48</sup>	80%	75%	74%	72%	86%
# of Rural Jobs Created <sup>9 14 15 23 37 45 48</sup>	726	1,562	1,440	1,542	958
# of Media Industry Worker Days <sup>9 14 15 18 37 45 48</sup>	298,398	189,782	216,461	143,046	181,366
Changed to "Direct Spending by Industry productions (\$ Millions) <sup>14 23 37 45 48</sup>	\$286	\$162	\$641	\$674	\$697
Economic Impact of Media Industry Productions (\$ Millions) <sup>5 6 9 15 23</sup>	NA	NA	NA	NA	NA
<b>Highways and Transportation</b>					
# of System wide Miles in Deficient Condition <sup>9 14 15 23 37 45 48</sup>	4,250	3,896	8,287	3,837	3,407
# of Traffic Fatalities per 100 Million Vehicle Miles Traveled <sup>5 7 8 12 51</sup>	1.09	1.51	1.21	1.43	1.38
# of Statewide Improved Pavement Surface Miles <sup>5 6 9 14 15 23 37 45 48</sup>	2,611	2,889	3,139	2,750	4,000

# STATE OF NEW MEXICO

## SCHEDULE E-2 (CONTINUED)

Sources: Various departments of the State of New Mexico

- <sup>1</sup> New Mexico Public Education Website - New Mexico High School Graduation - Graduation Rates
- <sup>2</sup> [New Mexico Dropout Report published by New Mexico Public Education Department](#)
- <sup>4</sup> New Mexico Public Schools Finance Authority
- <sup>8</sup> [Report of the Legislative Finance Committee to the 50th Legislature Second Session](#), January 2012, Vol. II, Pg. 92, 93, 95, 99, 100, 101, 102, 103, 104, 105, 106, 108, 112, 113, 114, 122, 123, 172, 178, 187, 188, 194, 262, 287, 291, 303, 322, 323, 336, 338
- <sup>9</sup> [Report of the Legislative Finance Committee to the 51th Legislature Second Session](#), January 2014, Vol. I, Pg. 89, 98, 99, 100, 101, 105, 108, 112, 115, 116, 124, 125, 132, 133
- <sup>10</sup> [Report of the Legislative Finance Committee to the 51th Legislature Second Session](#), January 2014, Vol. II, Pg. 41, 59, 121, 150, 157, 159, 185, 230, 276, 278, 283, 330, 332
- <sup>11</sup> [Pension fund rankings by state-Crain's Chicago Bs](#), <http://www.chicagobusiness.com/article/20130110/NEWS07/130109847/pension-fund-rankings-by-state-were-no-50>
- <sup>12</sup> [New Mexico Transportation By The Numbers:](#)
- <sup>13</sup> [New Mexico Alliance for School-Based Health Care \(NMASBHC\): 'http://www.nmasbhc.org/index.html](#)
- <sup>14</sup> [Report of the Legislative Finance Committee to the 52th Legislature Second Session](#), January 2015, Vol. I, Pg. 88, 90, 98, 99, 100, 101, 105, 108, 112, 113, 116, 117, 121, 122, 123, 129, 130; Vol II pg. 126, 134, 136, 149, 156, 158, 176, 184, 226, 285, 307, 324, 342, 344
- <sup>15</sup> [Report of the Legislative Finance Committee to the 52th Legislature Second Session](#), January 2016, Vol. II, Pg. 152, 327, 343, 356, 505
- <sup>17</sup> [Report of the Legislative Finance Committee to the 53rd Legislature First Session](#), January 2017, Vol. I, Pg. 91, 103, 116
- <sup>18</sup> [Report of the Legislative Finance Committee to the 53rd Legislature First Session](#), January 2017, Vol. II, Pg. 115, 143, 145, 215, 237, 243, 264, 277, 283,
- <sup>19</sup> [Report of the Legislative Finance Committee to the 50th Legislature First Session](#), January 2011, Vol. II, Pg. 157, 243
- <sup>21</sup> [Report of the Legislative Finance Committee to the 52nd Legislature First Session](#), January 2015, Vol. II, Pg. 261, 285, 343
- <sup>22</sup> [Mercatus Center - George Mason University, www.mercatus.org/statefiscalrankings](#)
- <sup>23</sup> [Report of the Legislative Finance Committee to the 54rd Legislature First Session](#), January 2018, Vol. I, Pg. 36, 94-98, 100-101, 103-104, 114, 119-120, 122-124, 131-132
- <sup>24</sup> [Pension Fund Programs Worsen in 43 States](#), by Laurie Meisler, [www.bloomberg.com/graphics/2017-state-pension-funding](http://www.bloomberg.com/graphics/2017-state-pension-funding)
- <sup>25</sup> [New Mexico Board of Nursing - Annual Governor's Report FY 2017, Pg 12](#)
- <sup>26</sup> [Report of the Legislative Finance Committee to the 54rd Legislature First Session](#), January 2018, Vol. II, Pg. 121, 240
- <sup>27</sup> [New Mexico Medical Board - E-mailed](#)
- <sup>28</sup> [New Mexico Public Regulation Commission - Annual Report FY 2017, Pg. 14, 16](#)
- <sup>29</sup> [New Mexico Public Education Website - New Mexico High School Graduation - Graduation Rates \\$ Year Graduation Rate Cohort 2017](#)
- <sup>30</sup> [New Mexico Public Education E-Mail - CFO](#)
- <sup>31</sup> [New Mexico Veterans' Services Department Performance Measures Summary, Pg. 1](#)
- <sup>32</sup> [New Mexico Alliance for School Based Health Care, www.nmasbhc.org/SBHC Locator](#)
- <sup>33</sup> [New Mexico Magazine - E-Mail Circulation Manager](#)
- <sup>34</sup> [New Mexico Department of Cultural Affairs - E-mail](#)
- <sup>35</sup> [New Mexico Department of Game and Fish Annual Report, Pg. 6, 9](#)
- <sup>36</sup> [New Mexico Department of Game & Fish - Website, www.wildlife.state.nm.us/hunting/applications-and-draws-information](#)
- <sup>37</sup> [Report of the Legislative Finance Committee to the 54th Legislature First Session](#), January 2019, Vol. I, Pg. 107, 109-110, 114, 127, 135-136, 145, 147, 155, 156
- <sup>38</sup> [Report of the Legislative Finance Committee to the 54th Legislature First Session](#), January 2019, Vol. II, Pg. 118, 120, 136, 144, 146, 169, 177, 218, 222, 245, 275, 276, 286, 336
- <sup>39</sup> [Pension Fund Outlook Brightens in 41 States](#), by Danielle Moran, [www.bloomberg.com/graphics/2018-state-pension-funding](http://www.bloomberg.com/graphics/2018-state-pension-funding)
- <sup>40</sup> [New Mexico Board of Nursing - Annual Report FY 2018, Pg 4](#)
- <sup>41</sup> [New Mexico Public Regulation Commission - Annual Report FY 2018, Pg. 22+F45](#)
- <sup>42</sup> [New Mexico Public Education Website - New Mexico High School Graduation - Graduation Rates \\$ Year Graduation Rate Cohort 2019](#)
- <sup>43</sup> [Money - Is your money safe? These states are getting hit hardest by pension crisis. 10/15/2019.](#)
- <sup>44</sup> [Report of the Legislative Finance Committee to the 54th Legislature Second Session](#), January 2020, Vol. I, Pg. 109-110, 121-122, 127, 134, 143, 148-149, 156-158
- <sup>45</sup> [Report of the Legislative Finance Committee to the 54th Legislature Second Session](#), January 2020, Vol. II, Pg. 122-123, 125-126, 129-130, 132, 144, 174, 182, 190, 238, 243, 261, 290-291, 302-303, 324-
- <sup>46</sup> [New Mexico Board of Nursing - Annual Report FY 2019, Pg 45-](#)
- <sup>47</sup> [Report of the Legislative Finance Committee to the 55th Legislature First Session](#), January 2021, Vol. I, Pg. 116, 121, 128, 144, 150-151, 153, 155-158, 166-167
- <sup>48</sup> [Report of the Legislative Finance Committee to the 55th Legislature First Session](#), January 2021, Vol. II, Pg. 124, 126, 132, 133, 145, 151, 153, 172, 181, 188, 237, 242, 259, 266, 289, 300, 303, 326, 356
- <sup>49</sup> [New Mexico Board of Nursing - Annual Report FY 20120 Pg 29](#)
- <sup>50</sup> <https://ipfusa.org/wp-content/uploads/2019/08/Public-Pension-Performance-IPFI-August2019.pdf> pg. 10-12
- <sup>51</sup> <https://www.ihs.org/topics/fatality-statistics/detail/state-by-state>
- <sup>52</sup> <https://datacenter.kidscount.org/data/tables/7958-dropout-rates>

Note: The State of New Mexico passed the Accountability in Government Act, NMSA 6-3A, in 1999. Efforts have been made in identifying and determining performance measurements since that time. Agencies began tracking and calculating these performance measurements beginning in fiscal year 2004. These operating indicators will continue to be tracked in the future in order to reach a ten year historical comparison.

N/A <sup>1</sup> Measure deleted in FY09 or a latter Fiscal Year and replaced by different criteria.

NA Information not available



# STATE OF NEW MEXICO

## CAPITAL ASSETS STATISTICS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>General Government</b>					
Buildings	110	110	110	110	110
Vehicles	40	N/A	N/A	N/A	N/A
<b>Public Safety</b>					
Buildings (not inc. POE'S)	29	29	29	29	29
Vehicles	846	1,275	1,256	900	921
Ports of Entry	8	8	8	8	6
<b>Health and Human Services</b>					
Buildings - General Administrative	302	302	34	34	4
Buildings - Program					
Juvenile Reintegration Center	4	4	4	4	3
Medical Center/Hospital	55	54	57	58	53
Rehabilitation Facility	5	5	5	5	7
Veterans' Center	16	16	16	16	1
Vehicles	511	871	871	400	426
<b>Corrections</b>					
Buildings	406	406	330	330	330
Vehicles	257	439	347	320	355
<b>Culture and Recreation</b>					
Vehicles	60	55	54	40	45
Museums	14	13	9	9	4
Monuments	8	8	7	7	6
<b>Natural Resources, Environment</b>					
Vehicles	196	261	280	340	380
State Parks	35	35	35	35	35
Wildlife Management Areas (Acres)	192,000	192,000	192,000	192,000	171,241
Fish Hatcheries	6	6	6	6	6
<b>Education Vehicles</b>					
Vehicles	5	N/A	N/A	N/A	N/A
<b>Highways and Transportation</b>					
Highway Lane Miles	12,272	12,272	12,272	12,272	26,598
Vehicles/Heavy Equipment	6,500	6,500	6,500	6,500	6,417

Sources: New Mexico General Services Department, Property Control Division and Public Information Office;

New Mexico Game and Fish Department, Administrative Services

New Mexico Energy and Minerals Department, Administrative Services Division;

New Mexico Department of Transportation, ; dot.state.nm.us/content/nmdot/en/Operations.html

Office of Employee Support and Development

New Mexico Health and Human Services Department, Administrative Services Division;

New Mexico Corrections Department, Administrative Services Division;

New Mexico Children, Youth and Families Department, Administrative Services Division;

New Mexico Department of Cultural Affairs, Administrative Services Division;

New Mexico Department of Public Safety, Administrative Services Division;

[State of New Mexico Report of the Legislative Finance Committee to the 54th Legislature Second](#)

[Session, Vol. I, January 2019.](#)

[en.wikipedia.org/wiki/List\\_of\\_hospitals\\_in\\_New\\_Mexico](http://en.wikipedia.org/wiki/List_of_hospitals_in_New_Mexico)

[en.wikipedia.org/wiki/List\\_of\\_New\\_Mexico\\_state\\_parks](http://en.wikipedia.org/wiki/List_of_New_Mexico_state_parks)

[www.newmexicoculture.org](http://www.newmexicoculture.org); [nmdvs.org/field-offices](http://nmdvs.org/field-offices)

[www.sp.nm.gov/port-of-entry](http://www.sp.nm.gov/port-of-entry)

Number of Juvenile Centers in New Mexico (Bing)

Number of rehabilitation facility in New Mexico (Bing)

<http://www.nmhistoricsites.org/>

<http://www.emnrd.state.nm.us/SPD/FindaPark.html>

# STATE OF NEW MEXICO

## SCHEDULE E-3

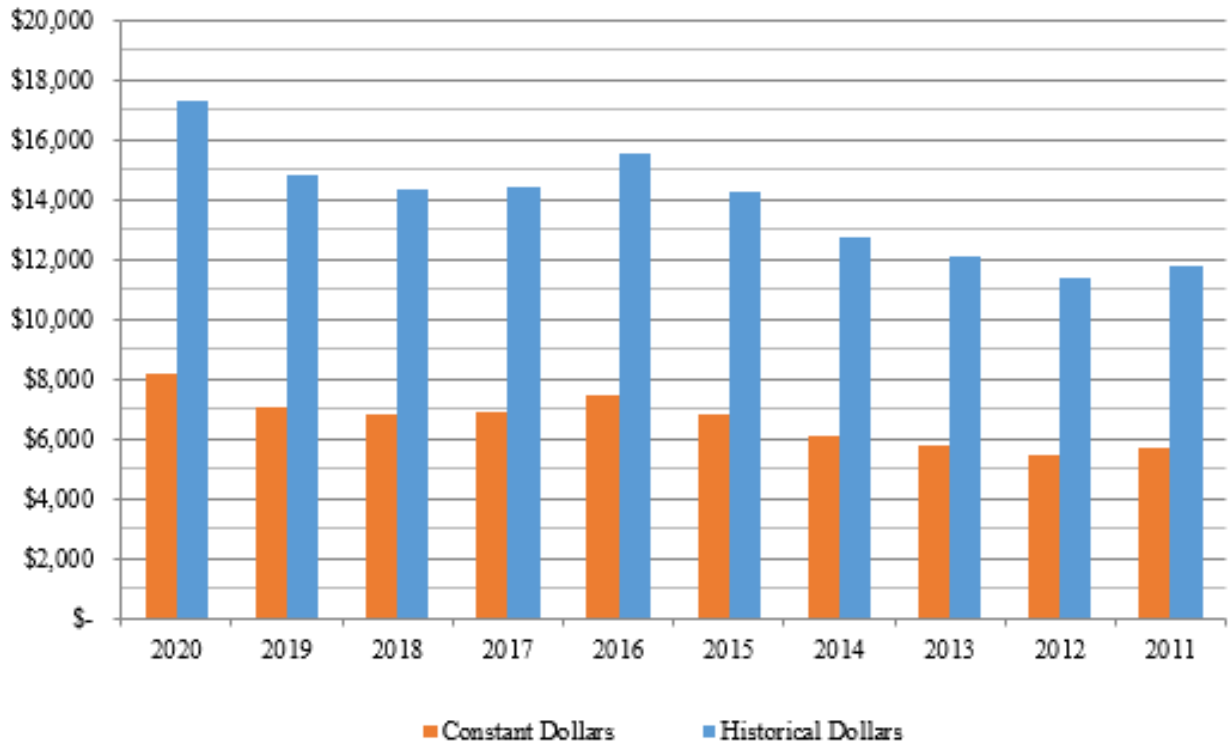
	Fiscal Year				
	2015	2014	2013 as Restated	2012 as Restated	2011 as Restated
<b>General Government</b>					
Buildings	110	110	110	110	110
Vehicles	N/A	N/A	N/A	N/A	N/A
<b>Public Safety</b>					
Buildings (not inc. POE'S)	29	29	29	29	29
Vehicles	921	921	921	921	935
Ports of Entry	6	6	16	16	16
<b>Health and Human Services</b>					
Buildings - General Administrative	4	4	34	34	34
Buildings - Program					
Juvenile Reintegration Center	3	3	3	3	3
Medical Center/Hospital	53	53	253	253	253
Rehabilitation Facility	7	7	7	7	7
Veterans' Center	1	1	11	11	11
Vehicles	426	426	426	426	440
<b>Corrections</b>					
Buildings	330	330	330	330	330
Vehicles	355	355	355	355	369
<b>Culture and Recreation</b>					
Vehicles	45	45	45	45	48
Museums	4	4	4	4	8
Monuments	6	6	6	6	8
<b>Natural Resources, Environment</b>					
Vehicles	380	380	380	380	383
State Parks	35	35	35	35	35
Wildlife Management Areas (Acres)	171,241	171,241	171,241	171,241	171,241
Fish Hatcheries	6	6	6	6	6
<b>Education Vehicles</b>					
Vehicles	N/A	N/A	N/A	N/A	N/A
<b>Highways and Transportation</b>					
Highway Lane Miles	26,598	26,598	26,598	26,598	26,598
Vehicles/Heavy Equipment	6,417	6,417	6,417	6,417	6,417

# STATE OF NEW MEXICO

## EXPENDITURES – HISTORICAL AND CONSTANT DOLLARS ALL GOVERNMENT FUND TYPES

## SCHEDULE F-1

Last Ten Fiscal Years



### Expenditures

Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2020	\$ 17,276	16.7%	\$ 8,224	16.4%
2019	14,809	3.3%	7,067	3.3%
2018	14,329	-0.7%	6,838	-1.1%
2017	14,434	-7.2%	6,913	-7.5%
2016	15,550	9.0%	7,472	8.9%
2015	14,268	12.1%	6,859	12.4%
2014	12,727	5.1%	6,102	5.0%
2013	12,114	6.4%	5,809	6.4%
2012	11,390	-3.7%	5,462	-4.6%
2011	11,825	3.3%	5,724	-0.7%

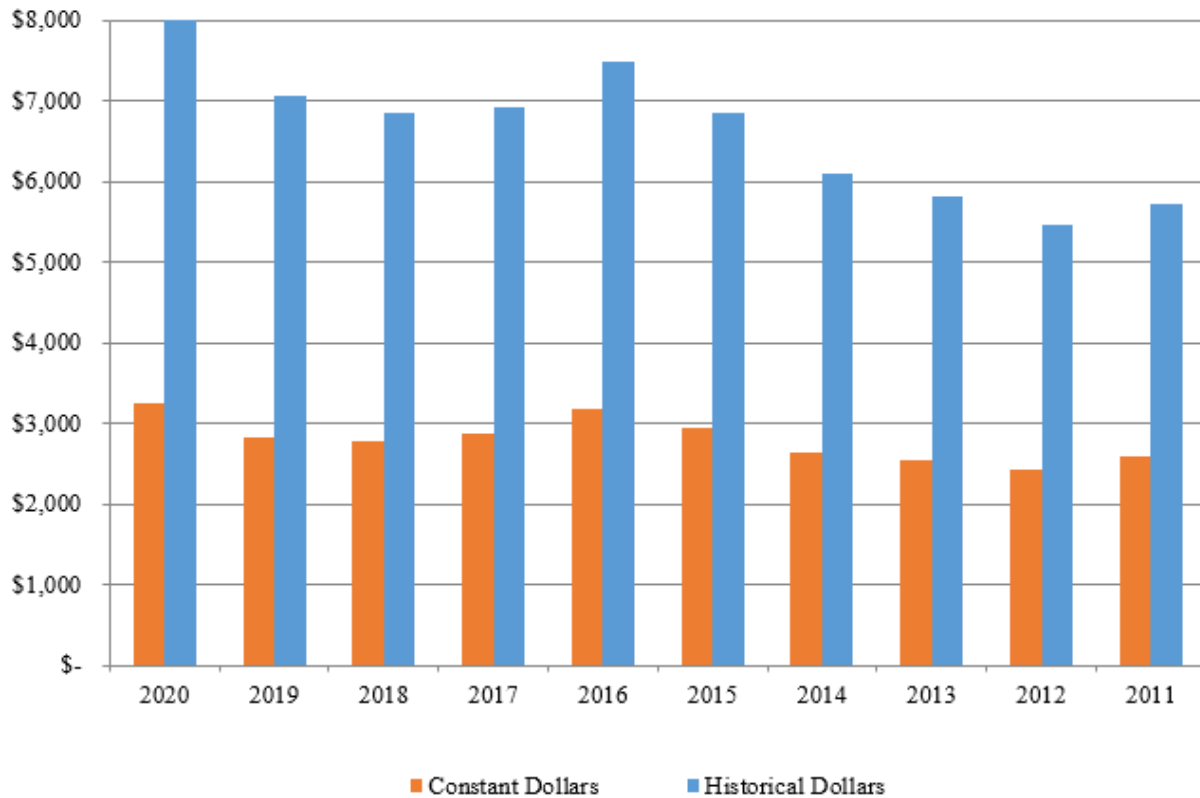
2011 through 2019 are Restated

# STATE OF NEW MEXICO

## PER CAPITA EXPENDITURES HISTORICAL AND CONSTANT DOLLARS ALL GOVERNMENT FUND TYPES

SCHEDULE F-2

Last Ten Fiscal Years



### Expenditures

Fiscal Year	Historical Dollars		Constant Dollars	
	(in Thousand)	Change	(in Thousands)	Change
2020	\$ 8,224	16.4%	\$ 3,238	15.0%
2019	7,067	3.4%	2,817	1.5%
2018	6,838	-1.1%	2,775	-3.4%
2017	6,913	-7.5%	2,874	-9.4%
2016	7,472	8.9%	3,173	7.6%
2015	6,859	12.4%	2,949	12.3%
2014	6,102	5.0%	2,627	3.4%
2013	5,809	6.4%	2,541	4.8%
2012	5,462	-4.6%	2,424	-6.5%
2011	5,724	9.4%	2,593	7.2%

2011 through 2019 are Restated



## OTHER REPORTS



**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**

The Honorable Michelle Lujan-Grisham, Governor of the State of New Mexico  
Ms. Debbie Romero, Secretary of the New Mexico Department of Finance and Administration,  
Ms. Donna M. Trujillo, State Controller of the New Mexico Department of Finance and Administration, and  
Mr. Brian Colón, New Mexico State Auditor

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of State of New Mexico, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise State of New Mexico's basic financial statements, and have issued our report thereon dated April 29, 2020. Our report includes reference to other auditors who audited the financial statements of certain components of the State, as described in our report on the State's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report includes a qualified opinion on the governmental activities opinion unit because of the matter described in the "Basis for Qualified Opinion" paragraph in our report starting on page 2.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered State of New Mexico's internal control over financial reporting (internal control) as a basis for designing 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 State of New Mexico's internal control. Accordingly, we do not express an opinion on the effectiveness of State of New Mexico'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 entity'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.

The Honorable Michelle Lujan-Grisham, Governor of the State of New Mexico  
Ms. Debbie Romero, Secretary of the New Mexico Department of  
Finance and Administration,  
Ms. Donna M. Trujillo, State Controller of the New Mexico Department  
of Finance and Administration, and  
Mr. Brian Colón, New Mexico State Auditor

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001, 2020-002, 2020-003 that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether State of New Mexico'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2020-004.

### **State of New Mexico's Response to Findings**

State of New Mexico's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. State of New Mexico's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
April 29, 2020

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2020

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### Summary of Auditors' Results

#### Financial Statements

Type of auditor's report issued: Unmodified; Modified Governmental Activities

Internal control over financial reporting:

- Material weakness(es) identified? Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes            None reported   X

Noncompliance material to financial statements noted? Yes            No   X

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2020

### Financial Statement Findings

#### 2020-001 (Original Finding # 2018-002) - Component Financial Reporting (Material Weakness in Internal Control Over Financial Reporting)

**Condition:** The financial statements of the State are considered “group financial statements” under *AU-C 600, Special Considerations – Audits of Group Financial Statements*. Whereas, “group financial statements are defined as financial statements that include the financial information of more than one component. The “component” is defined as an entity or business activity for which group or component management prepares financial information that is required by the applicable financial reporting framework to be included in the group financial statements.

The State’s financial statements consist of more than 200 components, these components consist of state agencies/entities under each of the three branches of the government (Executive, Judicial, Legislative), various boards and commissions of the State, various educational institutions as established by the State’s constitution, and various other entities that are legally separate from the State that meet the criteria of a component unit of the State under GASB codification. Examples of component units included in the State’s financial statement include the finance authorities, the lottery, foundations of aforementioned educational institutions, and numerous state authorized charter schools and their related foundations. All components of the State are separately audited and issue separate stand-alone financial statements. The following represent some of the more significant issues identified at the component level that have an impact on state-wide reporting:

- As reported in the separate audit of the Office of Superintendent of Insurance, a non-significant component of the State, management of the agency recognizes plan participant surcharges on the cash basis of accounting in the Patient’s Compensation Fund (a component of the private-purpose trust fund of the State).
- As reported in the separate audit of the General Services Department, a significant component of the State, management of the agency has identified the records of land owned by the State are incomplete and don’t agree with the reported amounts in the financial statements. In addition, management of the agency is uncertain as to the accuracy of the dates in service for CIP projects determined to have been completed in prior years.
- As of the date of this audit report, there are three stand-alone audited financial statements that were not completed by the regulatory due date. Of these, one is a component of the General Fund, one is a component of the Educational Institutions proprietary fund, and the other is a non-major component unit. None of these are significant to the Statewide reporting entity.
- During our audit, we observed the following discrepancies and other issues when comparing the component level reporting to the State level reporting:
  - In the statement of activities for a component, approximately \$79M in revenues were classified as general revenues, whereas the State classified this amount as charges for services. This was determined to be fairly presented in the State’s financial statements, no correction required.
  - In the statement of activities for a component, approximately \$166M in revenues were classified as operating grants, whereas the State classified this amount as general revenues. This was determined to be fairly presented in the State’s financial statements, no correction required.
  - In the statement of activities for a component, approximately \$121M in revenues were classified as charges for services, whereas the State classified this amount as general revenues. This was corrected in the State’s financial statements.
  - In the statement of activities for a component, approximately \$423M in revenues were classified as capital grants, whereas the State classified this amount as operating grants. This was corrected in the State’s financial statements.

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2020

### Financial Statement Findings (Continued)

#### 2020-001 (Original Finding # 2018-002) - Component Financial Reporting (Material Weakness in Internal Control Over Financial Reporting) (Continued)

- In the statement of net position for a component, approximately \$85M was classified as a component of unrestricted net position, whereas the State classified this as a component of restricted net position. This was not corrected in the State's financial statements.
- In the fund statements for a component, approximately \$11M was classified as other financing sources, during the State's transfer reconciliation, management reclassified this to federal revenue, as there no longer was a corresponding transfer out to this component. However, a portion of this should have been accounted for as unearned revenue in the component financial statements and the State's financial statements.
- The State has established various accounts within the State's chart of accounts for those components on the State's ERP system (SHARE) to improve the consistency and accuracy of statewide reporting, however, we have observed inconsistent use of these accounts across these components.
- The State has established the Manual of Model Accounting Practices (MAPs) as the prescribed set of policies and procedures that are required to be followed for stand-alone state agencies. We noted a component of the state is not adhering to the policy to account for inventory, as required by FIN 10.1 of MAPS.

*Management's Progress for Repeat Finding: The State has made significant improvement in consolidating the information that rolls into the Annual Report. Agencies are becoming accustomed to the new accounts that must be used for transactions across components. There continued to be a few instances whereby the accounts were not utilized appropriately. We continue ongoing review and training for this process. To understand the progress made for other points of this finding, please note that while agency audits are reviewed prior to utilizing the information to prepare these statements, activity that may be miscoded by agencies are occasionally not identified until the preparation of the consolidated data due to the short timeline required to review over 200 agency audit reports. Efforts to streamline this process continue to move forward.*

**Criteria:** Per Section 6-5-2 NMSA 1978, the Division shall maintain a central system of state accounts and shall devise, formulate, approve, control and set standards for the accounting methods and procedures of all state agencies ("state agency" means any department, institution, board, bureau, commission, district or committee of the government of the state and means every office or officer of any of the above). The Division shall prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. In addition, Section 6-5-2.1 NMSA 1978 requires the Division to conduct all central accounting and fiscal reporting for the state as a whole and produce interim statewide financial reports and the state's comprehensive annual financial statements, which should be prepared in accordance with generally accepted accounting principles.

**Cause:** These issues can be attributed to the complexity of the State's reporting entity combined with the quantity of separate components and their related control environments/processes that comprise the State's financial statements. Additionally, the State may not identify a financial presentation issue at the component level prior to the release of the report. The State lacks a process to communicate with the components and their IPA of observed issues, identified post report release for correction in the subsequent year financial statements. Overall, the State lacks an effective control environment over the financial reporting of the State as a whole to facilitate the production of timely and accurate financial statements of the State.

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2020

**Effect:** The State of New Mexico is unable to properly prepare financial statements in accordance with generally accepted accounting principles in a timely manner. Furthermore, possible opinion modifications on the State's financial statements.

**Recommendation:** To improve statewide reporting impacted by component level reporting, we recommend the following:

- 1) For issues caused by inconsistent reporting between the components and the State's financial statements, we recommend the State identify those specific issues and provide specific guidance to these entities and their Independent Public Accountants (IPAs) on the required reporting and presentation.
- 2) The State should evaluate any necessary assistance that can be provided to those significant components that have received modified opinions to avoid future impacts on the State's financial statements.
- 3) For those components that report under SHARE, the State should provide additional training to those entities that are not properly using the established accounts for activity among component units and educational institutions, as necessary. The State should evaluate the established accounts and ensure all agencies know which accounts to utilize, depending on the nature of the transaction.

**Management's Response:** Information that describes the accounts to be used for component transactions is available within the accounting system and has been addressed in agency training, however inconsistencies continue to occur.

The agency modifications are difficult to address prior to year-end including those agencies that experience unresolved issues. Management will engage with those agencies that experience repeating problems in order to assist in ongoing resolution. In addition, any agency audit report that resulted in a reporting deficiency identified in these audit findings will receive a copy of such finding with a request for specific corrective action. Monitoring for fiscal management difficulty that agencies may be experiencing does occur throughout the year so that any reporting problems may be addressed prior to audit.

Training and information-sharing opportunities occur throughout the year. During fiscal year 2020, the Statewide Financial Reporting and Accountability Bureau (SFAR) conducted approximately 90 training sessions that involved all SHARE reporting entities. The Higher Education Entities do not follow MAP's and therefore are not always consistent in reporting categories. Efforts will be made to coordinate training with the Higher Education Institutes and provide information to them outlining the effects of their reporting when not consistent.

The State has made significant improvement in consolidating the information that is aggregated into the Annual Report. Agencies are more accustomed to the new accounts that must be used for transactions across components. Also, note that while agency audits are reviewed prior to utilizing the information to prepare these statements, activity that may be miscoded by agencies are occasionally not identified until the preparation of the consolidated data due to the short timeline required to review 200 agency audit reports. Efforts to streamline the process continue to move forward. The timeline to address this issue is dependent on the support received from agencies regarding their audit process regarding DFA involvement. The State Controller is responsible for resolution.

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2020

### Financial Statement Findings (Continued)

#### 2020-002 Internal Control over Government-Wide Reporting (Material Weakness in Internal Control Over Financial Reporting)

**Condition:** During the audit we evaluated the State's internal controls over government-wide financial reporting, which revealed that the State's internal controls over government-wide financial reporting were not adequate to ensure preparation of financial statements for the State in accordance with generally accepted accounting principles. The following detail some of the issues encountered during the audit, which illustrate the need for enhanced controls over government-wide financial reporting for the State in preparing financial statements in accordance with generally accepted accounting principles.

- While the State does review the activity and balances of SHARE components compared to their financial statements, its process excludes the evaluation and comparison of the classification of all key elements on the components' financial statements to the State's financial statements, specifically related to revenues on the statement of activities.
- The State requires the STB/GO bond debt to be recorded on the separate financial statements of Department of Finance and Administration (DFA), however, the debt service fund in which the severance taxes and property tax levies are recognized and accumulated for debt service are reported in the separate financial statements of the State Treasurer's Office (STO). Because of the separate reporting and the State lacking a process to identify and recognize the necessary consolidation/reclassification entries required, an approximate \$325M reclassification between restricted and unrestricted net position was required.
- The State's incorrect mapping of an account was causing approximately \$21M to be incorrectly classified as "Unemployment Taxes" instead of "Other Taxes".
- Due to inconsistent account mapping/grouping, the State reflects approximately \$625M as "Other Obligations" on the balance sheet and then classifies this amount as a component of "Other Liabilities-Current" on the statement of net position for governmental activities. In addition, we observed other inconsistencies in the line item classifications between the fund statements and the government wide statements.
- The reconciliations between the fund statements and the government-wide statements contain unreconciled variances in the amounts approximating \$2M and \$55M which is comprised of challenges reconciling capital asset activity, unavailable revenues, long-term debt activity, and other general matters that could not be attributed to specific items

**Criteria:** Per Section 6-5-2 NMSA 1978, the Division shall maintain a central system of state accounts and shall devise, formulate, approve, control and set standards for the accounting methods and procedures of all state agencies ("state agency" means any department, institution, board, bureau, commission, district or committee of the government of the state and means every office or officer of any of the above). The Division shall prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. In addition, Section 6-5-2.1 NMSA 1978 requires the Division to conduct all central accounting and fiscal reporting for the state as a whole and produce interim statewide financial reports and the state's comprehensive annual financial statements, which should be prepared in accordance with generally accepted accounting principles.

**Cause:** These issues can be attributed to the complexity of the State's reporting entity and the quantity of separate components and their related control environments/processes that comprise the State's financial statements. Additionally, there is a lack of adequate resources within the State's annual financial report unit to focus on addressing these issues throughout the year and during the financial reporting process. Overall, the State lacks an effective control environment over the financial reporting of the State as a whole to facilitate the production of timely and accurate financial statements of the State.



# STATE OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2020

### Financial Statement Findings (Continued)

#### 2020-002 Internal Control over Government-Wide Reporting (Material Weakness in Internal Control Over Financial Reporting) (Continued)

**Effect:** The State of New Mexico is unable to properly prepare financial statements in accordance with generally accepted accounting principles in a timely manner.

**Recommendation:** We recommend the State evaluate the entire approach of producing the State's government-wide financial statements and the related processes and methodology to determine which processes could be improved upon to facilitate the State's ability to produce accurate and consistent government wide financial statements. Specifically, the State should evaluate each of the identified errors and issues outlined in the condition of this finding to determine the root of the issue to facilitate an appropriate corrective action. The State should evaluate whether the previous implementation of "Hyperion," the software utilized to prepare the State's financial statements, is a contributing factor to the State's ability to produce a more timely and accurate report. Additionally, further evaluation of the classifications of components of net position on the statement of net position compared to fund balance presented on the balance sheet would improve the government-wide reconciliation process. Furthermore, the State should evaluate if additional resources within the State would improve the timeliness of the annual financial report preparation.

**Management's Response:** A review of the account mapping within the State's software system, with an emphasis on the liabilities section and on the government-wide Statement of Activities, will be undertaken by the Statewide Financial Accounting and Reporting Bureau. This review will be accompanied by a new diagram of the accounts involved, and will be used as the basis of additional training for all SFAR accountants. The result should be more consistency during the regular review of agency's audit reports versus the SHARE accounts used. This material will also be distributed to state agencies as a guide.

Additional evaluation of the components of net position versus the components of fund balance will be performed during the preparation phase. This will assist staff to develop a more logical progression from the items of fund balance to those of net position.

The reconciliation of total fund balance to total net position has usually been relatively straight-forward, but the reconciliation of the changes in fund balance to the changes in net position has been more error-prone. A comprehensive analysis of the items involved in the changes will be undertaken, with the goal of a cleaner reconciliation. The process outlined will take place in the 2021 fiscal year. The State Controller is responsible for resolution.

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2020

### Financial Statement Findings (Continued)

#### 2020-003 (Original Finding #2013-005) Internal Control over Financial Reporting (Material Weakness in Internal Control Over Financial Reporting) – Repeated

**Condition:** During the audit we evaluated the State’s internal controls over financial reporting, which revealed that the State’s internal controls over financial reporting were not adequate to ensure preparation of financial statements for the State in accordance with generally accepted accounting principles. The following detail some of the issues encountered during the audit, which illustrate the need for enhanced controls over financial reporting for the State in preparing financial statements in accordance with generally accepted accounting principles and the New Mexico State Audit Rule.

As a result of our audit procedures we identified the following errors and misstatements reflected in the initial draft of the financial statements of the State as prepared by management. All of these errors were subsequently corrected by management in the final version of the financial statements:

- The State reported all non-major enterprise fund balances under the “Restricted-Other” fund balance classification instead of classifying under the specific restricted purpose for those significant balances (i.e., Unemployment, Loans, etc.), which required a reclassification.
- The State incorrectly classified approximately \$85M of investments as cash, which required a reclassification.
- The State did not initially eliminate all interfund activity between the governmental funds and the Educational Institutions fund, which required an additional elimination entry of approximately \$15M, net.
- The State incorrectly entered data from a stand-alone education institutional into the wrong line item for presentation purposes in the statewide report, which required an adjustment of approximately \$52M between restricted and unrestricted cash balances.
- *GASB Statement No. 88, Certain Disclosures Related to Debt, Include Direct Borrowings and Direct Placements*, was effective for FY20 and was observed as being implemented at the component level with the applicable disclosures. However, management of the State initially, lacked a process to capture these disclosures from the component level financial statements for a State level disclosure in accordance with GASB 88.

As a result of our audit procedures we identified the following errors and misstatements reflected in the initial draft of the financial statements of the State as prepared by management. Management opted **not to correct** these items and are reflected as uncorrected errors in the State’s financial statements:

- Amounts reported as due from/to primary government/component units at the government wide statements should net to \$-0-, however, they don’t net to \$-0-.
- The State did not initially eliminate all interfund activity between the governmental funds and the Educational Institutions fund, which required an additional elimination entry of approximately \$15M, net. A trivial residual amount remains in the non-major business type activities in the amount of \$4K, that was not eliminated. Additionally, the State did not include in its interfund transfers reconciliation approximately \$1.2 that was transferred to the General fund from the Educational Institutions fund. This amount resides in the programmatic revenues and expenses of the respective funds.

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2020

### Financial Statement Findings (Continued)

#### 2020-003 (Original Finding #2013-005) Internal Control over Financial Reporting (Material Weakness in Internal Control Over Financial Reporting) – Repeated (Continued)

- The financial statements reflect a restatement in the amount of \$39M to the beginning net position of the governmental activities, which is identified as an adjustment related to the correction of errors. However, management is unable substantiate the actual errors that relate to this correction, and the entry was necessary to roll the net position from prior year. Overall, the State lacks an effective process around the assessment and identification of appropriate restatements at the State level and those that are a result of component level financial statements which may not be necessary to report as restatements at the State level.
- The budgetary schedule of the general fund reflects a budgeted amount of \$6.9B for operating transfers in, yet actual operating transfers in of \$25M, which is due to the State's elimination process to eliminate interfund transfers within the State's general fund for the modified accrual basis of accounting in the fund statements. However, for the budgetary presentation these eliminations should not be reflected or the budgeted transfers should also be eliminated and the State's tax revenues be reflected as revenues instead of a reconciling item. From a budgetary perspective it is apparent that either the budgeted amount or the actual amount is inaccurate.
- During our review of the State's financial statements, various inconsistencies and/or misclassifications, and rounding issues were identified and remain uncorrected.

*Management's Progress for Repeat Finding: The State has made significant improvement in consolidating the information that rolls into the Annual Report. Agencies are becoming accustomed to the new accounts that must be used for transactions across components. There continued to be a few instances whereby the accounts were not utilized appropriately. We continue ongoing review and training for this process. To understand the progress made for other points of this finding, please note that while agency audits are reviewed prior to utilizing the information to prepare these statements, activity that may be miscoded by agencies are occasionally not identified until the preparation of the consolidated data due to the short timeline required to review over 200 agency audit reports. Efforts to streamline the process continue to move forward.*

**Criteria:** Per Section 6-5-2 NMSA 1978, the Division shall maintain a central system of state accounts and shall devise, formulate, approve, control and set standards for the accounting methods and procedures of all state agencies ("state agency" means any department, institution, board, bureau, commission, district or committee of the government of the state and means every office or officer of any of the above). The Division shall prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. In addition, Section 6-5-2.1 NMSA 1978 requires the Division to conduct all central accounting and fiscal reporting for the state as a whole and produce interim statewide financial reports and the state's comprehensive annual financial statements, which should be prepared in accordance with generally accepted accounting principles.

**Cause:** These issues can be attributed to the complexity of the State's reporting entity and the quantity of separate components and their related control environments/processes that comprise the State's financial statements. Additionally, there is a lack of adequate resources within the State's annual financial report unit to focus on addressing these issues throughout the year and during the financial reporting process. Overall, the State lacks an effective control

# STATE OF NEW MEXICO

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## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2020

### Financial Statement Findings (Continued)

#### 2020-003 (Original Finding #2013-005) Internal Control over Financial Reporting (Material Weakness in Internal Control Over Financial Reporting) – Repeated (Continued)

environment over the financial reporting of the State as a whole to facilitate the production of timely and accurate financial statements of the State.

**Effect:** The State of New Mexico is unable to properly prepare financial statements in accordance with generally accepted accounting principles in a timely manner.

**Recommendation:** We recommend the State evaluate the entire approach of producing the State's financial statements and the related processes and methodology to determine which processes could be improved upon to facilitate the State's ability to produce a more timely and accurate report. Specifically, the State should evaluate each of the identified errors and issues outlined in the condition of this finding to determine the root of the issue to facilitate an appropriate corrective action. The State should evaluate whether the previous implementation of "Hyperion," the software utilized to prepare the State's financial statements, is a contributing factor to the State's ability to produce a more timely and accurate report. Furthermore, the State should evaluate if additional resources within the annual financial report unit would improve the timeliness of the annual financial report preparation.

**Management's Response:** The Department of Finance and Administration has initiated numerous accounting policy and procedural changes. Continuing issues may be attributed to the complexity of the State's reporting entity and the quantity of separate components and their related control environments/processes that comprise the State's financial statements. To mitigate complexity issues, enterprise system upgrades have included enhancements to automated transaction validation as well as adding specific accounts to the structure. These efforts have improved the quality of the Annual Report, however there remains a number of misaligned transactions at the agency level. Ongoing process reengineering, documentation, training and oversight is planned to more fully address these issues. These plans include an evaluation of the effectiveness and efficiency of currently utilized programs and electronic processes to determine the systematic value provided to the overall business process. The process will begin in the 2021 fiscal year to occur through the 2022 fiscal year. The State Controller is responsible for resolution.

# STATE OF NEW MEXICO

## SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2020

### Compliance and Other Matters

#### 2020-004 (Original Finding # 2015-001) Late Submission of Audit Report (Compliance and Other Matters)

**Condition:** The audit report for the annual financial report for the year ended June 30, 2020 was not submitted by Regulatory due date of December 31, 2020.

*Management's Progress for Repeat Finding:*

*The State has made significant improvement in consolidating the information that rolls into the Annual Report. Agencies are becoming accustomed to the new accounts that must be used for transactions across components. There continued to be a few instances whereby the accounts were not utilized appropriately. We continue ongoing review and training for this process.*

**Criteria:** Audit reports not received on or before the due date are considered to be in non-compliance with the requirements of Section 2.2.2.9.A of the State Audit Rule.

**Cause:** The State lacks an adequate financial reporting process and adequate resources to achieve the established deadline of December 31.

**Effect:** Non-compliance with the State Audit Rule; and the users of the State's financial statements did not receive the financial information in a timely manner.

**Recommendation:** We recommend the State evaluate the entire approach of producing the State's financial statements and the related processes and methodology to determine which processes could be improved to facilitate the State's ability produce a more timely and accurate report. Furthermore, the State should evaluate if additional resources within the annual financial report unit would improve the timeliness of the annual financial report preparation.

**Management's Response:** Under statute (12.6.3 NMSA 1978), every state agency must be audited annually. To avoid duplication of effort, the Comprehensive Annual Financial Report audit relies and builds upon agency audits. The existing group audit process affects timeliness, as the Consolidated Annual Financial Report development may only commence after completion of the underlying agency audits, which are generally not available until the December following fiscal year-end.

Ongoing discussions continue within the Department of Finance and Administration and the State Auditor's Office to identify opportunities to streamline and shorten the overall Report preparation process. Efforts and plans to implement feasible recommendations will occur prior to the next Annual Report submission. In addition, ongoing process reengineering, documentation, training and oversight is planned to more fully address these issues. These plans include an evaluation of the effectiveness and efficiency of currently utilized programs and electronic processes to determine the systematic value provided to the overall business process. This is ongoing and the State Controller is responsible for resolution.

# STATE OF NEW MEXICO

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## STATUS OF PRIOR YEAR AUDIT FINDINGS YEAR ENDED JUNE 30, 2020

### Financial Statement Findings

2019-001 (Original Finding #2018-002) – Component Financial Reporting (Material Weakness) – Repeated as finding #2020-001

2019-002 (Original Finding #2013-002) – Interfund, Internal, and Intra-Entity Activity and Balances (Material Weakness) - Resolved

2019-003 (Original Finding #2013-005) Internal Control over Financial Reporting (Material Weakness) – Repeated as finding # 2020-003

2019-004 (Original Finding # 2015-001) Late Submission of Audit Report (Compliance and Other Matters) - Repeated as finding #2020-004

# STATE OF NEW MEXICO

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## EXIT CONFERENCE YEAR ENDED JUNE 30, 2020

An exit conference was held with the State on April 29, 2021, via web-conference. 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

Debbie Romero, Cabinet Secretary  
Donna Trujillo, State Controller  
Renaë Herndon-Lopez, SFRAB Unit Supervisor  
John Severns, SFRAB Accountant  
James Chadburn, SFRAB Accountant  
Richard Torrence, SFRAB Accountant  
Lisa Jennings, SFRAB Accountant  
Debbie O'Dell, SFRAB Accountant  
Lori Narvaiz, SFRAB Accountant

### CLIFTONLARSONALLEN LLP

Matt Bone, CPA, CGFM, CGMA, Principal  
Laura Beltran-Schmitz, CPA, CGFM, CFE, CICA, Director

### OFFICE OF THE STATE AUDITOR

Natalie Cordova, CPA, Deputy State Auditor  
Lynette Kennard, CPA, CGFM, Financial Audit Director  
Kusum Adhikari, CGFM Audit Supervisor

## PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by management and they are the responsibility of management, as addressed in the Independent Auditors' Report.



NEW MEXICO FISH - CUTTHROAT TROUT



NEW MEXICO VEGETABLE - CHILE

**NEW MEXICO DEPARTMENT  
OF  
FINANCE AND ADMINISTRATION**

FINANCIAL CONTROL DIVISION  
BATAAN MEMORIAL BUILDING  
407 GALISTEO STREET  
SANTA FE, NM 87501

NEW MEXICO STATE FLOWER - YUCCA



NEW MEXICO GEM - TURQUOISE

