

**STATE OF NEW MEXICO  
OFFICE OF THE STATE TREASURER  
Santa Fe, New Mexico**

**FINANCIAL STATEMENTS  
June 30, 2014**

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**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
OFFICIAL ROSTER  
June 30, 2014**

**Office of the State Treasurer**

James B. Lewis, State Treasurer

Marilyn L. Hill, Deputy State Treasurer

**State Treasurer's Investment Committee**

James B. Lewis, Chairman

Linda T. Roseborough, Chief Investment Officer, Investment Division Director

Paul Cassidy, Member

Paul Boushelle, Member

Stephanie Schardin-Clarke, State Board of Finance Member



# CliftonLarsonAllen

## Independent Auditors' Report

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Honorable Susana Martinez, Governor  
State Board of Finance  
Honorable James B. Lewis, State Treasurer  
Honorable Hector H. Balderas, State Auditor  
Santa Fe, New Mexico

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparison for the general fund, and each fiduciary fund, of the State of New Mexico Office of the State Treasurer (the Office) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, each fiduciary fund, and the aggregate remaining fund information of the Office as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements of the State of New Mexico Office of the State Treasurer, are intended to present the financial position, the changes in financial position, of only that portion of the governmental activities, and each major fund of the Office that is attributable to the transactions of the Office. They do not purport to, and do not present fairly the financial position of State of New Mexico as of June 30, 2014, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 22, the beginning fund balance and net position required a restatement to correct a misstatement in the June 30, 2013 financial statements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. Schedules 1 – 11 in the Supplementary Information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 1 – 11 in the Supplementary Information section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014 on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Albuquerque, New Mexico  
December 15, 2014

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

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

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

### **Financial Highlights**

- The State Treasurer's net position decreased by \$82,004,805. In addition there was an increase to prior year's net position due to a restatement in the amount of \$61,171,181.
- The General Fund's main revenue was appropriations, which amounted to \$3,831,100 or 99.9 percent of all revenue.

### **Overview of the Financial Statements**

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

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

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

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

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



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

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

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

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

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

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

**Notes to the Financial Statements.** The notes to the financial statements provide additional information that is essential to a user's full understanding of the data provided in the government-wide and fund financial statements, and begin on page 27 of this report.

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**Other Information.** The combining statements referred to earlier in connection with the General Obligation and Severance Tax Bond funds are presented immediately following the notes to the financial statements. Combining statements, schedules of capital assets, and schedules of long-term debt can be found beginning on page 75 of this report. Fiduciary schedules begin on page 93.

**Government-wide Financial Analysis**

**Net Position:** Table A-1 summarizes the State Treasurer's net position as of June 30, 2014. Total State Treasurer net position for fiscal year 2014 is \$220,946,800. However, most of the net position is restricted to the purpose for which it can be used.

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

YEARS ENDED JUNE 30,	2014	2013
Assets:		
Cash, cash equivalents and repurchase agreements	\$ 47,444,910	\$ 163,666,781
Due from other agencies	179,091,818	78,620,034
Other assets	4,359	2,030
Capital assets, net	32,542	43,838
Total assets	\$ 226,573,629	\$ 242,332,683
Current liabilities:		
Accounts payable and others	\$ 5,505,195	\$ 439,965
Compensated absences, amounts due in one year	121,634	110,348
Total liabilities	5,626,829	550,313
Net position:		
Investment in capital assets	32,542	43,838
Restricted	221,027,008	241,839,994
Unrestricted	(112,750)	(101,462)
Total net position	220,946,800	241,782,370
Total liabilities and net position	\$ 226,573,629	\$ 242,332,683

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the State Treasurer, assets exceeded liabilities by \$220,946,800 at the close of the most recent fiscal year.

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

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

The restricted portion of the State Treasurer's net position, \$221,027,008, represents resources that are subject to external restrictions on their use.

**Changes in Net Position:** Governmental activities decreased the State Treasurer's net position in the governmental financial statements by \$82,004,805. Key elements of this decrease are shown in Table A-2.

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

YEARS ENDED JUNE 30,	<u>2014</u>	<u>2013</u>
Governmental Activities:		
Revenues:		
Program revenues:		
General government	\$ -	\$ -
Total program revenues	<u>-</u>	<u>-</u>
General revenues:		
State General Fund appropriations, net	3,767,652	3,573,476
State property tax levy	74,591,667	49,331,490
Severance and other taxes	569,569,009	420,048,819
Interest revenue	6,535,757	7,369,532
Miscellaneous revenue	<u>-</u>	<u>-</u>
Total general revenues	<u>654,464,085</u>	<u>480,323,317</u>
Total revenues	<u>654,464,085</u>	<u>480,323,317</u>

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

<b>YEARS ENDED JUNE 30,</b>	<b>2014</b>	<b>2013</b>
Expenses and other financing sources (uses):		
General government	(4,946,079)	(4,725,076)
Debt service activity	(616,218,614)	(505,265,063)
Other sources:		
Bond proceeds	350,000	-
Transfers in from other state agencies	<u>(115,654,197)</u>	<u>3,613,052</u>
Net (expenses) revenue	<u>(736,468,890)</u>	<u>(506,377,087)</u>
Increase (Decrease) in net position	(82,004,805)	(26,053,770)
Net position, beginning of year	241,780,324	265,645,207
Restatement	<u>61,171,281</u>	<u>2,188,887</u>
Net position, beginning of year, restated	<u>302,951,605</u>	<u>267,834,094</u>
Net position, end of year	<u>\$ 220,946,800</u>	<u>\$ 241,780,324</u>

**Financial Analysis of the Government's Funds**

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

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

At the end of the current fiscal year, the State Treasurer's governmental funds reported combined ending fund balances of \$220,946,800, which is a decrease of \$82,004,805 in comparison with the prior year. The primary reason for the decrease in fund balance is debt service payments exceeding property and severance taxes and transfers in from other state agencies.

The fund balance of the State Treasurer's general fund increased in comparison to prior fiscal year.

The fund balance of the State Treasurer's individual debt service funds decreased in comparison to the prior year due to large debt service payments offset by property and severance taxes and transfers in from other agencies as disclosed in Schedule 3 – Combining

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Schedule of Revenues, Expenditures and Changes in Fund Balances – General Obligation Bond Debt Service Funds, and Schedule 5 – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Severance Tax Bond Debt Service Funds.

**General Fund Budgetary Highlights**

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

There were no significant variances between final budget amounts and actual budget results for the General Fund. The General Fund actual expenditures were less than the final budgeted amounts by 3.3%.

**Capital Assets and Debt Administration**

**Capital Assets.** The State Treasurer's investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$32,542, net of accumulated depreciation. This investment in capital assets includes equipment. The State Treasurer's capital asset additions were \$9,952.

Additional information on the State Treasurer's capital assets can be found in Note 7 of this report.

**Long-Term Debt.** For the year ended June 30, 2014, the State Treasurer was responsible for administering debt service payments on total bonded debt outstanding of \$1,260,550,033, all of which is secured by pledged tax revenues. More detailed information about the State Treasurer's long-term debt is presented in Schedule 6. Long-term debt service requirements increased by \$35,911,876 from the prior year due to more new bonds issued in fiscal year 2014.

<b>Years Ended June 30,</b>	<u><b>2014</b></u>	<u><b>2013</b></u>
General obligation bonds	\$ 349,931,690	\$ 425,361,543
Severance tax bonds	<u>910,618,343</u>	<u>799,276,614</u>
Total principal balances	<u><b>\$1,260,550,033</b></u>	<u><b>\$1,224,638,157</b></u>

**Significant Highlights**

During fiscal year 2014, the State Treasurer's Office continued to hold operating costs down to stay within state budget constraints. The executive management team continued to closely review weekly budget status reports in order to identify potential cost savings. By the end of fiscal year 2014 cost savings yielded a \$63,448 reversion to the General Fund. Over the past five years, the State Treasurer's budget has been reduced by approximately \$510,100 through vacancies and other cost-saving measures.

Following the agency's stated objective of selecting investments based primarily on safety, then liquidity, and finally yield, the agency ended fiscal year 2014 with unrealized gains of \$7,083,996 as compared to unrealized losses of \$735,293 in fiscal year 2013. Earnings increased to \$26,658,045 in 2014 from \$7,232,533 in 2013, an increase of 268.6%. The values of the agency's portfolios which are primarily bond portfolios benefited from historically low interest rates as the value of bonds rise as market interest rates fall. The low yields, however, caused

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the decline in interest earned. Balances of fiduciary funds managed by the State Treasurer totaled \$4,449,744,471 at June 30, 2014 an increase of 2.8% from June 30, 2013 when balances totaled \$4,325,465,679.

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

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

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

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

DFA considers the remediation project to be a success and is reconciling on a monthly basis. Additional remediation recommendations require that the SHARE system receive hardware and software upgrades. The hardware is scheduled to be upgraded early in calendar year 2015 and is anticipated to provide the needed capacity for several critical functions. Implementation of the full treasury management module which will include the deal management module, which is an integrated investment and accounting system, is anticipated to occur after the SHARE software is upgraded in calendar year 2016. A multi-year IT appropriation for \$1.95 million to fund the full implementation was approved by the legislature in January 2013. The State Treasurer's Office requested an extension of this appropriation in October 2014.

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During fiscal year 2014, the Cash Management Division assumed responsibility for the Daily Cash Positioning of the State. Cash positioning is the process of determining the amount of liquidity that must be left on deposit with the fiscal agent bank after all deposits are received and daily disbursements are deducted. Excess amounts are invested by the Investment Division to maximize return. The transition of this function was a natural fit for the Cash Management Division as it performs cash forecasting. The cash forecast projects significant deposits and withdrawals which is vital in the daily cash positioning process.

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

Over fiscal years 2013 and 2014, the Operations Division accomplished several initiatives. The entire Human Resources (HR) office was reorganized. A complete audit of HR records was initiated, assuring that all pertinent records were in place and up to date. Records retention and disposition schedules were updated to state archives standards and documents were managed according to these retention and disposition guidelines. HR records and personnel files are now secured and properly maintained.

Both management and employees were provided confidential guidance on HR issues in strict accordance with federal regulations, state laws, State Personnel Board rules, the State Treasurer policies and the Communication Workers of America (CWA) agreement to address HR issues.

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

Fiscal year 2013 marked the beginning of a number of implementations and future planning opportunities. The disaster recovery hot-site was reconfigured to allow for complete server virtualization as well as remote access and remote desktop services. This change will allow users (in the event of an emergency) to now work from any location that has a computer available, including home or other state office location. The Emergency Evacuation Plan, Disaster Recovery Plan and Business Continuity Plan were implemented in fiscal year 2014.

Planning and forecasting was also an important focus in the last part of fiscal year 2012, as an analysis was completed of our current investment accounting system, our cash management system and our process relationship to both DFA and DoIT. A strategic alliance was formed with both agencies and we initiated a special IT funding request for 1.9 million dollars for the implementation and configuration of the PeopleSoft "Treasury Management System." This proposed project passed legislation in 2013. A request to extend the appropriation through 2018 was submitted in October 2014.

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In fiscal year 2014, the State Treasurer's Office hosted ratings analysts from Standard & Poor's rating agency to review the status and management of the Local Government Investment Pool (LGIP), which is a pooled investment managed on behalf of local governments, school districts, higher education institutions, special districts, quasi-governmental agencies and Indian tribes and pueblos. The AAAM rating was reaffirmed based on a strong analysis of credit quality, market price exposure and management.

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

The Investment Division of the State Treasurer's Office hosted the 5<sup>th</sup> Annual LGIP Stakeholder Meeting in August 2013, inviting all participants to attend. The program was held in Albuquerque and included speakers such as James E. Glassman, Head Economist with JPMorgan Chase Bank and Guyna Johnson, Director from Standard & Poor's. Participants heard presentations on management of the LGIP, market conditions, the economic outlook and other specific topics and issues. Participants found the meeting beneficial and it was hosted with minimal cost to the Treasurer's Office.

In fiscal year 2014, the State Treasurer's Office reviewed, made necessary revisions to and received State Board of Finance approval of the State Treasurer's Approved Broker/Dealer list, as well as implemented new benchmarks for the State Treasurer's Office investment portfolios as of July 1, 2014. In May 2014, the new Investment Policies for the General Fund Investment Pool and the LGIP were approved and adopted by the State Treasurer and the State Board of Finance and were implemented on July 1, 2014.

Two major advancements in the Investment Division were implemented in fiscal year 2013. These include the enhancement of the Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) compliance, reconciliations, reports and procedures. Investment Accounting made marked improvements by ensuring reconciliations are continuous between the fiscal agent bank Wells Fargo, JPMorgan Chase bank as custodial bank and QED, the State Treasurer's Office investment accounting system. Secondly, the Investment Division recommended a new account structure to DFA for input of investment transactions into SHARE which went into effect in fiscal year 2014.

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

In fiscal year 2013, the State Treasurer's Office and the Investment Division conducted a thorough review of state investment statutes and created legislation through Senate Bill 24 to clarify statutory language and investment authorizations. The State Treasurer's Investment Policy review and re-write was completed in 2014.

The Investment Division outreach on behalf of the Local Government Investment Pool was continued in fiscal year 2014 through the following organizations: New Mexico Association of



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

Counties, New Mexico Municipal League and the Local Government Division of the Department of Finance and Administration (DFA).

The Investment Division reviewed additional repurchase agreements (REPO) and Triparty counterparties. On the topic of collateral, a state collateral pool program is being researched and discussed with the state's banking community. The Agency worked with the NM Board of Finance to conduct a new Fiscal Agent and Investment Custodian procurement. Additionally, the corporate credit process has been proposed; however, infrastructure is required to implement this process.

The State Treasurer places a high priority on active participation on all of the boards and commissions on which he serves. He has designated members of the executive staff to serve on his behalf on some boards and commissions if state statutes allow a designee. In fiscal year 2014, a significant amount of time was dedicated to service on boards and commissions.

**Economic Factors and Next Year's Budgets and Rates**

- Challenging economic conditions require state government to reduce expenditure levels and the State Treasurer's Office will continue to look for cost savings within these budget constraints.
- The State Treasurer's Office continues to reduce budget through vacancy savings and through attrition. Staffing levels were reduced and existing staff job duties were enhanced.
- The State Treasurer's Office completed work on its disaster recovery plan and business continuity plan. Full implementation occurred in 2014.
- The overall costs of facilities, equipment and transportation were reduced within current budget constraints.

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

**Contacting the State Treasurer's Financial Management**

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

James B. Lewis, State Treasurer  
Office of the State Treasurer  
P.O. Box 5135  
Santa Fe, New Mexico 87505

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**STATEMENT OF NET POSITION**  
June 30, 2014

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Investment in State General Fund Investment Pool	\$ 233,473
Repurchase agreements (held in State General Fund Investment Pool)	47,211,437
Due from other agencies	179,091,818
Other assets	4,359
Capital assets, net of accumulated depreciation:	
Equipment	<u>32,542</u>
Total assets	<u>226,573,629</u>
<b>LIABILITIES</b>	
Accounts payable	398,951
Accrued payroll	52,528
Accrued payroll taxes	13,522
Due to State General Fund	59,828
Due to Other State Agencies	4,980,366
Compensated absences	<u>121,634</u>
Total liabilities	<u>5,626,829</u>
<b>NET POSITION</b>	
Investment in capital assets	32,542
Restricted for:	
Debt service	221,027,008
Unrestricted	<u>(112,750)</u>
Total net position	<u>220,946,800</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 226,573,629</u></u>

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

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

Functions/Programs	Expenses	Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position  Primary Government
<b>PRIMARY GOVERNMENT</b>			
<b>GOVERNMENTAL ACTIVITIES</b>			
General government	\$ 4,949,336	\$ 3,257	\$ (4,946,079)
Interest on debt service activity	<u>64,574,847</u>	<u>-</u>	<u>(64,574,847)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 69,524,183</u>	<u>\$ 3,257</u>	<u>(69,520,926)</u>
<b>GENERAL REVENUES:</b>			
State property tax levy			74,591,667
<b>BOND ACTIVITY:</b>			
Bond proceeds			350,000
Bond principal payments			(551,643,767)
<b>TRANSFER FROM (TO) STATE AGENCY:</b>			
State general fund appropriations			3,831,100
Reversions to State General Fund FY14			(63,448)
Other Interfund			-
Other state agencies			(115,654,197)
Interest			6,535,757
Severance taxes			<u>569,569,009</u>
		Total general revenues and transfers	<u>(12,483,879)</u>
<b>CHANGE IN NET POSITION</b>			<u>(82,004,805)</u>
<b>NET POSITION, BEGINNING</b>			241,780,324
<b>RESTATEMENT</b>			<u>61,171,281</u>
<b>NET POSITION, BEGINNING</b>			<u>302,951,605</u>
<b>NET POSITION, ENDING</b>			<u>\$ 220,946,800</u>

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2014

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>General Obligation Bond Fund</u>	<u>Severance Tax Bond Fund</u>	
<b>ASSETS</b>				
Investment in State General Fund Investment Pool	\$ 233,473	\$ -	\$ -	\$ 233,473
Repurchase agreements (held in State General Fund Investment Pool)	-	27,907,794	19,303,643	47,211,437
Other assets	4,359	-	-	4,359
Due from other Agencies	-	15,522,114	163,569,704	179,091,818
Total assets	<u>\$ 237,832</u>	<u>\$ 43,429,908</u>	<u>\$ 182,873,347</u>	<u>\$ 226,541,087</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 103,070	\$ -	\$ 295,881	\$ 398,951
Due to Severance Tax Permanent Fund	-	-	4,980,366	4,980,366
Due to State General Fund	59,828	-	-	59,828
Accrued payroll	52,528	-	-	52,528
Accrued payroll taxes	13,522	-	-	13,522
Total liabilities	<u>228,948</u>	<u>-</u>	<u>5,276,247</u>	<u>5,505,195</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Debt service	-	43,429,908	177,597,100	221,027,008
Unassigned	8,884	-	-	8,884
Total fund balances	<u>8,884</u>	<u>43,429,908</u>	<u>177,597,100</u>	<u>221,035,892</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 237,832</u>	<u>\$ 43,429,908</u>	<u>\$ 182,873,347</u>	<u>\$ 226,541,087</u>

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2014**

<b>Total Fund Balance - Governmental Funds (Balance Sheet - Governmental Funds)</b>	<b>\$ 221,035,892</b>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Capital assets total acquisition value	263,731
Total accumulated depreciation	<u>(231,189)</u>

Total capital assets, net	32,542
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Some liabilities (compensated absences) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

	<u>(121,634)</u>
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<b>Net position of governmental activities (Statement of Net Position)</b>	<b><u>\$ 220,946,800</u></b>
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The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2014**

	Major Funds			Total Governmental Funds
	General Fund	General Obligation Bond Fund	Severance Tax Bond Fund	
<b>REVENUES</b>				
Interest income - debt service	\$ -	\$ 690,136	\$ 5,845,621	\$ 6,535,758
Federal Funds	3,257	-	-	3,257
Total revenues	3,257	690,136	5,845,621	6,539,014
<b>EXPENDITURES</b>				
Current:				
Personnel services and employee benefits	2,951,639	-	-	2,951,639
Operating costs:				
Contractual services	219,107	-	-	219,107
Other administrative expenditures	588,167	-	-	588,167
Debt service:				
Principal and interest on long-term debt	-	75,429,853	280,063,923	355,493,776
Principal and interest on short-term debt	-	-	260,724,838	260,724,838
Other charges	-	6,182	1,151,707	1,157,889
Capital outlay	9,952	-	-	9,952
Total expenditures	3,768,865	75,436,035	541,940,468	621,145,368
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,765,608)	(74,745,899)	(536,094,847)	(614,606,354)
<b>OTHER FINANCING SOURCES (USES):</b>				
State general fund appropriations	3,684,500	-	-	3,684,500
Special appropriation	146,600	-	-	146,600
Reversions to State General Fund FY13	(63,448)	-	-	(63,448)
Severance taxes	-	-	569,569,009	569,569,009
State property tax levy	-	74,591,667	-	74,591,667
Bond proceeds	-	350,000	-	350,000
Transfer (to) from other state agency	-	1,263,775	(116,917,972)	(115,654,197)
Total other financing sources (uses)	3,767,652	76,205,442	452,651,037	532,624,131
<b>NET CHANGE IN FUND BALANCES</b>	2,044	1,459,543	(83,443,810)	(81,982,223)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	6,840	18,494,050	223,345,944	241,846,834
<b>RESTATEMENT</b>	-	23,476,315	37,694,966	61,171,281
<b>FUND BALANCES, BEGINNING OF YEAR, restated</b>	6,840	41,970,365	261,040,910	303,018,115
<b>FUND BALANCES, END OF YEAR</b>	\$ 8,884	\$ 43,429,908	\$ 177,597,100	\$ 221,035,892

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014**

<b>Net Change in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)</b>	<b>\$ (81,982,223)</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which depreciation expense of \$21,248 exceeded capital outlay expense of \$9,952 in the current period:	(11,296)
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Some expenses reported in the statement of activities do not require the use of current financial resources, and these are not reported as expenditures in governmental funds:

Increase in compensated absences	<u>(11,286)</u>
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<b>Change in net position of governmental activities</b>	<b><u>\$ (82,004,805)</u></b>
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The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENT FUNDS -**  
**BUDGET AND ACTUAL (Budgetary Basis)**  
**Year Ended June 30, 2014**

	<b>GENERAL FUND</b>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
State General Fund appropriation	\$ 3,684,500	\$ 3,684,500	\$ 3,684,500	\$ -
Federal grants	4,000	4,000	3,257	(743)
Other	<u>146,600</u>	<u>146,600</u>	<u>146,600</u>	<u>-</u>
Total revenues	3,835,100	3,835,100	3,834,357	(743)
<b>EXPENDITURES</b>				
Current:				
Personnel services and benefits	3,129,200	2,984,200	2,951,639	32,561
Contractual services	180,000	225,000	219,107	5,893
Operating costs	<u>506,500</u>	<u>606,500</u>	<u>598,119</u>	<u>8,381</u>
Total expenditures	<u>3,815,700</u>	<u>3,815,700</u>	<u>3,768,865</u>	<u>46,835</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>65,492</u>	<u>\$ 46,092</u>
<b>RECONCILIATION TO STATEMENT OF REVENUES,</b>				
<b>EXPENDITURES AND CHANGES IN FUND BALANCE</b>				
Unbudgeted reversions to State General Fund			<u>(63,448)</u>	
<b>NET CHANGE IN FUND BALANCES (GAAP BASIS)</b>			<u>\$ 2,044</u>	

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



**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2014

	<u>Investment Trust Fund</u>	<u>Agency Fund - Gaming Suspense Fund</u>
<b>ASSETS</b>		
Cash and investments:		
Fiscal Agent Bank Account	\$ 177,579,035	\$ -
Cash in banks	379,916,113	-
Certificates of Deposit	89,700,000	-
U.S. Government securities	2,858,505,373	-
Municipal Bonds	89,788,382	-
Repurchase agreements	<u>844,000,000</u>	<u>-</u>
Total cash and investments	4,439,488,904	-
Securities receivable	182,339	-
Other receivables		-
Accrued interest receivable	<u>10,073,228</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,449,744,471</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Due to Broker	\$ 45,148,139	\$ -
Other liabilities	<u>28,307</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>45,176,446</u>	<u>\$ -</u>
<b>NET POSITION - HELD IN TRUST</b>	<u>4,404,568,025</u>	
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 4,449,744,471</u>	

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended June 30, 2014**

	<b>Investment Trust Fund</b>
<b>ADDITIONS:</b>	
Investment Income	\$ 26,658,045
Deposits	28,199,279,213
<b>DEDUCTIONS:</b>	
Management fees	(295,680)
Withdrawals	(27,991,564,162)
Subtotal of Change in Net Position	234,077,416
<b>NET POSITION, HELD IN TRUST FOR POOL PARTICIPANTS, JUNE 30, 2013</b>	<b>4,170,490,609</b>
<b>NET POSITION, HELD IN TRUST FOR POOL PARTICIPANTS, JUNE 30, 2014</b>	<b>\$ 4,404,568,025</b>

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

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

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

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

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1 – DEFINITION OF REPORTING ENTITY (CONTINUED)**

- a. There is created in the State treasury the "short-term investment fund." The fund shall consist of all deposits from governmental entities and Indian tribes or pueblos that are placed in the custody of the State Treasurer for short-term investment purposes pursuant to this section. The State Treasurer shall maintain a separate account for each governmental entity and Indian tribe or pueblo having deposits in the fund.
- b. If any local public body is unable to receive payment on public money at the rate of interest as set forth in Section 6-10-36 NMSA 1978 from financial institutions within the geographic boundaries of the governmental unit, then a local public finance official having money of that local public body in his custody required for expenditure within thirty days or less may, with the consent of the appropriate local board of finance, if any, remit some or all of such money to the State Treasurer, bank, savings and loan association or credit union for deposit for the purpose of short-term investment as allowed by this section.
- c. Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to this section, the local public body finance official shall notify and make sure funds are made available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts. To be eligible for such funds, the financial institution shall pay to the local public body the rate established by the State Treasurer pursuant to a policy adopted by the State Board of Finance for such short-term investments.
- d. The local public body finance official shall specify the length of time each deposit shall be in the short-term investment fund, but in any event the deposit shall not be made for more than thirty days. The State Treasurer, through the use of the State fiscal agent, shall separately track each such deposit and shall make such information available to the public upon written request.
- e. The State Treasurer shall invest the fund as provided for State funds under Section 6-10-10 NMSA 1978 and may elect to have the short-term investment fund consolidated for investment purposes with the State funds under the control of the State Treasurer, provided that accurate and detailed accounting records are maintained for the account of each participating entity and Indian tribe or pueblo and that a proportionate amount of interest earned is credited to each of the separate government accounts. The fund shall be invested to achieve its objective, which is to realize the maximum return consistent with safe and prudent management.
- f. At the end of each month, all interest earned from investment of the short-term investment fund shall be distributed by the State Treasurer to the contributing entities and Indian tribes or pueblos in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts in the fund were invested. No fees or transfer expenses shall be charged to the participating entities and Indian tribes or pueblos for investment in the short-term investment fund.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1 – DEFINITION OF REPORTING ENTITY (CONTINUED)**

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

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

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

**Advice and Consent by the State Board of Finance**

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates in Preparing Financial Statements**

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Reporting Entity**

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

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

**Government-wide and Fund Financial Statements**

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

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

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

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

The government reports the following major governmental funds:

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

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

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

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

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

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

**Deposits and Investments**

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

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

**Receivables and Payables**

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

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



**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

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

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

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

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

**Compensated Absences**

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

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

**Long-term Obligations**

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

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

**Fund Balance**

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

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

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

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

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

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

**Restricted assets** are liquid assets (generated from revenues and not bond proceeds) which have third-party (statutory or granting agency) limitations that are legally enforceable on their use. When there is an option, the State Treasurer spends restricted resources first. Net position is restricted by the bond indenture for debt service. Restricted net position totals \$221,027,008.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Office did not have any items that qualified for reporting in this category as of June 30, 2014.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Department did not have any items that were required to be reported in this category as of June 30, 2014.

**Accounting Standard Pronouncements**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), was implemented in the current year, changes how the Office reports deferred inflows and outflows of resources previously recognized as assets and liabilities. GASB 65 will improve financial reporting by adding clarification to certain elements that do not represent assets or liabilities and to ensure consistency in financial reporting. The implementation of this standard does not have a significant impact on reporting for the Office.

GASB Statement No. 66, *Technical Corrections – 2012* (GASB 66), resolves conflicting accounting and financial reporting guidance from the issuance of GASB 54 and GASB 62. The Office’s reporting was not impacted by GASB 66.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
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**June 30, 2014**

**NOTE 3 – STATE GENERAL FUND INVESTMENT POOL**

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a “business unit by fund” level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled “Current State Diagnostic of Cash Control,” also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration at: [http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx).

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State’s SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating any of the historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences will be reported in the State General Fund.

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 4 – INVESTMENT IN THE STATE GENERAL FUND INVESTMENT POOL**

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

At June 30, 2014, the State Treasurer had the following invested in the State General Fund Investment Pool:

State General Fund Investment Pool	\$ 233,473
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Interest Rate Risk - The New Mexico State Treasurer’s Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

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

**NOTE 5 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

Per the General Appropriation Act, Laws of 2009, Chapter 28, Section 3, item N, “For the purpose of administering the General Appropriation Act of 2009 and approving operating budgets, the state of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration.” The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year’s budget. Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses and encumbrances can no longer be charged to that budget. The legal level of budgetary control is at the appropriation unit level.

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

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

1. By September 1, the State Treasurer prepares a budget appropriation request by category to be presented to the next legislature.
2. The appropriation request is submitted to the DFA’s Budget Division and to the Legislative Finance Committee (LFC).

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE 5 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

3. The DFA makes recommendations and adjustments to the appropriation request which become the Governor's proposal to the Legislature.
4. LFC holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.
5. Both the DFA's and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budgetary control is exercised at the category level of the State Treasurer as a whole and changes are approved by the DFA.
7. Formal budgetary integration is employed as a management control device during the year for the General Fund only. The debt service funds (General Obligation Bond Funds and Severance Tax Bonding Funds) are non-budgeted funds.
8. The General Appropriations Act of 2004 established the modified accrual basis of accounting as the budgetary basis of accounting for the State of New Mexico beginning July 1, 2004. Accordingly, future budgets will be prepared using the modified accrual basis of accounting.
9. The State Treasurer's budget for the fiscal year ending June 30, 2014 was amended in a legally permissible manner by reallocating line item category totals as the need arose during the fiscal year. Individual amendments were not material in relation to the original budget.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 6 - DEPOSITS AND INVESTMENTS**

**Fiscal Agent Bank**

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

**Custody Bank**

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

**Investment Trust Fund**

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

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

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

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

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

At June 30, 2014, collateral pledged to public money deposits was as follows:

	<u>Fiscal Agent Account</u>	<u>Certificates of Deposit</u>
Cash in bank (bank balance)	\$ 51,138,278 *	\$ 59,950,000
Less FDIC insurance coverage	<u>                  -</u>	<u>          1,873,023</u>
<b>Total unsecured public funds</b>	<u>\$ 51,138,278</u>	<u>\$ 58,076,977</u>
Collateral requirement (50%, 75% or 102%) of uninsured public funds	\$ 25,569,139	\$ 31,825,989
Collateral pledged:		
US Government securities	<u>80,490,971</u>	<u>35,384,724</u>
<b>Excess (under) collateralized</b>	<u>\$ 54,921,832</u>	<u>\$ 3,558,735</u>

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

See Schedule 10 for reconciliation.

**Brokered Transactions**

The State Treasurer initiated electronic purchase trades with the following brokers during the year ended June 30, 2014:

<u>Broker Name</u>	<u>Number of Transactions</u>
ANTHONY MANZO	2
BANC OF AMERICA SECURITIES LLC	5
BANK OF AMERICA SECS LLC	6
BANK OF NEW YORK (HGSI)	13
BANK OF NEW YORK (NSIMBS)	13
BANK OF NEW YORK	1
BANK OF NEW YORK(BONY)/GOLDMAN	5
BANK OF NEW YORK(TMSEC)	12
BANK OF NEW YORK/SOUTH STREET SECS	2,622
BANK OF NEW YORK/TORONTO DOMINION	7
BANK OF NY/MIZUHO SECS USA TREAS FIN	4
BARCLAYS CAP INC/BARCLAYS CAP INC	14
BARCLAYS CAPITAL NY	15



**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

<b>Broker Name</b>	<b>Number of Transactions</b>
BKOFNYC (CANTORPRIME)	1
BNP PARIBAS SEC CORP/BONDS	2
BNP PARIBAS SECURITIES CORP	2
BONY/VINNING SPARKS IBG LP	1
CANTOR FITZGERALD & CO /CASTLEOAK	4
CANTOR FITZGERALD & CO. / CANTOR	1
CANTOR FITZGERALD & CO/CLEARING	2
CITIGROUP GLOBAL MARKETS INC/SALOMON	2
CITIGROUP GLOBAL MARKETS INC, NY	10
CREDIT SUISSE SECURITIES (USA) LLC	2
CRT CAPITAL GROUP LLC	1
DAIWA CAPITAL MARKETS AMERICA INC.	3
DAIWA SECURITIES AMERICA INC.	7
DEAN WITTER REYNOLDS INC	4
DEUTSCHE BANC ALEX BROWN INC.	4
DEUTSCHE BANK SECS INC	6
FIRST SOUTHWEST CO	17
FIRST SOUTHWEST CO (FSWC)	2
FIRST TENN BK BD DIV	1
FTB/FIRST TENNESSEE CAPITAL MKTS	4
GEORGE K BAUM	1
GEORGE K. BAUN	6
GOLDMAN SACHS NEW YORK	10
GREENWICH CAP MKTS USA	9
HARRIS NESBITT CORP-BONDS	1
JEFFERIES & COMPANY, INC.	6
JEFFERIES & COMPANY, INC.	6
JP MORGAN	1
JPMORGAN CHASE BANK/HSBCSI	2
JPMORGAN CHASE BANK/HSBCSI	7
JPMORGAN CHASE BK/RBS SECURITIES INC	2
MCDONALD & CO	1
MEMO	94
MERRILL LYNCH, P F & S NY	2
MITSUBISHI UFJ SECURITIES (USA), INC.	3,371
MORGAN STANLEY & CO. INCORPORATED	16
MORGAN STANLEY AND CO INC DTC00050	15
MORGAN STANLEY DW INC.	1
NATIONAL FINCL SVCS CORP	1
NATIONAL FINL SVCS CORP	1

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

<b>Broker Name</b>	<b>Number of Transactions</b>
NESBITT BURNS NY DTC	7
NOMURA SECS/FIXED INCOME	1
NOMURA SECURITIES/FIXED INCOME	524
PERSHING LLC	4
PERSHING LLC	4
RAYMOND JAMES AND ASSOC, ST P'SBURG	3
ROBERT W BAIRD & CO	2
ROBERT W BAIRD CO INC	15
SG AMERICAS SECURITIES, LLC (SGAS)	1
SG COWEN & CO NEW YORK	6
SOUTHWEST SECURITIES INC	3
SOUTHWEST SECURITIES INC	31
STIFEL NICOLAUS & CO INC	2
STIFEL NICOLAYS & CO NEW YORK	4
TD WATERHOUSE INV SVCS	1
THE BANK OF NEWYORK/MIZUHO SECURITI	5
TORONTO DOMINION BANK NEW YORK	13
TRADITIONAL BOND BROKERS	1
UBS AG STAMFORD,CT	3
UBS SECURITIES LLC (WARBURG)	2
WEDBUSH MORGAN SECURITIES INC	1
WELLS FARGO SECURITIES, LLC	13
WELLS FARGO SECURITIES, LLC	15
WILLIAMS CAPITAL GROUP LP (THE)	<u>1</u>
<b>Total</b>	<b><u>7,009</u></b>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investment Balances**

The fair value of investments administered by the State Treasurer at June 30, 2014 follows:

	<b>Cost</b>	<b>Carrying Amount Fair Value</b>
Fiscal Agent Bank Account	\$ 177,579,035	\$ 177,579,035
Certificates of Deposit	89,700,000	89,700,000
Cash in Bank	379,916,113	379,916,113
U.S. Government Securities	2,851,498,083	2,858,505,373
Investment in LGIP	33,329,208	33,329,208
Municipal Bonds	89,713,700	89,788,382
Repurchase Agreements	844,000,000	844,000,000
	4,465,736,139	4,472,818,112
Less interfund investments	(33,329,208)	(33,329,208)
<b>Total</b>	<b>\$ 4,432,406,931</b>	<b>\$ 4,439,488,904</b>

The fair value includes repurchase agreements of \$47,211,437 of debt service funds reported in the Statement of Net Position – Governmental Activities and Governmental Funds Activity for general obligation funds and severance tax bond funds. In addition, it includes \$233,473 of cash in STO's general fund.

**General Fund Investment Pool**

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

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

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

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

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

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

**Local Government Investment Pool (Short Term Investment Pool)**

Cities, counties, and other non-state agencies invest monies in the State Treasurer external investment pool (Local Government Investment Pool). The investments are recorded at fair value based on quoted market prices as of the valuation date in the financial statements; however, the individual participant balances remain at their carrying cost. At June 30, 2014, the Local Government Investment Pool carrying cost approximated the fair value.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10.1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies, and are either direct obligations of the United States or are backed by the full faith and credit of the United States government, or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other State investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the Local Government Investment Pool is voluntary. As of June 30, 2014, the WAM(R) of the LGIP was 48.6 days, and the WAM(F) was 116.2 days. The fund was rated AAAM by Standard & Poor's as of June 30, 2014.

**Investment Guidelines and Limitations**

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

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

1. Preservation of Principal – to ensure the performance of basic governmental functions, the first priority must be accorded to the preservation and protection of the principal of the funds to be invested;

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

2. Maintenance of Liquidity – the second level of priority must be accorded to maintaining sufficient liquidity to satisfy the reasonably anticipated, continuing operational requirements of State Government; and
3. Maximum Return – the third priority must be accorded to maximizing investment return, through budgetary and economic cycles, consistent with the higher priority accorded to the security and liquidity of principal.

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

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

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

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

**Investments Permitted by Policy**

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

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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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

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

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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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

**Unauthorized Investments/Investment Actions**

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

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

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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

- 8. Reverse repurchase agreements
- 9. Short sales

**Custodial Credit Risk**

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

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

The State Treasurer's Office Collateral Manager reviews and tracks all state funds held in state depository institutions. Deposits and collateral are reviewed almost daily and a statutorily required risk assessment is performed quarterly, although the assessments are not intended as an opinion as to the financial health of the subject institution. The \$583,893,588 in balances are collateralized in compliance with NMAC 2.60.4. Although in compliance with NMAC 2.60.4 as of June 30, 2014, there was \$71,961,455 of the State Treasurer's bank balances of \$583,893,588 that was exposed to custodial credit risk as uninsured and uncollateralized.

**Credit Risk**

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

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations (Standard & Poor's) at June 30, 2014 for the general fund investment pool are as follows:

<b>Securities by Quality Rating</b>	<b>Fair Value</b>	<b>Percentage of Portfolio</b>
<b>AAA:</b>		
Municipal Bonds	\$ 4,943,119	0.19%
<b>AAAm:</b>		
Investment in LGIP	30,001,301	1.17%



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NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)

Securities by Quality Rating	Fair Value	Percentage of Portfolio
<b>AA+:</b>		
U.S. Treasuries	408,235,238	15.87%
U.S. Government Agency	958,003,712	37.25%
Municipal Bonds	6,463,697	0.25%
<b>Aa1:</b>		
Municipal Bonds	6,412,892	0.25%
<b>Aa2:</b>		
Municipal Bonds	961,426	0.04%
<b>Aa3:</b>		
Municipal Bonds	1,152,333	0.04%
<b>AA:</b>		
Municipal Bonds	9,501,170	0.37%
<b>AA-:</b>		
Municipal Bonds	1,327,403	0.05%
<b>A+:</b>		
Municipal Bonds	2,474,721	0.10%
<b>A:</b>		
Municipal Bonds	11,270,476	0.44%
<b>A1:</b>		
Municipal Bonds	210,580	0.01%
<b>Not rated and other:</b>		
Municipals	7,041,066	0.27%
U.S. Government Agency	49,251,620	1.91%
Overnight Repurchase Pool	724,343,190	28.16%
Fiscal Agent Account	177,579,035	6.90%
Certificates of Deposit	68,500,000	2.66%
Cash Miscellaneous	104,244,852	4.05%
<b>Grand Total</b>	<b>\$ 2,571,917,829</b>	<b>100.00%</b>

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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations (Standard & Poor's) at June 30, 2014 for the local government investment pool are as follows:

<b>Securities by Quality Rating</b>	<b>Fair Value</b>	<b>of Portfolio</b>
<b>AA+:</b>		
U.S. Treasuries	\$ 13,111,030	2.31%
U.S. Government Agency	209,263,356	36.90%
<b>A-1+:</b>		
Cash Miscellaneous	8,999,838	1.59%
<b>Not rated and other:</b>		
U.S. Government Agency	80,725,225	14.24%
Cash	254,988,968	44.96%
<b>Grand Total</b>	<b>\$ 567,088,417</b>	<b>100.00%</b>

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations (Standard & Poor's) at June 30, 2014 for the Bond Proceeds Investment Pool #2 are as follows:

<b>Securities by Quality Rating</b>	<b>Fair Value</b>	<b>of Portfolio</b>
<b>AAA:</b>		
Municipal Bonds	\$ 1,070,650	0.14%
<b>AAAm:</b>		
Investment in LGIP	1,308,818	0.17%
<b>AA+:</b>		
U.S. Treasuries	361,800,042	46.23%
U.S. Government Agency	257,082,608	32.85%
Municipal Bonds	1,300,872	0.17%
<b>Aa1:</b>		
Municipal Bonds	10,325,631	1.32%

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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>of Portfolio</u>
<b>Aaa:</b>		
Municipal Bonds	526,725	0.07%
<b>A+:</b>		
Municipal Bonds	411,180	0.05%
<b>A1:</b>		
Municipal Bonds	1,368,900	0.17%
<b>A-1+:</b>		
U.S. Government Agency	1,296,968	0.17%
<b>Not rated and other:</b>		
U.S. Government Agency	48,480,070	6.19%
Cash Miscellaneous	11,680,975	1.49%
Overnight Repurchase Pool	67,799,861	8.66%
Certificates of Deposit	18,200,000	2.33%
<b>Grand Total</b>	<b>\$ 782,653,301</b>	<b>100.00%</b>

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations (Standard & Poor's) at June 30, 2014 for the Bond Proceeds Investment Pool # 1 are as follows:

<u>Securities by Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
<b>AAA:</b>		
Municipal Bonds	12,180,993	2.21%
<b>AAAm:</b>		
Investment in LGIP	2,019,089	0.37%

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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

<b>Securities by Quality Rating</b>	<b>Fair Value</b>	<b>Percentage of Portfolio</b>
<b>AA+:</b>		
U.S. Government Agency	119,445,875	21.67%
U.S. Treasuries	321,482,404	58.33%
Municipal Bonds	1,264,898	0.23%
<b>Aa1:</b>		
Municipal Bonds	1,234,761	0.22%
<b>AA:</b>		
Municipal Bonds	7,065,000	1.28%
<b>AA-:</b>		
Municipal Bonds	1,279,890	0.23%
<b>Not rated and other:</b>		
U.S. Government Agency	30,327,227	5.50%
Certificates of Deposit	3,000,000	0.54%
Overnight Repurchase Pool	51,856,949	9.41%
Miscellaneous Cash	1,479	0.00%
<b>Grand Total</b>	<b>\$ 551,158,565</b>	<b>100.00%</b>

**Concentration of Credit Risk**

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

1. Investment maturities will be staggered to avoid undue concentration of assets in a specific maturity sector and to reflect cash flow requirements.
2. Investment in callable instruments is permitted for the State General Fund, but the amount invested in callable instruments should not exceed twenty-five percent (25%) of the total amount invested of each portfolio. Investment in callable investments may be allowed in the local government investment pool, bond proceeds, bond debt service funds and such pension and permanent fund monies for which the State Treasurer is the investing authority. Investment in callable investments is prohibited for tax and revenue anticipation note proceeds (and any other liquidity vehicle).

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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

3. The maximum level of CD deposits for the entire portfolio shall be \$400 million with not more than \$30 million in any single financial institution. The State Board of Finance urges banks to loan this money out in their respective local communities to spur economic development.
4. Investments in commercial paper, corporate bonds and asset-backed obligations shall not exceed forty percent (40%) of assets of each portfolio. Commercial paper and corporate bonds shall be limited, per issuer, to five percent (5%) of each portfolio.
5. Investments in United States agency securities issued by any single agency shall be limited to thirty-five percent (35%) of the combined portfolios.
6. Investment in repurchase agreements from any single provider shall be limited to twenty-five percent (25%) of the combined portfolios.
7. Investment in commercial paper and corporate bonds guaranteed by the full faith and credit of the United States government, with a final maturity not to exceed the expiration date of any such guarantee, shall not exceed forty percent (40%) of the assets of each portfolio. Commercial paper and corporate bonds guaranteed by the full faith and credit of the United States government shall be limited, per issuer, to twenty percent (20%) of each portfolio.
8. United States Government Agency issued mortgage-backed securities and collateralized mortgage obligations shall be limited to twenty-five percent (25%) of a portfolio.
9. Securities issued by a municipal entity shall be limited to fifteen percent (15%) of a portfolio.
10. Securities issued by the State or a political subdivision of the State, or any agency, institution or instrumentality of the State shall be limited to fifteen percent (15%) of the general fund portfolio.

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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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

Securities	Fair Value	Percentage of Portfolio
<b>U.S. Treasury Obligations:</b>		
U.S. Treasuries	\$ 408,235,238	15.87%
<b>U.S. Government Agency Obligations:</b>		
FFCB	101,590,336	3.95%
FHLB	140,225,511	5.45%
FHLMC	343,434,355	13.35%
FNMA	422,005,130	16.41%
<b>Municipal Bonds:</b>		
Albuquerque Bernalillo Cnty Wtr Util Auth N Mex Jt	708,166	0.03%
Albuquerque N Mex Arpt Rev Rfdg-Sub Lien-Ser E	535,940	0.02%
Albuquerque N Mex Gross Rcpts Lodgers Tax Rev	1,572,420	0.06%
Albuquerque N Mex Gross Rcpts Lodgers Tax Rev Rfdg	1,289,820	0.05%
Albuquerque N Mex Mun Sch Dist No 012 Ed	135,000	0.01%
Albuquerque N Mex Mun Sch Dist No 012 Sch Bldg-Ser	117,044	0.00%
Artesia N Mex Spl Hosp Dist 30/Oct/2013	210,406	0.01%
Atlanta Ga Arpt Passenger Fac Charge Rev	3,566,360	0.14%
Atlanta Ga Urban Residential Fin Auth Single	509,480	0.02%
Aztec N Mex Mun Sch Dist No 002 14/Oct/2008	1,312,803	0.05%
Belen N Mex Cons Sch Dist No 2 Formerly Belen N	1,098,692	0.04%
Bernalillo Cnty N Mex Gross Rcpts Tax Rev Rfdg	2,178,045	0.08%
Bernalillo N Mex Mun Sch Dist No 1 Rfdg-Sch	509,480	0.02%
Bernalillo N Mex Mun Sch Dist No 1 Rfdg-Ser B	516,370	0.02%
Choctaw Cnty Miss Hosp Rev Taxable-Choctaw County	160,551	0.01%
Corrales N Mex Hold Harmless Gross Rcpts Tax Rev	384,941	0.01%
Dona Ana Cnty N Mex 26/Nov/2013 01/Sep/2015 2%	287,780	0.01%
Farmington Municipal School District No 5/Nm Bond	131,924	0.01%
Farmington N Mex Mun Sch Dist No 005 Rfdg-Ser B	138,181	0.01%
Farmington N Mex Mun Sch Dist No 005 Sch Bldg-Ser	239,829	0.01%
Four Dam Pool Pwr Agy Alaska Elec Rev Ser A	1,885,587	0.07%
Gallup N Mex Pollution Ctl Rev Rfdg-Tr-State	1,203,353	0.05%
Gaylord Mich Hosp Fin Auth Ltd Oblig Rev	1,385,000	0.05%
Goat Hill Pptys Wash Lease Rev Govt Office Bldg	9,088,840	0.35%
Grants / Cibola Cnty N Mex Sch Dist No 1	386,670	0.02%
Indiana Bd Bk Rev For Issues Dtd Prior To	255,033	0.01%
Knox Cnty Ky Rfdg-Knox Cnty Hosp Pj 01/Dec/2006	255,290	0.01%
Knox Cnty Ky Rfdg-Knox Cnty Hosp Pj 01/Dec/2036	132,604	0.01%

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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Securities	Fair Value	Percentage of Portfolio
Las Cruces N Mex Gross Rcpts Tax Rev Impt-Str Impt	\$ 819,920	0.03%
Las Vegas N Mex Gross Rcpts Tax Rev Rfdg & Impt	193,998	0.01%
Los Alamos Cnty N Mex Inc Gross Rcpts Tax Impt Rev	377,512	0.01%
Los Lunas N Mex Gross Rcpt Tax Rev Rfdg	1,256,875	0.05%
Louisiana St Rfdg-Match-Ser B 15/Jul/2017 05.000	174,797	0.01%
Lovington N Mex Mun Sch Dist No 001 18/Mar/2014	349,344	0.01%
Midpeninsula Regl Open Space Dist Calif Fing Auth	738,230	0.03%
New Mexico Edl Assistance Fndtn Rfdg-Ed Ln-Ser A-1	547,385	0.02%
New Mexico Fin Auth Rev Sub Lien Pub Proj	554,881	0.02%
New Mexico Fin Auth Rev Taxable-Sub Lien Pub Proj	789,210	0.03%
New Mexico Fin Auth Rev Taxable-Sub Lien Pub Proj	539,005	0.02%
New Mexico Fin Auth St Transn Rev Rfdg-Su Lien-Ser	341,578	0.01%
New Mexico Fin Auth St Transn Rev Rfdg-Sub	200,480	0.01%
New Mexico Fin Auth St Transn Rev Sr Lien-Ser A	100,462	0.00%
New Mexico Military Inst At Roswell Sys Rev	615,702	0.02%
New Mexico St Severance Tax Ser A 01/Jul/2016	320,586	0.01%
New Mexico St Univ Revs Taxable-Rfdg & Impt-Ser C	500,868	0.02%
Pasco Cnty Fla Sch Brd Ctfs Partn Ser A	196,583	0.01%
Puerto Rico Comwlth Hwy & Transn Auth Transn Rev	1,121,387	0.04%
Puerto Rico Comwlth Pub Impt-Ser A 01/Jul/2034	336,637	0.01%
Rio Rancho N Mex Event Ctr Rev Sub Lien Gross	1,600,000	0.06%
Ruidoso Municipal School District No 3 Bond	1,100,000	0.04%
Ruidoso N Mex Mun Sch Dist No 3 Rfdg 20/May/2014	1,645,000	0.06%
Ruidoso N Mex Waste Water Rev Rfdg 12/Jul/2013	659,632	0.03%
Sandoval Cnty N Mex Incentive Payment Rev	250,350	0.01%
Sandoval Cnty N Mex Rfdg 13/Dec/2013 01/Aug/2015	229,266	0.01%
Sandoval Cnty N Mex Rfdg 13/Dec/2013 01/Aug/2016	204,622	0.01%
Santa Fe N Mex Gross Rcpts Tax Rev Rfdg-Sub	1,610,467	0.06%
Santa Fe N Mex Gross Rcpts Tax/Wastewater Sys Impt	203,464	0.01%
Southern Sandoval Cnty N Mex Arroyo Flood Ctl Auth	231,656	0.01%
Taos Municipal School District No 1 Callable Bond	107,917	0.00%
Taos N Mex Sch Dist For Issues Dated Prior To	207,890	0.01%
Truth Or Consequences N Mex Mun Sch Dist No 006	307,195	0.01%
University Mass Bldg Auth Facs Rev	349,569	0.01%
University N Mex Univ Revs Rfdg-Sub Lien Sys	152,631	0.01%
Volusia Cnty Fla Sch Brd Ctfs Partn Lease Rev	128,881	0.01%
Westmoreland Cnty Pa Mun Auth Mun Svc Rev Ser K	381,109	0.01%
Will Cnty Ill Sch Dist No 122 Prerefunded-2013-Ser	666,803	0.03%
New Mexico Fin Auth Rev Amt-Sr Lien-Pub Proj	788,993	0.03%
New Mexico St Severance Tax Ser A	299,049	0.01%
New Mexico St Univ Revs Taxable-Rfdg & Impt-Ser C	363,340	0.01%

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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

<b>Securites</b>	<b>Fair Value</b>	<b>Percentage of Portfolio</b>
<b>Overnight Repurchase Pool</b>	\$ 724,343,190	28.16%
<b>Fiscal Agent Account</b>	177,579,035	6.90%
<b>Certificates of Deposit</b>	68,500,000	2.66%
<b>Cash Miscellaneous</b>	104,244,852	4.05%
<b>Local Government Investment Pool*</b>	30,001,301	1.17%
<b>Grand Total</b>	\$ 2,571,917,829	100.00%

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

<b>Securities</b>	<b>Fair Value</b>	<b>Percentage of Portfolio</b>
<b>U.S. Treasury Obligations:</b>		
U.S. Treasuries	\$ 13,111,030	2.31%
<b>U.S. Government Agency Obligations:</b>		
FFCB	146,000,926	25.75%
FHLB	68,870,262	12.14%
FNMA	61,284,953	10.81%
FHLMC	13,832,440	2.44%
<b>Cash Miscellaneous</b>	8,999,838	1.59%
<b>Cash in Bank</b>	254,988,968	44.96%
<b>Grand Total</b>	\$ 567,088,417	100.00%



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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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

Securities	Fair Value	Percentage of Portfolio
<b>U.S. Treasury Obligations:</b>		
U.S. Treasuries	\$ 361,800,042	46.23%
<b>U.S. Government Agency Obligations:</b>		
FFCB	49,777,038	6.36%
FHLMC	120,559,060	15.40%
FNMA	87,014,972	11.12%
FHLB	49,508,575	6.33%
<b>Municipal Bonds:</b>		
Alamogordo N Mex Mun Sch Dist No 001 01/Aug/2014	435,609	0.06%
Alamogordo N Mex Mun Sch Dist No 001 01/Aug/2015	356,710	0.05%
Albuquerque N Mex Mun Sch Dist No 012 Education	210,464	0.03%
Clovis New Mex Gross Rcpts Tax Rev Impt	1,368,900	0.17%
Gadsden N Mex Indpt Sch Dist No 016 Rfdg-Ser B	2,008,850	0.26%
Gallup Mc Kinley Cnty N Mex Sch Dist No 001	257,395	0.03%
Las Cruces N Mex Sch Dist No 002 Sch 23/Dec/2013	559,526	0.07%
Las Cruces N Mex Sch Dist No 002 Sch 23/Dec/2013	498,850	0.06%
New Mexico Fin Auth Rev Sr Lien-Pub Proj Revolving	1,070,650	0.14%
New Mexico St Cap Projs 01/Mar/2015 05.000	671,041	0.09%
Rio Rancho N Mex Pub Sch Dist No 94 Rfdg-Sch Bldg	1,120,856	0.14%
Rio Rancho N Mex Pub Sch Dist No 94 Rfdg-Sch Bldg	619,644	0.08%
Rio Rancho N Mex Pub Sch Dist No 94 Ser A	501,090	0.06%
Ruidoso N Mex Mun Sch Dist No 3 01/Aug/2015 02.000	407,668	0.05%
Ruidoso N Mex Waste Water Rev Rfdg 01/Jul/2015	411,180	0.05%
San Juan Cnty N Mex Cent Cons Indpt Sch Dist No	411,884	0.05%
San Juan Cnty N Mex Cent Cons Indpt Sch Dist No	421,360	0.05%
San Juan County Central Co 3% 01Aug2014	1,563,588	0.20%
Santa Fe Cnty N Mex 01/Jul/2015 05.500	526,725	0.07%
Santa Fe Cnty N Mex Impt 01/Jul/2014 02.000	350,000	0.04%
Santa Fe Cnty N Mex Impt 01/Jul/2015 02.000	279,832	0.04%
Santa Rosa N Mex Cons Sch Dist No 008 15/May/2015	226,211	0.03%
Truth Or Consequences N Mex Mun Sch Dist No 006	725,928.00	0.09%

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Securities	Fair Value	Percentage of Portfolio
Overnight Repurchase Pool	\$ 67,799,862	8.66%
Certificates of Deposit	18,200,000	2.33%
Cash Miscellaneous	11,680,975	1.49%
Investment in LGIP	1,308,818	0.17%
<b>Grand Total</b>	<b>\$ 782,653,301</b>	<b>100.00%</b>

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

Securities	Fair Value	Percentage of Portfolio
<b>U.S. Treasury Obligations:</b>		
U.S. Treasuries	\$ 321,482,404	58.33%
<b>U.S. Government Agency Obligations:</b>		
FFCB	14,380,826	2.61%
FHLMC	56,060,050	10.17%
FNMA	38,355,075	6.96%
FHLB	25,030,750	4.54%
FFB	7,270,420	1.32%
Finance Corp	8,675,981	1.57%
<b>Municipal Bonds:</b>		
Albuquerque N Mex Gross Rcpts Tax Rev Impt	915,993.00	0.17%
Albuquerque N Mex Mun Sch Dist No 012 Ed	1,482,468	0.27%
Albuquerque N Mex Mun Sch Dist No 012 Rfdg	5,582,532.50	1.01%
Cloudcroft N Mex Mun Sch Dist No 11 Rfdg	829,992	0.15%
New Mexico St Severance Tax Rfdg-Ser A-2	6,485,000.00	1.18%
New Mexico St Severance Tax Ser A-1 01/Jul/2014	4,780,000.00	0.87%
Rio Rancho N Mex Wtr & Wastewtr Sys Rev Rfdg	1,279,889.80	0.23%
Santa Fe N Mex Gross Rcpts Tax Rev Rfdg-Ser A	1,264,898.25	0.23%
Torrance Etc Cntys N Mex Mun Sch Dist No 8	404,768.00	0.07%
<b>Overnight Repurchase Pool</b>	<b>51,856,949</b>	<b>9.41%</b>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

<b>Securities</b>	<b>Fair Value</b>	<b>Percentage of Portfolio</b>
<b>Investment in LGIP</b>	2,019,089	0.37%
<b>Certificates of Deposit</b>	3,000,000	0.54%
<b>Miscellaneous Cash</b>	1,479	0.00%
<b>Grand Total</b>	\$ 551,158,565	100.00%

**Interest Rate Risk**

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

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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

<b>Securities by Quality Rating</b>	<b>Maturities</b>		
	<b>Fair Value</b>	<b>Less than 1 Year</b>	<b>1-5 Years</b>
<b>AAA:</b>			
Municipal Bonds	\$ 4,943,119	\$ 295,551	\$ 4,647,568
<b>AAAm:</b>			
Investment in LGIP	30,001,301	30,001,301	-
<b>AA+:</b>			
U.S. Treasuries	408,235,238	29,208,330	379,026,908
U.S. Government Agency	958,003,712	54,087,660	903,916,052
Municipal Bonds	6,463,697	1,239,485	5,224,212
<b>Aa1:</b>			
Municipal Bonds	6,412,892	2,548,595	3,864,296
<b>Aa2:</b>			
Municipal Bonds	961,426	400,468	560,958
<b>Aa3:</b>			
Municipal Bonds	1,152,333	-	1,152,333
<b>AA:</b>			
Municipal Bonds	9,501,170	3,384,485	6,116,685
<b>AA-:</b>			
Municipal Bonds	1,327,403	349,344	978,060
<b>A+:</b>			
Municipal Bonds	2,474,721	-	2,474,721
<b>A:</b>			
Municipal Bonds	11,270,476	5,482,833	5,787,643
<b>A1:</b>			
Municipal Bonds	210,580	-	210,580

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)

Securities by Quality Rating	Fair Value	Maturities	
		Less than 1 Year	1-5 Years
<b>Not rated and other:</b>			
Municipal Bonds	\$ 7,041,066	\$ 2,315,813	\$ 4,725,253
U.S. Government Agency	49,251,620	-	49,251,620
Overnight Repurchase Pool	724,343,190	724,343,190	-
Fiscal Agent Account	177,579,035	177,579,035	-
Certificates of Deposit	68,500,000	68,500,000	-
Cash Miscellaneous	104,244,850	104,244,850	-
<b>Grand Total</b>	<b>\$ 2,571,917,829</b>	<b>\$ 1,203,980,940</b>	<b>\$ 1,367,936,889</b>

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

Securities by Quality Rating	Fair Value	Maturities	
		Less than 1 Year	1-5 Years
<b>AA+:</b>			
U.S. Treasuries	\$ 13,111,030	-	\$ 13,111,030
U.S. Government Agency	209,263,356	-	209,263,356
<b>A-1+:</b>			
Cash Miscellaneous	8,999,838	-	8,999,838
<b>Not rated and other:</b>			
U.S. Government Agency	80,725,225	-	80,725,225
Cash	254,988,968	254,988,968	-
<b>Grand Total</b>	<b>\$ 567,088,417</b>	<b>\$ 254,988,968</b>	<b>\$ 312,099,449</b>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
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**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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

<b>Securities by Quality Rating</b>	<b>Fair Value</b>	<b>Maturities</b>	
		<b>Less than 1 Year</b>	<b>1-5 Years</b>
<b>AAA:</b>			
Municipal Bonds	\$ 1,070,650	\$ -	\$ 1,070,650
<b>AAA-m:</b>			
Investment in LGIP	1,308,818	1,308,818	-
<b>AA+:</b>			
U.S. Treasuries	361,800,042	46,561,365	315,238,677
U.S. Government Agency	257,082,608	84,229,519	172,853,088
Municipal Bonds	1,300,872	1,021,041	279,832
<b>Aa1:</b>			
Municipal Bonds	10,325,631	5,461,275	4,864,356
<b>Aaa:</b>			
Municipal Bonds	526,725	-	526,725
<b>A+:</b>			
Municipal Bonds	411,180	-	411,180
<b>A1:</b>			
Municipal Bonds	1,368,900	1,368,900	-
<b>A-1+:</b>			
Municipal Bonds	1,296,968	1,296,968	-
<b>Not rated and other:</b>			
U.S. Government Agency	48,480,070	48,480,070	-
Overnight Repurchase Pool	67,799,862	67,799,862	-
Cash Miscellaneous	11,680,975	11,680,975	-
Certificates of Deposit	18,200,000	18,200,000	-
<b>Grand Total</b>	<b>\$ 782,653,301</b>	<b>\$ 287,408,793</b>	<b>\$ 495,244,508</b>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
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June 30, 2014

**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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

<b>Securities by Quality Rating</b>	<b>Fair Value</b>	<b>Maturities</b>	
		<b>Less than 1 Year</b>	<b>1-5 Years</b>
<b>AAA:</b>			
Municipal Bonds	\$ 12,180,993	\$ 4,780,000	\$ 7,400,993
<b>AAAm:</b>			
Investment in LGIP	2,019,089	2,019,089	-
<b>AA+:</b>			
U.S. Treasuries	321,482,404	70,425,775	251,056,629
U.S. Government Agency	119,445,875	25,030,750	94,415,125
Municipal Bonds	1,264,898	-	1,264,898
<b>Aa1:</b>			
Municipal Bonds	1,234,761	1,234,761	-
<b>AA:</b>			
Municipal Bonds	7,065,000	7,065,000	-
<b>AA-:</b>			
Municipal Bonds	1,279,890	1,279,890	-
<b>Not rated and other:</b>			
U.S. Government Agency	30,327,227	22,353,377	7,973,850
Certificates of Deposit	3,000,000	3,000,000	-
Overnight Repurchase Pool	51,856,949	51,856,949	-
Cash Miscellaneous	1,479	1,479	-
<b>Grand Total</b>	<b>\$ 551,158,565</b>	<b>\$ 189,047,070</b>	<b>\$ 362,111,495</b>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
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**June 30, 2014**

**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Foreign Currency Risk**

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

All holdings at June 30, 2014 were denominated in United States Dollars.

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

**Securities Collateralizing Repurchase Agreements**

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

1. The market value of the collateral including accrued interest must be equal to one hundred two percent (102%) of the amount of cash transferred by the State Treasurer to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the market value of securities held as collateral slips below one hundred two percent (102%) of the value of the cash transferred plus accrued interest, then additional cash and/or acceptable securities must be delivered to the third party custodian sufficient to cure any deficiency; and
2. For repurchase agreements with terms to maturity of greater than one (1) day, the State will value the collateral securities continuously and require that, if additional collateral is required, then that collateral must be delivered within one business day. If a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated; and
3. The collateral on all repurchase agreements will have a maturity date that exceeds the term of the repurchase agreement. If the duration of the collateral is longer than ten (10) years than the term of the repurchase agreement, then the collateral margin must be 103% to compensate for market risk.

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

<b>Securites by Quality Rating</b>	<b>Fair Value</b>	<b>Percentage of Portfolio</b>
<b>AA+:</b>		
U.S. Government Agency Obligations	\$ 873,458,645	100.00%
<b>Grand Total</b>	<b>\$ 873,458,645</b>	<b>100.00%</b>



**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Maturities on collateral are as follows:

Securites by Quality Rating	Fair Value	Maturities				
		Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 20 Years
<b>AA+:</b>						
U.S. Government Mortgage Backed Securities	\$ 873,458,645	\$ -	\$ -	\$ -	\$ 107,867,826	\$ 765,590,819
<b>Grand Total</b>	\$ 873,458,645	\$ -	\$ -	\$ -	\$ 107,867,826	\$ 765,590,819

Schedule 10 discloses collateral pledged for repurchase agreements.

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance, June 30, 2013	Additions	Deletions	Balance, June 30, 2014
Governmental activities:				
Depreciable assets:				
Equipment	\$ 253,779	\$ 9,952	\$ -	\$ 263,731
Total capital assets	253,779	9,952	-	263,731
Less accumulated depreciation:				
Equipment	209,941	21,248	-	231,189
<b>Total</b>	<b>\$ 43,838</b>	<b>\$ (11,296)</b>	<b>\$ -</b>	<b>\$ 32,542</b>

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

Governmental activities:	
General government	\$ 21,248

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE 8 - LONG-TERM OBLIGATIONS**

**Compensated Absences**

As in prior years, the general fund is used to liquidate compensated absences. Following are the changes in compensated absences for the year ended June 30, 2014:

	<u>Balance, June 30, 2013</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance, June 30, 2014</u>	<u>Amounts Due within One Year</u>
<b>Compensated absences</b>	\$ 110,348	\$ 115,358	\$ (104,072)	\$ 121,634	\$ 121,634

**NOTE 9 – CONDENSED FINANCIAL STATEMENTS**

Condensed financial statements of the Investment Trust Fund, inclusive of external and internal participants for the fiscal year ended June 30, 2014 are as follows:

<b>Assets:</b>	
Investments	\$ 4,439,488,904
Securities receivable	182,339
Interest and other receivables	<u>10,073,228</u>
<b>Total assets</b>	<u>\$ 4,449,744,471</u>
<b>Liabilities:</b>	
Due to broker	\$ 45,148,139
Other liabilities	28,307
<b>Net position:</b>	
External participant account balances	534,055,179
Other internal participant account balances:	
Primary government	<u>3,870,512,846</u>
<b>Total liabilities and net position</b>	<u>\$ 4,449,744,471</u>

At June 30, 2014 the State Treasurer's investment income earnings were as follows:

Local Government Investment Pool	\$ 996,835
Consolidated Investment Pool	7,130,246
State Funds Investment Pool	<u>18,530,964</u>
<b>Total</b>	<u>\$ 26,658,045</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
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**June 30, 2014**

**NOTE 10 - APPROPRIATIONS**

The State Treasurer received the following appropriations for the year ended June 30, 2014:

<b>General Fund</b>	
General appropriation (General Appropriation Act)	\$ 3,684,500
Appropriation from LGIP to the Office's General Fund for management of LGIP assets	<u>146,600</u>
<b>Total appropriations</b>	<b><u>\$ 3,831,100</u></b>

**NOTE 11 - COLLATERAL IN TRUST**

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

**NOTE 12 – DUE TO/FROM OTHER STATE AGENCIES**

Due to State Treasurer's Office	Fund No.	Amount	Due from Agency/Purpose	Fund No.	Amount
Severance Tax Bonding Fund	41000	\$ 155,216,399	Tax & Revenue Dept. of Finance	82500	\$ 155,216,399
G.O. 2005 Series Debt Service	03200	2,874,781	& Administration Dept. of Finance	80000	2,874,781
G.O. 2009 Series Debt Service	10630	4,696,220	& Administration Dept. of Finance	80000	4,696,220
G.O. 2011 Series Debt Service	11630	408,997	& Administration Dept. of Finance	80000	408,997
G.O. 2013 Series Debt Service	11680	2,974,822	& Administration Dept. of Finance	80000	2,974,822
G.O. 2007 Series Debt Service	28800	3,307,924	& Administration	80000	3,307,924
G.O. 2011 Series Debt Service	11630	1,259,370	Board of Finance	11310	1,259,370
Severance Tax Bonding Fund	41000	<u>8,353,305</u>	Board of Finance	Various	<u>8,353,305</u>
		<u>\$ 179,091,818</u>			<u>\$ 179,091,818</u>

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
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June 30, 2014**

**NOTE 12 – DUE TO/FROM OTHER STATE AGENCIES (CONTINUED)**

<u>Due from State Treasurer's Office</u>	<u>Fund No.</u>	<u>Amount</u>	<u>Due to Agency/Purpose</u>	<u>Fund No.</u>	<u>Amount</u>
STB Bond Fund	41000	\$ 4,980,366	Sev Tax Perm Fd.	60200	\$ 4,980,366
		<u>\$ 4,980,366</u>			<u>\$ 4,980,366</u>

Purpose: Reversions due to the State General Fund; gaming receipts due to the State General Fund, and funds due to the NM State Investment Council – Severance Tax Permanent Fund.

**NOTE 13 - ARBITRAGE ON TAX EXEMPT BONDS**

Prior to the Tax Reform Act (TRA) of 1986, State and local governments had up to three years to use the proceeds from tax exempt bonds issued by them before arbitrage on such proceeds had to be paid to the Treasury Department. Arbitrage, as defined, is the excess interest earned by a State or local government on proceeds from the sale of its bonds over interest paid to bond holders.

TRA 1986 required rebate of such arbitrage to the 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: 1) 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 2) the rebate requirement is satisfied for the reserve fund after the six month period. The term gross proceeds for purposes of the rule include both the sale proceeds received from the bond purchase 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 following is a schedule of bond issues, along with the bond year ends and arbitrage rebate due dates. The State Treasurer's Office has had the first arbitrage computation for the bonds, completed as indicated:

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
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**NOTE 13 - ARBITRAGE ON TAX EXEMPT BONDS (CONTINUED)**

	<b>First Computation Date</b>	<b>First Payment Due to IRS</b>	<b>First Computation of Arbitrage Completed</b>	<b>Last / Next Payment Due to IRS</b>
General Obligation Bonds Series 2005	3/1/2010	4/30/2010	X	3/1/2015
General Obligation Bonds Series 2007	3/1/2012	4/30/2012	X	3/1/2017
General Obligation Bonds Series 2009	5/28/2014	7/28/2014	X	3/1/2019
General Obligation Bonds Series 2011	5/26/2016	7/25/2016	X	3/1/2021
General Obligation Bonds Series 2013	4/23/2018	6/22/2018	X	3/1/2023
Severance Tax Bonds Series 2009A	7/30/2014	9/29/2014	X	7/1/2019
Severance Tax Bonds Series 2010A	3/24/2015	5/26/2015	X	3/24/2020
Supplemental Severance Tax Bonds Series 2010B	3/24/2015	5/26/2015	X	3/24/2020
Severance Tax Bonds Series 2010C	6/30/2015	8/31/2015	X	7/1/2015
Severance Tax Bonds Series 2010D	12/8/2015	2/8/2016	X	7/1/2017
Severance Tax Bonds Series 2011A-1	12/6/2016	2/6/2017	X	7/1/2021
Severance Tax Bonds Refunding Series 2011A-2	12/6/2016	2/6/2017	X	7/1/2021
Severance Tax Bonds Series 2012A	6/21/2017	8/21/2017	X	6/21/2022
Severance Tax Bonds Series 2013A	7/23/2018	9/24/2018	X	7/1/2023
Severance Tax Bonds Series 2014A	6/24/2019	8/23/2019		6/24/2024

**NOTE 14 - TRANSFERS**

**Interfund Transfers**

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 14 – TRANSFERS (CONTINUED)**

**Debt Service:**  
**Severance Tax Bonds:**

SHARE Fund	Transfer from	Amount	SHARE Fund	Transfer to	Amount
41000	Severance Tax Bond Fund	\$ 28,283,765	10750	STB-2006A Debt Svc.	\$ 28,283,765
41000	Severance Tax Bond Fund	16,903,706	10950	STB-2010A Debt Svc.	16,903,706
41000	Severance Tax Bond Fund	13,043,385	10960	STB-2010B Debt Svc.	13,043,385
41000	Severance Tax Bond Fund	10,180,334	11190	STB-2010C Debt Svc.	10,180,334
41000	Severance Tax Bond Fund	32,491,656	11280	STB-2010 Debt Svc.	32,491,656
41000	Severance Tax Bond Fund	5,293,375	11480	STB-2012A Debt Svc.	5,293,375
41000	Severance Tax Bond Fund	18,083,727	11770	STB-2013A Debt Svc.	18,083,727
41000	Severance Tax Bond Fund	4,982,791	11980	STB-2013S-C Maturity	4,982,791
41000	Severance Tax Bond Fund	1,207,289	18300	STB-2004B Debt Svc.	1,207,289
41000	Severance Tax Bond Fund	17,457,128	30820	STB-2011A-2	17,457,128
41000	Severance Tax Bond Fund	<u>6,220,465</u>	30830	STB-2011A-1 Debt Svc	<u>6,220,465</u>
		<u>\$ 154,147,621</u>			<u>\$ 154,147,621</u>

**General Obligation Bonds:**

SHARE Fund	Transfer from	Amount	SHARE Fund	Transfer to	Amount
41500	GO 2001 Rebate	\$ 386	10630	GO-2009 Debt Svc.	\$ 386
10650	GO-2009 Series COI	32,936	10630	GO-2009 Debt Svc.	32,936
41900	GO 2003 Refunding	153,124	10630	GO-2009 Debt Svc.	153,124
28800	GO 2007 Series Debt Svc.	550,000	11680	GO 2013 Debt Svc.	550,000
28800	GO 2007 Series Debt Svc.	6,292,281	03200	GO 2005 Debt Svc.	6,292,281
41800	GO 2003B Refunding	<u>8,232,183</u>	11680	GO 2013 Debt Svc.	<u>8,232,183</u>
		<u>\$ 15,260,910</u>			<u>\$ 15,260,910</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 14 – TRANSFERS (CONTINUED)

Interagency Transfers

Debt Service:

Severance Tax Bonds:

Transfers in from Other State Agencies

Transfers from (purpose)	Fund No.	Amount	Transfers to (purpose)	Fund No.	Amount
Board of Finance	34103	\$ 13,059,758	Severance Tax Bonding Fund	41000	\$ 13,059,758
		<u>\$ 13,059,758</u>			<u>\$ 13,059,758</u>

General Obligation Bonds:

Transfers in from Other State Agencies

Transfers from (purpose)	Fund No.	Amount	Transfers to (purpose)	Fund No.	Amount
Board of Finance	34103	\$ 1,375,866	GO 2009 Debt Service	10630	107,808
			GO 2011 Debt Service	11630	1,259,304
			GO 2007 Debt Service	28800	<u>8,754</u>
		<u>\$ 1,375,866</u>			<u>\$ 1,375,866</u>

Transfers out to Other State Agencies

Transfers from (purpose)	Fund No.	Amount	Transfers to (purpose)	Fund No.	Amount
GO 911-Rebate	48800	\$ 112,091	Department of & Administration	74500	\$ 112,091
STB Bond Fund	41000	<u>129,977,730</u>	Sev Tax Perm Fd.	60200	<u>129,977,122</u>
Total - General Obligation Bond Funds		<u>\$ 130,089,821</u>			<u>\$ 130,089,213</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 - PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**Plan Description**

Substantially all of the State Treasurer's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding Policy**

Plan members are required to contribute 8.92% of their gross salary. The State Treasurer's Office is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the State Treasurer's Office are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The State Treasurer's contributions to PERA for the fiscal years ending June 30, 2014, 2013 and 2012 were \$332,687, \$287,778 and \$260,521, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 16 - POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

**Plan Description**

The State Treasurer's Office contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government

agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978).

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

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



**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
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**NOTE 16 - POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**  
(CONTINUED)

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

**Funding Policy**

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014 the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014 the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The State Treasurer's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$40,179, \$38,166 and \$35,649, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 17 - RISK MANAGEMENT**

The State Treasurer is exposed to various risks of loss for which the State Treasurer carries insurance (auto; employee fidelity bond; general liability; civil rights and foreign jurisdiction; money and securities; property; and workers' compensation) with the State of New Mexico Risk Management Division. Public employee fidelity bonding coverage is self-insured by the State of New Mexico. The current policy year is July 1, 2013 to June 30, 2014. The limit of coverage is \$5,000,000, with \$1,000 deductible per occurrence. All State Treasurer employees are covered by this bond.

The State Treasurer had no significant reductions in insurance coverage from coverage in the prior year. In the fiscal years ended June 30, 2014, 2013 and 2012, there were no settlements that exceeded insurance coverage.

**NOTE 18 - REVERSION TO THE STATE GENERAL FUND**

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

The amount expected to revert to the State General Fund as of June 30, 2014 is \$63,448.

Amounts reverted to the State General Fund during 2014 were as follows:

	<u>Appropriation</u>	<u>Reversion</u>
Reversion to State General Fund fiscal year 2014	\$ 3,684,500	\$ 63,448
Special Appropriations	<u>146,000</u>	<u>-</u>
<b>Total Due to State General Fund</b>	<u>\$ 3,831,100</u>	<u>\$ 63,448</u>



**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2014

**NOTE 21 – FUND BALANCES**

The Department's fund balances represent: 1) Restricted purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; 2) Committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 3) Assigned purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2014 follows:

	<b>General Fund</b>	<b>General Obligation Bond Fund</b>	<b>Severance Tax Bond Fund</b>
Fund balances:			
Restricted for:			
Debt service	\$ -	\$ 43,429,908	\$ 177,597,100
Unrestricted, unassigned	8,884	-	-
<b>Total fund balances</b>	<b>\$ 8,884</b>	<b>\$ 43,429,908</b>	<b>\$ 177,597,100</b>

**NOTE 22 – RESTATEMENT**

The following restatements were recorded to correctly reflect interagency transactions in a consistent manner with other state agencies and ensure that the proper twelve months of revenue (July 1, 2013 through June 30, 2014) were captured as revenue in the financial statements for the year ended June 30, 2014:

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds:

	<b>General Obligation Fund</b>	<b>Severance Tax Bond Fund</b>
Fund balances, June 30, 2013	\$ 18,494,050	\$ 223,345,944
Restatement	23,476,315	37,694,966
<b>Fund balances, June 30, 2013, as restated</b>	<b>\$ 41,970,365</b>	<b>\$ 261,040,910</b>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 22 – RESTATEMENT (CONTINUED)**

Statement of Activities:

Net position, June 30, 2013	\$ 241,780,324
Restatement	<u>61,171,281</u>
<b>Net position, June 30, 2013, as restated</b>	<b><u>\$ 302,951,605</u></b>

**NOTE 23 – SUBSEQUENT ACCOUNTING PRONOUNCEMENTS**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact of this pronouncement on its financial statements. GASB No. 68 will require the Department to record its proportionate share of the unfunded pension plan liabilities in the New Mexico State Retirement System and other plans. Although the amount of the liability is unknown, it is presumed to be material.

In January 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact of this pronouncement on its financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combination* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact (if any) of this pronouncement on its financial statements.

This information is an integral part of the accompanying financial statements.

**SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
 SCHEDULE 1 - CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -  
 SCHEDULE OF CHANGES BY ASSET CLASS AND SOURCE  
 Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<b>GOVERNMENTAL FUNDS</b>				
<b>CAPITAL ASSETS</b>				
Equipment, furniture and fixtures	\$ 253,779	\$ 9,952	\$ -	\$ 263,731
<b>TOTAL GOVERNMENTAL FUNDS</b>				
<b>CAPITAL ASSETS</b>				
<b>BY SOURCE</b>	<u>\$ 253,779</u>	<u>\$ 9,952</u>	<u>\$ -</u>	<u>\$ 263,731</u>
<b>INVESTMENTS IN GOVERNMENTAL</b>				
<b>FUNDS CAPITAL ASSETS</b>				
General Fund revenues	\$ 253,779	\$ 9,952	\$ -	\$ 263,731
<b>TOTAL GOVERNMENTAL FUNDS</b>				
<b>CAPITAL ASSETS</b>	253,779	9,952	-	263,731
Less Accumulated Depreciation Equipment	209,941	\$ 21,248	\$ -	231,189
Total	<u>\$ 43,838</u>	<u>\$ (11,296)</u>	<u>\$ -</u>	<u>\$ 32,542</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 2 - COMBINING BALANCE SHEET - GENERAL OBLIGATION BONDS -  
GENERAL OBLIGATION BOND DEBT SERVICE FUNDS  
June 30, 2014

	SHARE Fund	Assets			Total Assets
		Repurchase Agreements	Due From Other Agencies	Accrued Interest Receivable	
2003 Series-Debt Service	03100	\$ 785,098	\$ -	\$ -	\$ 785,098
2005 Series Dcbt Service	03200	4,657,555	2,874,781	-	7,532,336
2007 Series-Debt Service	28800	4,113,939	3,307,924	-	7,421,863
2001 Series-Debt Service	41400	340,616	-	-	340,616
2003B Series - Refunding	41800	3,970	-	-	3,970
2009 Series-Debt Service	10630	11,371,128	4,696,220	-	16,067,348
2011 Series-Debt Service	11630	1,599,398	1,668,367	-	3,267,765
2013 Series-Debt Service	11680	4,185,186	2,974,822	-	7,160,008
2008A Series-Redemption	73030	220,699	-	-	220,699
2008A Series-Debt Service	73010	3,142	-	-	3,142
<b>Total Debt Service</b>		<b>27,280,731</b>	<b>15,522,114</b>	<b>-</b>	<b>42,802,845</b>
2003 Series - Rebate	41300	4,794	-	-	4,794
2001 Series - Rebate	41500	56	-	-	56
2003 Refunding Series - Rebate	41900	9	-	-	9
2005 Series - Rebate	42600	608,703	-	-	608,703
911 - Rebate	48800	-	-	-	-
<b>Total Rebate Accounts</b>		<b>613,562</b>	<b>-</b>	<b>-</b>	<b>613,562</b>
2009 Series - Cost of Issuance	10650	-	-	-	-
2011 Series - Cost of Issuance	11320	(650)	-	-	(650)
2013 Series - Cost of Issuance	11620	14,151	-	-	14,151
<b>Total cost of issuance</b>		<b>13,501</b>	<b>-</b>	<b>-</b>	<b>13,501</b>
<b>COMBINED TOTAL</b>		<b>\$ 27,907,794</b>	<b>\$ 15,522,114</b>	<b>\$ -</b>	<b>\$ 43,429,908</b>



Liabilities			Fund Balance		Total Liabilities & Fund Equity
Due to Other State Agencies	Accounts Payable	Total Liabilities	Balance Restricted for Debt Service	Total Fund Balance	
\$ -	\$ -	\$ -	\$ 785,098	\$ 785,098	\$ 785,098
-	-	-	7,532,336	7,532,336	7,532,336
-	-	-	7,421,863	7,421,863	7,421,863
-	-	-	340,616	340,616	340,616
-	-	-	3,970	3,970	3,970
-	-	-	16,067,348	16,067,348	16,067,348
-	-	-	3,267,765	3,267,765	3,267,765
-	-	-	7,160,008	7,160,008	7,160,008
-	-	-	220,699	220,699	220,699
-	-	-	3,142	3,142	3,142
-	-	-	42,802,845	42,802,845	42,802,845
-	-	-	4,794	4,794	4,794
-	-	-	56	56	56
-	-	-	9	9	9
-	-	-	608,703	608,703	608,703
-	-	-	-	-	-
-	-	-	613,562	613,562	613,562
-	-	-	-	-	-
-	-	-	(650)	(650)	(650)
-	-	-	14,151	14,151	14,151
-	-	-	13,501	13,501	13,501
\$ -	\$ -	\$ -	\$ 43,429,908	\$ 43,429,908	\$ 43,429,908

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 3 - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GENERAL OBLIGATION DEBT SERVICE FUNDS  
Year Ended June 30, 2014

	SHARE Fund	Revenues		Expenditures	
		Interest Income	Principal and Interest on Long-Term Debt	Other Charges	Total Expenditures
2003 Series-Debt Service	03100	\$ 3,436	\$ -	\$ -	\$ -
2005 Series Debt Service	03200	18,874	14,508,000	2,050	14,510,050
2007 Series Debt Service	28800	29,969	17,466,750	683	17,467,433
2001 Series-Debt Service	41400	1,265	-	-	-
2003-B Series - Refunding	41800	19,353	-	-	-
2009 Series-Debt Service	10630	57,689	25,883,250	1,365	25,884,615
2011 Series-Debt Service	11630	35,782	2,246,350	717	2,247,067
2013 Series-Debt Service	11680	506,282	15,325,503	-	15,325,503
2008A Series-Redemption	73030	-	-	-	-
2008A Series-Debt Service	73010	14,218	-	1,367	1,367
<b>Total Debt Service</b>		<b>686,868</b>	<b>75,429,853</b>	<b>6,182</b>	<b>75,436,035</b>
2003 Series-Rebate	41300	18	-	-	-
2001 Series-Rebate	41500	568	-	-	-
2003 Series-Refunding	41900	105	-	-	-
2005 Rebate	42600	2,510	-	-	-
911-Rebate	48800	67	-	-	-
<b>Total Rebate Accounts</b>		<b>3,268</b>	<b>-</b>	<b>-</b>	<b>-</b>
2009 Series - Cost of Issuance	10650	-	-	-	-
2011 Series - Cost of Issuance	11320	-	-	-	-
2013 Series - Cost of Issuance	11620	-	-	-	-
<b>Total cost of issuance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMBINED TOTAL</b>		<b>\$ 690,136</b>	<b>\$ 75,429,853</b>	<b>\$ 6,182</b>	<b>\$ 75,436,035</b>

**Other Financing Sources (Uses)**

Excess (Deficiency) of Revenues over (under) Expenditures	State Property Tax Levy	Transfers (to) from Other State Agencies	Bond Proceeds	Capital Projects Reversions	Interfund Transfers
\$ 3,436	\$ -	\$ -	\$ -	\$ -	\$ -
(14,491,176)	10,190,258	-	-	-	6,292,281
(17,437,464)	17,108,222	8,754	-	-	(550,000)
1,265	-	-	-	-	-
19,353	-	-	-	-	(8,232,183)
(25,826,926)	31,851,571	107,808	-	-	186,446
(2,211,285)	2,719,360	1,259,912	-	-	-
(14,819,221)	12,722,256	-	-	-	8,782,183
-	-	-	-	-	-
12,851	-	-	-	-	(6,292,281)
(74,749,167)	74,591,667	1,376,474	-	-	186,446
18	-	-	-	-	-
568	-	(512)	-	-	(386)
105	-	(96)	-	-	(153,124)
2,510	-	-	-	-	-
67	-	(112,091)	-	-	-
3,268	-	(112,699)	-	-	(153,510)
-	-	-	-	-	(32,936)
-	-	-	-	-	-
-	-	-	350,000	-	-
-	-	-	350,000	-	(32,936)
<u>\$ (74,745,899)</u>	<u>\$ 74,591,667</u>	<u>\$ 1,263,775</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 3 - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GENERAL OBLIGATION DEBT SERVICE FUNDS (CONTINUED)  
Year Ended June 30, 2014

	SHARE Fund	Net Change in Fund Balance	Beginning Fund Balance as Originally Reported	Restatement	Beginning Fund Balances as Restated	Fund Balances June 30, 2014
2003 Series-Debt Service	03100	\$ 3,436	\$ 781,662	\$ -	\$ 781,662	\$ 785,098
2005 Series Debt Service	03200	1,991,363	982,188	4,558,785	5,540,973	7,532,336
2007 Series Debt Service	28800	(870,488)	3,047,361	5,244,989	8,292,350	7,421,862
2001 Series-Debt Service	41400	1,265	339,350	-	339,350	340,615
2003-B Series - Refunding	41800	(8,212,830)	8,216,800	-	8,216,800	3,970
2009 Series-Debt Service	10630	6,318,899	2,293,228	7,455,222	9,748,450	16,067,349
2011 Series-Debt Service	11630	1,767,987	843,216	656,562	1,499,778	3,267,765
2013 Series-Debt Service	11680	6,685,218	134,650	340,140	474,790	7,160,008
2008A Series-Redemption	73030	-	220,699	-	220,699	220,699
2008A Series-Debt Service	73010	(6,279,430)	1,061,955	5,220,617	6,282,572	3,142
Total debt service		1,405,420	17,921,109	23,476,315	41,397,424	42,802,844
2003 Series-Rebate	41300	18	4,776	-	4,776	4,794
2001 Series-Rebate	41500	(330)	386	-	386	56
2003 Series-Refunding	41900	(153,115)	153,125	-	153,125	10
2005 Rebate	42600	2,510	606,193	-	606,193	608,703
911-Rebate	48800	(112,024)	112,024	-	112,024	-
Total Rebate Accounts		(262,941)	876,504	-	876,504	613,563
2009 Series - Cost of Issuance	10650	(32,936)	32,936	-	32,936	-
2011 Series - Cost of Issuance	41600	-	(650)	-	(650)	(650)
2013 Series - Cost of Issuance	41600	350,000	(335,849)	-	(335,849)	14,151
Total cost of issuance		317,064	(303,563)	-	(303,563)	13,501
<b>COMBINED TOTAL</b>		<b>\$ 1,459,543</b>	<b>\$ 18,494,050</b>	<b>\$ 23,476,315</b>	<b>\$ 41,970,365</b>	<b>\$ 43,429,908</b>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 4 - COMBINING BALANCE SHEET - SEVERANCE TAX BONDS -  
SEVERANCE TAX BOND DEBT SERVICE FUNDS  
June 30, 2014

	SHARE Fund	Assets				Total Assets
		Repurchase Agreements	Due From Other Agencies	Accrued Interest Receivable	Prepaid Expense	
2009-A Series - Debt Service	10750	\$ 8,215	\$ -	\$ -	\$ -	\$ 8,215
2010-A Series - Debt Service	10950	6,364	-	-	-	6,364
2010-B Series - Debt Service	10960	982	-	-	-	982
2010-C Series - Debt Service	11190	761	-	-	-	761
Series 2011A-1 Refunding	11280	2,351	-	-	-	2,351
Series 2013A	11770	107,191	-	-	-	107,191
2013 S-C Maturity	11980	2,510	-	-	-	2,510
Series 2014A	12160	15,393	-	-	-	15,393
Series 2011A-2 Refunding	30830	14,850	-	-	-	14,850
Series 2012A - Refunding	30820	1,227	-	-	-	1,227
2010-D Series - Debt Service	11480	19,505	-	-	-	19,505
2004-A Series Debt Service	49200	696	-	-	-	696
2004-B Series Debt Service	18300	92	-	-	-	92
2005-B1 Series Debt Service	38800	2,006	-	-	-	2,006
Severance Tax Bonding	41000	18,771,414	163,569,704	-	-	182,341,118
2005-A Series Debt Service	41200	106,529	-	-	-	106,529
2003-B Series-Debt Service	48400	218	-	-	-	218
2007-A Debt Service	53700	55,090	-	-	-	55,090
2005-B2 Series Debt Service	57100	1,477	-	-	-	1,477
2008A-1 Series - Debt Service	72010	66,838	-	-	-	66,838
2008A-2 Series - Debt Service	72070	1,491	-	-	-	1,491
2006-A Series Debt Service	96300	2,474	-	-	-	2,474
<b>Total Debt Service</b>		<b>19,187,674</b>	<b>163,569,704</b>	<b>-</b>	<b>-</b>	<b>182,757,378</b>
2004-B Series-Rebate	41100	1,018	-	-	-	1,018
2003-B Supp-Rebate	42000	12,772	-	-	-	12,772
2005-A Series-Rebate	48300	45,366	-	-	-	45,366
2005-B1 Series-Rebate	57000	11,179	-	-	-	11,179
2005-B2 Series-Rebate	96000	6,560	-	-	-	6,560
2006-A Series-Rebate	96400	39,074	-	-	-	39,074
<b>Total Rebate Accounts</b>		<b>115,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,969</b>
<b>COMBINED TOTAL</b>		<b>\$ 19,303,643</b>	<b>\$ 163,569,704</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 182,873,347</b>



STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
 SCHEDULE 4 - COMBINING BALANCE SHEET - SEVERANCE TAX BONDS -  
 SEVERANCE TAX BOND DEBT SERVICE FUNDS (CONTINUED)  
 June 30, 2014

	Fund Equity		Total Liabilities & Fund Equity
	Restricted for Debt Service	Total Fund Equity	
2009-A Series - Debt Service	\$ 8,215	\$ 8,215	\$ 8,215
2010-A Series - Debt Service	6,364	6,364	6,364
2010-B Series - Debt Service	982	982	982
2010-C Series - Debt Service	761	761	761
2010-D Series - Debt Service	2,351	2,351	2,351
Series 2013A	107,191	107,191	107,191
2013 S-C Maturity	2,510	2,510	2,510
Series 2014A	15,393	15,393	15,393
Series 2011A-1 Refunding	14,850	14,850	14,850
Series 2011A-2 Refunding	1,227	1,227	1,227
Series 2012A - Refunding	19,505	19,505	19,505
2004-A Series Debt Service	696	696	696
2004-B Series Debt Service	92	92	92
2005-B1 Series Debt Service	2,006	2,006	2,006
Severance Tax Bonding	177,066,086	177,066,086	182,341,118
2005-A Series Debt Service	106,529	106,529	106,529
2003-B Series-Debt Service	218	218	218
2007-A Debt Service	55,090	55,090	55,090
2005-B2 Series Debt Service	1,477	1,477	1,477
2008A-1 Series - Debt Service	66,838	66,838	66,838
2008A-2 Series - Debt Service	276	276	1,491
2006-A Series Debt Service	2,474	2,474	2,474
<b>Total Debt Service</b>	<b>177,481,131</b>	<b>177,481,131</b>	<b>182,757,378</b>
2004-B Series-Rebate	1,018	1,018	1,018
2003-B Supp-Rebate	12,772	12,772	12,772
2005-A Series-Rebate	45,366	45,366	45,366
2005-B1 Series-Rebate	11,179	11,179	11,179
2005-B2 Series-Rebate	6,560	6,560	6,560
2006-A Series-Rebate	39,074	39,074	39,074
<b>Total Rebate Accounts</b>	<b>115,969</b>	<b>115,969</b>	<b>115,969</b>
<b>COMBINED TOTAL</b>	<b>\$ 177,597,100</b>	<b>\$ 177,597,100</b>	<b>\$ 182,873,347</b>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 5 - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - SEVERANCE TAX BOND DEBT SERVICE FUNDS  
Year Ended June 30, 2014

	SHARE Fund	Revenues		Expenditures	
		Interest Income	Principal and Interest on Long-Term Debt	Other Charges	Total Expenditures
2009-A Series - Debt Service	10750	\$ 45,590	\$ 62,692,625	\$ -	\$ 62,692,625
2010-A Series - Debt Service	10950	52,083	31,322,850	-	31,322,850
2010-B Series - Debt Service	10960	1,661	24,442,324	-	24,442,324
2010-C Series - Debt Service	11190	821	19,557,500	-	19,557,500
2010-D Series - Debt Service	11280	2,657	61,899,900	(1,300)	61,898,600
Series 2013A	11770	579,042	18,555,578	-	18,555,578
2013 S-C Maturity	11980	-	4,980,281	-	4,980,281
Series 2014A	12160	15,393	-	-	-
2011A-1 Series	30830	95,759	10,376,855	-	10,376,855
2011A-2 Series Refunding	30820	1,436	19,281,475	-	19,281,475
2012A - Series	11480	146,984	8,369,501	-	8,369,501
2004-A Series Debt Service	49200	696	-	-	-
2004-B Series Debt Service	18300	103	2,374,001	-	2,374,001
2005-B1 Series Debt Service	38800	7	-	-	-
Severance Tax Bonding	41000	4,833,731	260,724,838	1,153,007	261,877,845
2005-A Series -Debt Service	41200	3,130	-	-	-
2003-B Series-Debt Service	48400	1	1,268,033	-	1,268,033
2007-A Series-Debt Service	53700	9,870	-	-	-
2005-B2 Series Debt Service	57100	54	-	-	-
2008A-1 Debt Service	72010	56,155	14,943,000	-	14,943,000
2008A-2 Debt Service	72070	6	-	-	-
2006-A Series Debt Service	96300	10	-	-	-
<b>Total Debt Service</b>		<b>5,845,189</b>	<b>540,788,761</b>	<b>1,151,707</b>	<b>541,940,468</b>
2004-B Series-Rebate	41100	4	-	-	-
2003-B Supp-Rebate	42000	47	-	-	-
2005-A Series-Rebate	48300	169	-	-	-
2005-B1 Series-Rebate	57000	42	-	-	-
2005-B2 Series-Rebate	96000	24	-	-	-
2006-A Series-Rebate	96400	146	-	-	-
<b>Total Rebate Accounts</b>		<b>432</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMBINED TOTAL</b>		<b>\$ 5,845,621</b>	<b>\$ 540,788,761</b>	<b>\$ 1,151,707</b>	<b>\$ 541,940,468</b>



Excess (Deficiency) of Revenues over (under) Expenditures	Other Financing Sources (Uses)					
	Severance Taxes	Bond Proceeds	Transfers (to) from Other State Agencies	Interfund Transfers	Payment to Escrow Agent	Severance Tax Permanent Fund Reversions
\$ (62,647,035)	\$ -	\$ -	\$ -	\$ 28,283,765	\$ -	\$ -
(31,270,767)	-	-	-	16,903,706	-	-
(24,440,663)	-	-	-	13,043,385	-	-
(19,556,679)	-	-	-	10,180,334	-	-
(61,895,943)	-	-	-	32,491,656	-	-
(17,976,536)	-	-	-	18,083,727	-	-
(4,980,281)	-	-	-	4,982,791	-	-
15,393	-	-	-	-	-	-
(10,281,096)	-	-	-	6,220,465	-	-
(19,280,039)	-	-	-	17,457,128	-	-
(8,222,517)	-	-	-	5,293,375	-	-
696	-	-	-	-	-	-
(2,373,898)	-	-	-	1,207,289	-	-
7	-	-	-	-	-	-
(257,044,114)	569,569,009	-	(116,917,972)	(154,147,621)	-	-
3,130	-	-	-	-	-	-
(1,268,032)	-	-	-	-	-	-
9,870	-	-	-	-	-	-
54	-	-	-	-	-	-
(14,886,845)	-	-	-	-	-	-
6	-	-	-	-	-	-
10	-	-	-	-	-	-
(536,095,279)	569,569,009	-	(116,917,972)	-	-	-
4	-	-	-	-	-	-
47	-	-	-	-	-	-
169	-	-	-	-	-	-
42	-	-	-	-	-	-
24	-	-	-	-	-	-
146	-	-	-	-	-	-
432	-	-	-	-	-	-
<u>\$ (536,094,847)</u>	<u>\$ 569,569,009</u>	<u>\$ -</u>	<u>\$ (116,917,972)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 5 - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - SEVERANCE TAX BOND DEBT SERVICE FUNDS (CONTINUED)  
Year Ended June 30, 2014

	SHARE	Total Other	Net Change	Beginning		Beginning	Fund
	Fund	Financing	in Fund	Fund Balance	Restatement	Fund Balance	Balances
		Sources (Uses)	Balance	as Originally		as Restated	June 30, 2014
				Reported			
2009-A Series - Debt Service	10750	\$ 28,283,765	\$ (34,363,270)	\$ 34,371,485	\$ -	\$ 34,371,485	\$ 8,215
2010-A Series - Debt Service	10950	16,903,706	(14,367,061)	14,373,425	-	14,373,425	6,364
2010-B Series - Debt Service	10960	13,043,385	(11,397,278)	11,398,260	-	11,398,260	982
2010-C Series - Debt Service	11190	10,180,334	(9,376,345)	9,377,106	-	9,377,106	761
2010-D Series - Debt Service	11280	32,491,656	(29,404,287)	29,406,638	-	29,406,638	2,351
Series 2013A	11770	18,083,727	107,191	-	-	-	107,191
2013 S-C Maturity	11980	4,982,791	2,510	-	-	-	2,510
Series 2014A	11980	-	15,393	-	-	-	15,393
2011A-1 Series	30830	6,220,465	(4,060,631)	4,075,481	-	4,075,481	14,850
2011A-2 Series Refunding	30830	17,457,128	(1,822,911)	1,824,138	-	1,824,138	1,227
2012A - Series	30830	5,293,375	(2,929,142)	2,948,647	-	2,948,647	19,505
2004-B Series Debt Service	18300	-	696	-	-	-	696
2004-B Series Debt Service	18300	1,207,289	(1,166,609)	1,166,702	-	1,166,702	92
2005-B1 Series Debt Service	38800	-	7	1,999	-	1,999	2,006
Severance Tax Bonding	41000	298,503,416	41,459,302	97,911,817	37,694,967	135,606,784	177,066,086
2005-A Series -Debt Service	41200	-	3,130	103,399	-	103,399	106,529
2003-B Series-Debt Service	48400	-	(1,268,032)	1,268,250	-	1,268,250	218
2007-A Series-Debt Service	53700	-	9,870	45,220	-	45,220	55,090
2005-B2 Series Debt Service	57100	-	54	1,423	-	1,423	1,477
2008A-1 Debt Service	72010	-	(14,886,845)	14,953,683	-	14,953,683	66,838
2008A-2 Debt Service	72070	-	6	270	-	270	276
2006-A Series Debt Service	96300	-	10	2,464	-	2,464	2,474
<b>Total Debt Service</b>		<b>452,651,037</b>	<b>(83,444,242)</b>	<b>223,230,407</b>	<b>37,694,967</b>	<b>260,925,374</b>	<b>177,481,131</b>
2004-B Series-Rebate	41100	-	4	1,014	-	1,014	1,018
2003-B Supp-Rebate	42000	-	47	12,725	-	12,725	12,772
2005-A Series-Rebate	48300	-	169	45,197	-	45,197	45,366
2005-B1 Series-Rebate	57000	-	42	11,137	-	11,137	11,179
2005-B2 Series-Rebate	96000	-	24	6,536	-	6,536	6,560
2006-A Series-Rebate	96400	-	146	38,928	-	38,928	39,074
<b>Total Rebate Accts</b>		<b>-</b>	<b>432</b>	<b>115,537</b>	<b>-</b>	<b>115,537</b>	<b>115,969</b>
<b>COMBINED TOTAL</b>		<b>\$ 452,651,037</b>	<b>\$ (83,443,810)</b>	<b>\$ 223,345,944</b>	<b>\$ 37,694,967</b>	<b>\$ 261,040,911</b>	<b>\$ 177,597,100</b>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 6 - SUMMARY OF LONG-TERM DEBT OBLIGATIONS -  
LONG-TERM DEBT ROLLFORWARD  
Year Ended June 30, 2014

Issue	SHARE Fund	Date of Issue	Issue Amount	Interest Rate	Unpaid Balance 6/30/2013
<b>General Obligation and Revenue Bonds:</b>					
Series 2005 Debt Service	3200	3/1/05	\$ 111,850,000	5.00%	\$ 26,960,000
Series 2007 Debt Service	28800	3/1/07	134,870,000	5.00%	61,935,000
Series 2009 Debt Service	10630	5/28/09	196,330,000	5.00%	131,365,000
Series 2011 Debt Service	11630	5/26/11	18,645,000	2.00-4.00%	15,220,000
Series 2013 Debt Service	11680	4/23/13	<u>137,220,000</u>	2.00-2.40%	<u>137,220,000</u>
Total General Obligation Bonds			<u>598,915,000</u>		<u>372,700,000</u>
<b>Severance Tax Bonds:</b>					
Series 2003B Supplemental	48400	11/1/03	10,000,000	3.10-3.70%	1,245,000
Series 2004B Supplemental	18300	11/17/04	10,000,000	2.00-5.00%	2,260,000
Series 2008A-1	72010	6/25/08	149,000,000	4.00-5.00%	14,650,000
Series 2009A Refunding	10750	7/30/09	218,450,000	2.00-5.00%	138,235,000
Series 2010A	10950	3/24/10	132,265,000	3.00-5.00%	110,065,000
Series 2010B Supplemental	10960	3/24/10	100,000,000	4.00-5.00%	81,490,000
Series 2010C Refunding	11190	6/30/10	43,780,000	4.00-5.00%	27,820,000
Series 2010D Refunding	11280	12/8/10	140,520,000	3.00-5.00%	127,585,000
Series 2011A-1	30830	12/6/11	47,790,000	3.00-5.00%	46,220,000
Series 2011A-2 Refunding	30820	12/6/11	75,715,000	4.00-5.00%	75,715,000
Series 2012A	11480	6/21/12	57,990,000	3.00-5.00%	57,990,000
Series 2013A	11770	6/21/12	157,560,000	2.00-5.00%	-
Series 2014A	12160	6/21/12	<u>143,770,000</u>	3.00-5.00%	<u>-</u>
Total Severance Tax Bonds			<u>1,286,840,000</u>		<u>683,275,000</u>
<b>TOTAL GENERAL LONG-TERM DEBT</b>			<u>\$ 1,885,755,000</u>		<u>\$ 1,055,975,000</u>
<b>Premium/Discount</b>					
Current year bond premiums:					
STB, Series 2013A			\$ 16,899,970		
STB, Series 2014A			<u>22,618,930</u>		
<b>TOTAL CURRENT YEAR BOND PREMIUMS</b>			<u>\$ 39,518,899</u>		

New Bonds	Refunded Debt	Reductions		Unpaid Balance 6/30/2014	Interest to Maturity	Debt Service Requirements
		Principal Payments	Total Reductions			
\$ -	\$ -	\$ 13,160,000	\$ 13,160,000	\$ 13,800,000	\$ 690,000	\$ 14,490,000
-	-	14,370,000	14,370,000	47,565,000	4,833,750	52,398,750
-	-	19,315,000	19,315,000	112,050,000	17,353,750	129,403,750
-	-	1,690,000	1,690,000	13,530,000	2,189,050	15,719,050
-	-	12,895,000	12,895,000	124,325,000	13,595,140	137,920,140
-	-	61,430,000	61,430,000	311,270,000	38,661,690	349,931,690
-	-	1,245,000	1,245,000	-	-	-
-	-	2,260,000	2,260,000	-	-	-
-	-	14,650,000	14,650,000	-	-	-
-	-	53,870,000	53,870,000	84,365,000	13,076,000	97,441,000
-	-	23,895,000	23,895,000	86,170,000	15,692,250	101,862,250
-	-	18,970,000	18,970,000	62,520,000	10,533,050	73,053,050
-	-	17,905,000	17,905,000	9,915,000	495,750	10,410,750
-	-	53,780,000	53,780,000	73,805,000	6,676,000	80,481,000
-	-	8,005,000	8,005,000	38,215,000	4,796,000	43,011,000
-	-	13,810,000	13,810,000	61,905,000	7,926,500	69,831,500
-	-	4,150,000	4,150,000	53,840,000	12,818,000	66,658,000
157,560,000	-	11,985,000	11,985,000	145,575,000	32,284,100	177,859,100
143,770,000	-	-	-	143,770,000	46,240,693	190,010,693
301,330,000	-	224,525,000	224,525,000	760,080,000	150,538,343	910,618,343
\$ 301,330,000	\$ -	\$ 285,955,000	\$ 285,955,000	\$ 1,071,350,000	\$ 189,200,033	\$ 1,260,550,033

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
 SCHEDULE 6 - SUMMARY OF LONG-TERM DEBT OBLIGATIONS (CONTINUED) -  
 SCHEDULE OF DEBT SERVICE MATURITIES  
 Year Ended June 30, 2013

Issue	SHARE Fund	2015	2016
<b>General Obligation Bonds:</b>			
Series 2005	3200	\$ 14,490,000	\$ -
Series 2007	28800	17,468,250	17,463,750
Series 2009 Debt Service	10630	25,882,500	25,878,500
Series 2011	11630	2,247,550	2,243,550
Series 2013	11670	<u>15,322,948</u>	<u>15,323,148</u>
<b>Total General Obligation Bonds</b>		<u>75,411,248</u>	<u>60,908,948</u>
<b>Severance Tax Bonds:</b>			
Series 2009A Refunding	10750	2,109,125	19,067,500
Series 2010A	10950	2,154,250	16,661,750
Series 2010B Supplemental	10960	1,506,775	12,495,425
Series 2010C Refunding	11190	247,875	10,162,875
Series 2010D Refunding	11280	1,845,125	31,784,875
Series 2011A-1 Refunding	30830	673,519	6,187,913
Series 2011A-2 Refunding	30820	1,547,625	17,101,125
Series 2012A	11480	1,346,000	8,166,625
Series 2013A	11770	3,199,500	19,429,875
Series 2014A	12160	<u>3,671,693</u>	<u>11,028,500</u>
<b>Total Severance Tax Bonds</b>		<u>18,301,487</u>	<u>152,086,463</u>
<b>TOTAL DEBT SERVICE REQUIREMENTS</b>		<u>\$ 93,712,735</u>	<u>\$ 212,995,411</u>

	2017	2018	2019	Thereafter	Total
\$	-	\$ -	\$ -	\$ -	\$ 14,490,000
	17,466,750	-	-	-	52,398,750
	25,879,000	25,881,250	25,882,500	-	129,403,750
	2,246,950	2,246,000	2,244,200	4,490,800	15,719,050
	<u>15,323,248</u>	<u>15,323,147</u>	<u>15,327,747.00</u>	<u>61,299,902.00</u>	<u>137,920,140</u>
	<u>60,915,948</u>	<u>43,450,397</u>	<u>43,454,447</u>	<u>65,790,702</u>	<u>349,931,690</u>
	19,066,500	19,065,500	19,067,375	19,065,000	97,441,000
	16,642,500	16,625,875	16,610,125	33,167,750	101,862,250
	12,223,675	11,989,675	11,781,175	23,056,325	73,053,050
	-	-	-	-	10,410,750
	31,757,875	15,093,125	-	-	80,481,000
	6,183,413	6,176,162	6,256,787	17,533,206	43,011,000
	17,080,000	17,062,125	17,040,625	-	69,831,500
	8,163,750	8,166,125	8,163,000	32,652,500	66,658,000
	19,410,000	19,395,875	19,375,750	97,048,100	177,859,100
	<u>15,373,500</u>	<u>17,663,750</u>	<u>18,649,375</u>	<u>123,623,875</u>	<u>190,010,693</u>
	<u>145,901,213</u>	<u>131,238,212</u>	<u>116,944,212</u>	<u>346,146,756</u>	<u>910,618,343</u>
\$	<u>206,817,161</u>	<u>\$ 174,688,609</u>	<u>\$ 160,398,659</u>	<u>\$ 411,937,458</u>	<u>\$ 1,260,550,033</u>

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
 SCHEDULE 6 - SUMMARY OF LONG-TERM DEBT OBLIGATIONS (CONTINUED) –  
 ADDITIONAL INFORMATION  
 June 30, 2014**

**ADDITIONAL INFORMATION RELATED TO LONG-TERM DEBT OBLIGATIONS**

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

**GENERAL OBLIGATION BONDS**

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

The annual requirements to amortize the combined General Obligation Bond issues outstanding as of June 30, 2014, including interest payments, are as follows (see details on Schedule 6):

Years ending June 30:	
2015	\$ 75,411,248
2016	60,908,948
2017	60,915,948
2018	43,450,397
2019	43,454,447
2020 - 2021	<u>65,790,702</u>
<b>Total</b>	<b><u>\$ 349,931,690</u></b>

**SEVERANCE TAX BONDS:**

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

The annual requirements to amortize the combined Severance Tax Bond issues outstanding as of June 30, 2014, including interest payments, are as follows (see details on Schedule 6, page 3):

Years ending June 30:	
2015	\$ 18,301,487
2016	152,086,463
2017	145,901,213
2018	131,238,212
2019	116,944,212
2020 - 2021	<u>346,146,756</u>
<b>Total</b>	<b><u>\$ 910,618,343</u></b>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS  
Year Ended June 30, 2014

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (loss)
<b>GENERAL FUND INVESTMENT POOL:</b>					
Repurchase Agreements	Various	Various	\$ 724,343,190	\$ 724,343,190	\$ -
Bank of The West	Various	Various	100,008,548	100,008,548	-
Certificates of Deposit	Various	Various	68,500,000	68,500,000	-
Cash Miscellaneous	Various	Various	4,236,304	4,236,304	-
Fiscal Agent Bank Account	0.000%	N/A	177,579,035	177,579,035	-
Mutual Funds (LGIP Participant)	Various	Various	30,001,301	30,001,301	-
<b>Municipal Bonds:</b>					
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	4.250%	7/1/2015	207,927	208,166	239.23
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	4.000%	7/1/2014	500,000	500,000	-
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	4.000%	7/1/2016	531,353	535,940	-
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	5.000%	7/1/2015	1,567,802	1,572,420	4,618.20
ALBUQUERQUE BERNALILLO CNTY WTR UTIL AUTH N MEX JT	5.000%	7/1/2016	1,082,489	1,089,820	7,331.43
ALBUQUERQUE N MEX ARPT REV RFDG-SUB LIEN-SER E	5.000%	7/1/2014	200,000	200,000	-
ALBUQUERQUE N MEX GROSS RCPTS LODGERS TAX REV	4.900%	7/1/2014	135,000	135,000	-
ALBUQUERQUE N MEX GROSS RCPTS LODGERS TAX REV RFDG	2.000%	7/1/2015	116,939	117,044	104.27
ALBUQUERQUE N MEX GROSS RCPTS LODGERS TAX REV RFDG	3.000%	7/1/2016	209,692	210,406	713.52
ALBUQUERQUE N MEX MUN SCH DIST NO 012 ED	2.000%	8/1/2015	3,561,495	3,566,360	4,865.00
ALBUQUERQUE N MEX MUN SCH DIST NO 012 SCH BLDG-SER	2.000%	8/1/2015	508,380	509,480	1,100.36
ARTESIA N MEX SPL HOSP DIST 30/OCT/2013	3.000%	8/1/2014	1,312,901	1,312,803	(97.82)
ATLANTA GA ARPT PASSENGER FAC CHARGE REV	5.000%	1/1/2034	363,237	363,506	269.12
ATLANTA GA URBAN RESIDENTIAL FIN AUTH SINGLE	0.000%	10/1/2016	515,643	511,458	(4,184.81)
AZTEC N MEX MUN SCH DIST NO 002 14/OCT/2008	3.250%	10/1/2015	103,638	103,528	(109.53)
BELEN N MEX CONS SCH DIST NO 2 FORMERLY BELEN N	2.500%	8/1/2014	120,215	120,200	(14.87)
BELEN N MEX CONS SCH DIST NO 2 FORMERLY BELEN N	2.000%	8/1/2014	2,178,068	2,178,045	(23.36)
BELEN N MEX CONS SCH DIST NO 2 FORMERLY BELEN N	2.000%	8/1/2015	508,108	509,480	1,372.34
BELEN N MEX CONS SCH DIST NO 2 FORMERLY BELEN N	2.000%	8/1/2016	512,698	516,370	3,671.80
BERNALILLO CNTY N MEX GROSS RCPTS TAX REV RFDG	5.125%	4/1/2015	160,633	160,551	(82.51)
BERNALILLO N MEX MUN SCH DIST NO 1 RFDG-SCH	3.125%	8/1/2015	257,091	257,408	316.99
BERNALILLO N MEX MUN SCH DIST NO 1 RFDG-SER B	2.000%	8/1/2015	127,024	127,534	509.59
CHOCTAW CNTY MISS HOSP REV TAXABLE-CHOCTAW COUNTY	7.500%	8/1/2028	290,377	287,780	(2,596.84)
CORRALES N MEX HOLD HARMLESS GROSS RCPTS TAX REV	2.000%	5/1/2015	131,677	131,924	246.60
CORRALES N MEX HOLD HARMLESS GROSS RCPTS TAX REV	2.000%	5/1/2016	138,070	138,181	111.05
DONA ANA CNTY N MEX 26/NOV/2013 01/SEP/2015 2%	2.000%	9/1/2015	239,188	239,829	641.68
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO 5/NM BOND	2.000%	9/1/2014	1,002,942	1,003,010	68.15
FARMINGTON N MEX MUN SCH DIST NO 005 RFDG-SER B	2.000%	9/1/2015	882,130	882,577	447.27
FARMINGTON N MEX MUN SCH DIST NO 005 SCH BLDG-SER	2.000%	9/1/2015	168,267	168,353	85.32
FOUR DAM POOL PWR AGY ALASKA ELEC REV SER A	5.000%	7/1/2024	1,035,000	1,035,000	-
FOUR DAM POOL PWR AGY ALASKA ELEC REV SER A	5.250%	7/1/2026	1,385,000	1,385,000	-
GALLUP N MEX POLLUTION CTL REV RFDG-TR-STATE	5.000%	8/15/2014	5,278,030	5,282,833	4,803.23
GALLUP N MEX POLLUTION CTL REV RFDG-TR-STATE	5.000%	8/15/2015	3,806,597	3,806,007	(590.56)
GAYLORD MICH HOSP FIN AUTH LTD OBLIG REV	6.500%	1/1/2037	386,602	386,670	68.44
GOAT HILL PPTYS WASH LEASE REV GOVT OFFICE BLDG	5.000%	12/1/2015	254,948	255,033	84.12
GOAT HILL PPTYS WASH LEASE REV GOVT OFFICE BLDG	5.250%	12/1/2016	255,208	255,290	81.94
GRANTS / CIBOLA CNTY N MEX SCH DIST NO 1	2.000%	10/1/2015	132,656	132,604	(52.38)
INDIANA BD BK REV FOR ISSUES DTD PRIOR TO	5.120%	1/15/2017	820,842	819,920	(921.86)



STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)  
Year Ended June 30, 2014

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (loss)
<b>Municipal Bonds - continued:</b>					
KNOX CNTY KY RFDG-KNOX CNTY HOSP PJ 01/DEC/2006	5.800%	12/1/2019	\$ 195,998	\$ 193,998	\$ (2,000)
KNOX CNTY KY RFDG-KNOX CNTY HOSP PJ 01/DEC/2036	5.875%	12/1/2036	381,405	377,512	(3,893)
LAS CRUCES N MEX GROSS RCPTS TAX REV IMPT-STR IMPT	2.000%	6/1/2015	1,045,522	1,046,295	773
LAS VEGAS N MEX GROSS RCPTS TAX REV RFDG & IMPT	2.000%	6/1/2016	210,669	210,580	(89)
LOS ALAMOS CNTY N MEX INC GROSS RCPTS TAX IMPT REV	5.750%	6/1/2016	175,922	174,797	(1,125)
LOS LUNAS N MEX GROSS RCPT TAX REV RFDG	2.000%	4/1/2015	349,047	349,344	297
LOS LUNAS N MEX GROSS RCPT TAX REV RFDG	2.000%	4/1/2016	737,798	738,230	432
LOUISIANA ST RFDG-MATCH-SER B 15/JUL/2017 05.000	5.000%	7/15/2017	547,736	547,385	(351)
LOVINGTON N MEX MUN SCH DIST NO 001 18/MAR/2014	2.000%	9/1/2015	305,761	306,096	335
MIDPENINSULA REGL OPEN SPACE DIST CALIF FING AUTH	0.000%	9/1/2015	248,631	248,785	154
NEW MEXICO EDL ASSISTANCE FNDTN RFDG-ED LN-SER A-1	4.000%	12/1/2015	789,386	789,210	(176)
NEW MEXICO FIN AUTH REV SUB LIEN PUB PROJ	2.000%	6/15/2015	539,110	539,005	(105)
NEW MEXICO FIN AUTH REV SUB LIEN PUB PROJ	3.000%	6/15/2016	340,927	341,578	651
NEW MEXICO FIN AUTH REV TAXABLE-SUB LIEN PUB PROJ	0.950%	6/15/2015	200,000	200,480	480
NEW MEXICO FIN AUTH REV TAXABLE-SUB LIEN PUB PROJ	1.250%	6/15/2016	100,000	100,462	462
NEW MEXICO FIN AUTH ST TRANSN REV RFDG-SU LIEN-SER	4.000%	12/15/2014	508,674	508,725	51
NEW MEXICO FIN AUTH ST TRANSN REV RFDG-SUB	5.000%	12/15/2015	106,770	106,977	207
NEW MEXICO FIN AUTH ST TRANSN REV SR LIEN-SER A	5.000%	12/15/2015	320,238	320,586	348
NEW MEXICO MILITARY INST AT ROSWELL SYS REV	0.751%	6/1/2015	400,000	400,468	468
NEW MEXICO MILITARY INST AT ROSWELL SYS REV	1.182%	6/1/2016	100,000	100,400	400
NEW MEXICO ST SEVERANCE TAX SER A 01/JUL/2016	5.000%	7/1/2016	195,334	196,583	1,250
NEW MEXICO ST UNIV REVS TAXABLE-RFDG & IMPT-SER C	0.800%	4/1/2015	540,000	541,091	1,091
NEW MEXICO ST UNIV REVS TAXABLE-RFDG & IMPT-SER C	1.000%	4/1/2016	580,000	580,296	296
PASCO CNTY FLA SCH BRD CTFS PARTN SER A	5.000%	8/1/2030	336,323	336,637	314
PUERTO RICO COMWLTH HWY & TRANSN AUTH TRANSN REV	5.125%	7/1/2039	1,600,000	1,600,000	-
PUERTO RICO COMWLTH HWY & TRANSN AUTH TRANSN REV	5.125%	7/1/2043	1,100,000	1,100,000	-
PUERTO RICO COMWLTH PUB IMPT-SER A 01/JUL/2034	5.000%	7/1/2034	1,645,000	1,645,000	-
RIO RANCHO N MEX EVENT CTR REV SUB LIEN GROSS	5.000%	6/1/2020	661,820	659,632	(2,188)
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO 3 BOND	2.000%	8/1/2014	250,376	250,350	(26)
RUIDOSO N MEX MUN SCH DIST NO 3 RFDG 20/MAY/2014	2.000%	8/1/2015	229,125	229,266	141
RUIDOSO N MEX WASTE WATER REV RFDG 12/JUL/2013	2.000%	7/1/2016	204,749	204,622	(127)
SANDOVAL CNTY N MEX INCENTIVE PAYMENT REV	0.579%	6/1/2015	1,610,000	1,610,467	467
SANDOVAL CNTY N MEX RFDG 13/DEC/2013 01/AUG/2015	2.000%	8/1/2015	203,260	203,464	204
SANDOVAL CNTY N MEX RFDG 13/DEC/2013 01/AUG/2016	2.000%	8/1/2016	230,992	231,656	664
SANTA FE N MEX GROSS RCPTS TAX REV RFDG-SUB	5.000%	6/1/2016	108,568	107,917	(651)
SANTA FE N MEX GROSS RCPTS TAX/WASTEWATER SYS IMPT	5.000%	6/1/2015	208,462	207,890	(572)
SOUTHERN SANDOVAL CNTY N MEX ARROYO FLOOD CTL AUTH	2.000%	8/18/2015	25,351	25,439	88
TAOS MUNICIPAL SCHOOL DISTRICT NO 1 CALLABLE BOND	4.000%	9/1/2014	281,808	281,758	(49)
TAOS N MEX SCH DIST FOR ISSUES DATED PRIOR TO	4.000%	9/1/2015	349,572	349,569	(3)
TRUTH OR CONSEQUENCES N MEX MUN SCH DIST NO 006	2.000%	8/1/2015	152,265	152,631	366
TRUTH OR CONSEQUENCES N MEX MUN SCH DIST NO 006	2.000%	8/1/2016	127,571	128,881	1,311
UNIVERSITY MASS BLDG AUTH FACS REV	5.125%	11/1/2034	381,128	381,109	(19)
UNIVERSITY N MEX UNIV REVS RFDG-SUB LIEN SYS	3.000%	6/1/2015	666,643	666,803	160
VOLUSIA CNTY FLA SCH BRD CTFS PARTN LEASE REV	5.000%	8/1/2027	788,258	788,993	735
WESTMORELAND CNTY PA MUN AUTH MUN SVC REV SER K	0.000%	7/1/2015	299,076	299,049	(27)
WILL CNTY ILL SCH DIST NO 122 PREREFUNDED-2013-SER	4.500%	10/1/2024	362,751	363,340	589
<b>Total Municipal Bonds</b>			<b>51,729,890</b>	<b>51,758,881</b>	<b>28,992</b>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)  
Year Ended June 30, 2014

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (loss)
<b>US Government Securities:</b>					
<b>US Treasury Notes:</b>					
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	5/31/2017	\$ 19,780,019	\$ 19,862,500	\$ 82,481
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	8/15/2016	20,002,219	20,048,400	46,181
UNITED STATES OF AMERICA NOTES FIXED .75%	0.750%	6/30/2017	19,836,036	19,918,800	82,764
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	1/31/2017	20,014,959	20,089,000	74,041
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	3/31/2017	20,051,221	20,115,625	64,404
UNITED STATES OF AMERICA NOTES FIXED 1.375%	1.375%	11/30/2018	19,975,500	19,943,800	(31,700)
UNITED STATES OF AMERICA NOTES FIXED 1.625%	1.625%	3/31/2019	34,810,337	35,101,150	290,813
UNITED STATES OF AMERICA NOTES FIXED 2.625%	2.625%	7/31/2014	15,013,756	15,031,650	17,894
UNITED STATES OF AMERICA NOTES FIXED 4.25%	4.250%	11/15/2017	22,090,191	22,125,000	34,809
UNITED STATES OF AMERICA NOTES FIXED 5.125%	5.125%	5/15/2016	21,719,461	21,760,938	41,476
UNITED STATES TREAS NTS 0.625%30/APR/2018	0.625%	4/30/2018	19,407,894	19,528,200	120,306
UNITED STATES TREAS NTS 0.625%30/NOV/2017	0.625%	11/30/2017	19,698,770	19,693,800	(4,970)
UNITED STATES TREAS NTS 0.875%28/FEB/2017	0.875%	2/28/2017	33,502,838	33,622,945	120,107
UNITED STATES TREAS NTS 0.875%31/DEC/2016	0.875%	12/31/2016	25,060,620	25,130,750	70,130
UNITED STATES TREAS NTS 0.875%31/JAN/2018	0.875%	1/31/2018	19,696,977	19,807,800	110,823
UNITED STATES TREAS NTS 1%31/AUG/2016	1.000%	8/31/2016	20,030,171	20,206,200	176,029
UNITED STATES TREAS NTS 2.375%31/JUL/2017	2.375%	7/31/2017	20,757,387	20,878,200	120,813
UNITED STATES TREAS NTS 2.625% 31/DEC/2014	2.625%	12/31/2014	14,171,850	14,176,680	4,830
UNITED STATES TREAS NTS 3%28/FEB/2017	3.000%	2/28/2017	21,123,763	21,193,800	70,037
<b>Total US Treasury Notes</b>			<u>406,743,966</u>	<u>408,235,238</u>	<u>1,491,271</u>
<b>Federal Farm Credit Banks Cons Long:</b>					
FEDERAL AGRIC MTG CORP MTNS B FR 0.77%01/AUG/2016	0.770%	8/1/2016	15,986,790	16,023,200	36,410
FEDERAL AGRIC MTG CORP MTNS B FR 0.9%09/JUN/2016	0.900%	6/9/2016	25,000,000	25,255,750	255,750
FEDERAL AGRIC MTG CORP MTNS B FR 1.1%26/JAN/2017	1.100%	1/26/2017	25,000,000	25,222,500	222,500
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.000%	7/14/2017	9,526,841	9,542,556	15,715
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.000%	4/10/2017	8,991,399	9,034,110	42,711
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.000%	5/1/2017	7,991,075	8,005,920	14,845
FEDERAL FARM CREDIT BANK BOND FIXED .52%	0.520%	6/17/2016	7,500,000	7,506,150	6,150
FEDERAL FARM CREDIT BANKS 1.5% BDS 11/JUN/2018	1.500%	6/11/2018	996,033	1,000,150	4,117
<b>Total Federal Farm Credit Banks</b>			<u>100,992,139</u>	<u>101,590,336</u>	<u>598,197</u>
<b>Federal Home Loan Banks:</b>					
FEDERAL HOME LOAN BANKS 0.25% BDS 20/FEB/2015	0.250%	2/20/2015	3,998,900.60	4,002,760.00	3,859.40
FEDERAL HOME LOAN BANKS 0.875% BDS 10/MAR/2017	0.875%	3/10/2017	20,048,969.24	20,036,800.00	(12,169.24)
FEDERAL HOME LOAN BANKS 1% BDS 09/JUN/2017 USD5000	1.000%	6/9/2017	23,048,247.14	23,067,620.00	19,372.86
FEDERAL HOME LOAN BANKS 1.0% BDS 13/FEB/2017	1.000%	2/13/2017	19,984,298.74	20,098,800.00	114,501.26
FEDERAL HOME LOAN BANKS 4.75% BDS 16/DEC/2016	4.750%	12/16/2016	10,987,096.64	10,988,300.00	1,203.36
FEDERAL HOME LOAN BANKS BOND FIXED .375%	0.375%	6/24/2016	37,457,803.96	37,395,375.00	(62,428.96)
FEDERAL HOME LOAN BANKS CALLABLE BOND FIXED 1.25%	1.250%	8/14/2017	4,997,765.04	5,007,000.00	9,234.96
FEDERAL HOME LOAN BANKS CALLABLE BOND FIXED 2.125%	2.125%	6/26/2019	19,645,946	19,628,856	(17,090)
<b>Total Federal Home Loan Banks</b>			<u>140,169,027</u>	<u>140,225,511</u>	<u>56,484</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)  
Year Ended June 30, 2014

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (loss)
<b>Federal Home Loan Mortgage Corporation</b>					
FEDERAL HOME LN MTG CORP CALL 2%06/NOV/2017	2.000%	11/06/17	\$ 5,032,198	\$ 5,031,900	\$ (298)
FEDERAL HOME LOAN MORTGAGE CORP 0.75% BDS	0.750%	11/25/14	9,999,562.38	10,026,100.00	26,537.62
FEDERAL HOME LOAN MORTGAGE CORP 0.875% BDS	0.875%	03/07/18	14,689,551.01	14,785,800.00	96,248.99
FEDERAL HOME LOAN MORTGAGE CORP 0.875% MTG BDS	0.875%	10/14/16	30,009,132.73	30,195,000.00	185,867.27
FEDERAL HOME LOAN MORTGAGE CORP 1% BDS 08/MAR/2017	1.000%	03/08/17	39,980,022.36	40,138,000.00	157,977.64
FEDERAL HOME LOAN MORTGAGE CORP 1% BDS 27/JUN/2017	1.000%	06/29/17	30,016,910.43	30,064,800.00	47,889.57
FEDERAL HOME LOAN MORTGAGE CORP 1% BDS 29/SEP/2017	1.000%	09/29/17	29,942,700.70	29,938,200.00	(4,500.70)
FEDERAL HOME LOAN MORTGAGE CORP 1% MTG BDS	1.000%	07/28/17	25,569,915.10	25,515,555.00	(54,360.10)
FEDERAL HOME LOAN MORTGAGE CORP 1.75% NTS	1.750%	09/10/15	20,177,162.09	20,361,800.00	184,637.91
FEDERAL HOME LOAN MORTGAGE CORP 2% BDS 25/AUG/2016	2.000%	08/25/16	40,993,940.00	41,204,000.00	210,060.00
FEDERAL HOME LOAN MORTGAGE CORP 2.50% NTS	2.500%	05/27/16	20,534,253.12	20,744,200.00	209,946.88
FEDERAL HOME LOAN MORTGAGE CORP 3.75% BDS	3.750%	03/27/19	21,801,593.01	21,980,200.00	178,606.99
FEDERAL HOME LOAN MORTGAGE CORP 5.125% NTS	5.125%	10/18/16	22,083,728.64	22,032,200.00	(51,528.64)
FEDERAL HOME LOAN MORTGAGE CORP 5.5% NTS	5.500%	08/23/17	11,367,207	11,383,200	15,993
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .875%	0.875%	02/22/17	19,972,368	20,033,400	61,032
<b>Total Federal Home Loan Mortgage Corporation</b>			<u>342,170,245</u>	<u>343,434,355</u>	<u>1,264,110</u>
<b>Federal National Mortgage Association</b>					
FEDERAL NATIONAL MORTGAGE ASSOC 0.375% BDS	0.375%	3/16/2015	19,977,554	20,034,200	56,646
FEDERAL NATIONAL MORTGAGE ASSOC 0.375% BDS	0.375%	7/5/2016	14,966,717	14,929,350	(37,367)
FEDERAL NATIONAL MORTGAGE ASSOC 0.5% NTS	0.500%	7/2/2015	59,997,531	60,194,400	196,869
FEDERAL NATIONAL MORTGAGE ASSOC 0.875% BDS	0.845%	8/28/2014	20,013,538	20,024,600	11,062
FEDERAL NATIONAL MORTGAGE ASSOC 1.125% BDS	1.125%	4/27/2017	10,021,038	10,050,400	29,362
FEDERAL NATIONAL MORTGAGE ASSOC 1.25% BDS	1.250%	9/28/2016	20,021,721	20,293,400	271,679
FEDERAL NATIONAL MORTGAGE ASSOC 1.25% MTG BDS	1.250%	1/30/2017	40,198,757	40,500,400	301,643
FEDERAL NATIONAL MORTGAGE ASSOC 2.375% NTS	2.375%	4/11/2016	36,490,983	36,792,200	301,217
FEDERAL NATIONAL MORTGAGE ASSOC 4.875% BDS	4.875%	12/15/2016	37,557,840	37,514,580	(43,260)
FEDERAL NATIONAL MORTGAGE ASSOC 5% BDS 15/MAR/2016	5.000%	3/15/2016	64,423,725	64,680,600	256,875
FEDERAL NATIONAL MORTGAGE ASSOC 5.375% BDS	5.375%	7/15/2016	21,709,050	21,962,800	253,750
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	0.875%	10/26/2017	24,765,317	24,816,500	51,183
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.625%	11/27/2018	14,922,645	15,080,250	157,605
FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED	1.875%	2/19/2019	20,174,997	20,267,200	92,203
FEDERAL NATL MTG ASSN CALL 1.1%13/MAR/2018	1.100%	3/13/2018	15,000,000	14,864,250	(135,750)
<b>Total Federal National Mortgage Corporation</b>			<u>420,241,412</u>	<u>422,005,130</u>	<u>1,763,718</u>
<b>Total US Government Securities</b>			<u>1,410,316,789</u>	<u>1,415,490,570</u>	<u>5,173,781</u>
<b>Total General Fund Investment Pool (State Funds Investment Pool)</b>			<u>2,566,715,057</u>	<u>2,571,917,829</u>	<u>5,202,772</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)  
Year Ended June 30, 2014

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (loss)
<b>LOCAL GOVERNMENT INVESTMENT POOL:</b>					
<b>Bank Accounts:</b>					
BANK OF THE WEST	Variable	12/31/2049	\$ 138,848,402	\$ 138,848,402	\$ -
US BANK	Variable	12/31/2049	30,127,356	30,127,356	-
WELLS FARGO CHECKING	0.15%	12/31/2049	83,650,869	83,650,869	-
WELLS FARGO SAVINGS	Variable	12/31/2049	2,362,341	2,362,341	-
CASH MISCELLANEOUS	0.000%	7/23/2014	8,999,294	8,999,838	544
<b>Total Bank Accounts</b>			<u>263,988,262</u>	<u>263,988,806</u>	<u>544</u>
<b>US Government Securities:</b>					
<b>US Treasury Notes/Securities:</b>					
UNITED STATES OF AMER TREAS BONDS 2.5% NTS	2.500%	3/31/2015	3,052,517	3,054,030	1,513
UNITED STATES TREAS NTS 2.375%30/SEP/2014	2.375%	9/30/2014	10,054,557	10,057,000	2,443
<b>Total US Treasury Notes/Securities</b>			<u>13,107,074</u>	<u>13,111,030</u>	<u>3,956</u>
<b>Federal National Mortgage Association:</b>					
FANNIE MAE ZCP 05/JUL/2014	0.000%	7/5/2014	9,034,838	9,034,819	(18)
FEDERAL NATIONAL MORTGAGE ASSOC 0.625% BDS	0.625%	10/30/2014	7,467,353	7,469,644	2,292
FEDERAL NATIONAL MORTGAGE ASSOC 0.875% BDS	0.875%	8/28/2014	12,514,314	12,515,375	1,061
FEDERAL NATIONAL MORTGAGE ASSOC 2.625% NTS	2.625%	11/20/2014	2,196,554	2,197,129	575
FEDERAL NATIONAL MORTGAGE ASSOCIATION DISCOUNT	0.000%	11/15/2014	8,992,308	8,993,790	1,482
FEDERAL NATL MTG ASSN FR 0.75%19/DEC/2014	0.750%	12/19/2014	21,070,083	21,074,196	4,113
<b>Total Federal National Mortgage Association</b>			<u>61,275,449</u>	<u>61,284,953</u>	<u>9,505</u>
<b>Federal Farm Credit Bank:</b>					
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	Floating	7/1/2015	20,000,000	20,005,000	5,000
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	Floating	5/1/2015	20,000,000	20,000,600	600
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.200%	1/20/2015	5,000,000	5,001,900	1,900
FEDERAL FARM CR BKS CONS BD 0.25% 17/JUL/2014	0.250%	7/17/2014	2,750,139	2,750,220	81
FEDERAL FARM CR BKS CONS BD FLT 15 01/MAY/2015	Floating	5/1/2015	7,008,310	7,013,300	4,990
FEDERAL FARM CR BKS CONS BD FLT 15 20/JAN/2015	Floating	1/20/2015	2,001,287	2,001,560	273
FEDERAL FARM CREDIT BANK BOND FIXED .13%	0.130%	5/1/2015	4,999,914	4,997,350	(2,564)
FEDERAL FARM CREDIT BANK BOND FIXED .16%	0.160%	10/24/2014	9,999,529	10,001,830	2,301
FEDERAL FARM CREDIT BANK BOND FIXED .2%	0.200%	10/15/2014	1,331,087	1,331,349	261
FEDERAL FARM CREDIT BANK BOND VARIABLE 02/DEC/2015	Floating	12/2/2015	19,998,578	20,014,980	16,402
FEDERAL FARM CREDIT BANK BOND VARIABLE 03/AUG/2015	Floating	8/3/2015	1,400,000	1,401,008	1,008
FEDERAL FARM CREDIT BANK BOND VARIABLE 16/MAR/2015	Floating	3/16/2015	2,000,431	2,001,660	1,229
FEDERAL FARM CREDIT BANK BOND VARIABLE 22/JUL/2014	Floating	7/22/2014	12,499,963	12,500,000	37
FEDERAL FARM CREDIT BANK BOND VARIABLE 22/OCT/2015	Floating	10/22/2015	15,010,726	15,013,200	2,474
FEDERAL FARM CREDIT BANK BOND VARIABLE 26/JAN/2015	Floating	1/26/2015	4,000,576	4,003,280	2,704
FEDERAL FARM CREDIT BANK BOND VARIABLE 29/MAR/2016	Floating	3/29/2016	4,999,096	4,998,275	(821)
FEDERAL FARM CREDIT BANKS 0.3% BDS 18/JUL/2014	0.300%	7/18/2014	5,374,499	5,374,430	(69)

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)  
Year Ended June 30, 2014

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (loss)
<b>Federal Farm Credit Bank - continued:</b>					
FEDERAL FARM CREDIT BANKS 1.625% BDS 19/NOV/2014	1.625%	11/19/2014	\$ 3,070,998	\$ 3,071,530	\$ 532
FEDERAL FARM CREDIT BANKS 3% BDS 22/SEP/2014	3.000%	9/22/2014	4,518,727	4,519,454	727
<b>Total Federal Farm Credit Bank</b>			<u>145,963,862</u>	<u>146,000,926</u>	<u>37,064</u>
<b>Federal Home Loan Bank:</b>					
FEDERAL HOME LOAN BANKS 0.875% BDS 12/DEC/2014	0.875%	12/12/2014	7,951,298	7,951,628	330
FEDERAL HOME LOAN BANKS BOND FIXED .1% 02/SEP/2014	0.100%	9/2/2014	7,645,040	7,644,159	(881)
FEDERAL HOME LOAN BANKS BOND FIXED .125%	0.125%	9/12/2014	9,998,861	10,001,100	2,239
FEDERAL HOME LOAN BANKS BOND FIXED .125%	0.125%	3/4/2015	3,598,844	3,599,172	328
FEDERAL HOME LOAN BANKS BOND FIXED .125%	0.125%	4/21/2015	3,599,654	3,599,388	(266)
FEDERAL HOME LOAN BANKS BOND FIXED .125%	0.125%	9/23/2014	9,998,922	10,001,070	2,148
FEDERAL HOME LOAN BANKS BOND FIXED .125%	0.125%	9/3/2014	2,699,789	2,700,230	441
FEDERAL HOME LOAN BANKS BOND FIXED .13%	0.130%	3/12/2015	5,999,086	5,997,720	(1,366)
FEDERAL HOME LOAN BANKS BOND FIXED .15%	0.150%	3/12/2015	6,999,404	6,999,370	(34)
FEDERAL HOME LOAN BANKS BOND FIXED .17%	0.170%	9/18/2014	5,375,157	5,376,075	918
FEDERAL HOME LOAN BANKS BOND FIXED .19%	0.190%	7/24/2014	5,000,139	5,000,350	211
<b>Total Home Loan Bank</b>			<u>68,866,194</u>	<u>68,870,262</u>	<u>4,067</u>
<b>Federal Home Loan Mortgage Corp:</b>					
FEDERAL HOME LOAN MORTGAGE CORP 0.625% NTS	0.625%	12/29/2014	2,105,397	2,105,187	(210)
FEDERAL HOME LOAN MORTGAGE CORP 2.875% NTS	2.875%	2/9/2015	2,540,954	2,541,875	921
FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED .5%	0.500%	4/17/2015	9,186,237	9,185,378	(859)
<b>Total Federal Home Loan Mortgage Corp</b>			<u>13,832,587</u>	<u>13,832,440</u>	<u>(148)</u>
<b>Total Governmental Bonds</b>			<u>303,045,167</u>	<u>303,099,611</u>	<u>54,444</u>
<b>Total Local Government Investment Pool (Short-term Investment Pool)</b>			<u>567,033,429</u>	<u>567,088,417</u>	<u>54,988</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)  
Year Ended June 30, 2013

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (loss)
<b>Bond Proceeds Investment Pool #2 (Taxable):</b>					
Repurchase Agreements	Various	Various	\$ 67,799,861	\$ 67,799,861	\$ -
Certificates of Deposit	Various	Various	18,200,000	18,200,000	-
Cash/Cash Miscellaneous	Various	Various	11,680,975	11,680,975	-
Mutual Funds (LGIP Pool Participant)	Various	Various	1,308,818	1,308,818	-
<b>Municipal Bonds:</b>					
ALAMOGORDO N MEX MUN SCH DIST NO 001 01/AUG/2014	2.000%	8/1/2014	435,592	435,609	17
ALAMOGORDO N MEX MUN SCH DIST NO 001 01/AUG/2015	2.000%	8/1/2015	355,469	356,710	1,240
ALBUQUERQUE N MEX MUN SCH DIST NO 012 EDUCATION	5.000%	8/1/2015	209,730	210,464	734
CLOVIS NEW MEX GROSS RCPTS TAX REV IMPT	2.000%	6/1/2015	1,365,403	1,368,900	3,497
GADSDEN N MEX INDPT SCH DIST NO 016 RFDG-SER B	2.000%	8/15/2014	2,008,729	2,008,850	121
GALLUP MC KINLEY CNTY N MEX SCH DIST NO 001	2.000%	8/1/2016	256,656	257,395	739
LAS CRUCES N MEX SCH DIST NO 002 SCH 23/DEC/2013	8/1/2015	8/1/2015	559,201	559,526	325
LAS CRUCES N MEX SCH DIST NO 002 SCH 23/DEC/2013	3.000%	8/1/2016	498,056	498,850	793
NEW MEXICO FIN AUTH REV SR LIEN-PUB PROJ REVOLVING	4.000%	6/1/2016	1,065,320	1,070,650	5,330
NEW MEXICO ST CAP PROJS 01/MAR/2015 05.000	5.000%	3/1/2015	669,906	671,041	1,135
RIO RANCHO N MEX PUB SCH DIST NO 94 RFDG-SCH BLDG	2.000%	8/1/2015	1,118,402	1,120,856	2,454
RIO RANCHO N MEX PUB SCH DIST NO 94 RFDG-SCH BLDG	2.000%	8/1/2016	616,731	619,644	2,913
RIO RANCHO N MEX PUB SCH DIST NO 94 SER A	3.000%	8/1/2014	501,112	501,090	(22)
RUIDOSO N MEX MUN SCH DIST NO 3 01/AUG/2015 02.000	2.000%	8/1/2015	406,224	407,668	1,444
RUIDOSO N MEX WASTE WATER REV RFDG 01/JUL/2015	2.000%	7/1/2015	410,235	411,180	945
SAN JUAN CNTY N MEX CENT CONS INDPT SCH DIST NO	3.000%	8/1/2015	411,019	411,884	865
SAN JUAN CNTY N MEX CENT CONS INDPT SCH DIST NO	3.000%	8/1/2016	419,424	421,360	1,936
SAN JUAN COUNTY CENTRAL CO 3% 01AUG2014	3.000%	8/1/2014	1,563,652	1,563,588	(64)
SANTA FE CNTY N MEX 01/JUL/2015 05.500	5.500%	7/1/2015	525,243	526,725	1,482
SANTA FE CNTY N MEX IMPT 01/JUL/2014 02.000	2.000%	7/1/2014	350,000	350,000	-
SANTA FE CNTY N MEX IMPT 01/JUL/2015 02.000	2.000%	7/1/2015	279,386	279,832	445
SANTA ROSA N MEX CONS SCH DIST NO 008 15/MAY/2015	1.000%	5/15/2015	225,683	226,211	527
TRUTH OR CONSEQUENCES N MEX MUN SCH DIST NO 006	2.000%	8/1/2014	725,927	725,928	1
<b>Total Municipal Bonds</b>			<u>14,977,101</u>	<u>15,003,959</u>	<u>26,858</u>
<b>US Government Securities:</b>					
<b>US Treasury Notes/Bonds:</b>					
UNITED STATES OF AMER TREAS BONDS 2.5% NTS	2.500%	3/31/2015	20,326,291	20,360,200	33,909
UNITED STATES OF AMERICA NOTES FIXED .25%	0.250%	12/15/2014	5,498,004	5,504,290	6,286
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	12/15/2016	19,980,555	19,989,000	8,445
UNITED STATES OF AMERICA NOTES FIXED .75%	0.750%	6/30/2017	4,962,218	4,979,700	17,482
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	11/30/2016	20,059,020	20,118,750	59,730
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	1/31/2017	15,067,218	15,066,750	(468)
UNITED STATES OF AMERICA NOTES FIXED 1%	0.100%	6/30/2016	15,127,666	15,139,453	11,787
UNITED STATES OF AMERICA NOTES FIXED 1.5%	1.500%	6/30/2015	30,576,716	30,618,900	42,184
UNITED STATES OF AMERICA NOTES FIXED 1.875%	1.875%	6/30/2015	20,307,936	20,343,750	35,814
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	12/31/2015	15,378,259	15,418,350	40,091
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	2/29/2016	15,421,682	15,449,414	27,732
UNITED STATES OF AMERICA NOTES FIXED 4.125%	4.125%	5/15/2015	20,663,898	20,696,875	32,977
UNITED STATES TREAS NTS 0.25%15/APR/2016	0.250%	4/15/2016	29,901,254	29,930,700	29,446
UNITED STATES TREAS NTS 0.5%31/JUL/2017	0.500%	7/31/2017	4,938,438	4,934,000	(4,438)

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)  
Year Ended June 30, 2013

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (loss)
<b>US Treasury Notes/Bonds - continued:</b>					
UNITED STATES TREAS NTS 0.625%15/JUL/2016	0.625%	7/15/2016	\$ 15,028,661	\$ 15,045,750	\$ 17,089
UNITED STATES TREAS NTS 0.625%31/AUG/2017	0.625%	8/31/2017	10,880,270	10,879,660	(610)
UNITED STATES TREAS NTS 0.875%28/FEB/2017	0.875%	2/28/2017	5,011,419	5,018,350	6,931
UNITED STATES TREAS NTS 1%30/SEP/2016	1.000%	9/30/2016	15,107,861	15,145,350	37,489
UNITED STATES TREAS NTS 1.375% 30/NOV/2015	1.375%	11/30/2015	15,216,483	15,242,550	26,067
UNITED STATES TREAS NTS 1.75%31/JUL/2015	1.750%	7/31/2015	10,139,938	10,172,700	32,762
UNITED STATES TREAS NTS 1.750% 31/MAY/2016	1.750%	5/31/2016	15,350,604	15,379,650	29,046
UNITED STATES TREAS NTS 2.625% 31/DEC/2014	2.625%	12/31/2014	15,183,198	15,189,300	6,102
UNITED STATES TREAS NTS 3.125% 31/OCT/2016	3.125%	10/31/2016	<u>21,175,000</u>	<u>21,176,600</u>	<u>1,600</u>
<b>Total US Treasury Notes/Bonds</b>			<u>361,302,590</u>	<u>361,800,042</u>	<u>497,453</u>
<b>Federal Farm Credit Banks Cons Long:</b>					
FED AGRIC MTG CP DSC NT FED BE MATURES 31/JUL/2014	0.000%	7/31/2014	1,296,831	1,296,968	136
FEDERAL AGRIC MTG CORP MTNS B FR 0.43%08/JAN/2016	0.430%	1/8/2016	15,492,123	15,524,490	32,367
FEDERAL AGRIC MTG CORP MTNS B FR 0.65%10/JUL/2017	0.650%	7/10/2017	7,949,528	7,940,880	(8,648)
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.245%	4/21/2015	9,998,707	10,009,000	10,293
FEDERAL AGRICULTURAL MORTGAGE CORP MEDIUM TERM	0.200%	1/20/2015	<u>15,000,000</u>	<u>15,005,700</u>	<u>5,700</u>
<b>Total Federal Farm Credit Banks</b>			<u>49,737,189</u>	<u>49,777,038</u>	<u>39,849</u>
<b>Federal Home Loan Mortgage Co:</b>					
FEDERAL HOME LOAN MORTGAGE CORP 0.5% BDS	0.500%	8/28/2015	15,009,648	15,051,450	41,802
FEDERAL HOME LOAN MORTGAGE CORP 0.75% BDS	0.750%	11/25/2014	15,034,547	15,039,150	4,603
FEDERAL HOME LOAN MORTGAGE CORP 1% BDS 08/MAR/2017	1.000%	9/10/2015	10,064,806	10,034,500	(30,306)
FEDERAL HOME LOAN MORTGAGE CORP 1% NTS 27/AUG/2014	1.000%	3/8/2017	20,022,806	20,028,200	5,394
FEDERAL HOME LOAN MORTGAGE CORP 1.75% NTS	1.750%	8/27/2014	15,252,003	15,271,350	19,347
FEDERAL HOME LOAN MORTGAGE CORP 2% BDS 25/AUG/2016	2.000%	8/25/2016	25,382,427	25,752,500	370,073
FEDERAL HOME LOAN MORTGAGE CORP 2.50% NTS	2.500%	5/27/2016	10,382,817	10,372,100	(10,717)
FREDDIE MAC 0.305% 23/FEB/2015	0.350%	2/23/2015	<u>9,005,349</u>	<u>9,009,810</u>	<u>4,461</u>
<b>Total Federal Home Loan Mortgage Co.</b>			<u>120,154,402</u>	<u>120,559,060</u>	<u>404,658</u>
<b>Federal National Mortgage Association:</b>					
FANNIE MAE ZCP 05/JUL/2014	0.000%	7/5/2014	9,174,834	9,174,817	(18)
FED NATL MORT ASSC 1.625% BDS 26/OCT/2015 USD1000	1.625%	10/26/2015	20,200,873	20,341,800	140,927
FEDERAL NATIONAL MORTGAGE ASSOC 0.375% BDS	0.375%	12/21/2015	19,977,750	20,021,800	44,050
FEDERAL NATIONAL MORTGAGE ASSOC 0.5% BDS	0.500%	3/30/2016	14,990,385	15,025,500	35,115
FEDERAL NATIONAL MORTGAGE ASSOC 2.25% NTS	2.250%	3/15/2016	8,983,077	8,975,931	(7,146)
FEDERAL NATIONAL MORTGAGE ASSOC 5% BDS 15/MAR/2016	5.000%	3/15/2016	<u>13,444,997</u>	<u>13,475,125</u>	<u>30,128</u>
<b>Total Federal National Mortgage Association</b>			<u>86,771,916</u>	<u>87,014,972</u>	<u>243,057</u>
<b>Federal Home Loan Banks:</b>					
FEDERAL HOME LOAN BANK 4.50% 18/FEB/2015	4.500%	2/18/2015	9,418,996	9,422,725	3,729
FEDERAL HOME LOAN BANKS 1% BDS 09/JUN/2017 USD5000	1.000%	6/9/2017	15,075,985	15,044,100	(31,885)
FEDERAL HOME LOAN BANKS BOND FIXED .19%	0.190%	1/6/2015	9,999,866	10,003,500	3,634
FEDERAL HOME LOAN BANKS CONS BD 0.5% 12/JUN/2015	0.500%	6/12/2015	<u>15,034,800</u>	<u>15,038,250</u>	<u>3,450</u>
<b>Total Federal Home Loan Banks</b>			<u>49,529,647</u>	<u>49,508,575</u>	<u>(21,072)</u>
<b>Total US Government Securities</b>			<u>667,495,744</u>	<u>668,659,687</u>	<u>1,163,944</u>
<b>Total Bond Proceeds Investment Pool #2 (Taxable) (Part 1 of the Consolidated Investment Pool)</b>			<u>781,462,499</u>	<u>782,653,301</u>	<u>1,190,802</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)  
Year Ended June 30, 2013

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (loss)
<b>Bond Proceeds Investment Pool #1 (Tax Exempt):</b>					
Certificates of Deposit	Various	Various	\$ 3,000,000	\$ 3,000,000	\$ -
Repurchase Agreements	Various	Various	51,856,949	51,856,949	-
Mutual Funds (LGIP Pool Participant)	Various	Various	2,019,089	2,019,089	-
Miscellaneous Cash	Various	Various	1,479	1,479	-
<b>Municipal Bonds:</b>					
ALBUQUERQUE N MEX GROSS RCPTS TAX REV IMPT	5.000%	8/1/2015	914,070	915,993	1,923
ALBUQUERQUE N MEX MUN SCH DIST NO 012 ED	2.000%	6/1/2014	500,658	500,700	42
ALBUQUERQUE N MEX MUN SCH DIST NO 012 ED	2.000%	6/1/2015	558,373	560,428	2,055
ALBUQUERQUE N MEX MUN SCH DIST NO 012 EDUCATION	2.000%	9/1/2013	421,288	421,340	52
ALBUQUERQUE N MEX MUN SCH DIST NO 012 RFDG	2.000%	8/15/2013	5,582,135	5,582,533	398
CLOUDCROFT N MEX MUN SCH DIST NO 11 RFDG	2.000%	8/15/2014	270,369	270,346	(23)
CLOUDCROFT N MEX MUN SCH DIST NO 11 RFDG	8/15/2013	8/15/2013	558,971	559,647	676
NEW MEXICO ST SEVERANCE TAX RFDG-SER A-2	2.000%	7/1/2015	6,485,000	6,485,000	-
NEW MEXICO ST SEVERANCE TAX SER A-1 01/JUL/2014	2.000%	8/1/2013	4,780,000	4,780,000	-
RIO RANCHO N MEX WTR & WASTEWTR SYS REV RFDG	4.125%	8/1/2013	1,275,579	1,279,890	4,311
SANTA FE N MEX GROSS RCPTS TAX REV RFDG-SER A	1.000%	5/12/2014	1,256,932	1,264,898	7,966
TORRANCE ETC CNTYS N MEX MUN SCH DIST NO 8	1.000%	5/12/2014	403,334	404,768	1,434
<b>Total Municipal Bonds</b>			<u>23,006,709</u>	<u>23,025,542</u>	<u>18,833</u>
<b>US Government Securities:</b>					
<b>US Treasury Notes:</b>					
UNITED STATES OF AMER TREAS NOTES 2.625% BDS	2.625%	2/29/2016	10,369,944	10,384,000	14,056
UNITED STATES OF AMERICA NOTES FIXED .25%	0.250%	7/31/2015	15,013,274	15,015,750	2,476
UNITED STATES OF AMERICA NOTES FIXED .375%	0.375%	3/31/2016	14,991,873	15,002,850	10,977
UNITED STATES OF AMERICA NOTES FIXED .5%	0.500%	8/15/2014	10,004,226	10,004,700	474
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	12/15/2016	14,962,746	14,991,750	29,004
UNITED STATES OF AMERICA NOTES FIXED .625%	0.625%	11/15/2016	14,976,139	15,003,450	27,311
UNITED STATES OF AMERICA NOTES FIXED .75%	0.750%	6/30/2017	4,962,218	4,979,700	17,482
UNITED STATES OF AMERICA NOTES FIXED .875%	0.875%	1/31/2017	15,063,281	15,066,750	3,469
UNITED STATES OF AMERICA NOTES FIXED 1.5%	1.500%	6/30/2016	15,294,644	15,309,450	14,806
UNITED STATES OF AMERICA NOTES FIXED 1%	1.000%	10/31/2016	10,132,522	10,092,969	(39,553)
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	11/30/2014	10,079,681	10,084,375	4,694
UNITED STATES OF AMERICA NOTES FIXED 2.125%	2.125%	12/31/2015	15,378,259	15,418,350	40,091
UNITED STATES TREAS NTS 0.25%15/APR/2016	0.250%	4/15/2016	14,935,616	14,965,350	29,734
UNITED STATES TREAS NTS 0.25%15/SEP/2015	0.250%	9/15/2015	9,996,636	10,010,200	13,564
UNITED STATES TREAS NTS 0.25%31/MAR/2015	0.250%	3/31/2015	10,003,206	10,011,300	8,094
UNITED STATES TREAS NTS 0.375%15/JAN/2016	0.375%	1/15/2016	15,012,754	15,023,400	10,646
UNITED STATES TREAS NTS 0.5%31/JUL/2017	0.500%	7/31/2017	4,938,438	4,934,000	(4,438)
UNITED STATES TREAS NTS 0.625%15/JUL/2016	0.625%	7/15/2016	15,028,481	15,045,750	17,269
UNITED STATES TREAS NTS 0.875%28/FEB/2017	0.875%	2/28/2017	15,034,256	15,055,050	20,794
UNITED STATES TREAS NTS 1.375% 30/NOV/2015	1.375%	11/30/2015	15,216,483	15,242,550	26,067
UNITED STATES TREAS NTS 1.750% 31/MAY/2016	1.750%	5/31/2016	15,350,604	15,379,650	29,046
UNITED STATES TREAS NTS 1%30/SEP/2016	1.000%	9/30/2016	14,114,996	14,135,660	20,664



STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)  
Year Ended June 30, 2013

Security Description	Interest Rate	Maturity Date	Book Value	Market Value	Unrealized Gain (loss)
<b>US Treasury Notes - continued:</b>					
UNITED STATES TREAS NTS 2.375% 31/OCT/2014	2.375%	10/31/2014	\$ 15,108,550	\$ 15,113,700	\$ 5,150
UNITED STATES TREAS NTS 2.375%30/SEP/2014	2.375%	9/30/2014	15,081,956	15,085,500	3,544
UNITED STATES TREAS NTS 2.625% 31/DEC/2014	2.625%	12/31/2014	10,122,265	10,126,200	3,935
<b>Total US Treasury Notes</b>			<u>321,173,048</u>	<u>321,482,404</u>	<u>309,356</u>
<b>Federal Farm Credit Banks Cons Long:</b>					
FEDERAL AGRIC MTG CORP MTNS B FR 0.675%19/JAN/2016	0.675%	1/19/2016	3,013,647	3,010,800	(2,847)
FEDERAL AGRIC MTG CORP MTNS B FR 0.27%17/APR/2015	0.270%	4/17/2015	6,399,092	6,406,976	7,884
FEDERAL AGRIC MTG CORP MTNS B FR 0.65%10/JUL/2017	0.650%	7/10/2017	4,968,455	4,963,050	(5,405)
<b>Total Federal Farm Credit Banks</b>			<u>14,381,194</u>	<u>14,380,826</u>	<u>(368)</u>
<b>Federal Home Loan Mortgage Co:</b>					
FEDERAL HOME LOAN MORTGAGE CORP 0.5% BDS	0.500%	8/28/2015	15,009,648	15,051,450	41,802
FEDERAL HOME LOAN MORTGAGE CORP 1% BDS 08/MAR/2017	1.000%	3/8/2017	10,064,860	10,034,500	(30,360)
FEDERAL HOME LOAN MORTGAGE CORP 2% BDS 25/AUG/2016	2.000%	8/25/2016	20,363,019	20,602,000	238,981
FEDERAL HOME LOAN MORTGAGE CORP 2.50% NTS	2.500%	5/27/2016	10,382,817	10,372,100	(10,717)
<b>Total Federal Home Loan Mortgage Co.</b>			<u>55,820,344</u>	<u>56,060,050</u>	<u>239,706</u>
<b>Federal National Mortgage Association:</b>					
FEDERAL NATIONAL MORTGAGE ASSOC 0.5% NTS	0.500%	7/2/2015	5,011,675	5,016,200	4,525
FED NATL MORT ASSC 1.375% NTS 15/NOV/2016 USD1000	1.375%	11/15/2016	5,019,254	5,072,000	52,746
FED NATL MORT ASSC 1.625% BDS 26/OCT/2015 USD1000	0.163%	10/26/2015	10,172,444	10,170,900	(1,544)
FEDERAL NATIONAL MORTGAGE ASSOC 0.375% BDS	0.375%	12/21/2015	9,988,875	10,010,900	22,025
FEDERAL NATIONAL MORTGAGE ASSOC 5% BDS 15/MAR/2016	0.500%	3/15/2016	8,066,998	8,085,075	18,077
<b>Total Federal National Mortgage Association</b>			<u>38,259,246</u>	<u>38,355,075</u>	<u>95,829</u>
<b>Federal Home Loan Banks:</b>					
FEDERAL HOME LOAN BANKS BOND FIXED .19%	0.190%	1/6/2015	14,999,800	15,005,250	5,450
FEDERAL HOME LOAN BANKS CONS BD 0.5% 12/JUN/2015	0.500%	6/12/2015	10,023,200	10,025,500	2,300
<b>Total Federal Home Loan Banks</b>			<u>25,023,000</u>	<u>25,030,750</u>	<u>7,750</u>
<b>Financing Corp</b>					
FINANCING CORP CPN FICO STRIPS SER 12 INT PMT ON	0.000%	6/6/2015	5,867,389	5,852,908	(14,482)
FINANCING CORP CPN FICO STRIPS SER 19-INT PMT ON	0.000%	6/6/2015	2,830,059	2,823,074	(6,985)
<b>Total Financing Corp</b>			<u>8,697,448</u>	<u>8,675,981</u>	<u>(21,467)</u>
<b>Financing Federal Bank</b>					
FINANCING-FED BK ENTY CPN STRP GENINTPMT	0.000%	4/6/2015	7,286,104	7,270,420	(15,684)
<b>Total Financing Federal Bank</b>			<u>7,286,104</u>	<u>7,270,420</u>	<u>(15,684)</u>
<b>Total US Government Securities</b>			<u>470,640,384</u>	<u>471,255,506</u>	<u>615,122</u>
<b>Total Bond Proceeds Investment Pool #1 (Tax Exempt) (Part 2 of the Consolidated Investment Pool)</b>			<u>550,523,131</u>	<u>551,158,565</u>	<u>635,435</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 7 - SCHEDULE OF INVESTMENTS - FIDUCIARY FUNDS (CONTINUED)  
Year Ended June 30, 2014

Security Description	Book Value	Market Value	Unrealized Gain (loss)
Local Government Investment Pool (Short-term Investment Pool)	\$ 567,033,429	\$ 567,088,417	\$ 54,988
General Fund Investment Pool (State Funds Investment Pool)	2,566,715,057	2,571,917,829	5,202,772
Bond Proceeds Taxable (Consolidated Investment Pool)	781,462,499	782,653,301	1,190,802
Bond Proceeds Tax Exempt (Consolidated Investment Pool)	<u>550,523,131</u>	<u>551,158,565</u>	<u>635,435</u>
<b>Grand total of all funds</b>	<u>\$ 4,465,734,116</u>	<u>\$ 4,472,818,112</u>	<u>\$ 7,083,996</u>

Reconciliation to financial statements:

Per Schedule of Investments	\$ 4,472,818,112
Less: Interfund Investments in Local Government Investment Pool,	
General Fund Investment Pool*	(30,001,301)
Bond Proceeds Taxable*	(1,308,818)
Bond Proceeds Tax Exempt*	<u>(2,019,089)</u>
Total Interfund Investments	<u>(33,329,208)</u>
Total Cash and Investments, Statement of Fiduciary Net Position	<u>\$ 4,439,488,904</u>

\* Amounts are deducted from respective pools

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 8 - COMBINING STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2014

	<u>Investment Trust Funds</u>			
	<u>LGIP Short-term Investment Pool</u>	<u>Consolidated Investment Pool BPIP # 1 and # 2</u>	<u>State Funds Investment Pool</u>	<u>Total (Memorandum Only)</u>
<b>ASSETS</b>				
Cash and investments:				
Fiscal Agent Bank Account	\$ -	\$ -	\$ 177,579,035	\$ 177,579,035
Cash in banks	263,988,806	11,682,455	104,244,852	379,916,113
Certificates of Deposit	-	21,200,000	68,500,000	89,700,000
U.S. Government securities	303,099,611	1,139,915,193	1,415,490,570	2,858,505,373
Corporate Bonds	-	-	-	-
Municipal Bonds	-	38,029,501	51,758,881	89,788,382
Interfund Investments	(33,329,208)	3,327,906.97	30,001,301.00	-
Repurchase agreements	-	119,656,810	724,343,190	844,000,000
	<u>533,759,209</u>	<u>1,333,811,866</u>	<u>2,571,917,829</u>	<u>4,439,488,904</u>
Total cash and investments				
Securities receivable	-	160,047	22,292	182,339
Other receivables	-	-	-	-
Accrued interest receivable	295,970	3,182,727	6,594,531	10,073,228
	<u>295,970</u>	<u>3,182,727</u>	<u>6,594,531</u>	<u>10,073,228</u>
<b>TOTAL ASSETS</b>	<u>\$ 534,055,179</u>	<u>\$ 1,337,154,640</u>	<u>\$ 2,578,534,652</u>	<u>\$ 4,449,744,471</u>
<b>LIABILITIES</b>				
Due to Broker	\$ -	\$ 36,398,328	\$ 8,749,811	\$ 45,148,139
Other liabilities	-	-	28,307	28,307
	<u>-</u>	<u>36,398,328</u>	<u>8,778,118</u>	<u>45,176,446</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>36,398,328</u>	<u>8,778,118</u>	<u>45,176,446</u>
<b>NET POSITION - HELD IN TRUST</b>	<u>534,055,179</u>	<u>1,300,756,312</u>	<u>2,569,756,534</u>	<u>4,404,568,025</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 534,055,179</u>	<u>\$ 1,337,154,640</u>	<u>\$ 2,578,534,652</u>	<u>\$ 4,449,744,471</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
 SCHEDULE 9 - COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 Year Ended June 30, 2014

	<u>Investment Trust Fund</u>			
	LGIP Short-term Investment Pool	Consolidated Investment Pool BPIP # 1 and # 2	State Funds Investment Pool	Total (Memorandum Only)
<b>Additions:</b>				
Investment income	\$ 996,835	\$ 7,130,246	\$ 18,530,964	\$ 26,658,045
Deposits	35,502,737	106,342,435	28,057,434,041	28,199,279,213
<b>Deductions:</b>				
Expenses - management fees	(295,680)	-	-	(295,680)
Withdrawals	(33,329,208)	-	(27,958,234,954)	(27,991,564,162)
Subtotal of Change in Net Position	<u>2,874,684</u>	<u>113,472,681</u>	<u>117,730,051</u>	<u>234,077,416</u>
Net position, held in trust for pool participants, June 30, 2013	<u>531,180,495</u>	<u>1,187,283,631</u>	<u>2,452,026,483</u>	<u>4,170,490,609</u>
Net position, held in trust for pool participants, June 30, 2014	<u>\$ 534,055,179</u>	<u>\$ 1,300,756,312</u>	<u>\$ 2,569,756,534</u>	<u>\$ 4,404,568,025</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
 SCHEDULE 10 - SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY  
 June 30, 2014

Location of Depository	Name of Institution	Deposits	FDIC	Collateral Required	Collateral Pledged		Excess (under)
					Surety Bond Letter of Credit	Securities	
<b>BANKS:</b>							
<b>Alamagordo</b>							
(FHLB)	First National Bank	\$ 124,138	\$ 124,138	\$ -	\$ -	\$ 1,579,184	\$ 1,579,184
(FHLB)	Western Bank	3,612,064	250,000	2,521,548	-	3,043,771	522,223
<b>Albuquerque</b>							
(WFB)	Bank of America	906,199	250,000	328,100	-	4,924,507	4,596,408
(WFB)	Bank of the West	240,223,238	250,000	119,986,619	-	197,254,452	77,267,832
(WFB)	Compass Bank	2,105,997	250,000	1,893,117	-	6,690,625	4,797,508
(FHLB)	U.S. Bank N.A.	31,293,779	250,000	15,521,889	35,000,000	-	19,478,111
(WFB)	New Mexico Bank & Trust	154,281	154,281	-	-	273,070	273,070
(USB)	Wells Fargo Bank, N.A.	173,035,759	250,000	86,392,879	-	183,022,567	96,629,688
<b>Artesia</b>							
(FHLB)	First American Bank	58,632	58,632	-	-	-	-
(FHLB)	Western Bank	-	-	-	-	-	-
<b>Belen</b>							
(USB)	My Bank	-	-	-	-	-	-
<b>Carlsbad</b>							
(FHLB)	Carlsbad National Bank	820	820	-	-	-	-
(FHLB)	Western Commerce Bank	4,099,156	250,000	1,924,578	-	2,254,510	329,932
<b>Clayton</b>							
(FHLB)	Farmers & Stockmens Bank	10,070,288	250,000	4,910,144	-	5,117,778	207,634
(FHLB)	First National Bank of NM	4,573,304	250,000	2,161,652	-	2,333,080	171,428
<b>Clovis</b>							
(TIB)	Bank of Clovis	667,658	250,000	208,829	-	827,080	618,251
	Citizens Bank	15,078	15,078	-	-	-	-
(FHLB)	Western Bank	3,100,000	250,000	1,425,000	-	1,985,080	560,080
<b>Espanola</b>							
(USB)	Valley National Bank	500	500	-	-	-	-
<b>Gallup</b>							
(FHLB)	Pinnacle Bank	-	-	-	-	-	-
<b>Grants</b>							
(TIB)	Grants State Bank	30,106	30,106	-	-	-	-
<b>Hobbs</b>							
(TIB)	Lea County State Bank	203,592	203,592	-	100,000	-	100,000
<b>Las Cruces</b>							
(WFB)	Bank of the Rio Grande	-	-	-	-	-	-
(TIB)	Citizens Bank	3,597	3,597	-	-	-	-
<b>Las Vegas</b>							
(FHLB)	Southwest Capital Bank	10,785,251	250,000	5,267,626	-	5,352,098	84,472
(FHLB)	Community First Bank LV	205,571	250,000	(45,318)	-	556,467	601,785
<b>SUBTOTAL</b>		<u>485,269,009</u>	<u>3,840,745</u>	<u>242,496,663</u>	<u>35,100,000</u>	<u>415,214,269</u>	<u>207,817,606</u>

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE 10 - SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY (CONTINUED)  
June 30, 2014

Location of Depository	Name of Institution	Deposits	FDIC	Collateral Required	Collateral Pledged		Excess (under)
					Surety Bond Letter of Credit	Securities	
<b>BANKS - continued:</b>							
<b>Lordsburg</b>							
(FHLB)	Western Bank	\$ 135,854	\$ 135,854	\$ -	\$ -	\$ -	\$ -
<b>Los Alamos</b>							
(FHLB)	Los Alamos National Bank	16,809	16,809	-	-	-	-
<b>Portales</b>							
(TIB)	James Polk Stone Community Bank	168,050	168,050	-	-	158,703	158,703
<b>Raton</b>							
(TIB)	International State Bank	91,421	91,421	-	-	-	-
<b>Roswell</b>							
(FHLB)	Bank of the Southwest	395,440	250,000	72,720	-	329,365	256,645
(TIB)	Valley Bank of Commerce	128,776	128,776	-	-	-	-
<b>Ruidoso</b>							
(FHLB)	First National Bank	-	-	-	-	-	-
<b>Santa Fe</b>							
(FHLB)	Century Bank	250,000	250,000	-	-	17,090,221	17,090,221
(FHLB)	Community Bank	162,462	162,462	-	-	-	-
(WFB)	First National Bank	10,000,000	250,000	4,875,000	-	7,629,113	2,754,113
<b>Silver City</b>							
(FHLB)	AM Bank	19,031	24,150	(2,560)	-	-	2,560
<b>Socorro</b>							
(BA)	First State Bank	74,234	74,234	-	-	-	-
<b>Taos</b>							
(TIB)	Centinel Bank	97,650	97,650	-	-	-	-
(FHLB)	Peoples Bank	18,751	18,751	-	-	-	-
<b>SAVINGS AND LOANS:</b>							
<b>Alamogordo</b>							
(FHLB)	BANK'34	2,000,935	250,000	1,785,954	-	2,268,925	482,971
<b>Albuquerque</b>							
(FHLB)	Union Savings Bank	4,000,000	250,000	2,812,500	-	2,941,745	129,245
<b>Roswell</b>							
(FHLB)	Washington Federal	27,633	27,633	-	-	-	-
<b>Santa Fe</b>							
(FHLB)	Charter Bank for Savings	-	-	-	-	-	-
<b>CREDIT UNION:</b>							
<b>Santa Fe</b>							
	Guadalupe Credit Union	250,000	250,000	-	-	-	-
<b>SUBTOTAL</b>		<u>17,837,046</u>	<u>2,445,790</u>	<u>9,543,614</u>	<u>-</u>	<u>30,418,072</u>	<u>20,874,457</u>

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

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
 SCHEDULE 10 - SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY (CONTINUED)  
 June 30, 2014

Location of Depository	Name of Institution	Deposits	FDIC	Collateral Required	Collateral Pledged		Excess (under)
					Surety Bond Letter of Credit	Securities	
<b>ANCILLARY RECEIVERSHIP ACCOUNTS:</b>							
<b>Albuquerque</b>							
(BA)	Bank of America, N.A.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(FHLB)	First Community Bank	-	-	-	-	-	-
(WFB)	Wells Fargo Bank, N.A.	-	-	-	-	-	-
<b>Espanola</b>							
(TIB)	Valley National Bank	-	-	-	-	-	-
<b>Los Alamos</b>							
(FHLB)	Los Alamos National Bank	-	-	-	-	-	-
<b>Santa Fe</b>							
(WFB)	Century Bank	727,110	250,000	357,833	-	528,110	170,278
(WFB)	First National Bank	-	-	-	-	-	-
<b>FISCAL AGENT BANK:</b>							
(USB)	Wells Fargo Bank N.A.	51,138,278	-	25,569,139	-	80,490,971	54,921,832
(BA)	Bank of America	-	-	-	-	-	-
<b>SUBTOTAL</b>		<u>51,865,388</u>	<u>250,000</u>	<u>25,926,971</u>	<u>-</u>	<u>81,019,081</u>	<u>55,092,110</u>
<b>TOTAL</b>		<u>\$ 554,971,442</u>	<u>\$ 6,536,534</u>	<u>\$ 277,967,249</u>	<u>\$ 35,100,000</u>	<u>\$ 526,651,422</u>	<u>\$ 283,784,173</u>
<b>Reconciliation to Note 3:</b>							
Fiscal Agent Account		\$ 51,138,278	\$ -	\$ 25,569,139	\$ -	\$ 80,490,971	\$ 54,921,832
Certificates of Deposit		59,950,000	1,873,023	31,825,989	-	35,384,724	3,558,735
		<u>111,088,278</u>	<u>1,873,023</u>	<u>57,395,128</u>	<u>-</u>	<u>115,875,695</u>	<u>58,480,567</u>
<b>Add:</b>							
Agency Deposits		472,078,200	4,565,017	235,608,606	35,100,000	410,531,587	210,022,981
Ancillary Receivership Accounts		727,110	250,000	357,833	-	528,110	170,278
		<u>472,805,310</u>	<u>4,815,017</u>	<u>235,966,439</u>	<u>35,100,000</u>	<u>411,059,697</u>	<u>210,193,259</u>
		<u>\$ 583,893,588</u>	<u>\$ 6,688,040</u>	<u>\$ 293,361,566</u>	<u>\$ 35,100,000</u>	<u>\$ 526,935,392</u>	<u>\$ 268,673,826</u>
<b>Custodial Banks:</b>							
(USB)	US Bank						
(FHLB)	Fed. Home Loan Bank Dallas						
(WFB)	Wells Fargo Bank						
(TIB)	The Independent Bankers Bank						

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

STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
 SCHEDULE 10 - SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY (CONTINUED)  
 June 30, 2014

REPURCHASE AGREEMENTS:

Name of Custodian	Location of Custodian	Repurchase Agreements per Financial Statement	Collateral Required	Collateral Pledged Mortgage Backed Securities (MBS) *	Issuer	CUSIP Number	Excess (Under) Collateralized
JP Morgan Chase	New York, NY	\$ 101,841,000	\$ 103,877,820	\$ 104,704,417	FNMA	3138W9S43	\$ 826,597
JP Morgan Chase	New York, NY	141,379,000	144,206,580	145,214,724	FNMA	31418VYC0	1,008,144
JP Morgan Chase	New York, NY	133,421,000	136,089,420	136,970,519	FNMA	312939WB3	881,099
JP Morgan Chase	New York, NY	167,359,000	170,706,180	171,919,864	FNMA	31418RGS4	1,213,684
JP Morgan Chase	New York, NY	200,000,000	204,000,000	206,781,296	FNMA	3132HLNH2	2,781,296
JP Morgan Chase	New York, NY	100,000,000	102,000,000	107,867,826	FNMA	31418AM39	5,867,826
<b>Total</b>		<u>\$ 844,000,000</u>	<u>\$ 860,880,000</u>	<u>\$ 873,458,645</u>			<u>\$ 12,578,645</u>

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



**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**SCHEDULE 11 - SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND**  
**GAMING SUSPENSE FUND**  
**Year Ended June 30, 2014**

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2014</u>
<b>ASSETS</b>				
Investment in State General Fund Investment Pool	\$ 2,368,665	\$ -	\$ 2,368,665	\$ -
<b>TOTAL ASSETS</b>	<u>\$ 2,368,665</u>	<u>\$ -</u>	<u>\$ 2,368,665</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to State General Fund	\$ 2,368,665	\$ -	\$ 2,368,665	\$ -
<b>TOTAL LIABILITIES</b>	<u>\$ 2,368,665</u>	<u>\$ -</u>	<u>\$ 2,368,665</u>	<u>\$ -</u>

**SCHEDULE OF FINDINGS AND RESPONSES**



## CliftonLarsonAllen

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### Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Honorable Susana Martinez, Governor  
State Board of Finance  
Honorable James B. Lewis, State Treasurer  
Honorable Hector H. Balderas, State Auditor  
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund, fiduciary fund and the combining and individual funds presented as supplementary information of the State of New Mexico, Office of the State Treasurer (the Office), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, and have issued our report thereon dated December 15, 2014.

#### Internal Control over Financial Reporting

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

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

*A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Audit Findings and Responses as 2007-04 and 2014-002 to be a material weakness.*

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. There were no significant deficiencies in fiscal year 2014.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Office's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Audit Findings and Responses as items 2014-001 and 2014-003.

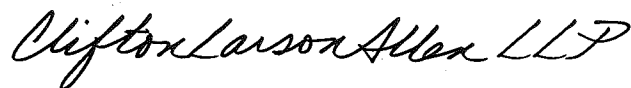
### **The Office's Response to Findings**

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

### **Purpose of this Report**

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

**CliftonLarsonAllen LLP**



Albuquerque, New Mexico  
December 15, 2014

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
June 30, 2014**

**Section I – Financial Statement Findings**

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

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

**Criteria:** Payments made after year end that are submitted to FCD before 5:00 P.M. on July 31, 2014 can be included in fiscal year 2014 if the expenditures relate to fiscal year 2014.

**Cause:** All supporting documentation supports the fact that the expenditure for this accounts payable item relate to fiscal year 2014. There was a certification by the CFO also certifying the expenditures relate to fiscal year 2014 but when the voucher batch report for this payment was submitted to FCD the period was entered as fiscal year 2015.

**Effect:** Understatement of liabilities for the General Fund at year end.

**Recommendation:** We recommend that Management carefully review all supporting documentation for expenditures including review of the final voucher batch report before submitting them to FCD to make sure all expenditures are booked in the proper period.

**State Treasurer's Office Response:** The State Treasurer's Office concurs with this finding and has instituted procedures regarding the end of year processing of payments. All Voucher Batch Reports for previous FY invoices will be reviewed by the Budget and Finance Division Director and the Bureau Chief to ensure that the proper accounting date is recorded in SHARE.

**2014-002 Interagency Transactions (Material Weakness)**

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

**Criteria:** MAPs FIN 3.1 establishes policies and procedures for state agencies to follow to ensure accurate recording and reporting of interagency transactions. Furthermore, as required by GASB 33, derived tax revenues should be recognized when the underlying exchange has occurred and the resources are available.

**Cause:** Management oversight, lack of timely communication among state agencies to ensure interagency transactions are being recorded consistently amongst each other and in accordance with generally accepted accounting principles.

**Effect:** Misstatement to the financial statements, inconsistencies with other State Agencies.

**Auditor's Recommendation:** We recommend management continue to be proactive in working with other state agencies in which the Department transacts with, to ensure timely and accurate reporting of these transactions. Furthermore, the Department should communicate with the Statewide Financial Reporting and Accounting Bureau regarding any interagency

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**SCHEDULE OF AUDIT FINDINGS AND RESPONSES**  
**June 30, 2014**

**Section I – Financial Statement Findings (continued)**

**2014-002 Interagency Transactions (Material Weakness) (continued)**

transactions in which the Department is unable to resolve among the agency itself or guidance is needed regarding the appropriate recognition of the transactions.

**State Treasurer’s Office Response:** The State Treasurer’s Office understands that this is a statewide issue regarding state agencies’ interagency payables and receivables. The State Treasurer’s Office will continue to work with the Department of Finance and Administration and other state agencies in order to comply with MAPs FIN 3.1 and GASB 33.

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

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

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

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

**Criteria:** A Treasury system should allow for proper reconciliation of bank transactions with the GL.

**Cause:** When SHARE was first implemented in fiscal year 2007, the implementation was not thoroughly and properly planned by the State, and implemented to incorporate the full functionality of the system.

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

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

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
June 30, 2014**

**Section I – Financial Statement Findings (continued)**

**Finding 2007-04 Reporting of Agency Interest in the State General Fund Investment Pool  
(Material Weakness), Repeated (continued)**

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

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

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

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

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

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

**Section II – Federal Award Findings**

There were no findings for the year ended June 30, 2014.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**SCHEDULE OF AUDIT FINDINGS AND RESPONSES**  
June 30, 2014

**Section III – Other Matters**

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

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

**Criteria:** NMSA 6-10-2.1 “The state treasurer shall identify and allocate to the general fund all earnings, including realized and unrealized gains and losses, from the investment of all accounts or funds in his custody unless the allocation of the earnings is:

- A. otherwise provided by law;
- B. prohibited by federal law creating the fund or the account or by specific court order; or
- C. from the investment of a permanent fund and the use of the interest and income from the fund is restricted by constitutional or statutory provisions to particular purposes.

Per NMSA 6-10-28 “The state treasurer, upon order of the state board of finance, shall invest the proceeds of state revenue and general obligation bonds until the money is needed for the purpose for which the bonds were authorized and sold. Income from these investments shall be applied to payment of principal of and interest on the bonds, for the purposes for which the bonds were issued or to pay rebate, penalty, interest and other obligations of the state relating to the bonds under the Internal Revenue Code of 1986, as amended, including any regulations applicable under the code.

**Cause:** The fiscal year 2014 earnings allocation erroneously included Bond Proceed Investment Pools’ earnings. Additionally, the fiscal year 2014 earnings allocation calculation was determined on a cash basis, and did not include unrealized gains and losses, as required by Statute.

**Effect:** The State General Fund’s recorded earnings from the State General Fund Investment Pool were overstated by \$17.2 million, requiring adjustment. Additionally, the State utilizes the earnings allocation to develop spending projections. Incorrect allocation of earnings could affect the reliability of the State’s spending projections.

**Recommendation:** We recommend that Management change their process for the allocation of earnings to the State General Fund to be in compliance with state statutes.

**State Treasurer’s Office Response:** NMSA 6-10-2.1 does not clearly defines= how “earnings” are calculated and distributed to the state general fund.

Since early 2014, the State Treasurer’s Office has met with and has been in discussions with the Department of Finance & Administration (DFA) and the Legislative Finance Committee (LFC) to resolve the issues regarding earnings distribution to the state general fund.

A letter from the State Treasurer was sent to DFA asking for their input regarding the general fund earning this calculation. As of this date we have not received a response.



**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER**  
**SCHEDULE OF AUDIT FINDINGS AND RESPONSES**  
**June 30, 2014**

**Section III – Other Matters (continued)**

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

The Legislative Finance Committee has agreed that they can determine what data they need based on the information the State Treasurer's Office provides.

The State Treasurer's Office has discussed the definition of "earnings" and the allocation of earnings with the State Treasurer's investment advisor, internal and external legal counsel.

The State Treasurer's Office can provide all information regarding earnings. The Office wants to ensure that stakeholders, such as DFA, receive information in the form and on the basis (cash or accrual) to fit their intended purpose.

Unless there are objections from DFA, the State Treasurer's Office will calculate earnings and transfer funds using the accrual method of accounting, using the fair value method which takes earnings and adjusts for unrealized and realized gains and losses, fees and expenses and amortization and accretion.

With regard to the cause listed that FY 2014 BPIP earnings are erroneously transferred to the general fund, the State Treasurer's office provides clarification and a resolution going forward. All BPIP earnings due to participants were distributed appropriately. However, excess income was erroneously allocated to the general fund. A new process will be implemented by the investment accounting bureau whereby they will prepare a letter to ensure the correct cash inflows are posted to Fund 80100 to make the appropriate distribution.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2014**

**Section I – Financial Statement Findings**

**Finding 2013-02 Prior Year Understatement of Interest in State General Fund Investment Pool (Significant Deficiency), Resolved**

**Condition:** The Severance Tax Bonding Fund's (STB) interest in the State General Fund Investment Pool (SGFIP) was understated by \$2,190,933 in fiscal year 2012, requiring a prior period adjustment in fiscal year 2013.

**Finding 2009-06 Reporting of Additions and Deductions to Fiduciary Funds (Control Deficiency), Resolved**

**Condition:** The State Treasurer's Office did not segregate gross total additions to and deductions from fiduciary funds for the financial statement presentation. The information regarding additions to and deductions from individual accounts is available, but the information is not readily available in total.

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

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

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

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

**Section II – Federal Award Findings**

There were no findings for the year ended June 30, 2013.

**Section III – Other Matters**

**Finding 2013-01 Cash Receipts Not Deposited Within Statutory Time Frame (Compliance), Resolved**

**Condition:** During our compliance test work over cash receipts, we noted one out of twenty-two cash receipts tested were not deposited within twenty-four hours. The dollar amount of this one item was \$431,667, and the total dollar amount of the entire sample of 22 items was \$19,166,312.

**STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER  
EXIT CONFERENCE  
June 30, 2014**

An exit conference was held with the State Treasurer's Office on December 12, 2014. The conference was held at the State Treasurer's offices in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

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

James B. Lewis, State Treasurer  
Marilyn Hill, Deputy State Treasurer  
Linda T. Roseborough, Chief Investment Officer, Investment Division Director  
Clarence L. Smith, Chief Operations Officer, Operations Division  
Ronald Crespín, Chief Financial Officer and Budget and Finance Division Director  
Patricia J. Ortiz, Finance & Budget Bureau Chief  
Victor Vigil, Cash Management Bureau Chief  
Kirene Bargas, Investment Transaction and Compliance Bureau Chief  
Steve Vigil, Investment Accounting Bureau Chief

**CLIFTONLARSONALLEN LLP**

Janet Pacheco-Morton, CPA, CGFM, Principal  
Christopher W Gregory, CPA, Senior Associate

**PREPARATION OF FINANCIAL STATEMENTS**

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