



Report of Independent Auditors  
and Financial Statements  
with Supplementary Information

**State of New Mexico**  
**Investment Council – Investment Office**  
**A Department of the State of New Mexico**

June 30, 2024

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**State Of New Mexico Investment Council – Investment Office**  
**Official Roster**  
**June 30, 2024**

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**GOVERNING BOARD**

The Hon. Michelle Lujan Grisham, Governor	Ex-Officio Member, Chair
The Hon. Stephanie Garcia Richard, State Land Commissioner	Ex-Officio Member, Vice-Chair
Wayne Propst, DFA Cabinet Secretary	Ex-Officio Member
The Hon. Laura Montoya, State Treasurer	Ex-Officio Member
Nick Telles, Vice President of Finance, Santa Fe Community College	Public Member, Governor's Appointment
John Bingaman	Public Member, Legislative Council Appointment
Kurt Sommer	Public Member, Legislative Council Appointment
Allen Sánchez	Public Member, Legislative Council Appointment
Catherine Allen	Public Member, Governor's Appointment
Vacant Position	Public Member, Governor's Appointment
Kelly O'Donnell	Public Member, Legislative Council Appointment

## Report of Independent Auditors

The Honorable Michelle Lujan Grisham, Chair  
State of New Mexico Investment Council – Investment Office

Mr. Joseph M. Maestas, PE, CFE  
New Mexico State Auditor

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparison for the general fund, and the aggregate remaining fund information of State of New Mexico Investment Council – Investment Office (the Office), a department of the State of New Mexico, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the budgetary comparison for the general fund, and the aggregate remaining fund information of the State of New Mexico Investment Council – Investment Office as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of State of New Mexico Investment Council – Investment Office present the financial position and changes in financial position of only that portion of governmental activities, each major fund, the budgetary comparison for the general fund and the aggregate remaining fund information of the State of New Mexico that are attributable to the transactions of the Office. The financial statements do not present the financial position of the State of New Mexico as of June 30, 2024, the changes in its financial position, and where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of New Mexico Investment Council – Investment Office's basic financial statements. The combining balance sheet – governmental nonmajor funds, combining statement of revenues, expenditures, and changes in fund balances – governmental nonmajor funds, changes in land grant permanent fund held for beneficiaries, detail of interagency transfers, external investment trust funds, schedule of deposit and investment accounts, and schedule of investment management fees (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, the supplementary information is 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 November 25, 2024, on our consideration of State of New Mexico Investment Council – Investment 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of State of New Mexico Investment Council – Investment Office's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering State of New Mexico Investment Council – Investment Office's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
November 25, 2024

## **Management's Discussion and Analysis**

# State of New Mexico Investment Council – Investment Office

## Management’s Discussion and Analysis

### June 30, 2024

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The State of New Mexico Investment Council – Investment Office’s (the Office) mission is to protect and grow the State’s permanent endowment funds for current and future generations through prudent, professional investment management. It currently has \$49.16 billion in investments under management, which includes investments managed on behalf of other governmental entities through joint power agreements.

The Office complies with the required financial statement presentation of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This discussion and analysis of the Office provides a summary of the financial position and results of operations as of and for the year ended June 30, 2024, with highlights and comparisons. The reader should review the actual financial statements, including the notes and supplementary information, for a more complete picture of the Office’s financial activities.

The financial statements include the sections described below.

**Government-wide financial statements** – The government-wide financial statements provide readers with a broad overview of the Office’s finances in a manner similar to a private-sector business. The statement of net position presents information on the Office’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Office is improving or deteriorating. The statement of activities presents information showing how the Office’s net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**Fund financial statements** – Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is on major funds, rather than fund types.

The financial statements also include notes, which explain the history and purpose of the Office, significant accounting policies, investment details, statutory disclosures, and other required information regarding the financial position of the funds.

The governmental major fund presentation is presented on a sources and uses of liquid resources basis. This is the manner the financial plan (the budget) is typically developed.

The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the financial statements allow the demonstration of sources and uses and/or budgeting compliance associated with the funds.



**State of New Mexico Investment Council – Investment Office**  
**Management’s Discussion and Analysis**  
**June 30, 2024**

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**Condensed financial information** – The Office’s condensed statement of net position is summarized as follows:

	June 30,	
	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,526,743,765	\$ 7,882,740,744
Other assets	2,456,781,215	2,766,093,653
Investments	49,165,509,512	38,994,055,841
<b>Total assets</b>	<b>\$ 59,149,034,492</b>	<b>\$ 49,642,890,238</b>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	\$ 29,947,917	\$ 26,416,706
Due to brokers	1,642,741,714	488,078,407
<b>Total liabilities</b>	<b>1,672,689,631</b>	<b>514,495,113</b>
<b>NET POSITION</b>		
Net investment in capital assets	(3,115)	33,185
Unrestricted deficit	(316,470)	(289,456)
Restricted by enabling legislation	57,476,664,446	49,128,651,396
<b>Total net position</b>	<b>57,476,344,861</b>	<b>49,128,395,125</b>
<b>Total liabilities and net position</b>	<b>\$ 59,149,034,492</b>	<b>\$ 49,642,890,238</b>

All expenses of the General Administrative Fund are related to investment management of the permanent funds and of external, governmental clients; however, only external investment management expenses for publicly traded assets are allocated to the funds and clients based on relative market values managed.

The decrease in cash and cash equivalents is consistent with increases in investments and the decreases in inflows from royalties and land sales, from the Severance Tax Bonding Fund, the Early Childhood Education and Care Fund, and other general revenues. The decrease in other assets is largely due to decreased amounts due from other state entities at year-end. The increase in investments is due a stronger investment return environment for the fiscal year and continued strong investing activity.

The increase in accounts payable and other liabilities is largely attributed to an increase in amounts payable at year-end related to management fees.

The unrestricted net position includes the amount of accrued vacation and sick pay liability, which is not a reimbursable expense of the funds until the compensated leave time is used. The investment (deficit) in capital assets, leases, and subscription-based information technology arrangements, net of related debt and lease liabilities, is (\$3,115) as of June 30, 2024.

**State of New Mexico Investment Council – Investment Office**  
**Management’s Discussion and Analysis**  
**June 30, 2024**

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Asset classes authorized under the investment policy include:

- Small, mid, and large capitalization U.S. stocks
- Non-U.S. developed markets and emerging markets stocks
- U.S. debt obligations
- Private equity limited partnerships
- Real assets, including real estate
- Absolute return funds
- Derivative instruments
- Structured credit instruments
- New Mexico direct equity investments
- Government guaranteed New Mexico home and farm loans
- Certificates of deposit in New Mexico financial institutions

**State of New Mexico Investment Council – Investment Office**  
**Management’s Discussion and Analysis**  
**June 30, 2024**

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The Office’s condensed statement of activities is summarized as follows:

	Year Ended June 30,	
	2024	2023
<b>EXPENSES</b>		
General government	\$ 59,796,248	\$ 50,072,848
<b>REVENUES</b>		
Program revenues		
Tobacco settlement proceeds	27,422,657	23,637,356
Opioid settlement proceeds	100,092,073	-
Contributions from external investment trust funds	257,692,528	168,073,631
Federal revenues (Taylor Grazing Act)	136,839	113,879
Total program revenues	385,344,097	191,824,866
General revenues and distributions		
Investment income (loss)	4,018,816,679	2,644,340,184
Severance tax bonding fund and other general revenues	3,540,056,998	5,325,031,970
Royalties and land sales	2,350,114,112	2,612,475,591
Distributions to external investment trust funds	(76,992,236)	(42,250,624)
Distributions to beneficiaries	(1,809,593,666)	(1,325,597,364)
Transfer to General Services Department	-	(152,913)
Total general revenues and distributions	8,022,401,887	9,213,846,844
<b>CHANGE IN NET POSITION</b>	8,347,949,736	9,355,598,862
<b>NET POSITION</b>		
Beginning of year	49,128,395,125	39,772,796,263
End of year	\$ 57,476,344,861	\$ 49,128,395,125

# State of New Mexico Investment Council – Investment Office

## Management’s Discussion and Analysis

### June 30, 2024

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The statement of activities focuses on the cost of various activities, which are funded by the Office's general and program revenues. This is intended to summarize and simplify the users' analysis of the cost of services.

*Increase in expenses* – The increase in expenses for fiscal year 2024 has been due to increases in contractual services which includes asset management fees. The increase in these fees is due largely to increased invested assets. The increase in personnel services and benefits and other expenses are due to improved staffing levels.

*Decreases in revenues* – Tobacco settlement proceeds and contributions from external investment trust funds have increased over the prior year. Royalties and land sales decreases have been driven by price and volume decreases. The increase in income from investments is impacted by improved investment performance over the prior fiscal year and due to increased investment activity. Severance Tax Bonding Fund and other revenues have decreased in the current fiscal year due largely to a decrease in severance tax inflows from the Severance Tax Bonding Fund whose bonding capacity is limited to the lesser of prior year or current year deposits. Also, production volumes by oil and gas producers and prices similarly have resulted in collections of the oil and gas emergency school tax resulting in a continuation of high deposits to the Early Childhood and Care Fund, about \$2.04 billion less than the prior year. There were also contributions during the year from the State General Fund to the Severance Tax Permanent Fund of \$475 million and to the new Capital Development Reserve Fund of \$475.83 million and to the new Conservation Legacy Permanent Fund of \$50 million.

#### Financial highlights

**General administrative fund** – The other financing sources and expenditures for the General Administrative Fund compared to the prior year are as follows:

	Year Ended June 30,	
	2024	2023
<b>OTHER FINANCING SOURCES</b>		
Interfund transfers	\$ 59,732,935	\$ 50,284,559
<b>EXPENDITURES</b>		
Personnel services and benefits	\$ 4,602,465	\$ 4,234,253
Contractual services and custody fees	54,309,853	45,191,800
Other - operating expenses and capital outlay	820,617	705,593
Total expenditures	\$ 59,732,935	\$ 50,131,646
<b>OTHER FINANCING USES</b>		
Transfers out	\$ -	\$ (152,913)

The Office’s expenditures for fiscal year 2024 increased in total due to increased contractual services as explained above. The Office budgeted, but did not spend, approximately \$7.15 million.

# State of New Mexico Investment Council – Investment Office

## Management’s Discussion and Analysis

### June 30, 2024

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**Other funds** – The primary governmental activity for the Office is the administration and management of seven State of New Mexico permanent funds: Land Grant Permanent Fund (LGPF), Severance Tax Permanent Fund (STPF), Tobacco Settlement Permanent Fund (TSPF), Tax Stabilization Reserve Fund (TSRF), Water Trust Fund (WTF), Early Childhood Education and Care Fund (ECE&CF) and Rural Libraries Endowment Fund (RLEF), Conservation Legacy Permanent Fund (CLPF), the Opioid Settlement Restricted Fund (OSRF), Higher Education Trust Fund (HETF), and the Capital Development and Reserve Fund (CD&RF). The State Investment Office, which is responsible for carrying out the investment management policies of the State Investment Council, also provides similar services to 25 state agencies and political subdivisions of New Mexico.

The purpose of the permanent funds is to contribute recurring revenues for the operating budget of the State of New Mexico and the beneficiaries of the permanent funds. The Office's mission is to protect and grow the State's permanent (endowment) funds for current and future generations through prudent, professional investment management – with a vision of becoming one of the best performing, most respected sovereign wealth funds worldwide. The amount of annual distributions for the Severance Tax Permanent Fund, per statute, is 4.7% of the average of the calendar year-end market values of the funds for the immediately preceding five years. The LGPF, TSPF, and TSRF distribution formulas are detailed below. Administrative costs are projected and added to the distribution formula to arrive at the total spending policy.

In September 2003, New Mexico voters approved Constitutional Amendment No. 2, increasing the LGPF distribution formula to its beneficiaries, the public schools and twenty other specifically identified state institutions. The amendment provides for suspension of distributions greater than 5.0% under certain circumstances. Distributions changed as follows:

- Beginning October 2003, distributions increased to 5.0%.
- For fiscal years 2005-2012, distributions increased to 5.8%.
- For fiscal years 2013-2016, distributions decreased to 5.5%.
- Beginning fiscal year 2017, distributions decreased to 5.0%.

The Tobacco Settlement Permanent Fund distribution was originally established at 50% of the prior year's contributions from legal settlements with certain tobacco companies. In April 2003, the New Mexico State Legislature changed the Tobacco Settlement Permanent Fund distribution. Based on this change, in fiscal years 2003 through 2006 the distribution was increased to 100% of the current year contributions, and the distribution went to the State General Fund rather than to the Tobacco Settlement Permanent Fund. Beginning in fiscal year 2007, the distribution for the Tobacco Settlement Permanent Fund returned to 50% of the prior year's contributions. In 2009, the Legislature, by passing Senate Bill 79, increased the percentage of distribution from the Tobacco Settlement Permanent Fund to the Tobacco Settlement Program Fund for fiscal years 2009 through 2011 to 100% of the prior year's contribution received. In 2011, the Legislature passed House Bill 79, which extended this period of 100% distributions of the prior year's contribution received through fiscal year 2013. For fiscal years 2014 through 2020, the distributions have varied by fiscal year compared to the contributions. In fiscal years 2024 and 2023, 50% of the contribution were distributed.

**State of New Mexico Investment Council – Investment Office**  
**Management’s Discussion and Analysis**  
**June 30, 2024**

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In April 2004, GASB issued Technical Bulletin 2004-1, *Tobacco Settlement Recognition and Financial Reporting Entity Issues* (GASB TB 2004-1), which became effective for financial statements for periods ending after June 15, 2004. GASB TB 2004-1 clarifies recognition guidance for payments received under the Master Settlement Agreement (MSA) with the settling tobacco companies. Since annual tobacco settlement reimbursements are based on cigarette sales from the preceding calendar year, governments should estimate accrued tobacco settlement reimbursements that derive from tobacco sales from January 1 to their respective fiscal year-ends. Accordingly, the Tobacco Settlement Permanent Fund recognized \$13 million and \$13 million in tobacco reimbursement receivables for the years ended June 30, 2024 and 2023, respectively.

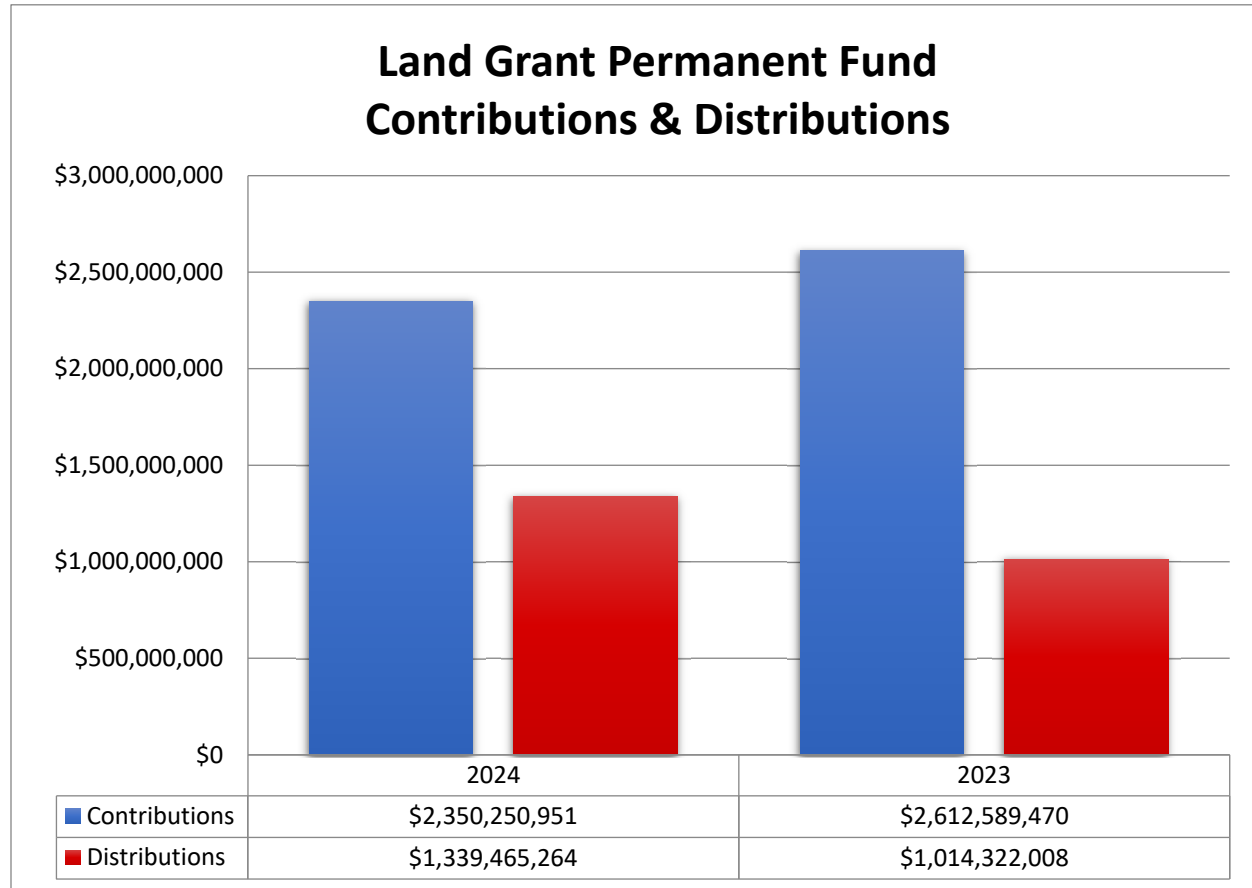
The purpose of the Tax Stabilization Reserve Fund is to provide monies to cover budget shortfalls in the general fund. Accordingly, the funds may be appropriated by the legislature to meet the level of appropriations authorized by law from the general fund that are projected to be insufficient for a given year and for the following fiscal year. The appropriation must be approved by two-thirds' majority vote of both houses following the receipt of a declaration of the governor that the appropriation is necessary for public peace, health and safety.

*Land Grant Permanent Fund* – Land Grant Permanent Fund contributions from the State Land Office for fiscal year 2024 decreased 10.04% from fiscal year 2023, impacted largely by price and volume decreases. The change is inclusive of a Federal Taylor Grazing Act transfer of \$136,839. Distributions to the beneficiaries of the fund increased 32.06% from the prior year due primarily to an increasing rolling five calendar year average asset base. The increase is inclusive of the added 1.25% to common schools for fiscal year 2024 based upon a constitutional amendment.

**State of New Mexico Investment Council – Investment Office**  
**Management’s Discussion and Analysis**  
**June 30, 2024**

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The chart below details the changes in contributions and distributions from the LGPF.

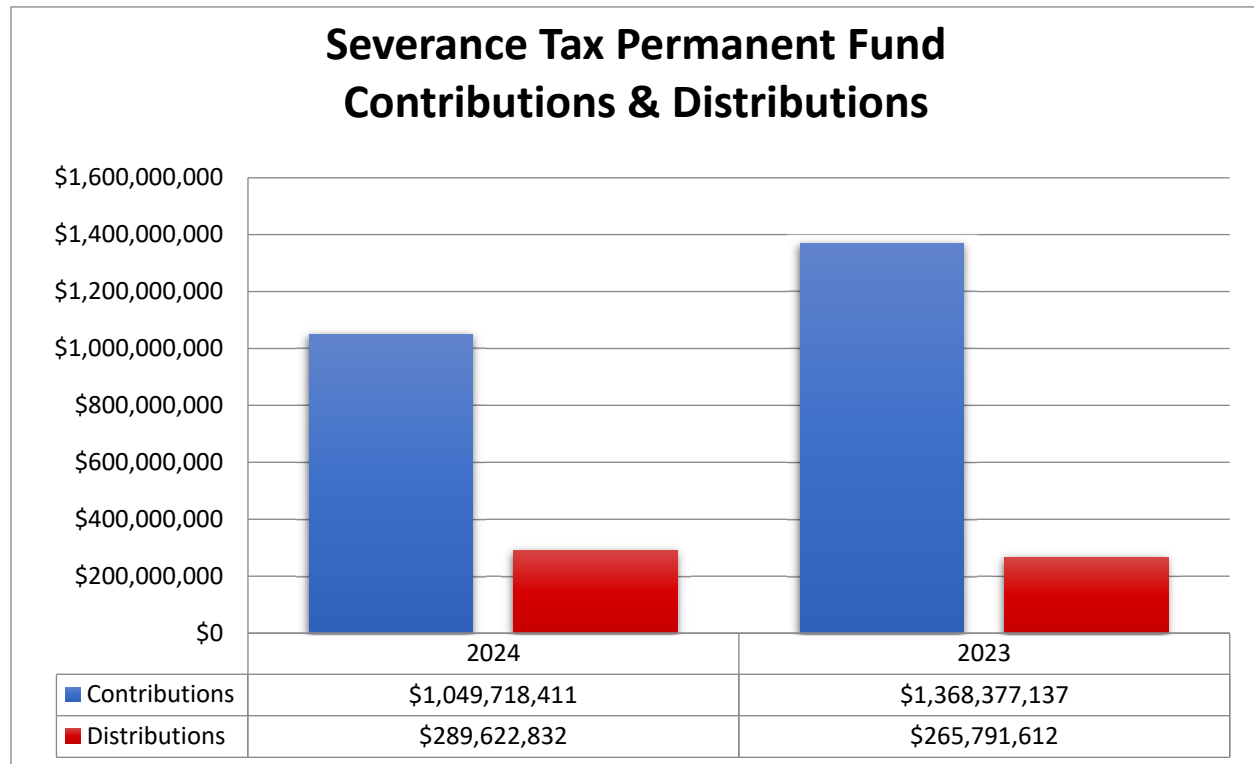


**Severance Tax Permanent Fund** – Severance Tax Permanent Fund contributions are received from the Severance Tax Bonding Fund. Severance tax revenues first pay the required debt service on severance tax bonds issued by the State. Amounts transferred from the Severance Tax Bonding Fund to the Severance Tax Permanent Fund decreased from \$1.368 billion in fiscal year 2023 to \$574.718 million in fiscal year 2024. There was also a transfer of \$475 million per Law of 2023, Chapter 210, section 4. While as recently as the 1990s, the Severance Tax Permanent Fund received half of the State’s annual severance taxes (for a 50/50 split), a court ruling in 1999 and subsequent legislative actions during the past decade have resulted in changes allowing for up to 95% of severance taxes to be used for New Mexico’s school and infrastructure bonding capacity. Supplemental bonds or “sponge bonds” may also be deployed based on previous year’s revenues, allowing the remaining 5% to be used for bonding as well. In 2015, legislators passed a measure to slowly reduce the percentage of targeted severance tax bonding every year, thereby increasing inflows to the Severance Tax Permanent Fund over time. The legislation will be fully implemented in fiscal year 2022, whereupon the bonding percentage target will be capped at 86.2% of the severance taxes collected for the year, down from its previous target of 95%.

**State of New Mexico Investment Council – Investment Office**  
**Management’s Discussion and Analysis**  
**June 30, 2024**

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Distributions to the State General Fund in fiscal year 2024 increased 8.97%. The increase is inclusive of the added 1.25% to common schools for fiscal year 2024 based upon a constitutional amendment. The increase is inclusive of the added 1.25% to common schools for fiscal year 2024 based upon a constitutional amendment % from the previous year due primarily to an increasing rolling five calendar year average asset base.



*Tobacco Settlement Permanent Fund* – The Tobacco Settlement Permanent Fund distribution was \$13.71 million to the State General Fund in fiscal year 2024, which was 50% of contributions recorded to the tobacco settlement trust funds in fiscal year 2024.

The amounts presented below are from the total contributions and distributions for fiscal year 2024 shown in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds because of the presentation requirements of GASB Technical Bulletin 2004-1 and differ from actual contributions and distributions.

	Year Ended June 30,	
	2024	2023
Contributions	\$ 27,422,657	\$ 23,637,356
Distributions	\$ 13,711,329	\$ 11,318,678



# State of New Mexico Investment Council – Investment Office

## Management’s Discussion and Analysis

### June 30, 2024

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*Tax Stabilization Reserve Fund* – The Tax Stabilization Reserve Fund (TSRF) was created in July 2019. The State Treasury contributed \$1.08 billion in fiscal year 2020 to create a reserve for future budget shortfalls should they occur. There was a transfer of \$959 million to the newly created Higher Education Trust Fund for the year ended June 30, 2024. In fiscal year 2024, there were no contributions to the TSRF.

*Water Trust Fund* – The Water Trust Fund (WTF) was created in 2003 but not funded by the Legislature until 2007. On July 1 of each fiscal year, the WTF distributes \$4 million to water projects. When 4.7% of the WTF is greater than \$4 million, annual distributions will be 4.7% of a five-year rolling average of the WTF. In fiscal year 2024 there was a contribution from the State General Fund to the Water Trust Fund of \$100 million.

*Rural Libraries Endowment Fund* – The Rural Libraries Endowment Fund was created in July 2019 to provide funding for the Rural Libraries Grant Program. The state librarian annually disburses the funds for the establishment of developing rural libraries in cities, towns, and villages without libraries beginning in fiscal year 2022. On July 1, 2019, \$1 million was contributed to the fund with an additional \$2 million contributed in fiscal year 2021. All fund investment income yielded during the preceding calendar year net of all fund distributions will be distributed beginning in fiscal year 2022 through 2026 up to 5% of the year-end market of the fund from the preceding calendar year. Beginning in fiscal year 2028 and each subsequent fiscal year, the average fund investment income yielded in the immediately preceding five calendar years will be distributed up to 5% of the year-end market value for the preceding calendar year. The distributions will consist of 95% to the Rural Libraries Grant Program and 5% to the Cultural Affairs Department.

*External Investment Trust Funds* – Participants in the External Investment Trust Funds contributed \$258 million to the Office to increase their assets under management. This is an increase from the prior year of \$168 million. The participants also redeemed \$77 million of their investments during fiscal year 2024 compared to \$42 million in fiscal year 2023. Contributions and distribution decisions are made by the participants in accordance with the joint powers agreement set up with each participant.

**Budgetary comparisons** – As required by the Office of the State Auditor under Section 2.2.2.10 P. (2) of 2.2.2 NMAC, the Budget Comparison-Statement for the General Administrative Fund is presented as part of the basic financial statements. This information is provided at the approved budget level to demonstrate compliance with legal requirements. The budgetary comparison schedule presents both the original and the final appropriated budget for the reporting period as well as the actual inflows, outflows, and balances, stated on the government's budgetary basis. The only significant budgetary variation was approximately \$5.7 million in contractual services that was not expended, inclusive of \$1.14 million in legal fees. Because of challenges in increasing staffing levels, there was also about \$1.39 million that was not expended.

## State of New Mexico Investment Council – Investment Office

### Management’s Discussion and Analysis

#### June 30, 2024

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**Economic outlook** – For the two largest permanent funds, the LGPF finished fiscal year 2024 with a net return of 8.47% and the STPF finished at 6.87%. The investment strategy of the permanent funds is one that seeks to gain from the long-term performance of the financial markets and underlying economy. The funds are presently in the process of further diversification, particularly in moving from publicly-traded assets (primarily stocks and bonds) to privately held assets (such as real estate, private equity and real assets), and from publicly-traded equity investments (the stock market) to a more diversified mix of income-producing and less volatile investments.

The oil and gas production hit an all-time high in New Mexico during 2023. The Office anticipates receiving comparable royalty sources in 2024 over 2023 as the demand for New Mexico oil continues to be strong even as prices rise. Tobacco sales continue to decrease globally, and the Office expects the revenue from the tobacco settlement to likewise decrease in 2024.

Similar to fiscal year 2024, fiscal year 2025 is expected to have sufficient budget in the General Administrative Fund for the operations of the Office. The funding of the General Administrative Fund is from the LGPF and the STPF. Any unused budget is reverted back to these funds in conjunction with the completion of the external audit.

**Financial contact** – Any questions regarding the financial statements of the Office should be directed to the Chief Financial Officer, State of New Mexico Investment Council, 41 Plaza la Prensa, Santa Fe, NM 87507.

## **Financial Statements**

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**State of New Mexico Investment Council – Investment Office**  
**Statement of Net Position**  
**June 30, 2024**

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	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,467,150,313
Investment in State Treasurer General Fund Investment Pool	2,059,593,452
Due from brokers	1,192,101,529
Due from other state entities	1,053,519,418
Accrued investment income	196,583,746
Accrued tobacco settlement income	13,000,000
Investments	49,165,509,512
Capital assets, net	<u>1,576,522</u>
Total assets	<u><u>\$ 59,149,034,492</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 14,927,743
Accrued payroll	99,187
Due to brokers	1,642,741,714
Receipts held for the benefit of others	13,000,000
Due to other state entities	24,880
Accrued vacation and sick pay, due within one year	280,757
Lease liabilities, due within one year	364,217
SBITA liabilities, due within one year	65,216
Accrued vacation and sick pay, due after one year	35,713
Lease liabilities, due after one year	<u>1,150,204</u>
Total liabilities	<u>1,672,689,631</u>
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets, leases, and SBITAs	(3,115)
Unrestricted	(316,470)
Restricted by enabling legislation	<u>57,476,664,446</u>
Total net position	<u>57,476,344,861</u>
Total liabilities and net position	<u><u>\$ 59,149,034,492</u></u>

See accompanying notes.

**State of New Mexico Investment Council – Investment Office**  
**Statement of Activities**  
**Year Ended June 30, 2024**

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	Governmental Activities
EXPENSES	
General government	\$ 59,796,248
REVENUES	
Program revenues	
Tobacco settlement proceeds	27,422,657
Opioid settlement proceeds	100,092,073
Contributions from external investment trust funds	257,692,528
Federal revenues (Taylor Grazing Act)	136,839
Total program revenues	<u>385,344,097</u>
General revenues (distributions)	
Investment earnings	
Interest and dividends	1,531,830,882
Net increase in fair value of investments	2,486,985,797
Distributions to beneficiaries of the Water Permanent Fund	(4,000,000)
Severance tax bonding fund	574,718,411
Royalties and land sales (State Land Office)	2,350,114,112
Contribution from State General Fund to Early Childhood Education and Care Fund	1,845,001,163
Contribution from Department of Cultural Affairs to Rural Libraries Endowment Fund	17,500,000
Contribution from State General Fund to Conservation Legacy Permanent Fund	50,000,000
Contribution from State General Fund to Water Trust Fund	100,000,000
Contribution from State General Fund to Severance Tax Permanent Fund	475,000,000
Contribution from CYFD to Opioid Settlement Restricted Fund	2,000,000
Contribution from State General Fund to Capital Development Reserve Fund	475,837,424
Distributions to external investment trust funds	(76,992,236)
Distributions to beneficiaries	(1,805,593,666)
Total general revenues	<u>8,022,401,887</u>
CHANGE IN NET POSITION	8,347,949,736
NET POSITION	
Beginning of year	<u>49,128,395,125</u>
End of year	<u><u>\$ 57,476,344,861</u></u>

See accompanying notes.

**State of New Mexico Investment Council – Investment Office**  
**Balance Sheet – Governmental Funds**  
**June 30, 2024**

	Major Funds						
	Fund 17300 General Administrative Fund	Fund 60100 Land Grant Permanent Fund	Fund 60200 Severance Tax Permanent Fund	Fund 20950 Tax Stabilization Reserve Fund	Fund 43240 Early Childhood Education and Care Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>							
Investment in State General Fund Investment Pool	\$ 15,026,930	\$ 371,345,370	\$ 784,096	\$ -	\$ 1,179,765,851	\$ 492,671,205	\$ 2,059,593,452
Cash and cash equivalents	-	2,595,716,610	996,231,629	118,371,746	1,272,096,467	484,733,861	5,467,150,313
Due from brokers	-	661,284,909	189,749,672	67,463,655	179,791,103	93,812,190	1,192,101,529
Due from other funds	-	2,209,799	697,831	-	-	-	2,907,630
Due from other state entities	-	388,284,105	-	-	665,235,313	-	1,053,519,418
Accrued investment income	-	110,369,003	32,456,242	12,939,080	28,335,416	12,484,005	196,583,746
Accrued tobacco settlement income	-	-	-	-	-	13,000,000	13,000,000
	<u>15,026,930</u>	<u>4,129,209,796</u>	<u>1,219,919,470</u>	<u>198,774,481</u>	<u>3,325,224,150</u>	<u>1,096,701,261</u>	<u>9,984,856,088</u>
<b>Investments</b>							
Government-Sponsored Enterprise and Agency Issues (GSE)	-	-	273,028,522	-	-	-	273,028,522
Investment pools							
Credit Plus	-	2,934,357,656	794,498,917	256,393,792	869,236,522	339,140,048	5,193,626,935
U.S. Large Cap Active	-	1,849,128,363	582,143,288	-	402,305,241	152,277,096	2,985,853,988
U.S. Large Cap Index	-	3,351,259,977	1,018,931,621	-	747,117,916	638,645,081	5,755,954,595
U.S. Small/Mid Cap Active	-	326,592,899	106,167,509	-	78,973,750	70,816,097	582,550,255
Non-U.S. Developed Markets Index	-	820,633,342	296,872,436	-	180,843,017	309,031,811	1,607,380,606
Non-U.S. Emerging Markets Index	-	-	-	-	-	20,410,025	20,410,025
Non-U.S. Developed Markets Active	-	2,242,014,278	782,471,539	-	555,709,188	124,165,993	3,704,360,998
Non-U.S. Emerging Markets Active	-	898,925,570	349,903,678	-	254,604,999	194,753,294	1,698,187,541
Non-U.S. Developed Alternative Weighted Index	-	1,114,025,165	386,281,141	-	279,956,034	58,204,368	1,838,466,708
Short-term Duration Fixed Income	-	1,346,563,062	318,693,995	877,719,079	350,413,440	47,905,568	2,941,295,144
Absolute Return	-	15,336,745	-	-	-	-	15,336,745
National Private Equity	-	2,973,257,391	379,445,089	-	332,981,953	271,180,974	3,956,865,407
Private Debt Market	-	2,403,736,894	567,479,836	426,541,379	618,891,376	371,551,491	4,388,200,976
Real Estate	-	2,013,244,518	754,793,307	407,350,784	313,750,063	258,953,782	3,748,092,454
Real Return	-	2,156,568,305	740,280,651	-	409,131,079	210,076,141	3,516,056,176
Beta Overlay	-	1,779,767,955	491,554,138	-	-	-	2,271,322,093
Core Bonds	-	1,769,291,902	500,271,074	111,531,399	537,745,117	367,767,001	3,286,606,493
US SMID Cap Alternative Weighted Index	-	111,523,178	35,486,464	-	23,544,043	49,391,598	219,945,283
Cash Pool	-	755,590,734	-	-	-	-	755,590,734
Common Stock - Public	-	-	182,051	-	-	-	182,051
Regional Private Equity	-	-	406,195,783	-	-	-	406,195,783
Total investments	<u>-</u>	<u>28,861,817,934</u>	<u>8,784,681,039</u>	<u>2,079,536,433</u>	<u>5,955,203,738</u>	<u>3,484,270,368</u>	<u>49,165,509,512</u>
<b>Total assets</b>	<u>\$ 15,026,930</u>	<u>\$ 32,991,027,730</u>	<u>\$ 10,004,600,509</u>	<u>\$ 2,278,310,914</u>	<u>\$ 9,280,427,888</u>	<u>\$ 4,580,971,629</u>	<u>\$ 59,150,365,600</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 14,927,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,927,743
Accrued payroll	99,187	-	-	-	-	-	99,187
Due to brokers	-	897,927,105	257,656,353	98,976,819	258,184,709	129,996,728	1,642,741,714
Due to other funds	-	-	-	337,775	1,763,127	806,728	2,907,630
Due to other state entities	-	-	-	-	-	24,880	24,880
Receipts held for the benefit of others	-	-	-	-	-	13,000,000	13,000,000
Total liabilities	<u>15,026,930</u>	<u>897,927,105</u>	<u>257,656,353</u>	<u>99,314,594</u>	<u>259,947,836</u>	<u>143,828,336</u>	<u>1,673,701,154</u>
<b>RESTRICTED FUND BALANCE</b>	<u>-</u>	<u>32,093,100,625</u>	<u>9,746,944,156</u>	<u>2,178,996,320</u>	<u>9,020,480,052</u>	<u>4,437,143,293</u>	<u>57,476,664,446</u>
<b>TOTAL LIABILITIES AND RESTRICTED FUND BALANCE</b>	<u>\$ 15,026,930</u>	<u>\$ 32,991,027,730</u>	<u>\$ 10,004,600,509</u>	<u>\$ 2,278,310,914</u>	<u>\$ 9,280,427,888</u>	<u>\$ 4,580,971,629</u>	<u>\$ 59,150,365,600</u>

See accompanying notes.

**State of New Mexico Investment Council – Investment Office**  
**Reconciliation of Balance Sheet to**  
**Statement of Net Position – Governmental Funds**  
**June 30, 2024**

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RESTRICTED FUND BALANCE - GOVERNMENTAL FUNDS (Government Fund Balance Sheet)	\$ 57,476,664,446
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Amounts reported for governmental activities in the statement of net position are different because of:

Capital assets, leases, and subscription based information technology arrangements used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, net	1,576,522
Lease liability	(1,514,421)
Subscription based information technology arrangements liability	(65,216)

Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the fund.

Accrued vacation and sick pay	<u>(316,470)</u>
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TOTAL NET POSITION (Statement of Net Position)	<u><u>\$ 57,476,344,861</u></u>
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See accompanying notes.

**State of New Mexico Investment Council – Investment Office**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance – Governmental Funds**  
**Year Ended June 30, 2024**

	Major Funds						
	Fund 17300 General Administrative Fund	Fund 60100 Land Grant Permanent Fund	Fund 60200 Severance Tax Permanent Fund	Fund 20950 Tax Stabilization Reserve Fund	Fund 43240 Early Childhood Education and Care Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>							
Tobacco settlement proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,422,657	\$ 27,422,657
Opioid Settlement Proceeds	-	-	-	-	-	100,092,073	100,092,073
Federal revenue (Taylor Grazing Act)	-	136,839	-	-	-	-	136,839
Contributions from external investment trust funds	-	-	-	-	-	257,692,528	257,692,528
Investment earnings	-	-	-	-	-	-	-
Interest and dividends	-	881,097,747	265,011,640	106,144,936	201,649,711	77,926,848	1,531,830,882
Net change in fair value of investments	-	1,588,064,294	404,374,569	(17,022,556)	326,953,317	184,616,173	2,486,985,797
Total revenues	-	2,469,298,880	669,386,209	89,122,380	528,603,028	647,750,279	4,404,160,776
<b>EXPENDITURES</b>							
Current							
Personnel services and benefits	4,602,465	-	-	-	-	-	4,602,465
Contractual services and custody fees	54,309,853	-	-	-	-	-	54,309,853
Other - operating expenditures	820,617	-	-	-	-	-	820,617
Total expenditures	59,732,935	-	-	-	-	-	59,732,935
<b>EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES</b>	(59,732,935)	2,469,298,880	669,386,209	89,122,380	528,603,028	647,750,279	4,344,427,841
<b>OTHER FINANCING SOURCES (USES)</b>							
Royalties and land sales (State Land Office Fund 26400)	-	2,350,114,112	-	-	-	-	2,350,114,112
Distributions to beneficiaries of the Land Grant Permanent Fund	-	(1,339,465,284)	-	-	-	-	(1,339,465,284)
Distributions to State General Fund from Severance Tax Permanent Fund	-	-	(289,622,832)	-	-	-	(289,622,832)
Tobacco Settlement Permanent Fund	-	-	-	-	-	(13,711,329)	(13,711,329)
Tax Stabilization Reserve Fund	-	-	-	-	-	(12,700,000)	(12,700,000)
Distributions to beneficiaries of the Water Permanent Fund	-	-	-	-	-	(4,000,000)	(4,000,000)
Distributions to beneficiaries of Rural Libraries Endowment Fund	-	-	-	-	-	(94,220)	(94,220)
Contribution from State General Fund to Conservation Legacy Permanent Fund	-	-	-	-	-	50,000,000	50,000,000
Contribution from State General Fund to Water Trust Fund	-	-	-	-	-	100,000,000	100,000,000
Contribution from CYFD to Opioid Settlement Restricted Fund	-	-	-	-	-	2,000,000	2,000,000
Severance-Tax Bonding Fund	-	-	574,718,411	-	-	-	574,718,411
Contribution from State General Fund to Severance Tax Permanent Fund	-	-	475,000,000	-	-	-	475,000,000
Distributions to beneficiaries of the Early Childhood Education and Care Fund	-	-	-	-	(150,000,000)	-	(150,000,000)
Contribution from State General Fund to Early Childhood Education and Care Fund	-	-	-	-	1,845,001,163	-	1,845,001,163
Contribution from Department of Cultural Affairs to Rural Libraries Endowment Fund	-	-	-	-	-	17,500,000	17,500,000
Contribution from State General Fund to Capital Development Reserve Fund	-	-	-	-	-	475,837,424	475,837,424
Distributions to external investment trust funds	-	-	-	-	-	(76,992,236)	(76,992,236)
Interfund transfer from Tax Stabilization Reserve Fund to Higher Education Trust Fund	-	-	-	(959,000,000)	-	959,000,000	-
Interfund transfers in (out)	59,732,935	(37,820,807)	(12,046,202)	(1,564,829)	(5,900,165)	(2,400,932)	-
Total other financing sources (uses)	59,732,935	972,828,021	748,049,377	(960,564,829)	1,689,100,998	1,494,438,707	4,003,585,209
<b>CHANGE IN FUND BALANCE</b>	-	3,442,126,901	1,417,435,586	(871,442,449)	2,217,704,026	2,142,188,986	8,348,013,050
<b>FUND BALANCE</b>							
Beginning of year	-	28,650,973,724	8,329,508,570	3,050,438,769	6,802,776,026	2,294,954,307	49,128,651,396
End of year	\$ -	\$ 32,093,100,625	\$ 9,746,944,156	\$ 2,178,996,320	\$ 9,020,480,052	\$ 4,437,143,293	\$ 57,476,664,446

See accompanying notes.



**State of New Mexico Investment Council – Investment Office**  
**Reconciliation of Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance to Statement of Activities – Governmental Funds**  
**Year Ended June 30, 2024**

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CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$ 8,348,013,050
(Statement of Revenues, Expenditures, and Changes in Fund Balances)	

Amounts reported for governmental activities in the statement of activities are different because:

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued vacation and sick pay liability	(27,015)
Decrease in lease liabilities	112,937
Decrease in SBITA liabilities	63,793

Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay, including right-to-use assets	232,146
Depreciation and amortization expense	<u>(445,175)</u>

CHANGE IN NET POSITION (Statement of Activities)	<u><u>\$ 8,347,949,736</u></u>
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See accompanying notes.

**State of New Mexico Investment Council – Investment Office**  
**Statement of Revenues and Expenditures – General Administrative Fund –**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance From
	Original	Final	(Budgetary Basis)	Final Budget
EXPENDITURES				
Personnel services and benefits	\$ 5,155,900	\$ 5,993,800	\$ 4,602,465	\$ 1,391,335
Contractual services	60,015,010	60,015,010	54,309,853	5,705,157
Other - operating expenses	780,900	877,070	820,617	56,453
Total expenditures	<u>65,951,810</u>	<u>66,885,880</u>	<u>59,732,935</u>	<u>7,152,945</u>
EXPENDITURES IN EXCESS OF REVENUES	<u>(65,951,810)</u>	<u>(66,885,880)</u>	<u>(59,732,935)</u>	<u>(7,152,945)</u>
TRANSFERS				
Interfund transfers in	<u>65,951,810</u>	<u>66,885,880</u>	<u>59,732,935</u>	<u>7,152,945</u>
Total transfers	<u>65,951,810</u>	<u>66,885,880</u>	<u>59,732,935</u>	<u>7,152,945</u>
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

# State of New Mexico Investment Council – Investment Office

## Notes to Financial Statements

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### Note 1 – Organization and Background

The State of New Mexico Investment Council (the Council) is responsible for the investment activities of certain State of New Mexico governmental funds. The Council is composed of eleven members: the Governor; the State Treasurer; the Commissioner of Public Lands; the Secretary of the Department of Finance and Administration (DFA); four public members appointed by the Legislative Council; and three public members appointed by the Governor, one of whom must be the Chief Financial Officer of a State institution of higher education. The Governor is designated as Chairman of the Council, which is required to meet ten times a year.

Within the constraints of State of New Mexico law, the Council establishes policies for the investment of the governmental funds. Policies established by the Council are carried out by personnel of the State Investment Office (the Office) under the direction of the State Investment Officer. The Office is a department of the State of New Mexico, and its financial statements are included in the financial statements of the State. The Office currently manages certain assets identified as the Land Grant Permanent Fund (LGPF), the Severance Tax Permanent Fund (STPF), the Tobacco Settlement Permanent Fund (TSPF), the Tax Stabilization Reserve Fund (TSRF), the Early Childhood Education and Care Fund (ECE&CF), the Water Trust Fund (WTF), the Rural Libraries Endowment Fund (RLEF), and External Investment Trust Funds (EITF), the Conservation Legacy Permanent Fund (CLPF), the Opioid Settlement Restricted Fund (OSRF), the Higher Education Trust Fund (HETF), and the Capital Development & Reserve Fund (CD&RF). The following is a brief description of the purpose and sources of these eight funds:

**Land Grant Permanent Fund** – The Fergusson Act of 1898 and the Enabling Act of 1910 granted certain lands held by the federal government to the territory of New Mexico. Under the terms of these grants, it was stipulated that such lands, totaling 13.0 million acres, were to be held in trust for the benefit of the public schools and other specific public institutions. Royalties and principal from land sales are transferred by the State Land Office to the Investment Office, which adds these amounts to the LGPF. Gains and losses on investment transactions are credited or charged to the LGPF and do not directly affect distributions to the beneficiaries. As of June 30, 2024, the Office had \$388,284,105 due from the State Land Office (Business Unit: 53900; Fund: 09800).

On September 23, 2003, New Mexico voters approved Constitutional Amendment No. 2 that changed the LGPF distributions. Beginning with the October 2003 distribution, the annual distributions from the LGPF are five percent (5.0%) of the average of the year-end market values of the LGPF for the immediately preceding five calendar years. In addition to the five percent (5.0%) annual distribution made, an additional annual distribution shall be made pursuant to the following schedule: in fiscal years 2005 through 2012, an amount equal to eight-tenths percent (0.8%) of the average of the year-end market values of the LGPF for the immediately preceding five calendar years; and in fiscal years 2013 through 2016, an amount equal to one-half percent (0.5%) of the average of the year-end market values of the LGPF for the immediately preceding five calendar years.

The legislature, by a three-fifths vote of the members elected to each house, may suspend any additional distributions noted above. No additional distribution shall be made in any fiscal year if the average of the year-end market values of the LGPF for the immediately preceding five calendar years is less than \$5.8 billion. The fund is classified as a governmental fund in the Office's financial statements.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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**Severance Tax Permanent Fund** – The State of New Mexico levies a severance tax on certain natural resources extracted from land within the State. Severance tax revenues are first applied to pay the required debt service on Severance Tax Bonds issued by the State. Remaining severance tax revenues are then transferred to the Investment Office, which adds these amounts to the STPF. Other state agencies are responsible for administering the severance tax and determining the amounts required to service the outstanding Severance Tax Bonds. The current annual distributions equal four and seven-tenths percent (4.7%) of the average of the year-end market values of the fund for the immediately preceding five years. The fund is classified as a governmental fund in the Office's financial statements.

**Tobacco Settlement Permanent Fund** – The State of New Mexico receives funds into the TSPF pursuant to the master settlement agreement entered into between the tobacco product manufacturers and various states, including New Mexico, which was executed on November 23, 1998. Money in this fund is invested pursuant to Chapter 6, Article 8 NMSA 1978. Income from investment of the fund is credited to the fund.

In 2011, House Bill 79 amended Section 6-4-9 NMSA 1978 related to the TSPF. This legislation temporarily changes the distribution of this fund as follows: in fiscal years 2011 through 2013, a distribution shall be made from the TSPF to the general fund in an amount equal to one hundred percent (100%) of the total amount of money distributed to the TSPF in that fiscal year. In fiscal year 2014 and in each fiscal year thereafter, an annual distribution will be made from the TSPF to the Tobacco Settlement Program Fund of an amount equal to fifty percent (50%) of the total amount of money distributed to the TSPF in the immediately preceding fiscal year until that amount is less than an amount equal to four and seven-tenths percent (4.7%) of the average of the year-end market values of the TSPF for the immediately preceding five calendar years. Thereafter, the amount of the annual distribution shall be four and seven-tenths percent (4.7%) of the average of the year-end market values of the TSPF for the immediately preceding five calendar years.

Chapter 312, Laws of 2003 mandates that the TSPF shall be considered a reserve fund of the State. The fund is classified as a governmental fund in the Office's financial statements. To avoid an unconstitutional deficit, the legislature may authorize a transfer from the TSPF to the State of New Mexico General Fund but only in an amount necessary to meet the general fund appropriations as provided in Laws 2016 (2<sup>nd</sup> S.S.), Chapter 4, Section 2 and in Section 7 of the 2017 act.

**Tax Stabilization Reserve Fund** – The TSRF was created in July 2019 upon receipt of \$1.08 billion general fund appropriation pursuant to Chapter 347, Section 3, Laws of 1987. The fund was created as a reserve fund for the State. Any money appropriated to the reserve fund shall be invested pursuant to Chapter 6, Article 8 NMSA 1978. Earnings from investment of the fund shall be credited to the fund to create a reserve for future budget shortfalls should they occur. Distributions from the fund are appropriated by two-thirds' majority vote of both houses following the receipt of a declaration of the governor that the appropriation is necessary for the public peace, health, and safety. The fund is classified as a governmental fund in the Office's financial statements.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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**Early Childhood Education and Care Fund** – The ECE&CF was created in July 2020 and funded pursuant to Chapter 3, Sections 1 and 3, Laws of 2020. The fund was created with an initial contribution of \$300 million to provide annual distributions to the Early Childhood Education and Care Program Fund (ECECPF) and as a reserve fund for the State. Pursuant to Chapter 9, Article 29A-1(D), a \$20 million distribution will be made to ECECPF on July 1, and subsequently distributions to the ECECPF will be made annually on July 1 in an amount equal to the greater of five percent (5%) of the average of the year-end market values of the fund for the immediately preceding three calendar years or thirty million dollars (\$30,000,000). Distributions subsequently increased to \$150 million at July 1, 2023 per HB 191. Pursuant to Chapter 9, Article 29A-1(E), the Legislature may appropriate money from the fund to pay for appropriations that could not otherwise be paid from the general fund and after payments from appropriations authorized by the Legislature from the contingency fund, the general fund operating reserve, the tax stabilization reserve fund, and the tobacco settlement permanent fund that exhaust those fund balances. At June 30, 2024, the fund has a receivable of \$665 million (Business Unit: 34100; Fund: 20730) from the excess extraction tax fund. The fund is classified as a governmental fund in the Office's financial statements.

**Water Trust Fund** – The State Investment Council established the Water Trust Fund in August 2006 upon receiving a \$40,000,000 general fund appropriation per Chapter 109, Section 12, Laws of 2006. The fund consists of money appropriated, donated, or otherwise accrued to the fund. Money in the WTF is invested as in the LGPF by the state investment officer pursuant to Chapter 6, Article 8 NMSA 1978. Earnings from investment of the fund are credited to the fund. On July 1 of each fiscal year, an annual distribution is made from the WTF to the Water Project Fund in the amount of \$4.0 million until that amount is less than an amount equal to four and seven-tenths percent (4.7%) of the average of the year-end market values of the WTF for the immediately preceding five calendar years. Thereafter, the amount of the annual distribution shall be four and seven-tenths percent (4.7%) of the average of the year-end market values of the Water Trust Fund for the immediately preceding five calendar years. The fund is classified as a governmental fund in the Office's financial statements.

**Rural Libraries Endowment Fund** – The RLEF was created in July 2019 to support the preservation, development, and establishment of rural libraries throughout the State through the Rural Libraries Grant Program. The Council received a \$1 million appropriation and invested the funds in accordance with Article 12, Section 7 of the constitution of New Mexico. All fund investment income yielded during the preceding calendar year net of all fund distributions will be distributed beginning in fiscal year 2022 through 2026 up to 5% of the year-end market of the fund from the preceding calendar year. Beginning in fiscal year 2028 and each subsequent fiscal year, the average fund investment income yielded in the immediately preceding five calendar years will be distributed up to five percent (5%) of the year-end market value for the preceding calendar year. The distributions will consist of ninety-five percent (95%) to the Rural Libraries Grant Program and five percent (5%) to the cultural affairs department. The fund is classified as a governmental fund in the Office's financial statements.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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**External Investment Trust Funds** – Pursuant to New Mexico law Section 6-8-7I of NMSA 1978, as amended, the Office manages several equity, bond, and alternative asset investment pools to provide long-term investment opportunities for state agencies and designated institutions that have funds available for a long-term investment program that will extend for more than one year. The participating state agencies and designated institutions enter into a joint power agreement with Office for managing the investments on their behalf. The EITF is classified as a government fund in the Office's financial statements since the majority of the fund balance is owned by state agencies that are included in the State of New Mexico annual comprehensive financial report.

**Conservation Legacy Permanent Fund** – The Conservation Legacy Permanent Fund (CLPF) was created in August 2023 as a non-reverting fund in the state treasury. Money in the fund shall be invested by the state investment officer with the same risk and return profile as the Land Grant Permanent Fund are invested pursuant to Chapter 6, Article 8 NMSA 1978. Earnings from investment of the fund shall be credited to the fund. Money in the fund shall be expended pursuant to a new section of Chapter 75 NMSA 1978. On July 1, 2024 and on July 1 of each year thereafter, if the Conservation Legacy Permanent Fund exceeds \$150 million and the investment income to the funds for the previous fiscal years exceeds \$5 million, any investment income to the fund from the previous fiscal years in excess of \$5 million shall be distributed to the Land of Enchantment Legacy Fund. This fund is classified as a governmental fund in the Office's financial statements.

**Opioid Settlement Restricted Fund** – The Opioid Settlement Restricted Fund (OSRF), pursuant to NM HB2, 2024, was created in November 2023 as a non-reverting fund in the State Treasury, separate and distinct from the general fund. The Opioid Settlement Restricted Fund consists of money, other than attorney fees and costs, paid to the State pursuant to the New Mexico opioid allocation agreement, the distributor settlement agreement and opioid settlements. The OSRF also consists of appropriations and donations. Money in the fund shall be invested by the state investment officer in accordance with law. Income from investment of the fund shall be credited to the fund. On July 1, 2024, a distribution shall be made from the OSRF to the Opioid Crisis Recovery Fund in an amount equal to five percent (5%) of the year-end market value of the OSRF for the immediately preceding fiscal year. On July 1, 2025, a distribution shall be made from the OSRF to the Opioid Crisis Recovery Fund in an amount equal to five percent (5%) of the average of the year-end market value of the OSRF for the immediately preceding two calendar years. On July 1, 2026, and on each July 1 thereafter, a distribution shall be made from the OSRF to the Opioid Crisis Recovery Fund in an amount equal to five percent (5%) of the average year-end market value of the Opioid Settlement Restricted Fund for the immediately preceding calendar years. This fund is classified as a governmental fund in the Office's financial statements.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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**Higher Education Trust Fund** –The Higher Education Trust Fund (HETF) was created as a non-reverting trust fund in May 2024 pursuant to SB 159, 2024, An Act. It was funded with a \$959 million transfer from the Tax Stabilization Reserve Fund. The fund's purpose is to cover the growing costs of the New Mexico Opportunity Scholarships which are administered by the Higher Education Department. Income from investment of the fund shall be credited to the fund. The state investment officer shall invest money in the fund. The state investment officer shall report quarterly to the Legislative Finance Committee (LFC) and the State Investment Council on the investments made in the HETF. Annually, a report shall be submitted no later than October 1 each year to the LFC, the Revenue Stabilization and Tax Policy Committee, and any other appropriate interim committees. On July 1, 2024, a distribution shall be made from the HETF to the Higher Education Program Fund at the Higher Education Department (HED) in an amount of forty-seven million nine hundred fifty thousand dollars (\$47,950,000). On July 1, 2025, and each July 1 thereafter, a distribution shall be made from HETF to the Higher Education Program Fund in an amount equal to five percent (5%) of the average of the year-end market values of the HETF for the immediately preceding three calendar years. If, on July 1 of a year, the trust fund has been in effect for less than three calendar years, the distribution shall be in an amount equal to five percent (5%) of the average of the year-end market value of the HETF for the immediately preceding number of calendar years that the trust fund has been in effect. The fund is classified as a governmental fund in the Office's financial statements.

**Capital Development and Reserve Fund** – The Capital Development and Reserve Fund (CD&RF) was created in June 2024 as a non-reverting fund and funded pursuant to New Mexico Law Section 7-27-10. 1 NMSA 1978 as amended, Section 3. The fund was created with an initial contribution of \$475.83 million from severance tax bonds from the state treasury. The state investment officer shall invest money in the fund and pursuant to section C shall report quarterly to the Legislative Finance Committee and the council, the CD&RF investment earnings. Earnings from investments of the fund shall be credited to the fund. On January 1 of each year, a distribution shall be made from the CD&RF to the Capital Development Program Fund in an amount equal to five percent (5%) of the average of the fiscal year-end market value of the CD&RF for immediately preceding three fiscal years. If, on January 1 of a year, the CD&RF has been in effect less than three fiscal years, the distribution shall be equal to five percent (5%) of the average of the fiscal year-end market value of the CD&RF for the immediately preceding number of fiscal years that the fund has been in effect. Money in the fund is available to the legislature for appropriation to capital projects with a total cost of less than \$5 million dollars and for planning and design of capital projects with higher total costs. Money in the fund shall not be pledged against any state debt. The fund is classified as a governmental fund in the Office's financial statements.

#### Note 2 – Summary of Significant Accounting Policies

The accounting policies of the Office conform to generally accepted accounting principles for state governmental units. The more significant of these accounting policies are summarized below:

**Financial reporting entity** – For financial reporting purposes, the financial statements include all funds controlled by the Office. Control by the Office was determined on the basis of oversight responsibility derived from the ability to significantly influence operations and accountability for fiscal matters. The Office is a department of the State of New Mexico. The Office's financial statements contain no component units.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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**Government-wide financial statements** – The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. The government-wide presentation is focused more on the sustainability of the Office as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The statement of activities presents a comparison between direct expenses and revenues for the governmental activities. All expenses of the Office are considered direct expenses and are clearly identifiable to the investment function of the Office. Program revenues include external fees, royalties and land sales, and tobacco settlement proceeds and other revenues include investment earnings.

**Governmental fund financial statements** – The fund financial statements are similar to the government-wide financial statements. Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund-based financial statements into the government-wide presentation.

**Basis of accounting** – The government-wide financial statements are reported using the economic financial resources measurement focus. The government-wide financial statements are presented on the accrual basis of accounting. The governmental funds are reported under the modified accrual basis of accounting, using the current financial resources measurement focus. Under this method, revenues are recognized when measurable and available. The Office considers all revenues reported in both the government-wide and governmental funds to be measurable and available since they are collected from the permanent funds and investment pools under the management of the Office.

The Office considers revenues to be available if they are collected within 60 days of the current fiscal year end. Revenues are recognized as soon as they are both measurable and available. On the government-wide financial statements, expenditures are recorded when the related fund liability is incurred, except for accrued vacation and sick pay, which are recognized as an expenditure to the extent they have been earned. General capital asset acquisitions are reported as expenditures in governmental funds and are capitalized and depreciated over the estimated useful life in the government-wide financial statements.

**Governmental funds** – Governmental funds consist of the General Administrative Fund and the state permanent funds as follows:

*General Administrative Fund (Fund 17300)* – The General Administrative Fund accounts for all the administrative activities of the Office. The financing sources for the General Administrative Fund are transfers of revenue from the LGPF, STPF, TSPF, TSRF, ECE&CF, WTF, RLEF, EITF, CLPF, OSRF, HETF, CD&RF, and other sources as authorized by the Budget Division of Department of Finance and Administration (DFA).



## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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*Land Grant Permanent Fund (Fund 60100), Severance Tax Permanent Fund (Fund 60200), Tax Stabilization Reserve Fund (Fund 20950), Tobacco Settlement Permanent Fund (Fund 95200), Early Childhood Education and Care Fund (Fund 43240), Water Trust Fund (Fund 10120), Rural Libraries Endowment Fund (Fund 20940), External Investment Trust Funds (40240), Conservation Legacy Permanent Fund (Fund 33920), Opioid Settlement Restricted Fund (Fund 33910), Higher Education Trust Fund (Fund 33720), and Capital Development and Reserve Fund (Fund 33730)* – These funds are accounted for under the modified accrual basis of accounting and use a current measurement focus. The funds are restricted and operate under legal constraints that specify distributions to ensure that an income stream will be available in future years to designated beneficiaries.

**Budgetary accounting** – The State Legislature annually approves transfers from the state permanent funds to the Office's General Administrative Fund. These transfers are made to fund the operating costs of the Office. These transfers are reflected as interfund transfers in these financial statements. Any transfers made in excess of the actual accrued costs of the Office are reverted back to the state permanent funds.

**Budgetary matters** – The Office is required to submit an appropriation request for the general fund to DFA and the Legislative Finance Committee by September 1 of each year for the upcoming fiscal year. Consistent with the General Appropriations Act of 2004, the Office prepares the request using the modified accrual budgetary basis of accounting. The expenditures reported in the budget report agree to the amounts reported in the accompanying general administrative fund statement of revenues, expenditures, and changes in net position.

The DFA makes recommendations and adjustments to the appropriation request which becomes the Governor's proposal to the Legislature. The Legislative Finance Committee holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the State Legislature.

Both the DFA and the Legislative Finance Committee's recommended appropriation proposals are presented to the State Legislature for approval of the final appropriation. All subsequent transfers and increases must be authorized by the Director of the State Budget Division. Legal budget control for expenditures and encumbrances is by appropriation unit. In applying the *susceptible to accrual* concept to intergovernmental revenues pursuant to GASB No. 33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

**Budgetary data** – The State Legislature makes annual appropriations to the Office. Legal compliance is monitored through the establishment of an annual budget. Annual budgets are adopted each fiscal year for the General Administrative Fund.

Expenditures may not legally exceed appropriations at the object expenditure classification level. Budget amendments require approval by the State's Budget Division of the DFA. Unexpended and unencumbered amounts in the general fund lapse at year-end.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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The Office is required to submit a budget for the General Administrative Fund to the DFA and the Legislative Finance Committee by May 1 of each year for the upcoming fiscal year. The budget corresponds to the final approved appropriation. The report submitted by the Office also details revenues and expenditures or expenses for the preceding year. The budget for the General Administrative Fund 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 (Section 6-10-4 NMSA 1978) that must be paid out of the next year's budget. A reconciliation of budgetary basis to GAAP basis will be necessary if any accounts payable at the end of the fiscal year are not paid by the statutory deadline. The Office has not included such reconciliation for fiscal year 2024 as all payables were paid by the statutory deadline.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

**Cash and cash equivalents** – Interest in the pooled investments on deposit with the State Treasurer's Office and the J.P. Morgan Short-Term Investment Fund are considered cash and cash equivalents.

#### **Investments**

*Basis of accounting* – Investments are stated at fair value in accordance with GASB No. 72, *Fair Value Measurement and Application* (GASB No. 72), with increases or decreases in fair value recognized in the statement of changes in net position at the end of each month. Investment transactions are recorded on the trade date. Dividends are recognized as income when declared. Current fair value of investments may fluctuate markedly from what is recorded at June 30 of each year.

*Investment pools* – The Office's investments are reported in the governmental funds.

The governmental funds are invested in the following pools: U.S. Large Cap Active Pool, U.S. Large Cap Index Pool, U.S. Small/Mid Cap Active Pool, U.S. SMID Cap Alternative Weighted Index Pool, Short-Term Duration Fixed Income Pool, Core Bonds Pool, Private Debt Market Pool, Unconstrained Fixed Income Pool, Credit Plus Pool, Non-U.S. Developed Markets Index Pool, Non-U.S. Emerging Markets Index Pool, Non-U.S. Developed Markets Active Pool, Non-U.S. Emerging Markets Active Pool, Non-U.S. Developed Alternative Weighted Index Pool, Absolute Return Pool, Cash Pool, National Private Equity Pool, Real Estate Pool, and Real Return Pool.

External trust funds are invested in the following pools: Core Bonds Pool, Credit Plus Pool, U.S. Large Cap Active Pool, U.S. Large Cap Index Pool, U.S. Small/Mid Cap Active Pool, Non-U.S. Developed Markets Index Pool, Non-U.S. Developed Markets Active Pool, Non-U.S. Emerging Markets Index Pool, Non-U.S. Emerging Markets Active Pool, U.S. SMID Cap Alternative Weighted Index Pool, and alternative asset pools provided minimum size requirements are met.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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The pools are detailed as follows:

#### *Domestic Equity Pools*

- *U.S. Large Cap Active Pool* – Two portfolios. One actively managed growth portfolio which uses fundamental, bottom-up analysis. One passively managed fundamental portfolio.
- *U.S. Large Cap Index Pool* – One passively managed market-cap weighted portfolio.
- *U.S. Small/Mid Cap Active Pool* – One actively managed small-cap core portfolio which uses quantitative analysis.
- *U.S. SMID Cap Alternative Weighted Index Pool* – One passively managed fundamental portfolio.

#### *Fixed Income Pools*

- *Credit Plus Pool* – Managed externally by three managers and is exposed to various classes of liquid debt investments oriented toward credit. The role of this pool is to provide growth of capital and income generation. The primary objective of the Credit Plus Pool is to achieve the rate of return of the Barclay's Capital Universal Bond Index, plus a premium from active management.
- *Core Bonds Pool* – Comprised of a U.S. Treasury strategy passively managed to the Bloomberg U.S. Aggregate Treasury Index and an actively managed investment grade strategy benchmarked against the Bloomberg U.S. Aggregate Bond Index. The primary role of this pool is to hedge downside price risk from equity market volatility while providing a small premium from active management.
- *Unconstrained Fixed Income Pool* – The role of this pool in the asset mixes of the Council's portfolio is to provide optimized sources of total return in fixed income while providing the flexibility to adjust sector allocations as the markets dictate. This pool is in the final stages of termination with minimum balances remaining. *Short-Term Duration Fixed Income Pool* – Managed externally by two managers and invests in all major segments of the public investment-grade and high yield debt markets with a mandate to keep the overall duration of the portfolio less than five years. The role of this pool is to provide near-terms liquidity and hedge rate risk while also minimizing asset value volatility and generating high interest income.
- *Short-Term Duration Fixed Income Pool* – Managed externally by two managers and invests in all major segments of the public investment-grade and high yield debt markets with a mandate to keep the overall duration of the portfolio less than five years. The role of this pool is to provide near-terms liquidity and hedge rate risk while also minimizing asset value volatility and generating high interest income.
- *Beta Overlay* – provides a mechanism and capacity for the rebalancing function and taking on shorter-term and longer-term exposure in highly liquid publicly-traded assets.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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#### *International Equity Pools*

- *Non-U.S. Developed Markets Index Pool* – Two passively managed portfolios. One strategy is benchmarked against the MSCI World ex-US IM Index, and one strategy is benchmarked against the MSCI ACWI ex-US Small-cap Index (both indices are market-cap weighted).
- *Non-U.S. Emerging Markets Index Pool* – One passively managed portfolio benchmarked against the MSCI Emerging Markets Index.
- *Non-U.S. Developed Markets Active Pool* – Four actively managed portfolios (1 all-cap core, 1 large-cap value, 1 large-cap core, and 1 large-cap growth). Three strategies use fundamental, bottom-up analysis, and one strategy uses quantitative analysis.
- *Non-U.S. Emerging Markets Active Pool* – Two actively managed portfolios. One strategy uses quantitative analysis, and one strategy uses fundamental bottom-up analysis.
- *Non-U.S. Developed Alternative-Weighted Index Pool* – Two passively managed portfolios (multi-factor and minimum variance).

#### *Alternative Asset Pools*

- *Absolute Return Pool* – Contains direct investments of hedge fund managers. This pool is in being wound down with minimum balances remaining.
- *Private Debt Market Pool* – Contains direct investments in nonpublic credit-oriented investments. The role of the pool in the asset mixes of the Council's portfolios is to provide long-term risk adjusted returns while reducing the beta profile of the public equity markets.
- *Real Estate Pool* – Contains primarily open and closed-end comingled real estate funds, dominated by stable, core real estate properties but with increasing emphasis on higher returning noncore strategies. The objective of the pool is to match the rate of return on the NCREIF-ODCE index, plus a 75-basis point premium to reflect the increasing weight of the noncore strategies. The role of the pool in the asset mixes of the Council portfolios is to provide modest growth of capital, to diversify the investment risk of the equity pools, and to provide income generation.
- *Real Return Pool* – Contains a diversified mix of assets which are held to meet or exceed their custom index. The role of the pool in the asset mixes of the Council portfolios is to provide modest growth of capital, income generation, and to diversify the investment risk of the equity pools.
- *National Private Equity Pool* – Contains more than 133 private equity funds diversified across the sectors of private equity – buyout, growth, special situations and venture capital strategies. The role of the pool is to provide growth of capital and the objective of the pool is to provide a higher rate of return than the Cambridge U.S. Private Equity Index.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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Investments in the Alternative Asset Pools are recorded at estimated fair value as reported by the general partner fund managers. Income is recognized when the investees report distributions received in excess of the capital invested.

**Portfolio restrictions** – The Constitution or the laws of the State of New Mexico require a prudent investor standard for all investments of the LGPF, STPF, TSPF, TSRF, ECE&CF, WTF, RLEF, CLPF, OSRF, HETF, CD&RF, and EITF.

**Capital assets** – Capital assets are recorded at historical cost and depreciated over their estimated useful lives with no salvage value. Additions, improvements and other capital outlays greater than \$5,000 that significantly extend the useful life of assets are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the estimated useful lives of 3 to 7 years for furniture and equipment.

**Leases** – The Office recognizes leases that have a term exceeding one year that meet the definition of anything other than a short-term lease as a right-to-use lease asset and corresponding liability for the present value of future lease payments. The Office uses a discount rate that is explicitly stated or implicit in the contract, when available. When a readily determinable discount rate is not available, the discount rate is determined using incremental borrowing rate at start of the contract for a similar asset type and term length to the contract. The Office expenses lease payments for leases that are determined to be short-term leases when incurred.

**Vacation and sick pay** – Certain amounts of vacation and sick pay earned and not taken are obligations of the Office and recorded as payables. Sick leave accumulated in excess of 600 hours, not to exceed 120 hours, is payable semiannually at a rate equal to 50% of the employee's hourly wage. Upon termination, vacation pay up to 240 hours becomes immediately payable. Vacation in excess of 240 hours and the first 600 hours of sick leave are forfeited upon termination. Upon retirement, sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50% hourly rate. Accrued vacation and sick pay is expected to be paid by the General Administrative Fund.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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**Interfund receivables and payables** – The Office has numerous transactions between funds, including interfund transfers for services provided and used for all administrative activities of the Office, transfers of investment income and transfers of resources for investment. At June 30, 2024, the following balances were due to the LGPF and STPF from the other funds:

	Due to LGPF	Due to STPF
TSRF	\$ 256,709	\$ 81,066
EITF	361,345	114,109
TSPF	43,773	13,823
ECE&CF	1,339,977	423,150
WTF	20,697	6,536
RLEF	4,270	1,348
CLPF	8,840	2,792
OSRF	11,954	3,775
HETF	162,234	51,232
	<u>\$ 2,209,799</u>	<u>\$ 697,831</u>

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

- *Net investment in capital assets* – This category reflects the portion of net position that is associated with capital assets less outstanding capital asset related debt.
- *Restricted net position* – For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position used are imposed by law through constitutional provisions or enabling legislation. All amounts are restricted by enabling legislation.
- *Unrestricted net position* – This category reflects net position of the Office not restricted for any project or other purpose.

**Reservations and designations** – In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (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 legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action or legislation of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the State Investment Council intent to be used for specific purposes.

## **State of New Mexico Investment Council – Investment Office**

### **Notes to Financial Statements**

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The Office's fund balances represent: 1) Restricted Purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors or laws or regulations of other governments; 2) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 3) Assigned Purposes, which includes balances that are constrained by the government's intent to be used for specific purposes but are neither restricted or committed; and 4) Unassigned, which includes all other spendable amounts. As of June 30, 2024, the Office's fund balance was all restricted.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, any restricted fund balance must be spent first. When expenditures are incurred for purposes for which amounts in any of unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

*Deferred outflows/inflows of resources* – In addition to assets, the statement of financial position may report separate sections for deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will be recognized as an outflow of resources and expense then. Deferred inflows of resources represent future inflows of resources and revenues that will be recognized in future periods. The Office did not have any items that qualified for reporting in these categories as of June 30, 2024.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Office did not have any items that were required to be reported in this category as of June 30, 2024.

#### **External trust fund accounting policies**

*Units of participation* – Each pool is composed of units of participation of unlimited quantity. Each unit of participation represents an equal beneficial interest in the respective pool and no unit has priority or preference over any other. Each purchase or sale of units requires written authorization as defined in the joint powers agreements executed between the Office and each participant. All units are purchased by cash payment. Each unit participation is recorded in book entry form by the Office and consists of an account for each participant that maintains the following information:

- Name of participant;
- Date of all unit purchases and sales;
- Number of units purchased or sold;
- Valuation of each unit owned; and
- Total valuation of all units owned.

## **State of New Mexico Investment Council – Investment Office**

### **Notes to Financial Statements**

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*Initial valuation* – At the inception of each pool, all initial purchases were made by the participants for a valuation price of \$1,000 per unit.

*Method of valuation* – The Office uses the following method of determining the value of each investment held in the pools:

- For purposes of this procedure, the recorded closing price for each investment is provided by a recognized pricing service and/or the custodian.
- In the case of a stock where a dividend has been declared and not yet paid, then the amount of such dividend accrual is included in the per unit value.
- An investment purchased and awaiting payment against delivery is included for valuation purposes as a security held, and the cost thereof, recorded as an account payable.
- For the purposes of valuation of an investment, with the exception of investments sold but not delivered, ascertained brokers' commissions or other expenses which would be incurred on a sale are not deducted.

*Valuation of units* – With respect to the valuation of investments determined as provided above, there is added the following:

- All uninvested cash;
- The value of any rights or stock dividends which may have been declared but not received as of the valuation date; and
- All cash dividends and interest that are determined to be earned but not received.

All expenses, including management fees, chargeable to the respective pool as due or accrued are deducted from the valuation as determined above. The net per unit value is then determined by dividing the number of existing units into the total valuation calculated above.

*Purchases and sales* – A written notice of intent to purchase or sell units must be received by the Office on or before the fifth business day preceding the valuation date. All notices must be signed by an authorized representative as specified in the applicable joint power agreements. The Office reserves the right to limit a participant's sale to the participant's proportional interest in the current net cash position of the respective pooled investment fund, unless the Office receives a written notice of intent thirty (30) days prior to the effective date of the sale. All purchases or sales of units are effective as of the first day following the valuation date.

Cash payment for all additions must be received by the Office in the form of a wire transfer or by interagency cash transfer through the DFA, on or before the third business day following the valuation date. The Office reserves the right to return funds received after this date and cancel that participant's Notice of Intent to purchase units.



## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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*Expenses and management fee* – The Office assesses each pool a management fee that will at least cover the costs of the management services provided and the costs related to maintaining each pool and the individual participant's related account. The amount of the management fee is based on each participant's proportionate ownership of the net assets managed by the Office.

*Reporting* – The Office provides each participant with a monthly statement that contains net asset value, units owned and change in net asset value from the previous month's transactions. The Office provides each participant with a statement that details the respective participant's total investment.

**Pensions** – The Office, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, the total pension liability exceeds plan net position resulting in a net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the annual comprehensive financial report of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the general fund and the annual comprehensive financial report and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, NM 87501.

**New accounting standard** – The Office adopted Government Accounting Standards Board Statement No. 100, *Accounting Changes and Error Correction—an Amendment to GASB Statement No. 62* (GASB No. 100) during the year ended June 30, 2024. GASB No. 100 addresses accounting and financial reporting for changes in accounting principles and error corrections, changes within the financial reporting entity, and changes in accounting estimates. Implementation of this new statement had no impact on the Office's financial statements for the year ended June 30, 2024.

### Note 3 – Cash and Cash Equivalents

**State General Fund Investment Pool** – Compliant with statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office. Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP. The comprehensive cash reconciliation model compares aggregated agency claims on the SGFIP to the associated resources held by the State Treasurer's Office. As of June 30, 2024, the DFA provides the following assertions:

1. Resources held in the pool were equivalent to the corresponding business unit claims on those resources.
2. All claims as recorded in SHARE shall be honored at face value.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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

**Investment in the State General Fund Investment Pool** – State law (Section 8-6-3 NMSA 1978) requires the agency's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the agency consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office. At June 30, 2024, the Office had the following invested in the General Fund Investment Pool:

General Fund Investment Pool	
General Administrative Fund	\$ 15,026,930
Land Grant Permanent Fund	371,345,370
Severance Tax Permanent Fund	784,096
Early Childhood Education and Care Fund	1,179,765,851
Opioid Settlement Reserve Fund	16,553,578
Capital Development and Reserve Fund	476,117,627
	<hr/>
	\$ 2,059,593,452
	<hr/>

**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 a 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.

For additional GASB No. 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the year ended June 30, 2024.

**Deposits** – Cash and cash equivalents totaling \$5,467,150,312 are held by the custodian, J.P. Morgan. The Office's cash held by J.P. Morgan is invested in a short-term investment fund. This J.P. Morgan U.S. Government Money Market Fund consists primarily of short-term securities issued or guaranteed by the U.S. government or by U.S. government agencies or instrumentalities and repurchase agreements collateralized by such obligations. The security ratings are primarily AAA and AA with an average maturity of less than 30 days.

**Custodial credit risk** – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Investments are held in the name of the Council, and the Council does not have a policy to address custodial credit risk.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

Investments in the State Treasurer Investment Pool (STIP) and cash and cash equivalents balances are as follows:

	SHARE Fund	State Treasurer's Office Funds	J.P. Morgan	Total June 30, 2024
General Administrative Fund	17300	\$ 15,026,930	\$ -	\$ 15,026,930
Land Grant Permanent Fund	60100	371,345,370	1,383,302,882	1,754,648,252
Severance Tax Permanent Fund	60200	784,096	588,857,063	589,641,159
Tobacco Settlement Permanent Fund	95200	-	442,944	442,944
Water Trust Fund	10120	-	107,626	107,626
Tax Stabilization Reserve Fund	20950	-	51,571,703	51,571,703
Rural Libraries Endowment Fund	20940	-	2,587,955	2,587,955
Early Childhood Education and Care Fund	43240	1,179,765,851	1,108,922,150	2,288,688,001
Opioid Settlement Restricted Fund	33910	16,553,578	32,972	16,586,550
Conservation Legacy Permanent Fund	33920	-	78,192	78,192
Higher Education Trust Fund	33720	-	393,820,702	393,820,702
Capital Development & Reserve Fund	33730	476,117,627	-	476,117,627
Large Cap Active Pool	09400	-	27,034,704	27,034,704
Large Cap Index Pool	62800	-	40,192,519	40,192,519
Core Bonds Pool	30870	-	17,427,006	17,427,006
Core Plus Pool	35150	-	334,061,809	334,061,809
Short Term Duration Fixed Income Pool	50360	-	91,695,565	91,695,565
Small/Mid Cap Active Pool	22000	-	954,339	954,339
Non-U.S. Developed Markets Index Pool	21800	-	7,434,307	7,434,307
Non-U.S. Developed Markets Active Pool	11950	-	38,669,345	38,669,345
Non-U.S. Emerging Markets Index Pool	61100	-	4,879	4,879
Non-U.S. Emerging Markets Active Pool	11930	-	24,367,778	24,367,778
Non-U.S. Developed Weighted Index Pool	50320	-	6,604,252	6,604,252
Private Equity Pool	11380	-	375,825,774	375,825,774
Real Estate Pool	11390	-	55,853,132	55,853,132
Real Asset Pool	11540	-	113,520,561	113,520,561
Unconstrained Pool	11940	-	3,618	3,618
Absolute Return Pool	72100	-	26,260	26,260
Private Debt Market Pool	20140	-	167,524,420	167,524,420
LGPF Beta Overlay Pool	39110	-	413,401,183	413,401,183
STPF Beta Overlay Pool	39120	-	222,224,037	222,224,037
SMID Cap Alternative Weighted Index Pool	20590	-	600,636	600,636
		<u>\$ 2,059,593,452</u>	<u>\$ 5,467,150,313</u>	<u>\$ 7,526,743,765</u>

#### Note 4 – Investments

In accordance with NMSA 6-8, the Council is authorized to invest in domestic and international stocks; debt obligations of the U.S. government, its agencies or instrumentalities; debt obligations of any U.S. or foreign corporation, partnerships or trusts with an investment-grade rating from a national rating service; real estate investments; real return; national private equity investments; repurchase agreements secured by U.S. obligations or other securities backed by the U.S. and absolute return funds. In addition, the Council is authorized to invest in other investments as specified in statute, including New Mexico private equity, SBAs, certificates of deposit, film projects, and various other loan guarantees.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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Numerous restrictions, either statutorily or policy in origin, define various elements of the investments. Examples include investment size, limitation of percentage ownership of a particular fund or investment, the percentage the investment type comprises the entire fund, and requiring guarantees or other forms of assurance of repayment. The investment policy has been structured in accordance with the Uniform Prudent Investor Act, NMSA 45-7 (600-612).

#### Credit risk

*Debt investments* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In order to assess credit risk, the Office is required to disclose credit ratings of its debt investments. U.S. government obligations and obligations guaranteed by the U.S. government are not considered to have credit risk and, accordingly, do not require disclosure. Currently, the Council does not have a policy that restricts purchases of securities to those above a certain rating as rated by one or more national rating agencies.

The Office's investments and their exposure to credit risk are as follows:

Investments Subject to Credit Risk - S&P Ratings	Rating	Fair Value June 30, 2024
Asset Backed	AAA	\$ 70,147,376
CDO/Collateralized Debt Obligation	AAA	184,812,436
CMO/REMIC	AAA	2,125,556
Commercial Mortgage Backed Securities	AAA	64,493,307
Corporate Bonds	AAA	523,535
Municipal Bonds	AAA	2,671,650
Asset Backed	AA+	15,720,310
CMO/REMIC	AA+	162,191,759
Commercial Mortgage Backed Securities	AA+	49,139,607
Corporate Bonds	AA+	7,310,795
Government Bonds	AA+	4,950,862,538
Mortgage Backed Securities	AA+	645,704,343
Asset Backed	AA	32,989,110
CDO/Collateralized Debt Obligation	AA	28,445,425
Commercial Mortgage Backed Securities	AA	560,743
Corporate Bonds	AA	1,153,080
Government Bonds	AA	6,706,521
Municipal Bonds	AA	6,482,828
Asset Backed	AA-	28,989,583
CMO/REMIC	AA-	48,302
Corporate Bonds	AA-	29,037,237
Municipal Bonds	AA-	3,140,867
Asset Backed	A+	18,296,139
Corporate Bonds	A+	112,397,491
Government Bonds	A+	6,405,421
Asset Backed	A	75,177,360
CDO/Collateralized Debt Obligation	A	5,205,577
CMO/REMIC	A	169,006
Corporate Bonds	A	90,918,882
Government Bonds	A	6,865,471

**State of New Mexico Investment Council – Investment Office**  
**Notes to Financial Statements**

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Investments Subject to Credit Risk - S&P Ratings	Rating	Fair Value June 30, 2024
Asset Backed	A-	1,528,889
CMO/REMIC	A-	6,305,503
Commercial Mortgage Backed Securities	A-	2,063,579
Corporate Bonds	A-	456,324,362
Treasury Bills	A-1+	162,548,335
Asset Backed	BBB+	14,346,320
CMO/REMIC	BBB+	4,807,383
Corporate Bonds	BBB+	499,278,250
Government Bonds	BBB+	1,731,546
Asset Backed	BBB	28,947,824
CDO/Collateralized Debt Obligation	BBB	12,411,023
CMO/REMIC	BBB	2,689,601
Corporate Bonds	BBB	486,260,700
Government Bonds	BBB	38,595,439
Preferred Stock	BBB	240,400
Asset Backed	BBB-	6,583,778
CDO/Collateralized Debt Obligation	BBB-	50,684,435
CMO/REMIC	BBB-	836,615
Commercial Mortgage Backed Securities	BBB-	2,648,979
Corporate Bonds	BBB-	488,358,487
Government Bonds	BBB-	10,170,156
Preferred Stock	BBB-	1,238,940
CMO/REMIC	BB+	4,041,647
Commercial Mortgage Backed Securities	BB+	2,092,473
Corporate Bonds	BB+	475,007,774
Government Bonds	BB+	23,142,934
Asset Backed	BB	878,160
CMO/REMIC	BB	1,102,985
Corporate Bonds	BB	481,700,957
Government Bonds	BB	18,131,398
Commercial Mortgage Backed Securities	BB-	544,041
Corporate Bonds	BB-	538,908,850
Government Bonds	BB-	7,902,551
Asset Backed	B+	43,933
CMO/REMIC	B+	207,740
Corporate Bonds	B+	357,487,810
Government Bonds	B+	4,593,595
CMO/REMIC	B	917,558
Corporate Bonds	B	316,643,047
Government Bonds	B	2,959,254
Treasury Bills	B	14,328,183
Asset Backed	B-	1,552,432
CMO/REMIC	B-	53,991
Corporate Bonds	B-	248,554,113
Government Bonds	B-	7,379,803

**State of New Mexico Investment Council – Investment Office**  
**Notes to Financial Statements**

Investments Subject to Credit Risk - S&P Ratings	Rating	Fair Value June 30, 2024
Corporate Bonds	CCC+	78,607,070
Government Bonds	CCC+	2,393,672
Asset Backed	CCC	1,882,088
CMO/REMIC	CCC	133,726
Corporate Bonds	CCC	29,087,875
Government Bonds	CCC	4,399,028
Asset Backed	CC	311,552
Government Bonds	CC	962,153
Corporate Bonds	CCC-	8,839,350
Asset Backed	D	80,865
CMO/REMIC	D	35,227
Corporate Bonds	D	556,855
Total investments subject to Credit Risk - S&P Ratings		11,522,757,489
 <u>Investments Subject to Credit Risk - Not Rated</u>		
Asset Backed		286,639,833
Cash Collateral		374,716
CDO/Collateralized Debt Obligation		326,077,914
CMO/REMIC		52,994,346
Commercial Mortgage Backed Securities		176,886,304
Commercial Paper (Interest Bearing)		823,357,069
Corporate Bonds		23,832,452
Discounted Notes		3,688,840
Government Bonds		229,138
Municipal Bonds		429,864
Mutual Funds		145,495,687
Preferred Stock		58,165,229
Total investments subject to credit risk - not rated		1,898,171,392
 <u>Investments Not Subject to Ratings</u>		
Absolute Return Pool		15,336,745
Private Debt Market		4,388,200,976
Real Estate Pool		3,748,092,454
Real Return Pool		3,086,261,371
Private Equity		3,956,865,407
Equity Securities, MLPs, Bank Loans, other excluded investments		19,870,599,373
Regional Private Equity		406,195,783
Government-Sponsored Enterprise & Agency Issues (GSEs)		273,028,522
Total investments not subject to ratings		35,744,580,631
Total investments		\$ 49,165,509,512

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

#### Interest rate risk

*Debt investments* – Interest rate risk is the risk that changes in interest rates could adversely affect the fair value of an investment. The Office does not have a policy for interest rate risk management, but its practice is to address interest rate risk through the management of debt investment duration.

A summary of the investments and their exposure to interest rate risk are as follows:

Investment	Fair Value June 30, 2024	Life Not Available	Less than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Asset Backed	\$ 584,115,553	\$ -	\$ 47,654,198	\$ 259,226,832	\$ 156,310,477	\$ 120,924,046
Cash Collateral	374,716	244,922	-	-	-	129,794
CDO/Collateralized Debt Obligation	607,636,810	-	592,831,810	-	-	14,805,000
CMO/REMIC	238,660,944	-	160,940,068	22,690,532	8,712,146	46,318,200
Commercial Mortgage Backed Securities	298,429,033	-	115,082,451	1,895,250	786,032	180,665,299
Corporate Bonds	5,530,313,588	-	910,074,996	3,093,456,126	1,024,319,758	502,462,708
Discounted Notes	23,832,452	-	23,832,452	-	-	-
Futures	3,157,186	-	3,157,186	-	-	-
Government Bonds	5,096,890,320	-	60,907,440	2,800,460,370	1,083,930,061	1,151,592,450
Mortgage Backed Securities	645,704,343	-	1,423,475	41,127,555	77,621,948	525,531,365
Money Markets	229,138	144,120	-	-	-	85,019
Municipal Bonds	12,725,208	-	-	4,932,003	-	7,793,205
Mutual Funds	145,495,687	145,495,687	-	-	-	-
Preferred Stock	59,644,569	59,644,569	-	-	-	-
Swaps	(2,519,415)	-	(5,439,045)	1,586,745	87,127	1,245,757
Swaptions	(140,947)	-	(140,947)	-	-	-
Treasury Bills	176,876,518	-	176,876,518	-	-	-
	<u>13,421,425,703</u>	<u>\$ 205,529,298</u>	<u>\$ 2,087,200,602</u>	<u>\$ 6,225,375,413</u>	<u>\$ 2,351,767,549</u>	<u>\$ 2,551,552,843</u>
Investments not subject to interest rate risk						
Securities, Equity and Real Estate Investments	<u>35,744,083,809</u>					
Total investments	<u>\$ 49,165,509,512</u>					

#### Concentration of credit risk

*Investments* – Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments in any one issuer that represent 5% or more of total investments are considered to be exposed to concentrated credit risk and are required to be disclosed. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. As of June 30, 2024, the Council was not exposed to concentration of credit risk as no single issuer represented 5% of total investments.

#### Foreign currency risk

*Investments* – Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposit's fair value. This risk is eliminated by adhering to the Council's policy that all securities be denominated in U.S. dollars and is managed in the equity funds by limiting the size of the internationally-invested funds.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

A summary of the investments and cash and cash equivalents and their exposure to foreign currency risk are as follows:

Currency	Cash	Derivatives	Equity	Fixed Income	Limited Partnership	Total Foreign Currency Risk
Argentine Peso	\$ 1,197	\$ -	\$ -	\$ -	\$ -	\$ 1,197
Australian Dollar	304,305	28,429	273,653,112	85,019	-	274,070,865
Brazilian Real	588,346	527,773	150,307,257	14,328,183	-	165,751,559
Canadian Dollar	826,313	64,823	444,651,591	-	-	445,542,727
Chilean Peso	21,242	-	6,075,348	-	-	6,096,590
Czech Koruna	5,653	-	91,343	-	-	96,996
Danish Krone	153,777	-	150,213,890	246,727	-	150,614,394
Euro	21,887,745	734,223	1,975,840,315	13,508,039	640,417,708	2,652,388,030
Hong Kong Dollar	2,110,906	(7,022)	540,536,561	-	-	542,640,445
Hungarian Forint	118,890	-	2,619,832	-	-	2,738,722
Indian Rupee	-	1,073	-	-	-	1,073
Indonesian Rupiah	(2,034)	(29,261)	38,578,078	-	-	38,546,783
Israel Shekel	263,217	-	34,011,106	-	-	34,274,323
Japanese Yen	8,731,872	50,859	1,474,859,039	144,120	-	1,483,785,890
Malaysian Ringgit	15,887	-	33,735,584	-	-	33,751,471
Mexican Peso	(14,537)	(156,515)	73,980,277	1,731,546	-	75,540,771
New Taiwan Dollar	293,060	-	485,643,401	-	-	485,936,461
New Turkish Lira	8,282	139,340	23,970,528	-	-	24,118,150
New Zealand Dollar	158,410	-	14,295,980	-	-	14,454,390
Norwegian Krone	602,811	(1,987)	79,159,782	-	-	79,760,606
Peruvian Nuevo Sol	166,335	17,534	-	1,230,391	-	1,414,260
Philippine Peso	(2,769)	-	4,633,980	-	-	4,631,211
Polish Zloty	24,101	-	20,827,680	-	-	20,851,781
Pound Sterling	1,688,723	103,409	859,831,040	11,270,761	58,241,720	931,135,653
Qatari Rial	-	-	7,542,849	-	-	7,542,849
Saudi Riyal	64	-	45,751,577	-	-	45,751,641
Singapore Dollar	189,056	-	103,473,503	-	-	103,662,559
South African Rand	54,841	(4,192)	51,658,228	-	-	51,708,877
South Korean Won	119,193	-	326,651,109	-	-	326,770,302
Swedish Krona	1,415,671	-	186,006,368	-	-	187,422,039
Swiss Franc	562,150	-	525,899,872	-	-	526,462,022
Thai Baht	6,245	-	63,646,713	-	-	63,652,958
Uae Dirham	(776)	-	10,860,083	-	-	10,859,307
Yuan Renminbi	187,678	(25,922)	110,190,697	-	-	110,352,453
	<u>\$ 40,485,854</u>	<u>\$ 1,442,564</u>	<u>\$ 8,119,196,723</u>	<u>\$ 42,544,786</u>	<u>\$ 698,659,428</u>	<u>8,902,329,355</u>
Non-foreign currency investments and cash and cash equivalents						<u>45,730,330,470</u>
Total investments and cash and cash equivalents						<u>\$ 54,632,659,825</u>

#### Note 5 – Fair Value Measurements

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

The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments measured at the net asset value (NAV) are those whose underlying positions are not evident and thus the market value of the investment is priced at a price per share in a fund or by another pricing methodology.

The Council utilizes its custody bank, JP Morgan, to assist with classification of its investments per the fair value hierarchy.



# State of New Mexico Investment Council – Investment Office

## Notes to Financial Statements

The Office has the following recurring fair value measurements:

Investments by Fair Value Level	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Fair Value June 30, 2024
Debt and equity securities				
Agency bonds	\$ -	\$ 2,565,520	\$ -	\$ 2,565,520
Corporate bonds	-	4,731,441,431	-	4,731,441,431
Government bonds	-	183,184,226	-	183,184,226
Discounted Notes	-	12,725,208	-	12,725,208
CDO/CLO	-	607,636,810	-	607,636,810
Treasuries	-	5,109,668,129	-	5,109,668,129
Asset backed securities	-	584,115,553	-	584,115,553
Mortgage backed securities	-	1,182,794,319	-	1,182,794,319
Pooled funds - mutual funds	-	1,154,225,957	-	1,154,225,957
Equities	18,816,728,877	439,050	1,916,585	18,819,084,512
Bank loans	-	633,653,286	-	633,653,286
Sovereign debt	-	2,181,415	-	2,181,415
Government-sponsored enterprise and agency issues	-	-	273,028,522	273,028,522
Total debt and equity securities	18,816,728,877	14,204,630,904	274,945,107	33,296,304,888
Alternative investments				
Master limited partnerships	256,213,231	-	-	256,213,231
Investment in derivative instruments				
Derivatives - credit	-	11,044,716	-	11,044,716
Derivatives - equity	118,516	-	-	118,516
Derivatives - interest rate	3,157,186	(2,660,362)	-	496,824
Derivatives - other	-	378,601	-	378,601
Total derivative instruments	3,275,702	8,762,955	-	12,038,657
Total investments, fair value levels	\$ 19,076,217,810	\$ 14,213,393,859	\$ 274,945,107	\$ 33,564,556,776
Investments Measured at NAV Practical Expedient				Fair Value June 30, 2024
Private equity partnerships				\$ 3,956,856,588
Regional private equity partnerships				406,195,783
Real estate partnerships				1,588,674,538
Open-ended real estate partnerships				2,159,417,916
Real return funds (excluding MLPs)				2,212,810,624
Open ended real return partnerships				873,459,566
Absolute return funds				15,336,745
Private debt partnerships				4,388,200,976
Total investments, NAV practical expedient				15,600,952,736
Total investments, fair value levels				33,564,556,776
Total investments				\$ 49,165,509,512

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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Valuation and liquidity information for investments measured at the net asset value (NAV) per share, or equivalent, is presented below:

Investment Type	Fair Value June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity partnerships	\$ 3,956,856,588	\$ 2,559,486,878	Not redeemable	Not redeemable
Regional private equity partnerships	406,195,783	467,094,782	Not redeemable	Not redeemable
Real estate partnerships	1,588,674,538	2,636,139,255	Not redeemable	Not redeemable
Open-ended real estate partnerships	2,159,417,916	2,296,197	Quarterly	45-90 days
Real asset funds	2,212,810,624	1,795,897,524	Not redeemable	Not redeemable
Open-ended real asset partnerships	873,459,566	-	Quarterly-Biannual	90-180 days
Absolute return (hedge) funds	15,336,745	-	Quarterly	30-65 days
Private debt partnerships	4,388,200,976	3,403,909,816	Quarterly	90-180 days
Total investments measured at NAV	<u>\$ 15,600,952,736</u>	<u>\$ 10,864,824,452</u>		

#### Note 6 – Pension Plan – New Mexico Public Employees Retirement Association

**Plan description** – Substantially all of the Office'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 New Mexico 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 10.42% of their gross salary. The Office is required to contribute 18.74% of the gross covered salary. The contribution requirements of plan members and the Office are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Office's contributions to PERA for the years ended June 30, 2024, 2023, and 2022, were \$649,453, \$586,896, and \$502,402, respectively, equal to the amount of the required contributions for each fiscal year.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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There are employees who are making contributions to a deferred compensation plan funded through salary reductions in accordance with the provisions of Section 457 of the Internal Revenue Code. Neither the Office nor the State of New Mexico makes any contributions to this plan. All contributions withheld from the participants by the Office have been remitted to PERA, which administers the plan.

#### **Note 7 – Postemployment Benefits – State Retiree Health Care Plan**

**Plan description** – The Office, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico (RHCA). Overall, total OPEB liability exceeds OPEB plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the annual comprehensive financial report of the State of New Mexico for the year ended June 30, 2024. This report will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, NM 87501.

**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 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 RHCA Board.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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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, 2023, 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, 2023, 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, 2018, 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 Office's contributions to RHCA for the years ended June 30, 2024, 2023, and 2022, were \$67,543, \$62,671, and \$55,127, respectively, which equal the required contributions for each year.

#### Note 8 – Changes in Capital Assets

A summary of changes in capital assets is as follows:

Capital Assets	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Furniture and equipment	\$ 115,590	\$ -	\$ -	\$ 115,590
Right-to-use lease assets	2,225,979	232,146	-	2,458,125
Right-to-use subscription assets	264,771	-	-	264,771
Accumulated depreciation and amortization	(816,789)	(445,175)	-	(1,261,964)
Net capital assets	<u>\$ 1,789,551</u>	<u>\$ (213,029)</u>	<u>\$ -</u>	<u>\$ 1,576,522</u>

Depreciation expense for the year ended June 30, 2024, totaled \$6,171. Amortization expenses for leases and for SBITA for the year ended June 30, 2024, totaled \$350,212 and \$88,793, respectively.

**Leases** – The Office leases a building through July 2028 with monthly payments averaging \$26,154. The lease liability was measured at the applicable Incremental Borrowing Rate (IBR) of .75%. The Office also leases equipment requiring monthly payments averaging \$1,149 through December 2025. The lease liability was measured at the applicable IBR of 0.5%. The IBR used in these two leases were an estimation made by the State of New Mexico based on current borrowing rates at the time of the implementation of GASB 87.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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The lease activity during the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Portion Due Within One Year
Lease liabilities	\$ 1,627,358	\$ 232,146	\$ (345,083)	\$ 1,514,421	\$ 364,217

The future minimum payments on those leases by principal and interest, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2025	\$ 364,217	\$ 12,537	\$ 376,754
2026	365,837	9,195	375,032
2027	367,585	5,822	373,407
2028	376,916	2,371	379,287
2029	39,866	61	39,927
	<u>\$ 1,514,421</u>	<u>\$ 29,986</u>	<u>\$ 1,544,407</u>

**Subscription-Based Information Technology Arrangement (SBITA)** - The Office's contract became effective on July 1, 2022 to use software through June 30, 2025 requiring monthly payments of \$5,500 except for the June 2023 payment, which was \$80,500. The SBITA liability was measured at the applicable Incremental Borrowing Rate (IBR) of 2.21% at the beginning of the SBITA term. The IBR is an estimation made by the State of New Mexico based on current borrowing rates.

SBITA activity for the Office for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Portion Due Within One Year
SBITA liability	\$ 129,009	\$ -	\$ (63,793)	\$ 65,216	\$ 65,216

The future principal and interest SBITA payments as of June 30, 2024, are as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2025	\$ 65,216	\$ 783	\$ 65,999
	<u>\$ 65,216</u>	<u>\$ 783</u>	<u>\$ 65,999</u>

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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#### Note 9 – Changes in Accrued Vacation and Sick Pay

A summary of changes in accrued vacation and sick pay is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Portion Due Within One Year
Compensated absences	\$ 289,456	\$ 290,351	\$ (263,337)	\$ 316,470	\$ 280,757

#### Note 10 – Commitments

The Office has commitments for capital contributions to various private equity and private debt partnerships, real assets and real estate investments. As of June 30, 2024, the Office was an investor in approximately 386 private equity limited partnerships and various real estate or real asset investments. When making an investment in a limited partnership, the Office commits to a capital commitment that will be drawn down by the limited partnership over the life of the partnership, typically 12 to 15 years. As of June 30, 2024, unfunded commitments to private equity partnerships were approximately \$3.02 billion, unfunded commitments to real estate and real asset investments were approximately \$4.43 billion, and unfunded commitment to the Private Debt Pool was \$3.40 billion. Due to the nature of these investments, the Office cannot predict when these capital contributions will be called. Subsequent to June 30, 2024, the Office approved an additional \$1.54 billion of commitments to private equity, real estate, and real asset partnerships.

#### Note 11 – Joint Powers Agreements

The Office manages investments for several governmental entities under joint powers agreements that may be terminated by either party upon thirty days' notice to the other party. The revenues and expenditures of the investment pools are recorded in the accompanying financial statements. In addition, each participant reports their net position in their individual financial statements. At June 30, 2024, the Office had joint powers agreements with the following entities:

- a. *New Mexico Retiree Healthcare Authority (NMRHCA)* dated June 25, 1992, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to NMRHCA in accordance with guidelines established in NMRHCA's investment policy. At June 30, 2024, the NMRHCA had total net assets held in trust of \$1,513,200,631.
- b. *New Mexico Institute of Mining & Technology (NMIMT)* dated November 24, 1992, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to NMIMT in accordance with guidelines established in NMIMT's investment policy. At June 30, 2024, the NMIMT had total net assets held in trust of \$138,629,424.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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- c. *New Mexico School for the Blind and Visually Impaired (NMSBVI)* dated March 25, 1993, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to NMSBVI in accordance with guidelines established in NMSBVI's investment policy. At June 30, 2024, the NMSBVI had total net assets held in trust of \$17,178,995.
- d. *Commissioner of Public Lands (the Commissioner)* dated March 11, 1994, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the Commissioner in accordance with guidelines established in the Commissioner's investment policy. At June 30, 2024, the Commissioner had total net assets held in trust of \$28,783,988.
- e. *New Mexico Interstate Stream Commission (Commission)* dated March 11, 1994, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the Commission in accordance with guidelines established in the Commission's investment policy. At June 30, 2024, the Commission had total net assets held in trust of \$101,566,205.
- f. *New Mexico Military Institute (NMMI)* dated July 1, 1997, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to NMMI in accordance with guidelines established in NMMI's investment policy. At June 30, 2024, the NMMI had total net assets held in trust of \$61,917,288.
- g. *Eastern New Mexico University (ENMU)* dated December 4, 1998, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to ENMU in accordance with guidelines established in ENMU's investment policy. At June 30, 2024, the ENMU had total net assets held in trust of \$36,967,962.
- h. *Springer Municipal School District (SMSD)* dated February 5, 1999, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to SMSD in accordance with guidelines established in SMSD's investment policy. At June 30, 2024, the SMSD had total net assets held in trust of \$307,534.
- i. *New Mexico Public Regulation Commission, Superintendent of Insurance (the Agency)* dated September 18, 2000, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the Agency in accordance with guidelines established in the Agency's investment policy. At June 30, 2024, the Agency had total net assets held in trust of \$82,954,683.
- j. *County of Los Alamos (County)* dated October 4, 2000, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the County in accordance with guidelines established in the County's investment policy. At June 30, 2024, the County had total net assets held in trust of \$63,004,679.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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- k. *New Mexico Public School Insurance Authority (NMPSIA)* dated April 30, 2004, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to NMPSIA in accordance with guidelines established in NMPSIA's investment policy. At June 30, 2024, the NMPSIA had total net assets held in trust of \$42,696,829.
- l. *New Mexico Highlands University (NMHU)* dated December 10, 2004, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to NMHU in accordance with guidelines established in NMHU's investment policy. At June 30, 2024, the NMHU had total net assets held in trust of \$30,342,111.
- m. *Children, Youth, and Family Department (CYFD)* dated January 1, 2006, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to CYFD in accordance with guidelines established in CYFD's investment policy. At June 30, 2024, the CYFD had total net assets held in trust of \$12,423,588.
- n. *New Mexico Mortgage Finance Authority (NMMFA)* dated November 16, 2005, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to NMMFA in accordance with guidelines established in NMMFA's investment policy. At June 30, 2024, the NMMFA had total net assets held in trust of \$27,513,683.
- o. *New Mexico Highlands University Foundation (NMHUF)* dated June 1, 2020, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to NMHUF in accordance with guidelines established in NMHU's investment policy. At June 30, 2024, the NMHUF had total net assets held in trust of \$12,794,224.
- p. *City of Las Cruces (City)* dated September 28, 2007, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the City in accordance with guidelines established in the Client's investment policy. At June 30, 2024, the Client had total net assets held in trust of \$38,941,867.
- q. *San Juan College (College)* dated October 1, 2014, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain investment policy. At June 30, 2024, the College had total net assets held in trust of \$14,492,138.
- r. *John R. Carver Testamentary Trust (Trust)* dated November 5, 2015, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the Trust in accordance with guidelines established in the Client's investment policy. At June 30, 2024, the Trust had total net assets held in trust of \$951,618.



## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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- s. *Clovis Community College* (CCC) dated September 28, 2015, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the CCC in accordance with guidelines established in the Client's investment policy. At June 30, 2024, the CCC had total net assets held in trust of \$4,960,431.
- t. *City of Rio Rancho* (Rio Rancho) dated November 21, 2022, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to Rio Rancho in accordance with guidelines established in Rio Rancho's investment policy. At June 30, 2024, Rio Rancho had total net assets held in trust of \$12,234,943.
- u. *Middle Rio Grande Conservancy District* (MRGCD) dated August 16, 2022, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the MRGCD in accordance with guidelines established in the Client's investment policy. At June 30, 2024, the MRGCD had total net assets held in trust of \$4,889,825.
- v. *Western New Mexico University* (WNMU) dated April 26, 2022, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the WNMU in accordance with guidelines established in the WNUM's investment policy. At June 30, 2024, the WNMU had total net assets held in trust of \$7,469,279.
- w. *New Mexico Small Business Investment Corporation* (SBIC) dated May 6, 2016, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the SBIC in accordance with guidelines established in the SBIC's investment policy. At June 30, 2024, SBIC had total net assets held in trust of \$10,093,191.
- x. *Central New Mexico Community College* (CNMCC) dated March 30, 2018, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the CNMCC in accordance with guidelines established in the CNMCC's investment policy. At June 30, 2024, the CNMCC had total net assets held in trust of \$24,830,040.
- y. *City of Albuquerque* (ABQ) dated August 1, 2018, pursuant to the Joint Powers Agreement Act, Sections 11-1-1 through 11-1-7, NMSA 1978. Under this agreement, the Office invests certain monies belonging to the ABQ in accordance with guidelines established in the ABQ's investment policy. At June 30, 2024, the ABQ had total net assets held in trust of \$599,550.

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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#### Note 12 – Risk Management

The Office, as a state agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the State of New Mexico. The Office pays annual premiums to the Risk Management Division for coverage provided in the following areas:

- Liability and civil rights protection for claims made by others against the State of New Mexico and the members of the Council;
- Coverage to protect the State of New Mexico's property and assets; and
- Fringe benefit coverage for State of New Mexico employees.

As of June 30, 2024, the Office had no claims that the Risk Management Division had determined not to cover. Denial of coverage by the Risk Management Division would result in the responsibility for coverage reverting to the Office. There were no significant reductions in insurance coverage from prior year and there were no settlements that exceeded insurance coverage for each of the past three years.

#### Note 13 – Non-Reverting Fund

Section 6-8-5(B), NMSA 1978, authorizes the Office to prepare an operating budget as follows: "The state investment officer shall annually prepare a budget for administering and investing all funds managed by the investment office, which shall be reviewed by the council. Any funds provided for the operating budget of the investment office shall be appropriated from the assets of the Permanent Fund, the Severance Tax Permanent Fund, funds available for investment pursuant to Subsection G of Section 6-8-7 NMSA 1978 or any other funds managed by the investment office, as authorized by law." The state constitution has vested sole authority for appropriation to the state legislature; therefore, the legislature annually appropriates funds for the SIC operating budget from the sources specified in this statute.

Unexpended/unencumbered funds at fiscal year-end subsequently revert back to their original funding source. The following represents the interfund transfers that occurred during the year:

	General Administrative Fund From (To)	Land Grant Permanent Fund From (To)	Severance tax Permanent Fund From (To)	Tax Stabilization Reserve Fund From (To)	Early Childhood Education and Care Fund From (To)	Nonmajor Funds From (To)
Administration appropriation	<u>\$ 59,732,945</u>	<u>\$ (37,820,807)</u>	<u>\$ (12,046,210)</u>	<u>\$ (1,564,831)</u>	<u>\$ (5,900,165)</u>	<u>\$ (2,400,932)</u>

## State of New Mexico Investment Council – Investment Office

### Notes to Financial Statements

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#### Note 14 – Upcoming Accounting Pronouncement

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences should be considered. This statement is effective for the year ending June 30, 2025 for the Office. Management does not expect a significant impact to the Office's reporting of compensated absences.

GASB Statement No. 102, *Certain Risk Disclosures*. This statement provides users of the financial statement with information about risks related to vulnerabilities due to certain concentrations or constraints that essential to their analyses for making decisions or assessing accountability. Concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. The definition for constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. This statement is effective for the year ending June 30, 2025. Management does not expect a significant impact to their reporting of risk disclosures contained in the current reporting model.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The purpose of this statement is to improve key components of the financial reporting model by providing information that is essential for decision making and assessing a government's accountability. The statement requires information in the MD&A be limited to five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analysis, (4) Significant Capital Assets and Long-term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. In addition, statement addresses unusual and infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; major component unit information; and budgetary comparison information. The Office expects the MD&A to change to comply with this standard in fiscal year 2026 with no changes to the remaining financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34 under statement No. 104. Lease assets recognized in accordance with GASB Statement No. 87, *Leases*, intangible right to use assets recognized in accordance with GASB Statement No. 94, *Public-Private Public-Public Partnerships and Availability Payment Arrangements*, and subscription assets in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, are to be disclosed separately by major class of the underlying asset in the capital assets note. This statement is effective for the year ending June 30, 2026 and will have minimal impact on the Office's presentation of capital assets.

## **Supplementary Information**

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**State of New Mexico Investment Council – Investment Office**  
**Combining Balance Sheet – Governmental Nonmajor Funds**  
**June 30, 2024**

	Nonmajor Funds								
	Fund 95200 Tobacco Settlement Permanent Fund	Fund 40240 External Investment Trust Funds	Fund 10120 Water Trust Fund	Fund 20940 Rural Libraries Endowment Fund	Fund 33920 Conservation Legacy Permanent Fund	Fund 33910 Opioid Settlement Reserve Fund	Fund 33720 Higher Education Trust Fund	Fund 33730 Capital Development and Reserve Fund	Total Nonmajor Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 9,832,896	\$ 55,759,595	\$ 5,560,502	\$ 3,700,314	\$ 1,694,381	\$ 2,279,085	\$ 405,907,088	\$ -	\$ 484,733,861
Investment in State General Fund Investment Pool	-	-	-	-	-	16,553,578	-	476,117,627	492,671,205
Due from brokers	4,030,502	64,832,595	1,652,108	356,681	669,149	1,308,911	20,962,244	-	93,812,190
Accrued investment income	604,171	6,810,446	226,105	48,032	87,288	175,169	4,532,794	-	12,484,005
Accrued tobacco settlement income	13,000,000	-	-	-	-	-	-	-	13,000,000
	<u>27,467,569</u>	<u>127,402,636</u>	<u>7,438,715</u>	<u>4,105,027</u>	<u>2,450,818</u>	<u>20,316,743</u>	<u>431,402,126</u>	<u>476,117,627</u>	<u>1,096,701,261</u>
<b>Investments</b>									
Investment pools									
Core Plus Bonds	16,831,246	213,770,222	5,033,262	1,260,602	1,612,656	4,832,795	95,799,265	-	339,140,048
U.S. Large Cap Active	11,498,946	68,643,820	7,318,323	1,540,037	3,589,887	5,161,730	54,524,353	-	152,277,096
U.S. Large Cap Index	21,940,233	484,293,801	13,820,008	2,918,534	6,576,526	9,294,298	99,801,681	-	638,645,081
U.S. Small/Mid Cap Active	2,154,271	56,154,057	1,280,910	307,684	605,367	307,684	10,006,124	-	70,816,097
Non-U.S. Developed Markets Index	5,050,130	271,597,701	3,155,333	606,016	1,523,601	2,999,085	24,099,945	-	309,031,811
Non-U.S. Emerging Markets Index	-	20,410,025	-	-	-	-	-	-	20,410,025
Non-U.S. Developed Markets Active	15,438,350	13,421,034	10,125,218	2,044,815	4,703,074	4,382,936	74,050,566	-	124,165,993
Non-U.S. Emerging Markets Active	6,987,022	144,382,814	4,357,013	905,142	2,007,714	2,906,816	33,206,773	-	194,753,294
Non-U.S. Developed Alternative Weighted Index	8,429,565	-	4,980,253	1,151,033	2,373,262	4,913,504	36,356,751	-	58,204,368
Short-term Duration Fixed Income	5,860,040	-	1,967,762	-	592,835	2,371,342	37,113,589	-	47,905,568
National Private Equity	-	206,489,571	33,985,160	6,928,991	7,441,578	6,987,102	9,348,572	-	271,180,974
Private Debt Market	95,432,343	227,549,819	11,682,625	2,521,591	8,136,826	16,133,144	10,095,143	-	371,551,491
Real Estate	71,924,015	140,780,187	20,935,341	4,092,859	6,208,321	5,358,470	9,654,589	-	258,953,782
Real Return	85,670,693	74,343,953	21,635,106	4,202,949	6,358,398	7,859,886	10,005,156	-	210,076,141
Core Bonds	12,458,475	287,516,607	3,146,991	773,691	991,978	2,691,033	60,188,226	-	367,767,001
US SMID Cap Alternative Weighted Index	611,034	43,659,162	407,357	-	213,019	1,018,391	3,482,635	-	49,391,598
Total investments	<u>360,286,363</u>	<u>2,253,012,773</u>	<u>143,830,662</u>	<u>29,253,944</u>	<u>52,935,042</u>	<u>77,218,216</u>	<u>567,733,368</u>	<u>-</u>	<u>3,484,270,368</u>
Total assets	<u>\$ 387,753,932</u>	<u>\$ 2,380,415,409</u>	<u>\$ 151,269,377</u>	<u>\$ 33,358,971</u>	<u>\$ 55,385,860</u>	<u>\$ 97,534,959</u>	<u>\$ 999,135,494</u>	<u>\$ 476,117,627</u>	<u>\$ 4,580,971,629</u>
<b>LIABILITIES</b>									
Due to brokers	\$ 5,534,449	\$ 90,195,249	\$ 2,006,497	\$ 443,880	\$ 752,199	\$ 1,676,368	\$ 29,388,086	\$ -	\$ 129,996,728
Due to other funds	57,596	475,454	27,233	5,618	11,632	15,729	213,466	-	806,728
Due to other state entities	24,880	-	-	-	-	-	-	-	24,880
Receipts held for the benefit of others	13,000,000	-	-	-	-	-	-	-	13,000,000
Total liabilities	<u>18,616,925</u>	<u>90,670,703</u>	<u>2,033,730</u>	<u>449,498</u>	<u>763,831</u>	<u>1,692,097</u>	<u>29,601,552</u>	<u>-</u>	<u>143,828,336</u>
<b>RESTRICTED FUND BALANCE</b>	<u>369,137,007</u>	<u>2,289,744,706</u>	<u>149,235,647</u>	<u>32,909,473</u>	<u>54,622,029</u>	<u>95,842,862</u>	<u>969,533,942</u>	<u>476,117,627</u>	<u>4,437,143,293</u>
Total liabilities and restricted fund balance	<u>\$ 387,753,932</u>	<u>\$ 2,380,415,409</u>	<u>\$ 151,269,377</u>	<u>\$ 33,358,971</u>	<u>\$ 55,385,860</u>	<u>\$ 97,534,959</u>	<u>\$ 999,135,494</u>	<u>\$ 476,117,627</u>	<u>\$ 4,580,971,629</u>

**State of New Mexico Investment Council – Investment Office**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**– Governmental Nonmajor Funds**  
**Year Ended June 30, 2024**

	Nonmajor Funds								
	Fund 95200 Tobacco Settlement Permanent Fund	Fund 40240 External Investment Trust Funds	Fund 10120 Water Trust Fund	Fund 20940 Rural Libraries Endowment Fund	Fund 33920 Conservation Legacy Permanent Fund	Fund 33910 Opioid Settlement Restricted Fund	Fund 33720 Higher Education Trust Fund	Fund 33730 Capital Development and Reserve Fund	Total Nonmajor Funds
<b>REVENUES</b>									
Tobacco settlement proceeds	\$ 27,422,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,422,657
Opioid Settlement Proceeds	-	-	-	-	-	100,092,073	-	-	100,092,073
Contributions from external investment trust funds	-	257,692,528	-	-	-	-	-	-	257,692,528
Investment earnings									
Interest and dividends	11,028,785	54,036,934	3,045,550	713,666	1,517,140	1,621,005	5,683,565	280,203	77,926,848
Net change in fair value of investments	13,772,881	148,861,212	7,466,357	1,446,291	3,133,269	4,872,319	5,063,844	-	184,616,173
Total revenues	<u>52,224,323</u>	<u>460,590,674</u>	<u>10,511,907</u>	<u>2,159,957</u>	<u>4,650,409</u>	<u>106,585,397</u>	<u>10,747,409</u>	<u>280,203</u>	<u>647,750,279</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Distributions to State General Fund from									
Tobacco Settlement Permanent Fund	(13,711,329)	-	-	-	-	-	-	-	(13,711,329)
Distributions to beneficiaries of the Water Permanent Fund	-	-	(4,000,000)	-	-	-	-	-	(4,000,000)
Distributions to beneficiaries of Rural Library Endowment Fund	-	-	-	(94,220)	-	-	-	-	(94,220)
Distribution to beneficiaries of Opioid Settlement Restricted Fund	-	-	-	-	-	(12,700,000)	-	-	(12,700,000)
Contribution from Department of Cultural Affairs to									
Rural Library Endowment Fund	-	-	-	17,500,000	-	-	-	-	17,500,000
Contribution from State General Fund to Conservation									
Legacy Permanent Fund	-	-	-	-	50,000,000	-	-	-	50,000,000
Contribution from State General Fund to Water Trust Fund	-	-	100,000,000	-	-	-	-	-	100,000,000
Contribution from CYFD to Opioid Settlement Restricted Fund	-	-	-	-	-	2,000,000	-	-	2,000,000
Interfund transfer from Tax Stabilization Reserve Fund									
to Higher Education Trust Fund	-	-	-	-	-	-	959,000,000	-	959,000,000
Contribution from State General Fund to Capital Development Reserve Fund	-	-	-	-	-	-	-	475,837,424	475,837,424
Distributions to external investment trust funds	-	(76,992,236)	-	-	-	-	-	-	(76,992,236)
Interfund transfers out	(202,351)	(1,791,950)	(105,559)	(16,690)	(28,380)	(42,535)	(213,467)	-	(2,400,932)
Net other financing sources (uses)	<u>(13,913,680)</u>	<u>(78,784,186)</u>	<u>95,894,441</u>	<u>17,389,090</u>	<u>49,971,620</u>	<u>(10,742,535)</u>	<u>958,786,533</u>	<u>475,837,424</u>	<u>1,494,438,707</u>
<b>CHANGE IN FUND BALANCE</b>	<b>38,310,643</b>	<b>381,806,488</b>	<b>106,406,348</b>	<b>19,549,047</b>	<b>54,622,029</b>	<b>95,842,862</b>	<b>969,533,942</b>	<b>476,117,627</b>	<b>2,142,188,986</b>
<b>FUND BALANCE</b>									
Beginning of year	<u>330,826,364</u>	<u>1,907,938,218</u>	<u>42,829,299</u>	<u>13,360,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,294,954,307</u>
End of year	<u>\$ 369,137,007</u>	<u>\$ 2,289,744,706</u>	<u>\$ 149,235,647</u>	<u>\$ 32,909,473</u>	<u>\$ 54,622,029</u>	<u>\$ 95,842,862</u>	<u>\$ 969,533,942</u>	<u>\$ 476,117,627</u>	<u>\$ 4,437,143,293</u>

**State of New Mexico Investment Council – Investment Office**  
**Changes in Land Grant Permanent Fund Held for Beneficiaries – Exhibit 1**  
**Year Ended June 30, 2024**

Beneficiary	Balance June 30, 2023	State Land Office Transfers	Distributions to Beneficiaries	Other Increases In Capital Accounts, Net	Balance June 30, 2024	Participation Percentage June 30, 2024
Carrie Tingley Hospital	\$ 267,371	\$ -	\$ (10,052)	\$ 22,016	\$ 279,335	0.00087%
Charitable, Penal and Reform	158,142,650	1,163,156	(5,963,952)	13,073,272	166,415,126	0.51854%
Public Schools	25,168,186,190	2,179,419,402	(1,206,953,244)	2,139,780,816	28,280,433,164	88.11998%
Eastern New Mexico University	15,371,203	19,805	(579,046)	1,268,425	16,080,387	0.05011%
Improvements to the Rio Grande	43,765,733	109,600	(1,647,748)	3,610,455	45,838,040	0.14283%
Miners' Colfax Medical Center	178,098,472	1,102,398	(6,717,082)	14,722,550	187,206,338	0.58332%
New Mexico Boys School	1,052,334	-	(39,561)	86,647	1,099,420	0.00343%
New Mexico Highlands University	4,964,806	26,195	(187,247)	410,376	5,214,130	0.01625%
New Mexico Institute of Mining and Technology	38,456,919	291,845	(1,451,376)	3,181,944	40,479,332	0.12613%
New Mexico Military Institute	703,007,063	22,228,980	(26,654,642)	58,665,284	757,246,685	2.35953%
New Mexico School for the Deaf	406,974,776	8,674,497	(15,414,846)	33,850,040	434,084,467	1.35258%
New Mexico School for the Blind and Visually Impaired	406,242,820	8,715,732	(15,388,133)	33,791,865	433,362,284	1.35033%
New Mexico State Hospital	84,018,870	6,104,292	(3,214,456)	7,083,563	93,992,269	0.29287%
New Mexico State University	94,410,661	6,299,384	(3,580,167)	7,876,352	105,006,230	0.32719%
Northern New Mexico Community College	4,066,581	26,268	(153,481)	336,422	4,275,790	0.01332%
Penitentiary of New Mexico	435,797,184	32,041,737	(16,638,551)	36,656,495	487,856,865	1.52013%
Public Buildings-Capitol	407,460,152	64,160,531	(15,859,182)	35,270,831	491,032,332	1.53002%
The University of New Mexico	289,616,741	17,558,042	(11,037,572)	24,305,422	320,442,633	0.99848%
The University of New Mexico Saline Lands	9,466,589	599,174	(360,520)	791,810	10,497,053	0.03271%
Water Reservoirs	196,617,184	1,546,880	(7,426,252)	16,281,087	207,018,899	0.64506%
Western New Mexico University	4,989,425	26,194	(188,174)	412,401	5,239,846	0.01633%
<b>Total Beneficiaries</b>	<b>\$ 28,650,973,724</b>	<b>\$ 2,350,114,112</b>	<b>\$ (1,339,465,284)</b>	<b>\$ 2,431,478,073</b>	<b>\$ 32,093,100,625</b>	<b>100.00000%</b>

# State of New Mexico Investment Council – Investment Office

## Detail of Interagency Transfers – Exhibit 2 (1 of 2)

### Year Ended June 30, 2024

Agency Initiating Transfer/Fund	Transferring Business Unit/Fund	Agency Receiving Transfer/Fund	Receiving Business Unit/Fund
State Land Office	53900/09800	State Investment Office/ Land Grant Permanent Fund	33700/60100
A total of \$2,350,114,112 was received from the State Land Office in fiscal year 2024. Funds transferred are from royalties and principal from land sales generated by the State Land Office (see Note 1).			
State Treasurer's Office/ Severance Tax Bonding Fund	39400/41000	State Investment Council Severance Tax Permanent Fund	33700/60200
A total of \$574,718,411 was transferred from the Severance Tax Bonding Fund in 2024. Funds transferred are remaining severance tax revenues after paying Severance Tax Bonding debt service (see Note 1).			
State Investment Office/ Land Grant Permanent Fund	33700/60100	Land Grant Permanent Fund LGPF Beneficiaries	Various
A total of \$1,339,465,284 was distributed in fiscal year 2024 to the beneficiaries of the Land Grant Permanent Fund (see Note 1).			
State Investment Office Severance Tax Permanent Fund	33700/60200	Department of Finance and Administration/ State General Fund	34101/85300
A total of \$289,622,832 was distributed in fiscal year 2024 to the beneficiaries of the Severance Tax Permanent Fund (see Note 1).			
New Mexico Attorney General Tobacco Settlement Proceeds	Wire Received	State Investment Office/ Tobacco Settlement Permanent Fund	33700/95200
A total of \$27,422,657 was received in fiscal year 2024 for the Tobacco Settlement Permanent Fund's portion of the Tobacco Settlement proceeds (see Note 1).			
State Investment Office/ Tobacco Settlement Permanent Fund	33700/95200	Department of Finance and Administration Tobacco Settlement Program Fund	34100/69700
A total of \$13,711,329 was distributed in fiscal year 2024 to the Tobacco Settlement Program Fund (see Note 1).			
Department of Finance and Administration Federal Taylor Grazing	34100/73800	State Investment Office/ Land Grant Permanent Fund	33700/60100
A total of \$136,839 was posted as a receivable from the Department of Finance and Administration for fiscal year 2024. Funds are a distribution per the Federal Taylor Grazing Act.			
State Investment Office/ Early Childhood Education and Care Fund	33700/43240	Early Childhood Education and Care Dept Early Childhood Education and Care Fund	61100/20790
A transfer of \$150,000,000 from the Early Childhood Education and Care Fund to the Early Childhood Education and Care Department per HB83.			
Department of Finance and Administration State General Fund	34101/85100	State Investment Office/ Early Childhood Education and Care Fund	33700/43240
A total of \$1,179,814,020 was accrued from the Department of Finance and Administration per 6-4-27 NMSA 1978 which requires DFA to transfer Federal Mineral Leasing receipts that exceed the 5-year average.			
Department of Finance and Administration State General Fund	34101/20730	State Investment Office/ Early Childhood Education and Care Fund	33700/43240
A total of \$665,187,143 was accrued from the Department of Finance and Administration per 6-4-27 NMSA 1978 which requires excess emergency oil & gas revenues to be transferred to the Early childhood education and care fund when state reserves exceed 25%.			
Department of Finance and Administration State Investment Office/ Water Trust Fund	Via wire transfer	New Mexico Finance Authority Water Projects Fund	Via wire transfer
A total of \$4,000,000 was distributed in fiscal year 2024 to New Mexico Finance Authority's Water Projects Fund.			
State Investment Office/ Rural Library Endowment Fund	33700/20940	Department of Cultural Affairs	50500/59100
A total of \$94,220 was distributed in fiscal year 2024 to Department of Cultural Affairs per SB 264.			
Department of Cultural Affairs	50500/19300	State Investment Office/ Rural Library Endowment Fund	33700/20940
The Department of Cultural Affairs transferred \$17,500,000 to Rural Libraries Endowment Fund per HB2.			
Department of Finance and Administration State General Fund	34101/85100	State Investment Office/ Water Trust Fund	33700/10120
A total of \$100,000,000 was transferred from the Department of Finance and Administration to the Water Trust Fund per HB2.			



**State of New Mexico Investment Council – Investment Office**  
**Detail of Interagency Transfers – Exhibit 2 (2 of 2)**  
**Year Ended June 30, 2024**

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Agency Initiating Transfer/Fund	Transferring Business Unit/Fund	Agency Receiving Transfer/Fund	Receiving Business Unit/Fund
New Mexico Attorney General Opioid Settlement Proceeds	Wires Received	State Investment Office/ Opioid Settlement Restricted Fund	33700/33910
A total of \$100,092,073 was received in fiscal year 2024 for the Opioid Settlement Restricted Fund's portion of the Opioid Settlement proceeds (see Note 1).			
State Investment Office/ Opioid Settlement Restricted Fund	33700/33910	Department of Finance and Administration Opioid Crisis Recovery Fund	34100/34110
A total of \$12,700,000 was distributed in FY24 to the Opioid Crisis Recovery Fund from the Opioid Settlement Restricted Fund per HB2.			
Children's Youth and Family Department	69000/06700	State Investment Office/ Opioid Settlement Restricted Fund	33700/33910
Children's Youth and Family Department transferred \$2,000,000 to Opioid Settlement Restricted Fund. These funds were a return of appropriations that were received by the Attorney General's office, per Laws of 2023, Section 5 Opioid Special Appropriations.			
Department of Finance and Administration State General Fund	34101/85300	State Investment Office/ Conservation Legacy Permanent Fund	33700/33920
A total of \$50,000,000 was transferred from the Department of Finance and Administration to the Conservation Legacy Permanent Fund per HB2.			
Department of Finance and Administration State General Fund	34101/85300	State Investment Office/ Severance Tax Permanent Fund	33700/60200
A total of \$475,000,000 was transferred from the Department of Finance and Administration to the Severance Tax Permanent Fund per HB2.			
State Treasurer's Office/ Severance Tax Bonding Fund	39400/41000	State Investment Office/ Capital Development & Reserve Fund	33700/33730
A total of \$475,837,424 was transferred from the State Treasurer's Office to the Capital Development & Reserve Fund per HB253.			

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (1 of 14)**  
**Year Ended June 30, 2024**

Participants - Credit Plus Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
CCC Foundation Bonner Title V Fund	\$ 440,684	\$ -	\$ -	\$ 25,201	\$ 465,885
City of Rio Rancho Permanent Fund	4,116,492	-	400,000	240,728	4,757,220
Clovis Community College Foundation Fund	391,642	(75,000)	40,000	19,274	375,916
CNM ECECD Higher Education Endowment	-	-	603,999	34,192	638,191
CNM Endowed Faculty in Nursing	1,522,558	-	65,064	87,680	1,675,302
CNM Endowment Funds	1,148,894	(6,378)	49,754	65,813	1,258,083
CNM General Funds	6,643,165	-	289,259	382,614	7,315,038
CNM Teacher Education Faculty Fellowship Endowment	1,016,318	-	43,236	58,525	1,118,079
CYFD - Next Generation Fund	1,088,822	(125,000)	-	51,116	1,014,938
CYFD - Trust Fund Non-Expendable	3,128,421	-	-	178,900	3,307,321
Eastern New Mexico University	2,625,823	-	6,840,058	350,219	9,816,100
Interstate Stream Commission - Improvement to the Rio Grande	946,501	-	-	54,126	1,000,627
Interstate Stream Commission - Irrigation Works Construction	6,694,970	-	-	382,852	7,077,822
Interstate Stream Commission-NM Unit Fund	25,390,896	-	-	1,451,978	26,842,874
John R. Carver Testamentary Trust	277,495	(1,120)	-	15,817	292,192
Los Alamos County - Cemetery	242,261	-	86,205	14,776	343,242
Los Alamos County - General Fund	4,408,116	(2,838,837)	5,183,079	277,147	7,029,505
Los Alamos County - Permanent	6,716,187	-	2,389,784	409,620	9,515,591
MRGCD Endowment Fund Investments	3,158,129	-	-	180,598	3,338,727
New Mexico Commissioner of Public Lands-O&G	4,174,985	-	-	238,746	4,413,731
New Mexico Highlands University - Endowment Fund	1,220,486	(31,268)	-	69,627	1,258,845
New Mexico Highlands University Foundation	1,217,709	(19,881)	174,999	79,415	1,452,242
New Mexico Military Institute - Capital Operations	822,282	-	84,917	47,473	954,672
New Mexico Military Institute - Capital Outlay	1,032,389	-	106,614	59,604	1,198,607
New Mexico Military Institute - Legislative Scholarship	7,463,543	(477,000)	770,948	428,365	8,185,856
New Mexico Military Institute - LFC/VC	3,331,082	(48,600)	344,054	192,058	3,818,594
New Mexico Military Institute - Patterson Account	2,872,214	-	296,612	165,824	3,334,650
New Mexico Military Institute - Trust Scholarship	3,630,282	-	374,898	209,590	4,214,770
New Mexico School for the Blind and Visually Impaired	4,168,951	-	-	238,402	4,407,353
New Mexico Small Business Investment Corporation	9,547,233	-	-	545,958	10,093,191
New Mexico Tech - Foundation Enhanced	66,580	-	-	3,807	70,387
New Mexico Tech - Foundation Fund	3,661,251	(374,047)	-	192,207	3,479,411
New Mexico Tech - Foundation Restricted	3,178,508	(158,078)	124,579	181,966	3,326,975
NMHU SWEN Endowment	-	-	4,076,880	233,136	4,310,016
NMMFA - IFT Housing	9,687,156	(7,127,735)	2,836,357	449,831	5,845,609
NMMFA General Fund	6,304,853	-	6,550,253	729,157	13,584,263
NMPSIA - Benefits	8,446,407	(2,275,000)	3,550,000	432,918	10,154,325
NMPSIA - Risk	6,555,415	-	3,700,000	434,127	10,689,542
Office of the Superintendent of Insurance	27,452,748	-	-	1,569,885	29,022,633
San Juan College Foundation	2,072,022	-	-	118,488	2,190,510
Springer Municipal School District	31,382	-	-	1,795	33,177
Western New Mexico University	2,018,938	-	-	115,452	2,134,390
<b>Total Participants - Core Plus Bonds Pool</b>	<b>\$ 178,913,790</b>	<b>\$ (13,557,944)</b>	<b>\$ 38,981,549</b>	<b>\$ 11,019,007</b>	<b>\$ 215,356,402</b>

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (2 of 14)**  
**Year Ended June 30, 2024**

Participants - U.S. Large Cap. Active Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
CCC Foundation Bonner Title V Fund	\$ 357,121	\$ -	\$ -	\$ 97,691	\$ 454,812
City of Las Cruces	11,479,107	-	-	3,140,140	14,619,247
Clovis Community College Foundation Fund	317,222	-	30,000	96,216	443,438
CYFD - Next Generation Fund	917,411	(104,000)	-	218,234	1,031,645
CYFD - Trust Fund Non-Expendable	3,487,931	(300,000)	-	859,741	4,047,672
Interstate Stream Commission - Improvement to the Rio Grande	2,285,201	-	-	625,123	2,910,324
Interstate Stream Commission - Improvement Works Construction	16,526,545	(4,500,000)	-	3,105,013	15,131,558
Los Alamos County - Cemetery	338,333	(92,253)	-	78,613	324,693
Los Alamos County - General Fund	6,156,221	(3,098,075)	-	1,215,958	4,274,104
Los Alamos County - Permanent	9,379,435	(2,557,423)	-	2,179,365	9,001,377
New Mexico Commissioner of Public Lands-O&G	9,871,832	-	-	2,700,466	12,572,298
New Mexico Tech - Foundation Fund	4,346,699	(4,508,952)	-	162,253	-
New Mexico Tech - Foundation Restricted	3,937,504	(4,084,483)	-	146,979	-
Office of the Superintendent of Insurance	-	-	1,671,031	138,853	1,809,884
San Juan College Foundation	3,952,125	-	-	1,081,114	5,033,239
Total Participants - U.S. Large Cap. Active Pool	<u>\$ 73,352,687</u>	<u>\$ (19,245,186)</u>	<u>\$ 1,701,031</u>	<u>\$ 15,845,759</u>	<u>\$ 71,654,291</u>

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (3 of 14)**  
**Year Ended June 30, 2024**

Participants - U.S. Large Cap. Index Fund	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
CCC Foundation Bonner Title V Fund	\$ 375,626	\$ -	\$ -	\$ 89,673	\$ 465,299
City of Las Cruces	8,188,349	-	-	1,954,810	10,143,159
City of Rio Rancho Permanent Fund	3,642,836	(700,000)	-	776,247	3,719,083
Clovis Community College Foundation Fund	333,221	(75,000)	30,000	65,575	353,796
CNM ECECD Higher Education Endowment	-	(5,275)	255,200	60,257	310,182
CNM Endowed Faculty in Nursing	704,876	(51,737)	-	161,738	814,877
CNM Endowment Funds	535,692	(45,545)	-	121,848	611,995
CNM General Funds	3,097,269	(247,053)	-	708,194	3,558,410
CNM Teacher Education Faculty Fellowship Endowment	469,917	(33,976)	-	107,890	543,831
Eastern New Mexico University	14,836,028	(3,848,400)	5,473,231	3,466,039	19,926,898
Interstate Stream Commission-NM Unit Fund	21,345,902	-	-	5,095,925	26,441,827
John R. Carver Testamentary Trust	589,300	(60,000)	1,120	129,005	659,425
Los Alamos County - Cemetery	338,719	(19,048)	-	78,154	397,825
Los Alamos County - General Fund	6,163,072	(3,820,778)	-	928,479	3,270,773
Los Alamos County - Permanent	9,390,227	(528,130)	-	2,166,703	11,028,800
MRGCD Endowment Fund Investments	1,252,167	-	-	298,931	1,551,098
New Mexico Commissioner of Public Lands-O&G	9,524,232	-	-	2,273,727	11,797,959
New Mexico Highlands University - Endowment Fund	4,351,760	(126,771)	-	1,034,712	5,259,701
New Mexico Highlands University Foundation	4,338,851	(19,881)	174,999	1,072,332	5,566,301
New Mexico Military Institute - Capital Operations	941,756	(90,319)	-	221,843	1,073,280
New Mexico Military Institute - Capital Outlay	1,182,390	(113,397)	-	278,527	1,347,520
New Mexico Military Institute - Legislative Scholarship	8,550,287	(1,325,749)	-	1,997,426	9,221,964
New Mexico Military Institute - LFC/VC	3,815,738	(417,887)	-	897,131	4,294,982
New Mexico Military Institute - Patterson Account	3,289,535	(315,483)	-	774,893	3,748,945
New Mexico Military Institute - Trust Scholarship	4,157,748	(398,750)	-	979,411	4,738,409
New Mexico Retiree Health Care Authority	207,692,902	-	19,600,000	51,695,868	278,988,770
New Mexico School for the Blind and Visually Impaired	2,164,196	-	-	516,660	2,680,856
New Mexico Tech - Employee Benefit Trust	619,493	-	-	147,892	767,385
New Mexico Tech - Endowment Fund	16,561,770	(675,910)	533,918	3,977,320	20,397,098
New Mexico Tech - Foundation Fund	-	(433,895)	4,508,953	804,691	4,879,749
New Mexico Tech - Foundation Restricted	-	(188,397)	4,233,979	814,632	4,860,214
New Mexico Tech - NMTURPC- Operating Growth Investment	334,246	-	-	79,795	414,041
New Mexico Tech - Plant/Debt/Allocated Fund	4,641,266	-	-	1,108,013	5,749,279
New Mexico Tech - Proceeds from ABQ Building Sale	204,978	(9,240)	-	48,630	244,368
NMHU SWEN Endowment	-	-	4,076,880	973,277	5,050,157
NMMFA General Fund	7,397,937	(2,864,370)	-	1,121,035	5,654,602
NMPSIA - Benefits	8,551,896	(4,482,500)	-	1,449,116	5,518,512
NMPSIA - Risk	6,618,140	(2,700,000)	-	1,391,701	5,309,841
Office of the Superintendent of Insurance	8,048,975	-	11,000,000	2,819,699	21,868,674
Springer Municipal School District	67,014	-	-	15,998	83,012
Western New Mexico University	2,388,762	-	-	570,271	2,959,033
<b>Total Participants - U.S. Large Cap. Index Fund</b>	<b>\$ 376,707,073</b>	<b>\$ (23,597,491)</b>	<b>\$ 49,888,280</b>	<b>\$ 93,274,068</b>	<b>\$ 496,271,930</b>

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (4 of 14)**  
**Year Ended June 30, 2024**

Participants - U.S. Small/Mid Cap. Active Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
CCC Foundation Bonner Title V Fund	\$ 117,227	\$ -	\$ -	\$ 14,764	\$ 131,991
City of Las Cruces	8,743,943	-	-	1,101,266	9,845,209
Clovis Community College Foundation Fund	104,130	-	10,000	15,684	129,814
CYFD - Next Generation Fund	46,714	-	-	5,883	52,597
CYFD - Trust Fund Non-Expendable	155,713	-	-	19,611	175,324
Eastern New Mexico University	2,734,215	(414,364)	1,094,645	305,629	3,720,125
Interstate Stream Commission-NM Unit Fund	5,513,957	-	-	694,461	6,208,418
Los Alamos County - Cemetery	184,315	-	18,711	23,673	226,699
Los Alamos County - General Fund	3,353,707	(1,574,085)	-	383,758	2,163,380
Los Alamos County - Permanent	5,109,694	-	518,757	656,277	6,284,728
New Mexico Highlands University - Endowment Fund	765,666	(21,782)	-	96,817	840,701
New Mexico Highlands University Foundation	1,380,187	(19,881)	175,003	194,318	1,729,627
New Mexico Military Institute - Capital Operations	269,559	(9,276)	-	34,113	294,396
New Mexico Military Institute - Capital Outlay	338,437	(11,646)	-	42,830	369,621
New Mexico Military Institute - Legislative Scholarship	2,446,184	(229,333)	-	312,130	2,528,981
New Mexico Military Institute - LFC/VC	1,091,847	(52,252)	-	138,435	1,178,030
New Mexico Military Institute - Patterson Account	941,564	(32,400)	-	119,158	1,028,322
New Mexico Military Institute - Trust Scholarship	1,190,073	(40,951)	-	150,607	1,299,729
New Mexico School for the Blind and Visually Impaired	1,006,345	-	-	126,745	1,133,090
New Mexico Tech - Employee Benefit Trust	145,484	-	-	18,323	163,807
New Mexico Tech - Endowment Fund	3,856,004	(168,977)	133,480	490,186	4,310,693
New Mexico Tech - NMTURPC- Operating Growth Investment	78,496	-	-	9,886	88,382
New Mexico Tech - Plant/Debt/Allocated Fund	1,089,974	-	-	137,278	1,227,252
New Mexico Tech - Proceeds from ABQ Building Sale	48,137	(2,310)	-	6,104	51,931
NMHU SWEN Endowment	-	-	1,630,752	205,387	1,836,139
NMMFA General Fund	3,125,928	(2,610,798)	-	91,229	606,359
Office of the Superintendent of Insurance	2,412,245	-	2,302,599	367,553	5,082,397
San Juan College Foundation	2,085,103	-	-	262,611	2,347,714
Springer Municipal School District	66,570	-	-	8,384	74,954
<b>Total Participants - U.S. Small/Mid Cap. Active Pool</b>	<b>\$ 48,401,418</b>	<b>\$ (5,188,055)</b>	<b>\$ 5,883,947</b>	<b>\$ 6,033,100</b>	<b>\$ 55,130,410</b>

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (5 of 14)**  
**Year Ended June 30, 2024**

Participants - Non-U.S. Developed Markets Index Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
CCC Foundation Bonner Title V Fund	\$ 221,159	\$ -	\$ -	\$ 22,906	\$ 244,065
City of Las Cruces	3,927,480	-	-	406,772	4,334,252
Clovis Community College Foundation Fund	196,451	-	20,000	24,381	240,832
CYFD - Next Generation Fund	306,732	-	75,000	46,898	428,630
CYFD - Trust Fund Non-Expendable	1,011,316	-	349,500	175,248	1,536,064
Eastern New Mexico University	1,344,130	-	1,582,280	228,055	3,154,465
Interstate Stream Commission-NM Unit Fund	11,572,211	-	-	1,198,544	12,770,755
Los Alamos County - Cemetery	155,817	-	2,400	16,227	174,444
Los Alamos County - General Fund	2,835,182	(1,147,975)	-	250,913	1,938,120
Los Alamos County - Permanent	4,319,674	-	66,546	449,869	4,836,089
New Mexico Highlands University - Endowment Fund	316,306	(8,541)	-	32,907	340,672
New Mexico Highlands University Foundation	711,408	(19,881)	175,000	90,271	956,798
New Mexico Military Institute - Capital Operations	276,706	-	12,745	28,440	317,891
New Mexico Military Institute - Capital Outlay	347,409	-	16,001	35,707	399,117
New Mexico Military Institute - Legislative Scholarship	2,510,200	(159,000)	117,214	260,700	2,729,114
New Mexico Military Institute - LFC/VC	1,120,556	(16,200)	52,067	115,442	1,271,865
New Mexico Military Institute - Patterson Account	966,531	-	44,517	99,341	1,110,389
New Mexico Military Institute - Trust Scholarship	1,221,629	-	56,266	125,561	1,403,456
New Mexico Retiree Health Care Authority	162,377,105	-	19,600,000	17,795,011	199,772,116
New Mexico School for the Blind and Visually Impaired	2,031,529	-	-	210,407	2,241,936
New Mexico Tech - Employee Benefit Trust	492,855	-	-	51,045	543,900
New Mexico Tech - Endowment Fund	13,283,056	(563,258)	444,932	1,397,243	14,561,973
New Mexico Tech - Foundation Fund	3,820,065	(374,047)	-	358,761	3,804,779
New Mexico Tech - Foundation Restricted	3,377,844	(158,078)	124,579	355,345	3,699,690
New Mexico Tech - NMTURPC- Operating Growth Investment	265,920	-	-	27,542	293,462
New Mexico Tech - Plant/Debt/Allocated Fund	3,692,490	-	-	382,434	4,074,924
New Mexico Tech - Proceeds from ABQ Building Sale	163,076	(7,700)	-	17,022	172,398
NMHU SWEN Endowment	-	-	2,649,972	274,460	2,924,432
NMMFA General Fund	3,741,570	(3,075,085)	-	71,482	737,967
Office of the Superintendent of Insurance	2,366,907	-	-	245,143	2,612,050
San Juan College Foundation	3,305,771	(430,000)	-	344,385	3,220,156
Springer Municipal School District	58,405	-	-	6,049	64,454
<b>Total Participants - Non-U.S. Developed Markets Index Pool</b>	<b>\$ 232,337,490</b>	<b>\$ (5,959,765)</b>	<b>\$ 25,389,019</b>	<b>\$ 25,144,511</b>	<b>\$ 276,911,255</b>

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (6 of 14)**  
**Year Ended June 30, 2024**

Participants - Non-U.S. Emerging Markets Index Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
City of Rio Rancho Permanent Fund	\$ 558,588	\$ -	\$ -	\$ 67,678	\$ 626,266
CNM ECECD Higher Education Endowment	-	-	60,184	7,286	67,470
CNM Endowed Faculty in Nursing	156,495	-	1,456	19,127	177,078
CNM Endowment Funds	117,627	(689)	1,707	14,362	133,007
CNM General Funds	679,169	-	10,718	83,513	773,400
CNM Teacher Education Faculty Fellowship Endowment	104,330	-	1,091	12,765	118,186
CYFD - Next Generation Fund	121,755	-	50,000	24,664	196,419
CYFD - Trust Fund Non-Expendable	404,260	-	150,000	78,718	632,978
Eastern New Mexico University	100,406	-	219,012	30,956	350,374
Los Alamos County - Cemetery	35,359	-	3,984	4,554	43,897
Los Alamos County - General Fund	643,385	(354,855)	554,430	91,492	934,452
Los Alamos County - Permanent	980,238	-	110,465	126,259	1,216,962
New Mexico Highlands University - Endowment Fund	148,523	(3,875)	-	17,889	162,537
New Mexico Highlands University Foundation	916,090	(19,881)	174,999	129,233	1,200,441
New Mexico Military Institute - Capital Operations	70,954	-	1,934	8,650	81,538
New Mexico Military Institute - Capital Outlay	89,085	-	2,428	10,860	102,373
New Mexico Military Institute - Legislative Scholarship	643,933	(39,750)	17,670	77,417	699,270
New Mexico Military Institute - LFC/VC	287,412	(4,050)	7,867	34,927	326,156
New Mexico Military Institute - Patterson Account	247,844	-	6,754	30,212	284,810
New Mexico Military Institute - Trust Scholarship	313,258	-	8,536	38,187	359,981
New Mexico Tech - Foundation Fund	-	(194,505)	1,584,497	70,414	1,460,406
New Mexico Tech - Foundation Restricted	-	(79,687)	1,589,109	91,497	1,600,919
NMHU SWEN Endowment	-	-	1,834,596	222,278	2,056,874
NMMFA General Fund	967,645	-	-	117,239	1,084,884
NMPSIA - Benefits	1,416,641	(455,000)	-	140,773	1,102,414
NMPSIA - Risk	1,100,168	(200,000)	150,000	140,529	1,190,697
Office of the Superintendent of Insurance	1,572,084	-	-	190,472	1,762,556
San Juan College Foundation	1,516,750	-	-	183,768	1,700,518
Springer Municipal School District	46,323	-	-	5,612	51,935
Total Participants - Non-U.S. Emerging Markets Index Pool	<u>\$ 13,238,322</u>	<u>\$ (1,352,292)</u>	<u>\$ 6,541,437</u>	<u>\$ 2,071,331</u>	<u>\$ 20,498,798</u>

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (7 of 14)**  
**Year Ended June 30, 2024**

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Participant - Private Debt Market Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
New Mexico Retiree Health Care Authority	\$ 187,057,273	\$ -	\$ 21,000,000	\$ 18,252,618	\$ 226,309,891
New Mexico School for the Blind and Visually Impaired	1,877,480	-	-	170,800	2,048,280
New Mexico Tech - Employee Benefit Trust	124,325	-	-	11,310	135,635
New Mexico Tech - Endowment Fund	3,618,047	-	111,233	334,861	4,064,141
New Mexico Tech - Foundation Fund	1,362,417	-	-	123,943	1,486,360
New Mexico Tech - Foundation Restricted	991,192	-	31,145	91,984	1,114,321
New Mexico Tech - NMTURPC- Operating Growth Investment	67,079	-	-	6,102	73,181
New Mexico Tech - Plant/Debt/Allocated Fund	931,444	-	-	84,736	1,016,180
New Mexico Tech - Proceeds from ABQ Building Sale	41,137	-	-	3,742	44,879
	<u>196,070,394</u>	<u>-</u>	<u>21,142,378</u>	<u>19,080,096</u>	<u>236,292,868</u>
Total Participant - Credit and Structured Finance Pool	\$ 196,070,394	\$ -	\$ 21,142,378	\$ 19,080,096	\$ 236,292,868



**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (8 of 14)**  
**Year Ended June 30, 2024**

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Participant - Real Return Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
NM Retiree Health Care Authority	\$ 63,160,694	\$ -	\$ 7,000,000	\$ 6,581,059	\$ 76,741,753
Total Participant - Real Return Pool	<u>\$ 63,160,694</u>	<u>\$ -</u>	<u>\$ 7,000,000</u>	<u>\$ 6,581,059</u>	<u>\$ 76,741,753</u>

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (9 of 14)**  
**Year Ended June 30, 2024**

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Participant - National Private Equity Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
New Mexico Retiree Health Care Authority	\$ 189,018,494	\$ -	\$ 14,000,000	\$ 7,557,855	\$ 210,576,349
New Mexico Tech - Employee Benefit Trust	241,957	-	-	9,066	251,023
New Mexico Tech - Endowment Fund	7,056,131	-	222,466	270,921	7,549,518
New Mexico Tech - Foundation Fund	3,217,031	-	-	120,545	3,337,576
New Mexico Tech - Foundation Restricted	2,222,883	-	62,289	85,553	2,370,725
New Mexico Tech - NMTURPC- Operating Growth Investment	130,549	-	-	4,892	135,441
New Mexico Tech - Plant/Debt/Allocated Fund	1,812,755	-	-	67,926	1,880,681
New Mexico Tech - Proceeds from ABQ Building Sale	80,059	-	-	3,000	83,059
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Participant - National Private Equity Pool	\$ 203,779,859	\$ -	\$ 14,284,755	\$ 8,119,758	\$ 226,184,372

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (10 of 14)**  
**Year Ended June 30, 2024**

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Participant - Real Estate Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Loss	Balance June 30, 2024
New Mexico Retiree Health Care Authority	\$ 130,658,751	\$ -	\$ 14,000,000	\$ (10,081,046)	\$ 134,577,705
New Mexico School for the Blind and Visually Impaired	1,671,076	-	-	(120,655)	1,550,421
New Mexico Tech - Employee Benefit Trust	119,563	-	-	(8,632)	110,931
New Mexico Tech - Endowment Fund	3,449,613	-	111,233	(252,463)	3,308,383
New Mexico Tech - Foundation Fund	1,526,564	-	-	(110,221)	1,416,343
New Mexico Tech - Foundation Restricted	1,045,277	-	31,145	(77,083)	999,339
New Mexico Tech - NMTURPC- Operating Growth Investment	64,509	-	-	(4,658)	59,851
New Mexico Tech - Plant/Debt/Allocated Fund	895,765	-	-	(64,676)	831,089
New Mexico Tech - Proceeds from ABQ Building Sale	39,561	-	-	(2,856)	36,705
	<u>\$ 139,470,679</u>	<u>\$ -</u>	<u>\$ 14,142,378</u>	<u>\$ (10,722,290)</u>	<u>\$ 142,890,767</u>
Total Participant - Real Estate Pool	\$ 139,470,679	\$ -	\$ 14,142,378	\$ (10,722,290)	\$ 142,890,767

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (11 of 14)**  
**Year Ended June 30, 2024**

Participant - Core Bonds Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Loss	Balance June 30, 2024
CCC Foundation Bonner Title V Fund	\$ 328,355	\$ -	\$ -	\$ 10,026	\$ 338,381
City of Albuquerque	581,787	-	-	17,763	599,550
Clovis Community College Foundation Fund	291,754	-	30,000	11,264	333,018
New Mexico Highlands University Foundation	1,674,798	(19,881)	175,000	58,896	1,888,813
New Mexico Retiree Health Care Authority	199,628,374	-	28,000,000	6,796,846	234,425,220
New Mexico School for the Blind and Visually Impaired	2,064,297	-	-	63,029	2,127,326
New Mexico Tech - Employee Benefit Trust	462,208	-	-	14,112	476,320
New Mexico Tech - Endowment Fund	12,350,987	(563,258)	444,932	378,573	12,611,234
New Mexico Tech - NMTURPC- Operating Growth Investment	249,383	-	-	7,614	256,997
New Mexico Tech - Plant/Debt/Allocated Fund	3,462,878	-	-	105,730	3,568,608
New Mexico Tech - Proceeds from ABQ Building Sale	152,937	(7,700)	-	4,595	149,832
NMHU SWEN Endowment	-	-	6,115,320	186,717	6,302,037
Office of the Superintendent of Insurance	-	-	16,205,808	423,069	16,628,877
Total Participant - Core Bonds Pools	<u>\$ 221,247,758</u>	<u>\$ (590,839)</u>	<u>\$ 50,971,060</u>	<u>\$ 8,078,234</u>	<u>\$ 279,706,213</u>

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (12 of 14)**  
**Year Ended June 30, 2024**

Participant - Non-U.S. Emerging Active Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
CCC Foundation Bonner Title V Fund	\$ 113,097	\$ -	\$ -	\$ 11,266	\$ 124,363
Clovis Community College Foundation Fund	100,462	-	10,000	11,965	122,427
NM Interstate Stream Comm. - NM Unit Fund	2,893,735	-	-	288,264	3,181,999
New Mexico Retiree Health Care Authority	95,977,496	-	14,000,000	10,700,435	120,677,931
New Mexico School for the Blind and Visually Impaired	900,071	-	-	89,662	989,733
New Mexico Tech - Employee Benefit Trust	223,517	-	-	22,266	245,783
New Mexico Tech - Endowment Fund	6,030,698	(281,629)	222,466	603,015	6,574,550
New Mexico Tech - Foundation Fund	1,522,720	(1,584,498)	-	61,778	-
New Mexico Tech - Foundation Restricted	1,467,290	(1,526,819)	-	59,529	-
New Mexico Tech - NMTURPC- Operating Growth Investment	120,598	-	-	12,014	132,612
New Mexico Tech - Plant/Debt/Allocated Fund	1,674,602	-	-	166,818	1,841,420
New Mexico Tech - Proceeds from ABQ Building Sale	73,958	(3,850)	-	7,215	77,323
Office of the Superintendent of Insurance	-	-	1,568,478	72,890	1,641,368
Total Participant - Non-U.S. Emerging Active Pool	<u>\$ 111,098,244</u>	<u>\$ (3,396,796)</u>	<u>\$ 15,800,944</u>	<u>\$ 12,107,117</u>	<u>\$ 135,609,509</u>

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (13 of 14)**  
**Year Ended June 30, 2024**

Participant - Non-U.S. Developed Active Pool	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
CCC Foundation Bonner Title V Fund	\$ 222,086	\$ -	\$ -	\$ 24,658	\$ 246,744
City of Rio Rancho Permanent Fund	1,744,203	-	-	193,655	1,937,858
Clovis Community College Foundation Fund	197,275	-	20,000	25,903	243,178
CNM ECECD Higher Education Endowment	-	-	149,921	16,566	166,487
CNM Endowed Faculty in Nursing	382,549	-	11,396	43,145	437,090
CNM Endowment Funds	291,988	(1,670)	5,357	32,548	328,223
CNM General Funds	1,688,396	-	30,760	189,271	1,908,427
CNM Teacher Education Faculty Fellowship Endowment	256,037	-	6,839	28,830	291,706
NMPSIA - Benefits	4,317,091	(1,805,000)	-	298,128	2,810,219
NMPSIA - Risk	3,349,228	(950,000)	-	325,451	2,724,679
Office of the Superintendent of Insurance	-	-	2,463,503	62,741	2,526,244
Total Participant - Non-U.S. Developed Active Pool	<u>\$ 12,448,853</u>	<u>\$ (2,756,670)</u>	<u>\$ 2,687,776</u>	<u>\$ 1,240,896</u>	<u>\$ 13,620,855</u>

**State of New Mexico Investment Council – Investment Office**  
**External Investment Trust Funds – Exhibit 3 (14 of 14)**  
**Year Ended June 30, 2024**

Participant - U.S. SMID Cap Alt Weighted Index	Balance June 30, 2023	Withdrawals	Contributions	Net Investment Income	Balance June 30, 2024
CCC Foundation Bonner Title V Fund	\$ 114,333	\$ -	\$ -	\$ 9,716	\$ 124,049
City of Rio Rancho Permanent Fund	826,816	-	300,000	67,701	1,194,517
Clovis Community College Foundation Fund	101,679	-	10,000	10,747	122,426
CNM ECECD Higher Education Endowment	-	(4,001)	130,600	10,970	137,569
CNM Endowed Faculty in Nursing	357,173	(26,179)	-	29,511	360,505
CNM Endowment Funds	264,882	(15,878)	-	21,936	270,940
CNM General Funds	1,531,577	(83,684)	-	127,463	1,575,356
CNM Teacher Education Faculty Fellowship Endowment	238,115	(17,189)	-	19,682	240,608
New Mexico Retiree Health Care Authority	26,016,327	-	2,800,000	2,314,569	31,130,896
New Mexico Tech - Foundation Fund	1,125,783	(119,695)	-	81,514	1,087,602
New Mexico Tech - Foundation Restricted	984,062	(48,072)	37,374	84,996	1,058,360
NMPSIA - Benefits	2,225,435	(1,032,500)	-	121,217	1,314,152
NMPSIA - Risk	1,735,007	-	-	147,441	1,882,448
Western New Mexico University	2,189,768	-	-	186,087	2,375,855
<b>Total Participant - U.S. SMID Cap Alt Weighted Index</b>	<b>\$ 37,710,957</b>	<b>\$ (1,347,198)</b>	<b>\$ 3,277,974</b>	<b>\$ 3,233,550</b>	<b>\$ 42,875,283</b>

**State of New Mexico Investment Council – Investment Office**  
**Schedule of Deposit and Investment Accounts – Exhibit 4 (1 of 3)**  
**June 30, 2024**

Depository Institution	Account Name	Deposit Type	Balance per Books	Balance per Statement
Interest in State General Fund	Investment Pool			
NM State Treasurer's Office	Fund 17300-General Administrative Fund	Interest in SGFIP	\$ 15,026,930	\$ 15,026,930
NM State Treasurer's Office	Fund 60100-Land Grant Permanent Fund	Interest in SGFIP	371,345,370	371,345,370
NM State Treasurer's Office	Fund 60200-Severance Tax Permanent Fund	Interest in SGFIP	784,096	784,096
NM State Treasurer's Office	Fund 43240 - Early Childhood Education and Care Fund	Interest in SGFIP	1,179,765,851	1,179,765,851
NM State Treasurer's Office	Fund 33910 - Opioid Settlement Restricted Fund	Interest in SGFIP	16,553,578	16,553,578
NM State Treasurer's Office	Fund 33730 - Capital Development & Reserve Fund	Interest in SGFIP	476,117,627	476,117,627
Total Interest in State General Fund Investment Pool			2,059,593,452	2,059,593,452
Cash and Cash Equivalents				
JP Morgan	Land Grant Permanent Fund	Money Market	1,383,302,882	1,383,302,882
JP Morgan	Severance Tax Permanent Fund	Money Market	588,857,063	588,857,063
JP Morgan	Tobacco Settlement Permanent Fund	Money Market	442,944	442,944
JP Morgan	Water Trust Fund	Money Market	107,626	107,626
JP Morgan	Tax Stabilization Reserve Fund	Money Market	51,571,703	51,571,703
JP Morgan	Rural Libraries Endowment Fund	Money Market	2,587,955	2,587,955
JP Morgan	Early Childhood Education and Care Fund	Money Market	1,108,922,150	1,108,922,150
JP Morgan	Opioid Settlement Restricted Fund	Money Market	32,972	32,972
JP Morgan	Conservation Legacy Permanent Fund	Money Market	78,192	78,192
JP Morgan	Higher Education Trust Fund	Money Market	393,820,702	393,820,702
JP Morgan	Alliance Bernstein (Developed)	Money Market	5,160,880	5,160,880
JP Morgan	Alliance Bernstein (Emerging)	Money Market	4,689	4,689
JP Morgan	Alliance Bernstein MSCI Ex Us	Money Market	1,659,130	1,659,130
JP Morgan	Alliance Bernstein Low Vol Short Duration	Money Market	35,798,921	35,798,921
JP Morgan	Beta Overlay - LGPF	Money Market	413,401,183	413,401,183
JP Morgan	Beta Overlay - STPF	Money Market	222,224,037	222,224,037
JP Morgan	Blackrock (Core Bonds Pool)	Money Market	4,744,594	4,744,594
JP Morgan	Blackrock EMG MKT OPP FD	Money Market	15,297,992	15,297,992
JP Morgan	BLK FTSE Developed Ex-U.S. Min Variance	Money Market	1,761,766	1,761,766
JP Morgan	BLK MSCI WORLD EX-USA IMI CUSTOM FACTOR INDEX	Money Market	4,447,435	4,447,435
JP Morgan	Blackrock (Small Mid Cap)	Money Market	853,494	853,494
JP Morgan	Cash - Absolute Return	Money Market	26,260	26,260
JP Morgan	Cash - Core Bonds Pool	Money Market	297,212	297,212
JP Morgan	Cash - Short Term Duration	Money Market	651,154	651,154
JP Morgan	Cash - Non-U.S. Developed Active	Money Market	308,372	308,372
JP Morgan	Cash - Non-U.S. Developed Index	Money Market	2,846	2,846
JP Morgan	Cash - Non-U.S. Developed Alt Weighted Index	Money Market	389,333	389,333
JP Morgan	Cash - Non-U.S. Emg Active	Money Market	80,644	80,644
JP Morgan	Cash - Non-U.S. Emg Index	Money Market	190	190
JP Morgan	Cash- Large Cap Active	Money Market	855,263	855,263
JP Morgan	Cash - US Small Mid Cap	Money Market	100,845	100,845
JP Morgan	Cash - Large Cap Index	Money Market	137,028	137,028
JP Morgan	Cash - Transition Accounts	Money Market	540,234	540,234
JP Morgan	Cash - Private Debt Cash	Money Market	167,524,420	167,524,420
JP Morgan	Cash - U.S. Smid Cap Alt Weighted	Money Market	11,517	11,517
JP Morgan	Fixed Income - US Core Plus Bonds	Money Market	831,027	831,027
JP Morgan	JP Morgan Asset Management	Money Market	55,245,490	55,245,490
JP Morgan	Harvest MLP	Money Market	5,546,076	5,546,076
JP Morgan	Loomis (Unconstrained)	Money Market	3,618	3,618
JP Morgan	Loomis Sayles (Core Plus Bonds)	Money Market	40,785,492	40,785,492
JP Morgan	LSV Intl Large Cap Value Equity	Money Market	13,604,378	13,604,378
JP Morgan	MFS Intl Growth Equity	Money Market	17,560,895	17,560,895
JP Morgan	Neuberger Berman	Money Market	1,918,342	1,918,342
JP Morgan	Northern Trust 1000	Money Market	40,055,491	40,055,491
JP Morgan	Prudential	Money Market	53,267,721	53,267,721
JP Morgan	Private Equity Cash	Money Market	375,825,774	375,825,774



**State of New Mexico Investment Council – Investment Office**  
**Schedule of Deposit and Investment Accounts – Exhibit 4 (2 of 3)**  
**June 30, 2024**

Depository Institution	Account Name	Deposit Type	Balance per Books	Balance per Statement
Cash and Cash Equivalents (continued)				
JP Morgan	Real Asset Cash	Money Market	\$ 107,974,485	\$ 107,974,485
JP Morgan	Real Estate Cash	Money Market	55,853,132	55,853,132
JP Morgan	Shenkman	Money Market	239,177,569	239,177,569
JP Morgan	SIC Tax Reclaims	Money Market	89,298	89,298
JP Morgan	T. Rowe Price (Large Cap Active)	Money Market	8,705,891	8,705,891
JP Morgan	T. Rowe Price Associate Inc. (Non-U.S. Dev Active)	Money Market	5,267,789	5,267,789
JP Morgan	William Blair	Money Market	8,989,142	8,989,142
Total Cash and Cash Equivalents			<u>5,467,150,313</u>	<u>5,467,150,313</u>
Investment on Deposits				
JP Morgan	Alliance Bernstein (Developed)	Equity	1,105,415,543	1,105,415,543
JP Morgan	Alliance Bernstein (Emerging)	Equity	20,410,025	20,410,025
JP Morgan	Alliance Bernstein MSCI Ex US	Equity	501,964,873	501,964,873
JP Morgan	Alliance Bernstein Low Vol Short Duration	Core Bonds	923,159,897	923,159,897
JP Morgan	Blackrock (Small Mid Cap)	Equity	582,550,255	582,550,255
JP Morgan	Blackrock (Core Bonds Pool)	Core Bonds	1,879,998,286	1,879,998,286
JP Morgan	Blackrock EMG MKT OPP FD	Equity	860,071,578	860,071,578
JP Morgan	BLK FTSE Developed Ex-US Min Variance	Equity	443,460,286	443,460,286
JP Morgan	BLK MSCI WORLD EX-USA IMI CUSTOM INDEX	Equity	1,394,943,162	1,394,943,162
JP Morgan	Harvest MLP	MLP	429,785,983	429,785,983
JP Morgan	JPMorgan Asset Management	Short Term	2,018,135,247	2,018,135,247
JP Morgan	LGPF Beta Overlay	Beta Overlay	1,779,767,955	1,779,767,955
JP Morgan	Loomis	Core Plus Bonds	872,162,032	872,162,032
JP Morgan	LSV Intl Large Cap Value Equity	Equity	1,141,743,242	1,141,743,242
JP Morgan	MFS Intl Growth Equity	Equity	1,162,022,949	1,162,022,949
JP Morgan	Neuberger Berman	Equity	322,496,258	322,496,258
JP Morgan	Northern Trust S&P 1000	Equity	5,755,954,595	5,755,954,595
JP Morgan	NT Russell Fundamental LC	Equity	1,502,854,450	1,502,854,450
JP Morgan	NT S&P 600	Equity	219,945,284	219,945,284
JP Morgan	Pimco (Core Bonds)	Core Bonds	1,406,608,208	1,406,608,208
JP Morgan	Prudential	Core Plus Bonds	1,990,900,188	1,990,900,188
JP Morgan	STO Medium Term LGIP	LGIP	755,590,733	755,590,733
JP Morgan	STPF Beta Overlay	Beta Overlay	491,554,138	491,554,138
JP Morgan	Shenkman	Equity	2,330,564,715	2,330,564,715
JP Morgan	Tax Reclaims	Equity	189	189
JP Morgan	T. Rowe Price (Large Cap Active)	Equity	1,482,999,538	1,482,999,538
JP Morgan	T. Rowe Price Associate Inc. (Developed Active)	Equity	1,078,098,549	1,078,098,549
JP Morgan	Transition	Equity	63,261	63,261
JP Morgan	William Blair	Equity	838,115,963	838,115,963
Total Investments on Deposit			<u>\$ 33,291,337,382</u>	<u>\$ 33,291,337,382</u>

**State of New Mexico Investment Council – Investment Office**  
**Schedule of Deposit and Investment Accounts – Exhibit 4 (3 of 3)**  
**June 30, 2024**

Depository Institution	Account Name	Deposit Type	Balance per Books	Balance per Statement
Other Investments				
JP Morgan	Private Equity Pool	Private Equity	\$ 3,956,856,588	\$ 3,956,856,588
JP Morgan	Regional Private Equity	Private Equity	406,195,783	406,195,783
JP Morgan	Real Asset Pool	Real Asset Investments	3,086,270,192	3,086,270,192
JP Morgan	Real Estate Pool	Real Estate Investments	3,748,092,454	3,748,092,454
JP Morgan	Economically Targeted Investments	Gov't Sponsored Entities	273,028,522	273,028,522
JP Morgan	Private Equity Stock Distribution-Regional	Direct Equity & Bond Inv	182,051	182,051
JP Morgan	Private Equity - Stock Distribution - National	Direct Equity & Bond Inv	8,819	8,819
JP Morgan	Private Debt Market Pool	Structured Credit	4,388,200,976	4,388,200,976
JP Morgan	Absolute Return Fund	Hedge Investments	15,336,745	15,336,745
Total Other Investments			<u>15,874,172,130</u>	<u>15,874,172,130</u>
Total Investments			<u>49,165,509,512</u>	<u>49,165,509,512</u>
Total Cash, Cash Equivalents, and Investments			<u>\$ 56,692,253,277</u>	<u>\$ 56,692,253,277</u>
Reconciliation to Statement of Net Position				
Governmental Activities				
Investment in State General Fund Investment Pool				\$ 2,059,593,452
Cash and Cash Equivalents				5,467,150,313
Investments				<u>49,165,509,512</u>
Total Governmental Activities Cash, Cash Equivalents, and Investments				<u>\$ 56,692,253,277</u>

**State of New Mexico Investment Council – Investment Office**  
**Schedule of Investment Management Fees – Exhibit 5**  
**Year Ended June 30, 2024**

2.2.2.12(G)(1)

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

Consultant	Location	Description of Investments Subject to the Agreement	Fees
RVK	Portland, OR	General Consultant	\$ 603,294

Third-party marketers	Location	Description of Investments Subject to the Agreement	Fees, Commissions or Retainers
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N/A

Name of Investment	Asset Class	Value of the Investment at June 30, 2024	Management Fees	Performance Fees
U.S. Active and Index Pools	Domestic Equity	\$ 9,544,486,173	\$ 6,913,821	\$ -
Non-U.S. Active and Index Pools	Global & International Equity	8,868,805,879	22,458,726	-
Credit Plus, Core, & Short Duration Pools	Fixed Income	11,421,458,573	12,977,264	-

2.2.2.12(G) (2)

For private asset classes and alternative investment classes:

Consultant	Location	Description of Investments Subject to the Agreement by Asset Class	Fees
Meketa	Portland, OR	Absolute, Private Debt	\$ 416,667
Mercer	Norwood, MA	Private Equity	975,170
AON	Cleveland, OH	Real Estate, Real Assets	546,250
Colmore	Dallas, TX	Fee Compliance	308,029
Burgiss	Hoboken, NJ	Private Asset Data Services	22,000

Third-party marketers	Location	Description of Investments Subject to the Agreement	Fees, Commissions or Retainers
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N/A

Asset Class	Brief Description of Investments	Management Fees	Carried Interest
Illiquid Credit & Structured	Private Debt Market	\$ 29,539,428	\$ 46,603,755
Private Equity	Private Equity	65,875,704	1,303,277
Real Return & Real Assets	Real Return & Real Assets	31,477,646	10,211,656
Real Estate	Real Estate	65,606,947	(32,403,522)
Beta Overlay	Derivatives	804,718	-

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

The Honorable Michelle Lujan Grisham, Chair  
State of New Mexico Investment Council – Investment Office

Mr. Joseph M. Maestas, PE, CFE  
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the budgetary comparison for the general fund, and the aggregate remaining fund information of State of New Mexico Investment Council – Investment Office (the Office), a department of the State of New Mexico, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise State of New Mexico Investment Council – Investment Office’s basic financial statements, and have issued our report thereon dated November 25, 2024.

### **Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of New Mexico Investment Council – Investment Office’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Office’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of New Mexico Investment Council – Investment 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Moss Adams LLP".

Albuquerque, New Mexico  
November 25, 2024

**State of New Mexico Investment Council – Investment Office**  
**Summary of Audit Results (As Required by 2.2.2.10 NMAC (L)(1)(f))**  
**June 30, 2024**

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**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:      Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                      ☐ Yes                      ☒ No
- Significant deficiency(ies) identified?                      ☐ Yes                      ☒ None reported

Compliance and other matters noted?                      ☐ Yes                      ☒ No

**State of New Mexico Investment Council – Investment Office**  
**Schedule of Findings and Responses**  
**June 30, 2024**

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**Section II – Financial Statements Findings**

No matters reported for the year ended June 30, 2024.

**State of New Mexico Investment Council – Investment Office**  
**Summary Schedule of Prior Year Findings**  
**June 30, 2024**

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No matters reported for year ended June 30, 2023.



## **State of New Mexico Investment Council – Investment Office**

### **Exit Conference**

### **June 30, 2024**

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An exit conference was held remotely with the Office on November 22, 2024. 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:

#### **New Mexico State Investment Council**

Nick Telles, Audit Committee Member

Mike Everett, Audit Committee Member

Jon Clark, State Investment Officer

Brent H. Shipp, Chief Financial Officer

Thu Riggs, Investment Accounting Manager

Andrea Cohen, Investment Accounting Analyst

Norma Parra, Investment Accounting Analyst

Steve Bennyhoff, Investment Accounting Analyst (contracted)

Amy Chavez-Romero, Deputy General Counsel and Chief Compliance Officer

Charles Wollmann, Director, Communications, Legislature and Client Relations

#### **Moss Adams LLP**

Kory Hoggan, CPA, Partner

Aaron Hamilton, CPA, Senior Manager

#### **Preparation of Financial Statements**

The financial statements presented in this report have been prepared by the accounting staff with editing input from independent auditors. The management of the Office is responsible for the financial statements.

