This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 1, 2026

New Issue

This Official Statement ("Official Statement") has been prepared by the State Board of Finance to provide information on the $357,770,000 State of New Mexico Severance Tax Bonds, Series 2026A (the "Bonds"). Selected information is presented on this cover page for the convenience of the user. To make an informed decision, a prospective investor should read the entire Official Statement. Certain capitalized terms used in the cover page and elsewhere in this Official Statement have the meanings given in the Official Statement.*

$357,770,000*
STATE OF NEW MEXICO
SEVERANCE TAX BONDS
SERIES 2026A

Dated: Delivery Date **Due: July 1, as shown on the inside front cover**

Ratings on the Bonds	"Aa2" Moody's Investors Service "AA-" S&P Global Ratings
Tax Exemption	*In the opinion of Taft Stettinius & Hollister LLP, Tax Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds (defined herein) is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b) of the Tax Code; however, to the extent such interest is included in calculating the "adjusted financial statement income" of "applicable corporations" (as defined in Sections 56A and 59(k), respectively, of the Tax Code), such interest is subject to the alternative minimum tax applicable to those corporations under Section 55(b) of the Tax Code. See "TAX MATTERS" herein. Tax Counsel is also of the opinion that the interest on the Bonds is exempt from income taxation by the State of New Mexico. The Bonds have not been designated as "qualified tax-exempt obligations" for purpose of Section 265(b)3 of the Code.*
Redemption of Bonds	The Bonds will be subject to optional redemption prior to maturity. The Bonds maturing on or after July 1, 2032, are subject to redemption at the option of the State on any date on or after July 1, 2031, either in whole or in part, at a Redemption Price equal to 100 percent of their principal amount plus unpaid accrued interest to the date of redemption.
Source of Payment	The Bonds are special limited obligations of the State payable from, and secured by, taxes levied upon certain natural resource products severed and saved from the soil of the State deposited into the Severance Tax Bonding Fund.
Priority	The Bonds are being issued under the authority of NMSA 1978, Sections 7-27-1 to -27 (1961, as amended through 2026) (the "Severance Tax Bonding Act"). The Bonds will be on a parity with Severance Tax Bonds now or hereafter outstanding and senior to Supplemental Severance Tax Bonds now or hereafter outstanding.
Purposes	Net proceeds of the Bonds are being used to provide funds to finance capital improvements approved by the State Legislature.
Interest Payment Dates	January 1 and July 1, commencing January 1, 2027.
Public Sale	The Bonds are scheduled to be sold pursuant to a competitive bidding process on or about June 11, 2026. See the Notice of Sale dated June 1, 2026 for bidding details.
Closing/Settlement/Denominations	$5,000 or integral multiples thereof on or about June 25, 2026.
Book-Entry System	The Depository Trust Company
Registrar/Paying Agent	State Treasurer of New Mexico
Bond Counsel	Rodey, Dickason, Sloan, Akin & Robb, P.A.
Disclosure Counsel	Kutak Rock LLP
Tax Counsel	Taft Stettinius & Hollister LLP
Issuer Contact	State Board of Finance: Ashley Leach, Director, 505-629-9745; ashley.leach@dfa.nm.gov
Date of Official Statement:	June __, 2026

* Preliminary; subject to change.

MATURITY SCHEDULE

STATE OF NEW MEXICO
SEVERANCE TAX BONDS, SERIES 2026

Maturity Date (July 1) *	Principal Amount *	Interest Rate	Yield at Issuance [1]	Price at Issuance [1]	CUSIP ©
2027	$28,275,000				647310
2028	29,725,000				647310
2029	31,250,000				647310
2030	32,850,000				647310
2031	34,535,000				647310
2032	36,305,000				647310
2033	38,170,000				647310
2034	40,125,000				647310
2035	42,185,000				647310
2036	44,350,000				647310

* Preliminary; subject to change.

[1] This information has not been provided by the State.

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ELECTED STATE OFFICIALS

MICHELLE LUJAN GRISHAM
Governor

MAGGIE TOULOUSE OLIVER
Secretary of State

HOWIE MORALES
Lieutenant Governor

LAURA M. MONTOYA
State Treasurer

JOSEPH M. MAESTAS
State Auditor

RAÚL TORREZ
Attorney General

STEPHANIE GARCIA RICHARD
Commissioner of Public Lands

Public Regulation Commissioners:

GABRIEL AGUILERA
Commissioner

GREG NIBERT
Commissioner

PAT O'CONNELL
Commissioner

STATE BOARD OF FINANCE

Ex Officio Members

GOVERNOR MICHELLE LUJAN GRISHAM
President

LT. GOVERNOR
HOWIE MORALES
Member

STATE TREASURER
LAURA M. MONTOYA
Member

Appointed Members:

PAUL CASSIDY
Member

JOSEPH LUJAN
Member

WAYNE PROPST
Executive Officer

MICHAEL S. SANCHEZ
Secretary

WENDY TREVISANI
Member

State Board of Finance
181 Bataan Memorial Building
407 Galisteo Street
Santa Fe, New Mexico 87501
505-827-4980
https://www.nmdfa.state.nm.us/board-of-finance/

Ashley Leach, Director
505-629-9745

BOND COUNSEL

Rodey, Dickason, Sloan, Akin & Robb, P.A.
Albuquerque, New Mexico

DISCLOSURE COUNSEL

Kutak Rock LLP
Denver, Colorado

TAX COUNSEL

Taft Stettinius & Hollister LLP
Albuquerque, New Mexico

FINANCIAL ADVISORS

Fiscal Strategies Group, Inc.
Boulder, Colorado

Public Resources Advisory Group (as subcontractor) Los Angeles, California

In connection with the offering of the Bonds, the Underwriter (defined below) may over-allot or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sales hereunder shall under any circumstances create any implication that there has been no change in the affairs of the State of New Mexico or in the imposition and collection of severance taxes since the date hereof.

This Official Statement contains statements relating to the State's receipt of future revenues that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The State Board of Finance (the "Board") is the author of this Official Statement and is responsible for its accuracy and completeness. _____ (the "Underwriter") purchased the Bonds pursuant to a public sale held on June 11, 2026. Both the Preliminary Official Statement and the Official Statement are "deemed final" by the Board for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

CliftonLarsonAllen LLP, the State's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

Table of Contents

Page

INTRODUCTION 1

THE SEVERANCE TAX BONDS 2

- General Terms 2
- Optional Redemption of Bonds 2
- Security for the Bonds 2

USE OF PROCEEDS 5

- Purpose 5

SEVERANCE TAX BONDING FUND AND DEBT SERVICE REQUIREMENTS 5

- Investments 6
- Issuance of Severance Tax Bonds 6
- State Capital Program 7
- Outstanding and Additional Senior Severance Tax Bonds 8
- Outstanding and Additional Supplemental Severance Tax Bonds 8
- Severance Tax Bonding Fund and Debt Service Requirements 9

SEVERANCE TAX REVENUE 11

- Severance Tax Collections and Reporting 11
- Economic Conditions Impacting Severance Tax Collections 12
- Severance Tax on Indian Land 14
- Local Law Developments Regarding Oil and Gas 15

NATURAL GAS PRODUCTION AND SEVERANCE TAX REVENUE 15

- Natural Gas Reserves and Well Completions 15
- Natural Gas Markets 19
- Natural Gas Production 20
- Severance Taxes on Natural Gas 21
- Oil and Natural Gas Incentives 22
- Projections of Severance Tax Revenues from Natural Gas 22

OIL PRODUCTION AND SEVERANCE TAX REVENUE 23

- Oil Reserves and Production 23
- Severance Taxes on Oil 26
- Projections of Severance Tax Revenues From Oil 26

COAL PRODUCTION AND SEVERANCE TAX REVENUE 27

- Coal Reserves and Production 27
- Severance Tax and Severance Tax Surtax Revenue on Coal 29

OTHER MINERAL PRODUCTION AND SEVERANCE TAXES 30

- Carbon Dioxide 30
- Other Minerals 30

OTHER TAXES OF NATURAL RESOURCES NOT PLEDGED 32

- Production, Sales, and Property Taxes on Coal 33
- Royalties, Rents and Bonuses 34

Table of Contents
(continued)

Page

BOOK-ENTRY-ONLY SYSTEM 36
SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION 38
Covenants 38
Defeasance 39
Amendment of Bond Resolution 40
Remedies of Holders of Bonds 41
Payment of Principal and Interest 41
TRANSCRIPT AND LEGAL OPINIONS 42
TAX MATTERS 42
LITIGATION 45
UNDERWRITING 45
FINANCIAL ADVISORS 45
RATINGS 45
CONTINUING DISCLOSURE UNDERTAKING 46
MISCELLANEOUS 47

SUMMARY OF INFORMATION

$357,770,000*
STATE OF NEW MEXICO
SEVERANCE TAX BONDS
SERIES 2026

The following material represents a summary of information concerning the Bonds and the security therefor set forth in this Official Statement and is qualified in its entirety by the detailed information herein. Purchasers of the Bonds should review the entire Official Statement before making an investment decision.

Dated:	Delivery Date.
Interest Payment:	Interest is payable semi-annually on January 1 and July 1, commencing on January 1, 2027.
Principal Payment:	The Bonds mature in serial installments as set forth on the inside cover page of this Official Statement.
Redemption of Bonds:	The Bonds will be subject to optional redemption prior to maturity. The Bonds maturing on or after July 1, 2032, are subject to redemption at the option of the State on any date on or after July 1, 2031, either in whole or in part, at a Redemption Price equal to 100% of their principal amount plus unpaid accrued interest to the date of redemption.
Registration:	The Bonds are being issued solely in book-entry form in the denomination of $5,000 or any integral multiple thereof. The Bonds are being registered to Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as depository.
Legal Opinion:	The Bonds are offered when, as and if issued, subject to the approval of legality by Rodey, Dickason, Sloan, Akin & Robb, P.A., Bond Counsel and approval of tax-related matters by Taft Stettinius & Hollister LLP, Tax Counsel.
Security:	The Bonds constitute special limited obligations of the State of New Mexico and will be payable solely from deposits to and revenues of the Severance Tax Bonding Fund (the "Bonding Fund"), consisting primarily of receipts from certain taxes levied on certain natural resource products severed and saved from the soil of the State of New Mexico as more fully described herein.
Additional Parity Bonds:	The Board is prohibited by statute from issuing Senior Severance Tax Bonds and short-term Senior Severance Tax Funding Notes unless the aggregate amount of total Senior Severance Tax Bonds and Senior Funding Notes outstanding, after giving effect to the proposed issuance, can be serviced with not more than 47.6 percent of the annual deposits into the Bonding Fund, as determined by the lesser of the deposits during the preceding Fiscal Year or the deposits during the current Fiscal Year, as estimated by the Board of Finance Division of the Department of Finance and Administration (the "Division").

* Preliminary; subject to change.

$357,770,000[*]
THE STATE OF NEW MEXICO
SEVERANCE TAX BONDS
SERIES 2026

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover page, the Summary of Information and the Appendices hereto, is to furnish information regarding the issuance of the $357,770,000[*] State of New Mexico Severance Tax Bonds, Series 2026A (the "Bonds") of the State of New Mexico (the "State") by the State Board of Finance (the "Board").

The Bonds are being issued under authority of the Severance Tax Bonding Act, NMSA 1978, Sections 7-27-1 to -27 (1961, as amended through 2026) (the "Severance Tax Bonding Act"), the Supplemental Public Securities Act, NMSA 1978, Sections 6-14-8 to -11 (1983, as amended through 2017) and pursuant to a resolution of the Board adopted on May 19, 2026, as may be amended on June 16, 2026 and as supplemented by a Final Terms Certificate approved in accordance with the terms of such resolution (collectively, the "Bond Resolution")

This Official Statement contains summaries of the terms of the Bonds, certain fiscal matters of the State, and the Severance Taxes (defined below) imposed by the State. The descriptions included in this Official Statement do not purport to be comprehensive or definitive, and such summaries and descriptions are qualified in their entirety by reference to such laws, and the definitive forms of documents, exhibits or appendices where applicable.

Requests for additional information about the State, the Severance Taxes, or requests for copies of any document or statute referred to in this Official Statement, may be directed to:

Contact:	State Board of Finance Attn: Ashley Leach, Director
Phone:	(505) 629-9745
Mail:	181 Bataan Memorial Building 407 Galisteo Street Santa Fe, NM 87501
E-mail:	ashley.leach@dfa.nm.gov
Web Site:	https://www.nmdfa.state.nm.us/board-of-finance/

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[*] Preliminary; subject to change.

TABLE 1
Summary of Projected and Historical Coverage in Severance Tax Bonding Fund
Fiscal Year Ended June 30
(dollars in thousands)

	2026	2027	2028	2029	2030
Projected Bonding Fund Receipts [1]	$2,086,776	$2,239,458	$2,402,477	$2,419,189	$2,475,338
Senior Bond Debt Service [2]	$195,081	$199,908	$184,119	$169,009	153,205
Senior Bond Debt Service Coverage Ratio	10.70x	11.20x	13.05x	14.31x	16.16x
Supplemental Bond Debt Service [2]	$9.123	–	–	–	--
Supplemental Bond Debt Service Coverage Ratio	10.72x	–	–	–	--

	2021	2022	2023	2024	2025
Bonding Fund Receipts	$742,096	$1,814,714	$2,609,428	$2,311,855	$2,248,392
Senior Bond Debt Service [1, 2]	$136,901	$141,446	$174,765	$226,530	$207,512
Senior Bond Debt Service Coverage Ratio	5.42x	12.83x	14.93x	10.21x	10.84x
Supplemental Bond Debt Service [2]	$20,591	$9,121	$9,123	$9,125	$9.122
Supplemental Bond Debt Service Coverage Ratio	4.71x	12.05x	14.19x	9.81x	10.38x

[1] Revenue projections are subject to continual review.
[2] Excludes debt service on refunded bonds, if any, which will be paid from escrowed securities and severance tax debt obligations sold to the State Treasurer that are retired within the same fiscal year.
Sources: New Mexico State Board of Finance and Fiscal Strategies Group

THE SEVERANCE TAX BONDS

General Terms

The Bonds are dated their date of delivery, bear interest until the principal amount thereof is paid, and mature as set forth on the inside cover page hereof. Interest on the Bonds is payable on January 1 and July 1, commencing on January 1, 2027. The Bonds are being issued solely in book-entry form in denominations of $5,000 or integral multiples thereof. The Bonds are being registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as depository for the Bonds. The Bonds are subject to transfer and exchange as set forth in the Bond Resolution.

Optional Redemption of Bonds

The Bonds will be subject to optional redemption prior to maturity. The Bonds maturing on or after July 1, 2032, are subject to redemption at the option of the State on any date on or after July 1, 2031, either in whole or in part, at a Redemption Price equal to 100% of their principal amount plus unpaid accrued interest to the date of redemption.

Security for the Bonds

There are two categories of bonds issued by the Board for which the money in the Bonding Fund is pledged for their retirement. Those bonds are referred to in the Severance Tax Bonding Act as "New Mexico Severance Tax Bonds" and as "New Mexico Supplemental Severance Tax Bonds" but, for clarity, are referred to herein as "Senior Severance Tax Bonds" and "Supplemental Severance Tax Bonds," respectively. Where appropriate, Senior Severance Tax Bonds and Supplemental Severance Tax Bonds are collectively referred to herein as "Severance Tax Bonds."

Security for the Bonds. The Board is prohibited by statute from issuing Senior Severance Tax Bonds unless the aggregate amount of Senior Severance Tax Bonds and Senior Funding Notes outstanding, after giving effect to the proposed issuance, can be serviced with not more than 47.6 percent of the annual deposits into the Bonding Fund, as determined by the lesser of the deposits during the preceding Fiscal Year or the deposits during the current Fiscal Year, as estimated by the Division.

In addition, Supplemental Severance Tax Bonds with a term that extends beyond the Fiscal Year in which they are issued may be issued if the debt service on such Supplemental Severance Tax Bonds, when added to the debt service previously paid or scheduled to be paid during that Fiscal Year on Senior Severance Tax Bonds, Senior Funding Notes and Supplemental Severance Tax Bonds and Supplemental Funding Notes (defined below), does not exceed 60.1 percent of the lesser of the deposits in the Bonding Fund during the preceding fiscal year or the deposits into the Bonding Fund during the current fiscal year, as estimated by the Division.

Short-term Supplemental Severance Tax Funding Notes ("Supplemental Funding Notes") which mature in the Fiscal Year in which they are issued may also be issued if the debt service on such Supplemental Funding Notes, when added to the debt service previously paid or scheduled to be paid during that Fiscal Year on Senior Severance Tax Bonds, Senior Funding Notes and Supplemental Severance Tax Bonds does not exceed 86.2 percent of the lesser of the deposits in the Bonding Fund during the preceding fiscal year or the deposits into the Bonding Fund during the current fiscal year, as estimated by the Division.

The Senior Severance Tax Bonds and Senior Funding Notes fund a wide variety of capital projects, while Supplemental Severance Tax Bonds and Supplemental Funding Notes are earmarked for capital projects for public education. The Board has authority to issue Supplemental Severance Tax Bonds for public school projects in amounts certified to the Board from time to time by the Public School Capital Outlay Council of the State or the Public Education Department of the State. The Board may, from time to time, have the authority to issue Supplemental Severance Tax Bonds and Funding Notes for projects directly appropriated by the legislature that are not certified by the Public School Capital Outlay Council but instead by other education institutions or entities. The lien of the pledge of such Supplemental Severance Tax Bonds (including Supplemental Funding Notes) is subordinate to any outstanding Senior Severance Tax Bonds.

NMSA 1978, Section 7-27-8 requires that on each December 31 and each June 30 the State Treasurer shall transfer to the Severance Tax Permanent Fund ("STPF") all money in the Bonding Fund except the amount necessary to meet all principal and interest payments on bonds payable from the Bonding Fund on the next two ensuing semiannual payment dates.

In 2024 the New Mexico Legislature passed House Bill 253 which amended the Severance Tax Bonding Act. The general purpose of the bill was to establish a reserve fund (the "Capital Development and Reserve Fund") for capital projects that could be appropriated in future years and create an annual fund for appropriation that is targeted to the funding of small capital projects and design and engineering for large projects (the "Capital Development Program Fund"). For the creation of the Capital Reserve Fund, the Severance Tax Bonding Act now requires the State Board of Finance to estimate debt service savings by calculating the difference between (1) severance tax bonding capacity for appropriation pursuant to existing statutory debt limitations and Board policy on issuing level debt over 10 years and (2) a lower capacity available for appropriation that would result in stable levels of state tax-supported debt relative to the median state debt ratios published by the national municipal bond rating agencies. The Severance Tax Bonding Act also requires the State Board of Finance to distribute any cash savings resulting from reduced long-term bond issuance (i.e., the debt service savings) annually to the Capital Development and Reserve Fund. In Fiscal Year 2024 only, the Board was authorized to issue up to $500 million in short-term severance tax notes for distribution to the Capital Development and Reserve Fund which is held and

invested by the State Investment Council. The Board ultimately transferred $475.8 million to the Capital Development and Reserve Fund in 2024 and $81.6 million in 2025. The Board anticipates transferring $197.1 million to the Capital Development and Reserve Fund by June 30, 2026.

The State Investment Council is required to distribute five percent of the average of the year-end market values of the Capital Development and Reserve Fund for the previous three calendar years each January 1 to the Capital Development Program Fund. The State Investment Council transferred $23.8 million to the Severance Tax Bonding Fund for the Program Fund for Fiscal Year 2025 and $26.6 million for Fiscal Year 2026. During the 2025 legislative session, the Legislature appropriated up to $24 million from the fund for two purposes: (1) the funding of capital projects that total less than $5,000,000 and (2) the planning and design of capital projects that total more than $5,000,000 (but not the funding of construction of such projects). During the 2026 legislative session, $26.2 million was appropriated from the fund.

The total aggregate principal amount of outstanding Severance Tax Bonds issued by the State does not now, nor will such amount upon the issuance of the Bonds, exceed any applicable limit prescribed by the Constitution or laws of the State.

The Bonds, all currently outstanding Senior Severance Tax Bonds, and any Senior Severance Tax Bonds or Senior Funding Notes issued on a parity with the Bonds will have a pledge and lien senior to any Supplemental Severance Tax Bonds or Supplemental Funding Notes now outstanding or hereafter issued.

The Bonds are special obligations of the State secured by and payable solely from, on a parity basis to Senior Severance Tax Bonds and Senior Funding Notes now or hereafter outstanding and on a prior lien basis to Supplemental Severance Tax Bonds and Supplemental Funding Notes now or hereafter outstanding, deposits to the Bonding Fund into which are deposited, pursuant to the Severance Tax Bonding Act, the net receipts from taxes levied in accordance with the Severance Tax Act, NMSA 1978, Sections 7-26-1 to -8 (1937, as amended through 2025) (the "Severance Tax Act"), and the Oil and Gas Severance Tax Act, NMSA 1978, Sections 7-29-1 to -23 (1959, as amended through 2025) (the "Oil and Gas Severance Tax Act"), upon certain natural resource products severed and saved from the soil of the State ("Severance Taxes"), investment earnings on such deposits and on unused bond proceeds in certain accounts, and such other moneys as the Legislature in its sole discretion may from time to time determine. On June 30 and December 31 of each year, the excess money in the Bonding Fund over the amount necessary to meet all principal and interest payments on all outstanding Severance Tax Bonds on the next two ensuing semiannual payment dates must be transferred to the STPF.

Once moneys are so transferred, they no longer may be used to pay, or to secure payment of, principal, premium, if any, or interest on any Severance Tax Bonds. Severance Tax Bonds are not general obligations of the State and the State is prohibited by law from using the proceeds of property taxes as a source of payment of revenue bonds, including Severance Tax Bonds.

The State Treasurer keeps separate accounts for all money collected as Severance Taxes and is directed by State statute to pay Severance Tax Bonds from moneys on deposit in the Bonding Fund. The Bond Resolution provides for the creation of a separate Debt Service Account within the Bonding Fund for the payment of principal and interest on the Bonds.

The Severance Tax Bonding Act requires the Legislature to provide for the continued assessment, levy, collection and deposit into the Bonding Fund of Severance Taxes which, together with such other moneys as may be deposited into the Bonding Fund, will be sufficient to produce an amount at least equal to annual debt service on all outstanding Severance Tax Bonds.

In addition, the Board covenants in the Bond Resolution that the State will use its best efforts to collect and deposit in the Bonding Fund proceeds from Severance Taxes as set forth in the Severance Tax Bonding Act which, when combined with other amounts the State Legislature, in its sole discretion, may from time to time deposit in the Bonding Fund will equal at least two-hundred percent (200%) of the amount of the principal and interest scheduled to be due in each fiscal year of the State on Severance Tax Bonds, including the Bonds. However, the Board does not have the power to levy or impose Severance Taxes, and no assurance exists that the 200 percent requirement will be met.

USE OF PROCEEDS

Purpose

The proceeds of the Bonds are being used to provide funds to finance capital improvements as described in legislation approved by the State Legislature and signed by the Governor.

The proceeds of the Bonds are expected to be applied in the manner set forth in the following table:

SOURCES:	
Par Amount	
[Net] Original Issue Premium	
TOTAL SOURCES	
USES: [1]	
Deposit to Capital Project Account	
Underwriter's Discount	
Additional Proceeds	
TOTAL USES	

[1] Costs of issuance to be paid from available funds in the Severance Tax Bonding Fund.

SEVERANCE TAX BONDING FUND AND DEBT SERVICE REQUIREMENTS

Severance Taxes have been collected by the State since the adoption of the Severance Tax Act in 1937. Since 1959, certain Severance Tax receipts and certain other moneys determined by the Legislature have been deposited into the Bonding Fund and used, in part, to service bond issues, which have funded a variety of capital improvements in the State. Pursuant to the provisions of the Severance Tax Act and the Oil and Gas Severance Tax Act, Severance Tax receipts, including penalties and interest, and such other moneys as the Legislature in its sole discretion may from time to time determine (including interest earnings on moneys in the Bonding Fund and the project accounts and reversions from project accounts in the Bonding Fund), are deposited into the Bonding Fund. As of the date of this Official Statement, other moneys including interest earnings on moneys in the Bonding Fund, reversions from project accounts in the Bonding Fund, and prepayments and tax settlements have been deposited. See Table 4 entitled "Severance Tax Bonding Fund Receipts, Disbursements and Transfers" herein. The moneys in the Bonding Fund are pledged for the payment of principal, premium, if any, and interest on Severance Tax Bonds and Supplemental Severance Tax Bonds, and there are no other liens or encumbrances of any nature on or against (i) the Bonding Fund, or (ii) the net revenues derived from Severance Taxes that are required to be credited to the Bonding Fund; provided, however, that semiannual transfers of excess funds in the Bonding Fund to the STPF are required by state statute December 31 and June 30 of each fiscal year. See "— Issuance of Severance Tax Bonds" below. The moneys in the Bonding Fund are also available to pay costs of issuance in connection with the sale of Severance Tax Bonds and Supplemental Severance Tax Bonds.

Severance taxation is determined by State statute. For a description of the various Severance Tax rates and methods of their calculation, see "SEVERANCE TAX REVENUE" below.

Investments

Funds on deposit in the Bonding Fund are invested by the State Treasurer at the direction and approval of the Board, pursuant to the State Treasurer's Investment Policy ("Investment Policy"), adopted on December 17, 2019. For a description of the Investment Policy, see State Treasurer's Office Investment Responsibilities in "Appendix A." Investments are made in securities, which are at the time legal investments of the State, and no such investment or deposit shall violate any applicable restrictions imposed by the Tax Code (defined herein) and applicable Treasury Department regulations relating to the market price and the existence of an established market.

Except for funds deposited into the Rebate Fund (defined in the Bond Resolution) for any bond series, net interest earned on the amounts on deposit in the Debt Service Account for those bonds shall be retained therein, and net interest earned on amounts on deposit in the Project Fund for those bonds shall be credited to the Debt Service Account for those bonds and applied to the payment of principal and interest on the bonds next becoming due. Any net loss, after applying any earnings in that account or fund to the loss, resulting from any investment shall be charged to the applicable account from which such investment was made.

Issuance of Severance Tax Bonds

The Severance Tax Bonding Act authorizes the issuance and sale of Senior Severance Tax Bonds and Supplemental Severance Tax Bonds payable from the net receipts from taxes levied upon certain natural resource products severed and saved from the soil ("Severance Taxes") in accordance with the provisions of, and as described in, the Severance Tax Bonding Act.

Severance Taxes are collected on a monthly basis by the New Mexico Taxation and Revenue Department (the "TRD") and deposited in the Extraction Taxes Suspense Fund within the General Fund of the State. If the TRD determines that there is no substantial risk of protest or litigation related to those tax revenues, they are released from the Extraction Taxes Suspense Fund and deposited in the Bonding Fund in the month following the collection of the Severance Taxes; otherwise the tax revenues are held in the Extraction Taxes Suspense Fund until the substantial risk of protest or litigation is no longer present.

On December 31 and June 30 of each fiscal year, excess funds in the Bonding Fund are transferred into the STPF. Excess funds are defined as funds in excess of the next two semi-annual payments of debt service on Severance Tax Bonds. **Balances in the STPF are not pledged as security for the Bonds.**

In addition to the sale of long-term Senior Severance Tax Bonds and Supplemental Severance Tax Bonds, the State issues Senior Funding Notes and Supplemental Funding Notes from time to time to utilize excess capacity available in the Bonding Fund, as authorized by the Legislature, and to make those funds available for capital projects of the State. The Senior Funding Notes and Supplemental Funding Notes generally are taxable for federal income tax purposes, have a maturity of five days or less, mature in the fiscal year in which they are issued and are purchased by the State Treasurer.

State Capital Program

State General Fund balances and proceeds from General Obligation Bonds, Senior Severance Tax Bonds and Supplemental Severance Tax Bonds are important sources of capital financing for the State. The following table summarizes the capital funding administered by the Board and certain other sources for Fiscal Year 2021 through Fiscal Year 2025.

TABLE 2
Principal Sources of Capital Project Funding
Fiscal Year Ended June 30
(dollars in millions)

	2021	2022	2023	2024	2025
Proceeds from General Obligation Bonding Program [1]					
General Obligation Bonds	$ 199.5	$ 0.0	$ 258.8	$ 0.00	$ 223.6
Subtotal	199.5	0.0	258.8	0.00	223.6
Proceeds from Severance Tax Bonding Program [1]					
Severance Tax Bonds	509.1	292.0	317.2	0.0	252.5
Severance Tax Funding Notes [2]	163.3	200.5	340.3	772.3	774.4
Supplemental Severance Tax Bonds	0.0	0.0	0.0	0.0	0.0
Supplemental Severance Tax Funding Notes [2]	232.9	268.2	681.9	733.4	540.7
Subtotal	905.3	760.7	1,339.4	1,505.7	1,567.6
Proceeds From Other Sources					
Transportation Bonds [3]	0.0	234.6	0.0	0.0	0.0
Subtotal	0.0	234.6	0.0	0.0	0.0
Total [4]	$1,104.8	$995.3	$1,598.2	$1,505.7	$1,791.2

[1] Dollar amounts from State Board of Finance funding programs reflect net proceeds available for capital expenditure. Amounts vary annually by legislative action and the timing of bond closings.
[2] The Board issues Senior Funding Notes and Supplemental Funding Notes to fund authorized projects. The notes are sold to the State Treasurer and retired within the same fiscal year.
[3] Dollar amounts for transportation bonds are for new bonds issued, and do not include refunding bonds.
[4] Totals may not add due to rounding.
Sources: New Mexico State Board of Finance and the New Mexico Finance Authority (as issuer of State Transportation Bonds)

In addition to the General Obligation Bonding Program, the Severance Tax Bonding Program and the Supplemental Severance Tax Bonding Program, each issued and administered by the Board, there are a number of other sources of funds for capital projects throughout the State. These other sources of funding include surplus general fund appropriations and proceeds of bonds issued by, among others, the New Mexico Finance Authority (the "Finance Authority"), the State Transportation Commission and state educational institutions.

The Finance Authority was created by the Legislature in 1992 to assist qualified governmental entities in financing capital equipment and infrastructure projects. The Finance Authority is a state instrumentality governed by a board of directors and is not subject to the direct supervision or control of any other board, bureau, department or agency of the State.

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Outstanding and Additional Senior Severance Tax Bonds

The Bonds will be secured on a parity with the following Senior Severance Tax Bonds currently outstanding (exclusive of those Senior Severance Tax Bonds which are fully secured by escrowed securities). The Bonds will be issued with a lien senior to all current and any future Supplemental Severance Tax Bonds. See "—Outstanding and Additional Supplemental Severance Tax Bonds" below.

TABLE 3
Outstanding Senior Severance Tax Bonds [1]

Severance Tax Bonds, Series 2016A	$ 15,135,000
Severance Tax Bonds, Series 2016D	11,720,000
Severance Tax Bonds, Series 2017A	17,305,000
Severance Tax Bonds, Series 2018A	44,045,000
Severance Tax Bonds, Series 2020A	55,850,000
Severance Tax Bonds, Series 2021A	208,925,000
Severance Tax Bonds, Series 2022A	195,815,000
Severance Tax Bonds, Series 2022B	220,140,000
Severance Tax Bonds, Series 2025A	235,100,000
Severance Tax Bonds, Series 2026A	357,770,000 *
Total	$1,361,805,000 *

* Preliminary; subject to change.
[1] Upon issuance of the Bonds.
Source: New Mexico State Board of Finance

Additional Senior Severance Tax Bonds may be issued in the future only if certain statutory conditions as to debt service capacity are met. See "THE SEVERANCE TAX BONDS—Security for the Bonds."

Outstanding and Additional Supplemental Severance Tax Bonds

Supplemental Severance Tax Bonds are authorized pursuant to an amendment to the Severance Tax Bonding Act enacted in 1999. Supplemental Funding Notes are issued if the debt service on such Supplemental Funding Notes, when added to the debt service previously paid or scheduled to be paid during that fiscal year on Senior Severance Tax Bonds, Senior Funding Notes, Supplemental Severance Tax Bonds and any other Supplemental Funding Notes, did not exceed 86.2 percent of the deposits into the Bonding Fund as determined by the lesser of the deposits during the preceding fiscal year or the deposits during the current fiscal year as estimated by the Division. The Board has been authorized by statute to issue Supplemental Severance Tax Bonds and Supplemental Funding Notes for public school projects in amounts certified to the Board from time to time by the Public School Capital Outlay Council of the State, the Public Education Department Secretary, or other entities or institutions, as determined by the legislature. The lien of the pledge of such Supplemental Severance Tax Bonds and Supplemental Funding Notes is subordinate to any Senior Severance Tax Bonds. As of the date of this Official Statement, the State does not have any Supplemental Severance Tax Bonds outstanding.

Severance Tax Bonding Fund and Debt Service Requirements

Severance tax receipts contributed 91.8 percent of total revenue to the Severance Tax Bonding Fund in Fiscal Year 2025, with the remainder attributable to interest earnings and reversions. Severance taxes are almost entirely attributable to natural gas, crude oil and coal sales. Natural gas and crude oil together accounted for 99.9 percent of total Fiscal Year 2025 severance tax receipts as shown in Table 4. This percentage is calculated net of Intergovernmental Tax Credits.

The following tables set forth actual and projected results for the Bonding Fund including receipts, disbursements, debt service requirements, transfers and projected debt service coverage ratios.

TABLE 4
Severance Tax Bonding Fund
Receipts, Disbursements and Transfers
Fiscal Year Ended June 30 [1, 2]
(dollars in thousands)

	2021	2022	2023	2024	2025
Beginning Balance	$175,752	$ 239,548	$ 401,951	$ 435,268	$ 429,881
Receipts:					
Taxes:					
Oil and Gas Severance Tax	725,321	1,788,868	2,498,325	2,143,577	2,061,080
Other Minerals Severance Taxes	4,501	5,495	4,830	3,436	2,891
Total Severance Taxes [3]	729,822	1,794,364	2,503,155	2,147,013	2,063,971
Other Income:					
Interest on Investments	9,580	10,514	86,430	149,757	166,970
Other financing sources	2,694	5,279	19,843	15,085	17,450
Total Other Income	12,274	15,792	106,273	164,842	184,421
Total Receipts	742,096	1,810,155	2,609,428	2,311,855	2,248,392
Disbursements:					
Senior Bond Debt Service	136,901	141,446	174,765	226,530	207,512
Senior Short-term Obligations [4]	163,294	200,515	340,367	772,407	774,511
Supplemental Bond Debt Service	20,591	9,121	9,123	9,125	9,122
Supplemental Short-term Obligations [4]	232,936	268,183	681,953	733,486	540,720
Costs of Issuance and Other Charges	772	1,129	1,527	924	1,037
Total Disbursements	554,495	620,395	1,207,734	1,742,523	1,532,902
Transfers:					
To Severance Tax Permanent Fund	123,804	1,031,916	1,368,377	574,718	761,890
Total Transfers	123,804	1,031,916	1,368,377	574,718	761,890
Ending Balance, June 30	$239,548	$ 397,393	$ 435,268	$ 429,881	$ 383,482

[1] All receipts, expenditures and balances exclude amounts in rebate accounts retained for potential arbitrage rebates. Figures may not add due to rounding.
[2] Proceeds and expenditures attributable to refunding bonds are excluded from this table because such proceeds and expenditures are reserved for payments on appropriate refunding bonds and are not available for debt service payments on other Severance Tax Bonds.
[3] Reflects severance taxes collected and accrued on a cash basis. Effective July 1, 2017, the State began accounting for such receipts on a modified accrual basis. All severance tax collections in this official statement are shown on a cash basis. Fiscal year revenues and expenditures are subject to change through the first half of the following year due to accounting for revenues and expenditures at the end of fiscal year closing.
[4] The Board issues short-term Severance Tax Notes and Supplemental Severance Tax Notes to fund authorized projects. The notes are sold to the State Treasurer and retired within the same Fiscal Year.
Source: New Mexico State Board of Finance based on the Statewide Human Resources, Accounting, and Management Reporting System (the "SHARE System")

TABLE 5
Severance Tax Bonding Fund Projected Receipts
Fiscal Year Ending June 30 [1]
(dollars in thousands)

	2026	2027	2028	2029	2030
Taxes: Natural Gas	$ 432.096	$ 568.514	$ 605.128	$ 583.639	$ 558.716
Oil	1,559.480	1,583.745	1,710.149	1,748.349	1,829.422
Subtotal-Oil & Gas Severance Tax	1,991.576	2,152.258	2,315.277	2,331.989	2,388.138
Other Severance Taxes:					
Coal	1.500	1.500	1.500	1.500	1.500
Other Minerals	1.700	1.700	1.700	1.700	1.700
Subtotal-Other Severance Tax	3.200	3.200	3.200	3.200	3.200
Investment Earnings	80.000	80.000	80.000	80.000	80.000
Other Income	12.000	4.000	4.000	4.000	4.000
Total Receipts	$2,086.776	$2,239.458	$2,402.477	$2,419.189	$2,475.338

[1] Columns may not add due to rounding.
Source: New Mexico Department of Finance and Administration

See also, "NATURAL GAS PRODUCTION AND SEVERANCE TAX REVENUE—Projections of Severance Tax Revenues from Natural Gas" and "OIL PRODUCTION AND SEVERANCE TAX REVENUE—Projections of Severance Tax Revenues from Oil" herein.

Table 6 shows projected coverage ratios for outstanding Severance Tax Bonds as of May 1, 2026, including outstanding bonds and estimated debt service on the Bonds. The severance tax revenue outlook is prepared by the Department of Finance and Administration (the "DFA") using analysis by the Consensus Revenue Estimating Group ("CREG"), which includes economists from both the Legislative and Executive branches of New Mexico government, as well as forecasts by the U.S. Energy Information Administration, the IHS Global Insight and Moody's Analytics forecasting services and public information about NYMEX futures contracts. Global oil and gas prices continue to experience significant market volatility. Accordingly, revenue projections are subject to continuing review.

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TABLE 6
State of New Mexico Severance Tax Bonds
Projected Cash Receipts, Debt Service Requirements and Coverage

Fiscal Year Ending June 30	Projected STBF Revenues	Scheduled Senior Debt Service [1, 2]	Projected Senior Debt Service Coverage
2026	$2,086,776,130	$195,080,514	10.70x
2027	2,239,458,356	209,152,325	10.71
2028	2,402,476,965	229,583,875	10.46
2029	2,419,188,561	214,473,625	11.28
2030	2,475,337,877	198,669,625	12.46
2031	2,537,162,742	198,667,750	12.77
2032	2,671,538,277	186,055,500	14.36
2033	2,726,786,142	145,746,500	18.71
2034	2,815,130,670	75,335,625	37.37
2035	2,878,025,105	75,335,625	38.20

[1] Excludes debt service on refunded bonds which will be payable from escrowed securities and severance and supplemental severance tax debt obligations sold to the State Treasurer which are retired within the same Fiscal Year.
[2] Scheduled Senior Debt Service as of the date of this Official Statement, including debt service on the Bonds; all other dollar amounts reflect projections as of May 1, 2026.
Sources: New Mexico State Board of Finance and Fiscal Strategies Group

See also, Table 5 entitled "Severance Tax Bonding Fund Projected Receipts" above.

SEVERANCE TAX REVENUE

The minerals extracted from the State that contribute the largest portion of Severance Tax revenues are natural gas, crude oil and coal. Severance Taxes from natural gas and crude oil together accounted for 99.9 percent of Fiscal Year 2025 Bonding Fund tax receipts. This percentage is calculated net of applicable intergovernmental tax credits.

The State's Energy, Minerals, and Natural Resources Department ("EMNRD") records and generates data on mineral resources in the State. EMNRD produces annual reports on the State's mineral resources. The TRD (previously defined) compiles reports of taxable volume, value, deductions and tax receipts by commodity and land type. The State Consensus Revenue Estimating Group ("CREG") is composed of economists from the executive and legislative branches of New Mexico state government. CREG's annual production estimates are made jointly by the DFA, the TRD, the Department of Transportation and the Legislative Finance Committee. The DFA uses these price and volume estimates as well as national price forecasts to project Severance Tax receipts. See "APPENDIX C—FORM OF ATTORNEY GENERAL'S NO LITIGATION LETTER" for a discussion of pending litigation and other proceedings concerning the collection of Severance Taxes.

Severance Tax Collections and Reporting

Operators, purchasers and working interest owners are required to submit monthly reports to the TRD showing the total value, volume and kind of products sold from every production unit each month. Taxes must be paid at the time the report is submitted and are due 55 days after the month of production. Each production report must be accompanied by a company identification number, which facilitates automated processing of return information. Production and associated tax liability are reported by "production unit" and a designation for a well or group of wells that is assigned by the TRD based on the master operation, property name identification and pool. A suffix is added to the production unit number

to designate the specific land type and taxing authority, including county, school district and municipality. Fluctuations of oil and gas prices and other economic factors will impact the collection of severance taxes by TRD.

Complete reporting forms must be mailed or delivered, or their information electronically transmitted, on or before the 25th day of the second month after the calendar month for which the report is required. Taxpayers whose total tax liability for the month (including the oil and gas emergency school tax, the oil and gas conservation tax and the oil and gas ad valorem tax, as well as the oil and gas severance tax) exceeds $25,000 must provide payment by automated clearinghouse or by wire transfer on or before the due date. Taxpayers who fail to report or pay in a timely fashion are assessed interest at the rate established for individuals under Internal Revenue Code Section 6621 computed on a daily basis beginning the day after the due date and continuing until the date the tax is reported or paid. A penalty is assessed at a rate of 2 percent per month, up to a maximum of 20 percent of the tax due, when a taxpayer fails to pay any tax or file any report by the due date because of negligence or disregard of rules and regulations.

The State maintains an automated tax database system, which previously had been under the ONGARD (Oil and Natural Gas Administration and Revenue Database) system and now resides in the GenTax system. TRD integrated the collective oil and gas severance taxes (including the natural gas processors tax) into the GenTax system in March 2018. With the inclusion of oil and gas taxes, GenTax now manages 29 tax programs with consistent business processes. Tax returns are pre-screened to ensure quality and completeness before acceptance by TRD, which expedites distributions to correct beneficiaries. Oil and gas taxpayers have increased electronic management of their account activity through the Taxpayer Access Point ("TAP"), which allows for immediate posting of returns and amendments and report access of how payments are allocated. Some ONGARD functions remain at the State Land Office in the processing of royalty payments due to the State.

Severance taxes received by the TRD are deposited into the Extraction Tax Suspense Fund. Using the GenTax system, the TRD reconciles monthly information reports with the payments received to identify the appropriate amounts to distribute to each tax beneficiary. Oil and gas severance tax amounts that have been reconciled and as to which TRD has determined no substantive risk of protest or litigation is present are then transferred monthly to the Severance Tax Bonding Fund.

In Fiscal Year 2019, New Mexico operators resumed regular production and reporting of helium. Prior to 2019, there was sporadic production in 2006 through 2008, and again in 2013 and 2018. Helium is taxed at 3.75 percent per mcf produced under the Oil and Gas Severance Tax Act, at 0.19 percent under the Oil and Gas Conservation Tax Act, at 3.15 percent under the Oil and Gas Emergency School Tax Act, and on the value of assessed products under the Oil and Gas Ad Valorem Production Tax Act whose tax rates vary by tax district. Since December 2021, no further helium production has been reported.

Economic Conditions Impacting Severance Tax Collections

The impacts of the pandemic on global supply chains, tourism, business travel, and labor markets have largely diminished. According to Rystad Energy ("Rystad), the oil and natural gas industry is now in the "Shale 4.0" phase. During this phase, producers are focusing on scale, long-term planning, and consolidation through major acquisitions while moving away from the faster-growth-oriented model that characterized the shale revolution. This shift reflects a maturing sector that is less focused on rapid expansion and more focused on long-term production strategies and sustainable cash flow.

The December 2025 consensus estimate anticipates that oil prices will moderate due to strong supply and softer demand. It also projects that production growth will continue, though at a slower pace, over the next several years. Under this forecast, New Mexico oil production is expected to reach

820 million barrels, 840 million barrels, and 855 million barrels in Fiscal Years 2026, 2027, and 2028, respectively. The latest revenue forecast indicates that a $1.00 change in the price of oil generally results in a direct impact of $57 million on gross severance tax and federal mineral leasing revenue to the General Fund. Similarly, a $0.10 change in the price of natural gas results in a direct impact of $29.1 million in these revenues.

In Fiscal Year 2025, New Mexico reached a record oil production level of 781.2 million barrels and averaged $69 per barrel. In October 2025, the state recorded its highest oil production in history at 2.34 million barrels per day. Much of New Mexico's natural gas production is associated gas, meaning natural gas produced alongside oil. In Fiscal Year 2025, New Mexico produced 4,000 billion cubic feet of natural gas and averaged a price of $3.19 per thousand cubic feet.

New Mexico has positioned itself to stabilize direct oil and gas revenues flowing to the General Fund while investing excess revenues generated during periods of elevated prices. Senate Bill 26 ("SB 26"), enacted during the 2023 legislative session, capped oil and gas emergency school tax and federal mineral leasing revenues to the General Fund at Fiscal Year 2024 levels. Beginning in Fiscal Year 2025, any revenue above the cap is deposited into the Early Childhood and Care Fund and the Severance Tax Permanent Fund ("STPF"). This legislation, along with House Bill 83 ("HB 83") from 2020, which established the Early Childhood and Care Fund, is intended to gradually reduce the General Fund's exposure to oil and natural gas price volatility. SB 26 also strengthens the STPF corpus and its future earnings for the General Fund. Together, the annual distributions from these permanent funds provide a more stable and less volatile revenue source, helping to offset the cyclical nature of the oil and gas industry.

The state began Fiscal Year 2026 with reserves at 31.1 percent and is projected to end the fiscal year with reserves at 31.8 percent, after accounting for legislative and executive actions taken during 2026.

Overall, recurring General Fund revenues are projected to continue growing in Fiscal Year 2026, although at a slower pace than in prior years. According to the December 2025 consensus revenue forecast, recurring revenues for Fiscal Year 2026 are estimated at $13.4 billion, a decline of 1.6 percent from Fiscal Year 2025. Interest earnings from the Land Grant Permanent Fund, Severance Tax Permanent Fund, and State Treasurer's Office are projected to increase by $145 million, or 7.0 percent, and general sales tax revenues are expected to grow by $156.4 million, or 3.6 percent. The overall reduction in recurring revenue is driven primarily by state legislative changes taking effect and, more significantly, by federal legislation enacted in 2025 (H.R. 1-Public Law 119-21), which is expected to reduce corporate income tax collections. This decline is partially offset by higher State Land Office revenues in Fiscal Year 2026. Policy changes in 2024-2025 created pent-up demand for high-value leases and opened previously restricted state lands, resulting in record bonus payments during monthly auctions in late 2025. As a result, State Land Office revenue for Fiscal Year 2026 is projected at $511.9 million, which is $362.6 million above the typical annual estimate of $149.3 million. This increase is considered a one-time, nonrecurring spike. Total revenues for Fiscal Year 2026 are estimated at $13.7 billion, representing a modest increase of 0.9 percent over Fiscal Year 2025. Total revenues for Fiscal Year 2027 are projected to rise to $13.9 billion, an increase of 1.2 percent over Fiscal Year 2026.

For Fiscal Year 2026, the December 2025 consensus estimate anticipated moderating oil prices due to strong global supply, softer demand, and near-term economic uncertainty. New Mexico oil production is still expected to grow, but at a more measured pace as the industry enters the "Shale 4.0" era, defined by consolidation, long-term planning, and a greater emphasis on cash flow than on rapid output growth. Overall, the oil and gas sector appears to be maturing and shifting toward a more stable, slower growth trajectory.

The consensus estimate referenced above was developed before the Iranian-U.S. conflict began on February 28, 2026. Rystad Energy's March 2026 analysis suggests that the conflict-driven spike in oil prices would support New Mexico oil production, although the response would likely be delayed rather than immediate. The firm notes that sustained higher prices could gradually bring additional rigs back into the Permian, with at least 20 rigs expected across the basin if prices remain above $90 per barrel. On the New Mexico side, rig activity increased by about 15 percent in the fourth quarter of 2025 (i.e.,13 rigs) which Rystad says could support stronger turn-in-line activity beginning in the second quarter of 2026 and contribute approximately 129,000 barrels per day of oil output growth in 2026.

At the same time, the reports emphasize significant near-term constraints. Rystad notes that the Permian's depleted DUC inventory, the typical six- to eight-month development cycle, operator caution, and associated gas takeaway limitations will restrain any rapid production surge. In the broader Permian, Delaware Basin growth on the Texas side is expected to weaken as a result of recent rig reductions, while infrastructure bottlenecks and weaker pricing continue to limit upside across the basin. Taken together, the conflict may improve the price environment for New Mexico producers, but meaningful production gains would likely depend on sustained high prices that justify continued drilling and completions.

Moody's Analytics also revised its oil price outlook sharply upward in April 2026 due to the expanding conflict between the United States and Iran. Moody's Analytics assumes a protracted normalization period, with the energy price shock taking nearly two years to fully unwind. Prices are expected to normalize by late 2027 at approximately $75 per barrel. This estimate reflects a $70 breakeven price, representing the cost of producing the marginal barrel in the U.S. Permian Basin, plus a $5 risk premium. Structural cost pressures are expected to keep long-term prices higher than previously anticipated, including extensive damage to energy assets such as Qatar's Ras Laffan LNG plant, which may take three to five years to repair, persistently higher insurance costs, and the potential for new transit fees on vessels passing through the Strait of Hormuz. It is important to note, however, that oil prices remain inherently volatile and subject to a high degree of uncertainty. Geopolitical developments, market sentiment, and supply disruptions can lead to rapid and significant price swings in either direction, which may materially alter these projections.

Legislative protections insulate the General Fund from price downturns while also limiting volatility during periods of higher prices. As a result, the primary beneficiaries of elevated oil prices are other state funds, including the Early Childhood Trust Fund, Medicaid Trust Fund, Behavioral Health Trust Fund, and the Severance Tax Permanent Fund.

Severance Tax on Indian Land

The State can tax non-Indian oil and natural gas production on tribal land, according to *United States Supreme Court precedent in Cotton Petroleum Company v. State of New Mexico*, 490 U.S. 163, 104 L. Ed. 2d 209, 109 S. Ct. 1968 (1989). The State's authority to impose severance taxes on non-Indian oil and natural gas production on tribal land was upheld by the United States District Court in New Mexico in *Jicarilla Apache Tribe v. New Mexico Taxation and Revenue Department*, No. USDC 87-922. In 2009, the United States District Court for the District of New Mexico held that the State may not impose severance taxes on non-tribal operators extracting oil and natural gas on the tribal land of the Ute Mountain Ute Tribe. *Ute Mountain Ute Tribe v. Homans*, 775 F. Supp. 2d 1259 (D.N.M. 2009) (Parker, J.). The Tenth Circuit Court of Appeals overturned the district court opinion and held that the State severance taxes are not preempted by federal law because, among other things, the State had asserted sufficient justification for imposing the taxes. *Ute Mountain Ute Tribe v. Rodriguez*, 660 F.3d 1177 (10th Cir. 2011). The Ute Mountain Ute Tribe petitioned for an *en banc* review, which the court denied on September 12, 2011. The United States Supreme Court denied the Ute Mountain Ute Tribe's petition for a writ of certiorari on February 21, 2012. *Ute Mountain Ute Tribe v. Padilla*, 132 S.Ct. 1557 (2012).

Aggregate data reporting accessible on the TRD's TAP website based on oil and gas tax return data indicates that natural gas production and crude oil production on Indian land was approximately 3.6 percent and 0.3 percent, respectively, of total statewide production in Fiscal Year 2025. The TRD estimates that oil and natural gas production on Indian land generated $10.3 million in severance tax revenues to the State in the production months corresponding to Fiscal Year 2025. On December 30, 2014, the Navajo Nation completed the purchase of the Navajo Mine. As a result, there has not been any coal production from the mine reported to the TRD since such purchase. No potash, copper or CO2 is produced on Indian land.

Section 7-29C-1 NMSA 1978, enacted by the 1995 Legislature, authorized a credit against State production and property taxes for similar taxes imposed by tribal governments. The credit applies to crude oil and natural gas from new wells drilled on or after July 1, 1995 on land within Indian reservation boundaries on March 1, 1995. The amount of the credit is 75 percent of the lesser of State taxes or tribal taxes imposed. If the applicable tribal taxes were raised after March 1, 1995, then the amount of the State's credit is lowered. The TRD website reports that total credits claimed under this provision were about $2.53 million in Fiscal Year 2025. About $1.27 million of these credits were applied against oil and natural gas severance tax liability. The Severance Tax Bonding Fund revenue projection assumes that this amount will grow slowly in the future.

The 2001 Legislature enacted Sections 7-29C-2, 7-9-88.2 and 9-11-12.2 NMSA 1978, which provided a similar 75 percent intergovernmental tax credit against severance tax and severance surtax on coal mined on the Navajo Nation.

Local Law Developments Regarding Oil and Gas

Several local governments in the State have proposed or adopted laws that could have the effect of limiting natural resource extraction in those jurisdictions. No local government in which a significant extraction of natural resources occurs has enacted laws limiting natural resource extraction.

To date, the proposal and enactment of local laws has not had a material effect on the amount of severance tax revenues collected by the State. While future actions by local governments relating to natural resource extraction are not predictable, litigation challenging any restrictive local enactments would be a likely consequence of such actions.

NATURAL GAS PRODUCTION AND SEVERANCE TAX REVENUE

Natural Gas Reserves and Well Completions

Table 7 presents the U.S. Energy Information Administration ("EIA") estimates of natural gas "proved reserves" in New Mexico over the years 2015 to 2023. This is the latest data available from the EIA as of June 25, 2025. Proved reserves are estimates of recoverable volumes under existing economic and operating conditions. They represent the narrowest measurement of energy resources. EIA updates its estimates to reflect new information, new discoveries, and production during the year. Increases due to revisions and new discoveries usually offset some or all of the decline due to current production.

New Mexico's proved natural gas reserves were estimated to be 47.16 billion cubic feet (bcf) at the end of calendar year 2024 (the most recent available), an increase from 45.43 bcf at the beginning of calendar year 2023. Production in 2024 was estimated to be 3.59 bcf. The current reserve estimate represents a New Mexico reserve-to-current-production ratio of 13:1 years.

The "proven reserves-to-production" ratio is a measure analogous to inventory-to-production for manufacturers. It represents the known resources that could be developed at today's prices. As is the case for other industries, oil and natural gas producers have to balance their need for adequate inventories with the cost of exploring and developing the reserves.

Replacement of reserves by new discoveries and further development of existing formations is a key component of the State's long-term production forecast. New discoveries and further development are expected to offset much of future production. Over time, technological improvements like horizontal drilling, directional drilling, and hydraulic fracturing have advanced the discovery of new reserves and the production capability for reserves. Accounting rules in place for 2008 and prior years required companies to calculate proved reserves based on end-of-year prices. New accounting standards adopted by the Securities and Exchange Commission now require companies to use an annual average price. Reserves are the amounts companies expect with reasonable certainty can be produced with current technology at current prices. Therefore, if prices increase, all other things being equal, reserves are expected to increase.

TABLE 7
New Mexico Natural Gas Reserves [1]
(natural gas numbers in billion cubic feet)

Calendar Year	Beginning Reserves	Net Additions/ Adjustments	Estimated Production	Ending Reserves
2015	16,426	308	1,297	15,437
2016	15,437	220	1,283	14,374
2017	14,372	7,805	1,319	20,858
2018	20,858	5,744	1,512	25,090
2019	25,090	387	1,758	23,719
2020	23,719	4,383	1,973	26,129
2021	26,129	7,722	2,283	36,134
2022	36,134	7,101	2,782	46,017
2023	46,017	(3,750)	3,165	45,432
2024	45,432	(1,861)	36,586	47,157

[1] As measured by wet after lease separation. Wet after lease separation represents the volume of natural gas that is marketable after exclusion of pentanes, hydrocarbons and nonhydrocarbons. The presence of these chemicals renders natural gas unmarketable.
Sources: Department of Finance and Administration, U.S. Energy Information Administration

According to the EIA, natural gas ending reserves have generally been increasing since the most recent EIA data was produced. The latest data is current through 2024.

Information on oil and gas drilling activity published by the Baker Hughes Company is presented in the graphs below. The Baker Hughes Company reports the number of drilling rigs actively exploring for oil and gas in the United States. Over the last decade, drilling activity in New Mexico has generally followed trends in the United States until 2016. Since 2006, drilling activity in the United States climbed steadily until the sharp decrease of energy prices in 2009. After the 2009 price drop, oil drilling rebounded strongly and at the time reaching new record levels near the end of 2014.

Drilling activity once again decreased sharply with a short lag following the decline in oil prices in 2014. Since 2015, oil prices remained relatively stable until early 2020. This, in combination with horizontal drilling, propelled New Mexico rigs to record highs in 2019. However, oil prices collapsed in March 2020 due to the loss of oil demand from the effects of the containment measures of the COVID-19

pandemic and the supply shock caused by the recent Saudi Arabia and Russia price war. With oil prices and oil demand collapsing, rig counts declined in 2020.

However, by 2022 the development of COVID-19 vaccines and the elimination of healthcare measures taken from 2020 through 2021 to mitigate the pandemic have caused oil demand to rebound causing stronger-than-expected oil price recovery.

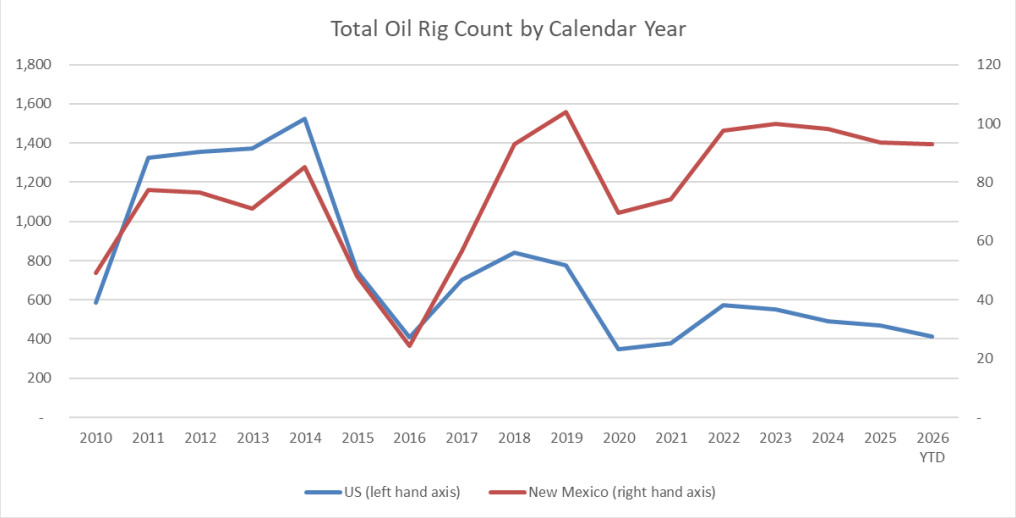
Between 2022 and 2025, New Mexico experienced a significant increase in natural gas production, primarily driven by sustained high levels of oil production in the Permian Basin. During this period, the state maintained robust drilling activity, with rig counts consistently exceeding 100 per month and averaging 103 rigs per month.

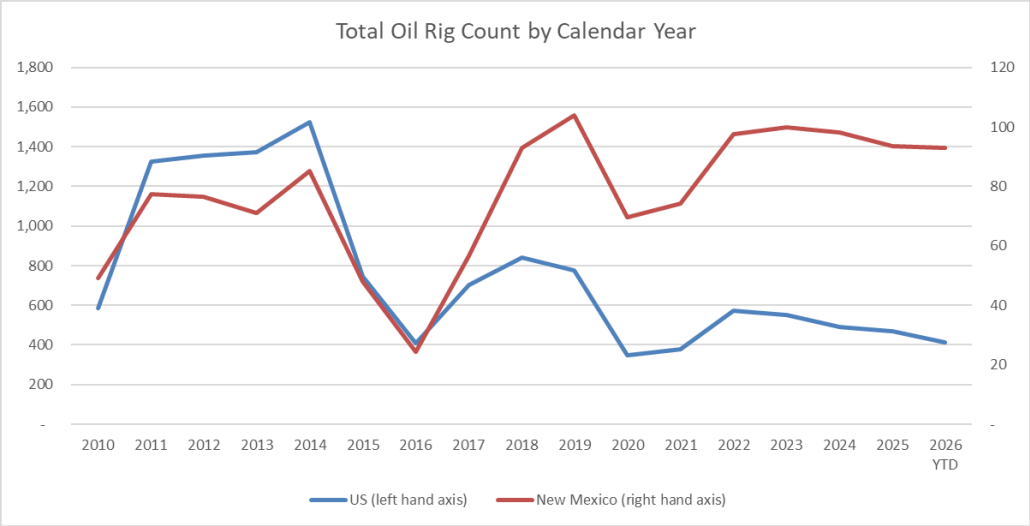
Two primary factors influenced this trend:

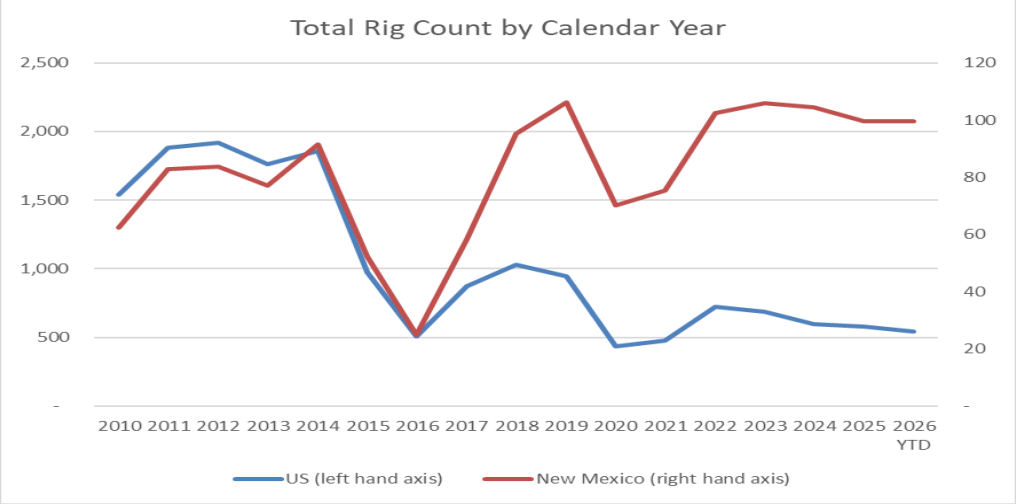
Associated Natural Gas from Oil Wells: The Permian Basin, which spans southeastern New Mexico and western Texas, is a major source of associated natural gas—natural gas produced as a byproduct of oil extraction. As oil production increased in response to favorable market conditions, so did the output of associated natural gas.

Technological Advancements: Improvements in drilling and extraction technologies, such as hydraulic fracturing and horizontal drilling, enhanced well productivity. These advancements allowed operators to extract more natural gas efficiently, contributing to the overall production growth.

According to data reported by the Baker Hughes oil rigs in New Mexico have remained at the 100 rigs mark from 2022 through April 2026.







Source: Department of Finance and Administration and Baker Hughes

By 2024, the impacts of the pandemic (2020) on global supply chains, tourism, business travel, and labor markets have largely diminished. Oil and natural gas markets have recovered and normalized. Additionally, according to Rystad Energy, the oil and natural gas industry is currently in the "Shale 4.0" phase. During this phase, producers are concentrating on establishing large-scale operations, long-term strategies, and consolidation through significant acquisitions, shifting away from the previous, more rapid growth-oriented approach of the "shale revolution." This trend indicates a maturing sector that is less focused on rapid growth and more on long-term production plans. See "SEVERANCE TAX REVENUE—Economic Conditions Impacting Severance Tax Collections."

Table 8 presents information on the number of natural gas well completions in New Mexico. Natural gas well completions have increased over the past several years from 353 in 2019 to 608 in 2025. In part this was a response to the correlation natural gas has to oil. As oil production increases or decreases, natural gas production follows. In addition, companies have shifted their attention to drilling oil wells because the relative value of oil compared with natural gas has increased dramatically in recent years. It should be noted that the Baker-Hughes data above illustrates there are three natural gas rigs in New Mexico

as of April 2025 because Baker-Hughes classifies rigs for what they are drilling for. In New Mexico producers are mainly drilling for oil; provided, however, they are also completing gas wells since some wells are more 'gassy' so that both oil wells and natural gas wells are being drilled by oil rigs.

TABLE 8
Number of Natural Gas Well Completions by Calendar Year

Calendar Year	Natural Gas Well Completions
2016	76
2017	160
2018	370
2019	353
2020	219
2021	369
2022	490
2023	412
2024	528
2025	608

Source: New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division

Natural Gas Markets

United States consumption of natural gas grew in all but one year between 1986 and 2002, reaching 23 trillion cubic feet (tcf) in calendar year 2002. From 2002 until 2006, total consumption remained flat despite the growing economy. Beginning in 2006, U.S. consumption began to grow, reaching 27.1 tcf in 2017. Since the fall of natural gas prices in 2009, the relatively low price of natural gas has led power generators to substitute natural gas for coal. According to the EIA, after peaking around 23.0 tcf in the mid-1970s, annual production of natural gas declined in response to falling prices to a low of 16.9 tcf in 1986. Since then, production has increased steadily in response to rising prices and technological innovations that have lowered production costs. EIA expects natural gas production to continue to grow. Total natural gas production in 2025 was 39.3 tcf.

Average annual natural gas values for the United States and New Mexico are presented in Table 9. The U.S. average references the spot price of natural gas at the Henry Hub pipeline terminal in Louisiana. This is the price typically reported in the national news media. Prices have declined from 2017 to 2020 due to the increased natural gas production associated with the boom in oil production. In 2022, rising domestic and international demand for natural gas—combined with global supply constraints—drove prices significantly higher. Prices began to normalize in 2023. Looking ahead, consensus estimates project a gradual increase in prices, driven by growing international demand for U.S. natural gas. Henry Hub spot prices and New Mexico prices are presented in Table 9.

TABLE 9
Henry Hub Spot vs New Mexico Average Wellhead Price by Fiscal Year
($ per thousand cubic feet)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Henry Hub Spot Price	$2.34	$3.11	$3.06	$2.56	$2.03	$3.89	$6.45	$2.56	$2.47	$3.08
New Mexico Producers	2.42	3.26	3.40	2.95	1.93	3.50	7.14	5.39	3.25	3.19
NM as a percentage of Henry Hub	103.4%	104.8%	111.3%	115.2%	95.1%	90.0%	110.7%	210.5%	131.5%	103.6%

Sources: Department of Finance and Administration, U.S. Energy Information Administration

New Mexico average wellhead values have exceeded Henry Hub spot prices largely because the New Mexico average includes natural gas liquids, while Henry Hub prices represent "dry" gas only. Natural gas liquid products are used in refining, gasoline blends, home heating (propane) and a number of industrial applications such as the production of ethylene for plastics. As such, they are priced at a premium to dry gas and tend to track oil prices closely. New Mexico producers' wellhead prices in Fiscal Year 2025 were $3.19 per thousand cubic feet.

Natural Gas Production

Total natural gas production in New Mexico increased sharply in the early 1990s due to increased coal seam production in the San Juan Basin then steadily declined until 2011. Natural gas production from gas wells continued to decline at rates similar to previous years. Beginning in 2012, however, much of the decline in natural gas production from gas wells was offset by associated natural gas production from new oil wells in the Permian Basin. In Fiscal Year 2025, production totaled 4,018 bcf with prices decreasing to $3.19 resulting in gross sales revenue of an estimated $12.7 billion in Fiscal Year 2025. Taxable production volume, sales revenue, and average price per thousand cubic feet for Fiscal Years 2016 through 2025 are presented in the following table.

TABLE 10
Natural Gas Subject to Taxation
Production, Revenues and Average Price
Fiscal Years 2016-2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sales Volume (bcf)	1,182	1,241	1,361	1,562	1,829	2,135	2,597	3,236	3,480	4,018
Gross Sales Revenues (millions)	$2,878	$3,994	$4,723	$4,389	$3,475	$7,259	$18,276	$17,476	$11,305	$12,764
Gross Average Price per mcf	2.43	3.22	3.40	2.95	1.93	3.50	7.14	5.39	3.25	3.19
Net Taxable Value [1] (millions)	1,928	2,831	3,403	3,103	1,988	5,119	14,432	13,046	7,391	8,132

[1] Data reflects estimates of revenue per product prior to adjustments for penalty, interest and other adjustments.
Source: Department of Finance and Administration (the "TRD Gentax System")

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The following table sets forth the production levels of the State's largest natural gas producers in calendar year 2025.

TABLE 11
Ten Largest Natural Gas Producers
in New Mexico and Production in 2025

	Thousand Cubic Feet
EOG Resources Inc. HILCORP Energy Company	619,605,780
Devon Energy Production Company, LP	397,641,443
Mewbourne Oil Company	362,889,086
HILCORP Energy Company	290,716,012
XTO Permian Operating, LLC.	286,722,052
Matador Production Company	223,746,566
OXY USA, Inc.	202,704,932
Chevron U.S.A. Inc	173,790,498
COG Operating LLC.	165,984,288
Permian Resources Operating, LLC	141,267,302

Source: New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division

Severance Taxes on Natural Gas

Severance Taxes are levied by State statute on the sale or transport out of state of natural gas produced in the State. State taxation of minerals production for the General Fund began as early as 1933. The Severance Tax Bonding Act earmarked a portion of the existing severance tax to pay debt service on severance tax bonds, with remaining revenues previously going to the General Fund. The severance tax at that time was 2.5 percent of the marketable sales value, with deductions allowed for royalties to governments and for certain processing and transportation expenses. Beginning in 1973, the STPF was created, receiving excess severance tax revenues not required for debt service payments.

The tax rate was increased to 3.75 percent of value in 1974. Beginning in 1977, the tax rate was converted to a per unit basis, $0.05 per mcf of natural gas, with a deduction allowed for royalties to governments. A surtax was added, equal to the base tax rate times the percentage increase in the Consumer Price Index (CPI) from the base year. This surtax rate was updated annually. The base tax rate was increased to $0.087 per mcf in 1980, and the surtax provision continued to apply.

By July 1, 1986, the surtax had reached $0.076 and the total tax rate was $0.163 per mcf. With the sharp decline in wellhead natural gas prices in 1986, the effective severance tax rate was over 8 percent of gross sales value. The combined effective tax rate on natural gas production, including General Fund taxes, was over 11 percent, significantly higher than in neighboring natural gas-producing states. The 1987 Legislature responded to declining prices by converting the tax to 3.75 percent of value on a phased in basis. Beginning July 1, 1990, the new tax rate applied to all production.

In 1995, lower severance tax rates for certain categories of production were enacted. A 10-year exemption from Severance Taxes was provided for production from previously non-producing wells ("restoration"). A 50 percent rate reduction was provided for incremental production from a qualifying work over project ("recompletion").

In response to sharply lower oil prices and declining production of oil and associated natural gas, new severance tax incentives for production from recompletion wells and stripper wells were enacted in 1999. For natural gas, a stripper well is defined as one having average daily production of less than 60,000 cubic feet per day. For oil wells, the threshold is 10 barrels per day. Instead of a 50 percent rate reduction (from 3.75 percent to 1.875 percent) for the incremental production from recompletion wells, a tax rate of 2.45 percent was applied to all production from qualified wells. For stripper well production, the 1999 legislation introduced a sliding scale of applicable tax rates, depending on the prevailing taxable value of products.

Oil and Natural Gas Incentives

The following table summarizes incentive tax rates applied to various categories of oil and natural gas production in New Mexico as of Fiscal Year 2025. Although the State offers reduced severance tax rates for several categories of production, prices are expected to be above the statutory price threshold through the forecast period, so none of these incentives are assumed to apply. Should prices decline in the future, some of these incentives may become applicable again.

TABLE 12
Oil and Natural Gas Tax Incentive Programs

Incentive Category	Incentive Tax Rate	Threshold Price Below Which Incentive Rate Applies	Qualified Production As a Percent of Fiscal Year 2024 Total [1]
Production Restoration Project	0.00% [2]	$24.00 per barrel [3]	0.0% Oil 0.0% Natural Gas
Well workover wells	2.45%	$24.00 per barrel [3]	0.0% Oil 0.0% Natural Gas
Stripper wells	1.88%	$1.15 per mcf-Gas [4] $15.00 per barrel-Oil [3]	0.0% Natural Gas 0.0% Oil
	2.81%	$1.35 per mcf-Gas [4] $18.00 per barrel-Oil [3]	0.0% Natural Gas 0.0% Oil
Enhanced oil recovery	1.88%	$28.00 per barrel [2]	0.0% Oil

[1] No oil or natural gas volumes are expected to qualify for these incentives during the period because average taxable value exceeds the threshold levels.
[2] The incentive rate applies for 10 years after the restoration project is completed. Each year's production is tested against the threshold price.
[3] Twelve-month average price for West Texas Intermediate crude oil as reported on Oil Postings for last day of each month.
[4] Average annual taxable value of natural gas or oil sold in New Mexico during the preceding calendar year.
Sources: Sections 7-29A-1 et seq., and 7-29B-1 et seq., NMSA 1978

Projections of Severance Tax Revenues from Natural Gas

The natural gas price outlook is prepared by the DFA using analysis by CREG, as well as forecasts by the EIA, Moody's Analytics economic forecasting services, and public information about NYMEX futures contracts.

Prices declined from 2017 to 2020 due to increased natural gas production associated with the oil production boom. From 2020 to 2022, however, rising domestic and international demand—along with global supply constraints—drove prices significantly higher. Prices began to normalize in 2023 and 2024.

In Fiscal Year 2025, New Mexico producers received an average price of $3.19 per mcf, down from $3.25 in Fiscal Year 2024. Based on the latest consensus estimate, DFA assumed an average price of $3.74 per mcf for Fiscal Year 2026 and $4.58 per mcf for Fiscal Year 2027. The consensus outlook anticipates a gradual increase in prices, primarily driven by growing international demand for U.S. natural gas.

The severance tax base for natural gas is defined as the wellhead value less deductions for the expense of processing and transporting product to the first point of sale. In addition, deductions are allowed for royalties paid to governmental entities (federal, state and tribal). The deduction percentage has averaged around 28 percent to 40 percent in recent years, thus the rate used for the DFA's severance tax revenue forecast averages between 28 and 32 percent.

While dedicated natural gas drilling has slowed, production volumes remain at record levels due to associated gas from oil-heavy Permian Basin operations. New Mexico's severance tax revenues are now driven by oil, which continues to outweigh natural gas as a primary revenue source. In Fiscal Year 2025, oil production's taxable value grew by approximately 4.5 percent, rising from $48.9 billion to an estimated $51.1 billion. Furthermore, oil is projected to constitute roughly 88.2 percent of the state's total taxable value in Fiscal Year 2026.

The table below sets forth the DFA's December 2025 five-year projection for natural gas volume, price, and severance tax revenue deposits to the Severance Tax Bonding Fund for Fiscal Years 2027 through 2031.

TABLE 13
New Mexico Natural Gas Volume, Price and Severance Tax Projections [1]
Fiscal Years Ending June 30

	2027	2028	2029	2030	2031
Natural gas sales (bcf)	4,640	4,885	5,080	5,225	5,243
Average sales price ($ per mcf)	$4.58	$4.62	$4.34	$4.09	$4.23
Severance Taxes on natural gas (in thousands)	$568,514	$605,128	$583,639	$558,716	$583,669

[1] Projections are net of the Intergovernmental Production Tax Credit.
Source: New Mexico Department of Finance and Administration

OIL PRODUCTION AND SEVERANCE TAX REVENUE

Oil Reserves and Production

The table below presents the EIA's estimate of oil "proven reserves" from 2016 to 2023. This is the latest data available from the EIA as of the date of this Official Statement. Proven reserves are those a company believes with reasonable certainty can be produced with current technology at current prices. They represent the narrowest measurement of the country's energy resources. Each year the EIA updates its estimates to reflect new information, new discoveries and production during the year. The EIA reports on proven reserves of crude oil in the State on the basis of company surveys. Accounting rules in place for 2008 and prior years required companies to calculate proved reserves based on end-of-year prices. New accounting standards adopted by the Securities and Exchange Commission now require companies to use an annual average price.

Production in New Mexico remained relatively flat at around 60 million barrels annually from 2006 through 2008. Beginning in 2009, output began to rise steadily, reaching 147 million barrels by 2016. A significant production boom began in 2017, driven by the effectiveness of horizontal drilling techniques and favorable geology in the Permian Basin.

According to updated EIA and Table 14 data, estimated oil production in New Mexico increased from 172 million barrels in 2017 to 300 million barrels in 2019, representing a 74.4 percent increase. Production rose by 23.7 percent in 2020, reaching 371 million barrels, followed by a 24.5 percent increase in 2021 to 462 million barrels. Growth continued at a record pace in subsequent years, with production reaching 590 million barrels in 2022 (a 27.7 percent increase), 672 million barrels in 2023 (a 13.9 percent increase), and 774 million barrels in 2024 (a 15.2 percent increase). In 2025, 803 million barrels were produced (a 3.8 percent increase).

Due to New Mexico's highly efficient, high-producing wells and low breakeven prices, oil production has grown steadily from 2020 through 2025. In March 2021, New Mexico surpassed North Dakota to become the second-largest oil-producing state in the country. It has maintained this position to date, driven by the superior economics of the Delaware Basin (within the Permian Basin) compared to other national oil plays.

TABLE 14
New Mexico Oil Reserves
Crude Oil [1]

Year	Beginning Reserves	Additions/ Adjustments	Estimated Production	Ending Reserves
2016	1,581	(73)	147	1,655
2017	1,655	862	172	2,689
2018	2,689	501	249	3,439
2019	3,439	(1)	300	3,738
2020	3,738	(570)	371	3,539
2021	3,539	908	462	4,909
2022	4,909	689	590	6,188
2023	6,188	(285)	672	6,535
2024	6,535	(243)	774	7,036
2025	7,036	n/a	803	7,839

[1] Barrels in millions.

Sources: Department of Finance and Administration, U.S. Energy Information Administration

Note: EIA historical proved reserve estimates are subject to retroactive revision due to administrative reconciliation with finalized state data, incorporation of late or amended operator filings, updates to economic recoverability assumptions (e.g., prices and technology), and reporting harmonization changes associated with revised data systems.

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Potential new development of oil resources is indicated by exploration and drilling activity. Secondary or tertiary recovery projects (water or carbon dioxide injection) typically require new development wells. The number of well completions are a partial indicator of increased exploration and drilling activity. Table 15 presents oil well completions during the period 2016 through 2025. The successful application of horizontal drilling, hydraulic fracturing, and longer average lateral leg length in the Permian Basin has resulted in significantly larger volume production per well.

TABLE 15
Number of Oil Well Completions
by Calendar Year

Calendar Year	Well Completions
2016	458
2017	622
2018	913
2019	931
2020	614
2021	1,094
2022	1,573
2023	1,464
2024	1,584
2025	2,702

Source: New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division

The following table sets forth the production levels of the largest oil producers in the State in calendar year 2025.

TABLE 16
Ten Largest Oil Producers in
New Mexico and Production in 2025

	Barrels
EOG Resources Inc.	127,768,251
Mewbourne Oil Company	95,023,580
Devon Energy Production	82,628,402
XTO Permian Operating LLC	62,585,032
Matador Production Company	54,977,129
OXY USA, Inc.	46,521,624
Permian Resources Operating, LLC	39,804,731
Chevron U.S.A. Inc.	39,688,809
COG Operating LLC	38,167,760
XTO Energy, Inc.	19,886,772

Source: New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division

Severance Taxes on Oil

Severance Taxes are levied on oil on the basis of sales value at the time of either sale or transportation from the State. Information on oil sales occurring in the last ten Fiscal Years are presented in the following table.

TABLE 17
Oil Subject to Taxation
Production, Revenues and Average Prices
Fiscal Years 2016-2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sales Volume (bbl in millions)	147.2	156.0	205.3	300.6	368.1	407.7	531.7	658.0	708.7	779.3
Gross Sales Revenues (millions)	$5,589	$6,988	$11,307	$15,471	$16,199	$20,620	$46,853	$53,055	$55,794	$53,959
Gross Average Price per bbl	$37.96	$44.81	$55.08	$51.47	$44.01	$50.58	$88.12	$80.63	$78.73	$66.69
Net Taxable Value [1] (millions)	$4,904	$6,150	$9,948	$13,615	$14,223	$18,17	$41,182	$46,485	$48,906	$47,180

[1] Data reflects estimates of revenue per product prior to adjustments for penalty, interest and other adjustments.
Source: New Mexico Taxation and Revenue Department, Tax Analysis, Research and Statistics Office

The severance tax rate on oil was increased to 3.75 percent of sales value in 1974. Beginning in 1977, the rate was converted to $0.45 per barrel, with a surtax indexed to the CPI. In 1980, the tax rate was converted back to 3.75 percent of value.

In 1992, a 50 percent reduction of the severance tax rate applied to oil produced through enhanced recovery methods was enacted. Enhanced methods include carbon dioxide miscible fluid displacement, water flood, pressure maintenance and thermal methods. The reduced rate applies to all production from an enhanced recovery project following certification of a positive production response by EMNRD's Oil Conservation Division.

In 1995, lower severance tax rates for certain categories of production were enacted. A 10-year exemption from severance tax was provided for production from previously non-producing wells ("restoration"). A 50 percent rate reduction was provided for incremental production from a qualifying work over project ("recompletion"). In 1999, the incentive program was expanded to include recompletion wells and a new incentive for stripper wells was enacted. Presently, no production qualifies for the incentive rates because the price of oil is above the statutory price threshold. The severance tax revenue forecast by the DFA assumes that the incentives will not apply into the near future.

Projections of Severance Tax Revenues From Oil

Volume of Production. Production of oil has increased in recent years, due to new technologies that facilitate access to oil deposits in tight shale, reaching 781.2 million barrels in Fiscal Year 2025. The December 2025 consensus volume includes an increase in annual production of 5 percent for Fiscal Year 2026 to 820 million barrels.

Both EIA and Rystad data confirm that oil production in New Mexico remained robust through 2025, solidifying the state's position as the second-largest oil producer in the U.S. since 2021. According to EIA data, New Mexico accounted for 16.5 percent of total national oil production in 2025.

In the current "Shale 4.0" phase, most operators in the Permian Basin are pursuing modest growth strategies. As a result, the latest consensus forecast anticipates moderate year-over-year production increases, with volumes expected to rise by 5 percent to 820 million barrels in Fiscal Year 2026 and by 2.4 percent to 840 million barrels in Fiscal Year 2027.

Prices. Over the past ten fiscal years, the weighted average annual oil price received by New Mexico producers has ranged from a low of $44.81 in Fiscal Year 2017 to a high of $88.12 in Fiscal Year 2022. In Fiscal Year 2025, the gross average price per barrel was $69. The December 2025 consensus forecast for Severance Tax revenue assumes an average oil price of $58 per barrel in Fiscal Year 2026 and $57.50 in Fiscal Year 2027.

These fiscal year price forecasts reflect sales prices from April through March due to a lag in distribution of revenues to the Bonding Fund. Like natural gas, certain deductions for transportation and royalties are available for oil producers. The deduction percentage has averaged close to 12.3 percent in recent years, which is the assumed rate in the severance tax revenue forecast.

Revenues. The table below sets forth the DFA's December 2025 consensus five-year projection for oil volume, price, and severance tax receipts to the Severance Tax Bonding Fund for Fiscal Years 2026 through 2030. This forecast does not incorporate the potential impacts of elevated oil prices or the uncertainty associated with the 2026 U.S.–Iran conflict. The forecasts are also net of the Intergovernmental Production Tax Credit.

TABLE 18
New Mexico Oil Volume, Price and Severance Tax Projections
Fiscal Years Ending June 30

	2027	2028	2029	2030	2031
Oil sales (million barrels)	780	810	835	835	835
Average price ($/barrel)	$68.00	$70.00	$70.50	$71.50	471.50
Severance Taxes on Oil (in thousands)	$1,744,353	$1,864,721	$1,936,005	$1,963,466	$1,963,466

Source: New Mexico Department of Finance and Administration

COAL PRODUCTION AND SEVERANCE TAX REVENUE

Coal Reserves and Production

Coal production accounts for less than 1 percent of deposits into the Severance Tax Bonding Fund. The State's main coal-bearing strata are the Mesa Verde and Fruitland Formations in the San Juan Basin and the Raton and Vermejo Formations in the Raton area. Currently, all coal is being produced in the San Juan Basin. The quality of coal located in the State ranges from high-heat content bituminous coal to lower rank sub-bituminous coal. Coal found in the State is relatively low in sulfur content, ranging from 0.5 to 1.1 percent, compared to the national average of 1 to 2 percent. The State's coal varies widely in ash and moisture content. The majority of New Mexico coal is used for electrical generation.

According to the EIA, the State had the following estimated recoverable reserves in calendar year 2023 (the most recent available): 2,725 million short tons of underground coal and 3,969 million short tons of surface coal, for a total of 6,694 million short tons. Estimated recoverable reserves include the coal in the demonstrated reserve base considered recoverable after excluding coal estimated to be unavailable due to land use restrictions or currently economically unattractive for mining, and after applying assumed

mining recovery rates. The State had the following demonstrated reserve base in calendar year 2023: 5,991 million short tons of underground coal and 5,677 million short tons of surface coal, for a total of 11,668 million short tons. The demonstrated reserve base includes publicly available data on coal mapped to measured and indicated degrees of accuracy and found at depths and in coal bed thicknesses considered technologically minable at the time of determinations.

During Fiscal Year 2024, there were two mining companies producing coal in New Mexico: El Segundo Coal Company, LLC and Lee Ranch Coal Company. The San Juan Coal Company, owned by Westmoreland San Juan, LLC, a subsidiary of Westmoreland Coal Company, is in remediation work on its mines with no coal production. The El Segundo Coal Company and the Lee Ranch Coal Company are owned by Peabody Natural Resources, which has acquired contracts to produce coal in mines formerly operated by Chevron. Output from the Lee Ranch Coal Company was an estimated 0.2 million tons in Fiscal Year 2024, up from no production in Fiscal Year 2023. Since Fiscal Year 2017, there has been no reported taxable coal output from the mine through Fiscal Year 2021. In Fiscal Year 2024, the El Segundo Coal Company produced an estimated 2.7 million tons of coal, down 29 percent from Fiscal Year 2023. In December 2013, a fourth mine, the BHP Navajo Mine, was sold by BHP Billiton, the parent company of BHP Navajo Coal Company, to the Navajo Transitional Energy Company (NTEC), a Navajo Nation-owned company established for the purpose of acquiring the Navajo Mine. Output from the Navajo Coal Company was 8.5 million tons in Fiscal Year 2013, the last full fiscal year prior to the sale of the mine.

On April 13, 2016, Peabody Energy Corporation (and various affiliates and subsidiaries, including Peabody Natural Resources) filed a Voluntary Petition with the U.S. Bankruptcy Court under Chapter 11 of the U.S. Bankruptcy Code. See In re Peabody Energy Corp. (No. 16-42529, U.S. Bankruptcy Ct., E.D. Mo.). On March 17, 2017, the Bankruptcy Court confirmed the Debtors' Plan of Reorganization and Peabody Energy emerged from bankruptcy. The operations of the Lee Ranch and El Segundo Mines were not impacted by the filing. Peabody Energy has updated its financial assurance for the mines by replacing the self-bonds with surety bonds.

Currently, the El Segundo Coal Company has long-term coal agreements with Arizona Public Service Company and Tucson Electric Power. At the time that the El Segundo Mine commenced operations, the Tucson Electric Power Company expected to take 3 million tons per year for 20 years for its Springerville Generating Station, and Arizona Public Service Company expected to take as much as 4 million tons of coal per year for 19 years for its Cholla Generating Station in eastern Arizona. The Cholla Generating Station stopped producing electricity in March of 2025 on track for full closure but full shut-down is still not officially scheduled per reports. The Springerville Generating Station has several owners of its units, with Tucson Electric Power owning units 1 and 2. They have announced planned closure of those units in 2027 and 2032. Arizona Electric Power Cooperative and Western Fuel Association were supplied coal under shorter-term contracts. Western Fuel Association supplied and transported coal on its rail line from the El Segundo Coal mine to the Escalante Generating Station. The Tri-State Generation and Transmission Association announced in January 2020 the closure of the Escalante Generating Station near Prewitt, New Mexico, by the end of 2020. The Escalante Generating Station officially closed in August 2020 exhausting its final supply of coal. Due to the Western Fuel Association rail line, options exist for transporting coal from the El Segundo Mine to other possible consumers.

In December 2015, New Mexico's Public Regulation Commission approved by a 4-1 vote, a plan to reduce air emissions at the San Juan Generating Station in compliance with federal requirements under the Clean Air Act. The San Juan Generating Station is a mine-mouth (built close to a coal mine) power plant owned by the Public Service Company of New Mexico and other utilities. The plan included the installation of additional emission control technology at two coal-fired generating units, the retirement of two other coal fired generating units by year end 2017 and the construction of a natural gas power generator. The Public Service Company of New Mexico decommissioned the two coal-fired generating units as

scheduled in December of 2017. Nuclear power from the Palo Verde Generating Station in Arizona provides energy to make up for the loss from the two retired coal units. On April 1, 2020, the Public Service Company of New Mexico received a unanimous vote from the New Mexico Public Regulation Commission supporting its application to cease operations at the San Juan Generating station in 2022. A third coal-fired generating unit was retired in the second quarter of 2022. The final unit was retired in October 2022 with all operations then ceasing. In Fiscal Year 2022, Severance Taxes associated with the San Juan Generating station accounted for 40 percent of Severance Taxes collected from coal in the State (coal accounts for less than 1 percent of all Severance Taxes).

Severance Tax and Severance Tax Surtax Revenue on Coal

Severance taxes have been levied on coal production in New Mexico since 1937. The severance tax is set at a fixed rate of $0.57 per ton of surface coal and $0.55 per ton of underground coal. By statute, the surtax is calculated each year based on the Producer Price Index for coal and either increases or remains constant from the previous year. The surface-mined surtax rate of $1.28 per short ton and the underground-mined surtax rates of $1.23 per short ton have remained unchanged in Fiscal Years 2017 through 2025. In the last six years, all coal mined has always met exemptions from the surtax. These exemptions are the result of renegotiations of long-term mine-mouth contracts, which, under statute requirements, have resulted in all current coal production being exempt from the surtax. Table 19 sets forth data on coal production, prices, revenues and average tax rates for the past five Fiscal Years. The recent decline in sales volume is attributable to the closure of two electricity generating power plants in New Mexico who were fed by New Mexico coal mines. At the end of 2017, two of the four coal-fired units at the San Juan Generating Station ceased operations. The Escalante Power plant near Prewitt, New Mexico, then closed in August 2020 (which used coal from the El Segundo mine). The San Juan Generating Station ceased its remaining two coal-fired units and closed all operations in September 2022.

As reflected in the table, gross average prices have ranged during the last five Fiscal Years from a low of $30.90 per ton in Fiscal Year 2022 to a high of $51.95 per ton in Fiscal Year 2025. Output in short tons over the past five years has dropped from 7.9 million in Fiscal Year 2020 to 2.8 million in Fiscal Year 2024. No taxable coal was mined from underground mines in Fiscal Year 2025. Total coal sales are expected to continue to decline gradually due to increased competition from other electricity sources, environmental concerns, and closure of coal-fueled power plants. Sales and tax revenue reflect the drop in production and exemptions from the surtax. Fiscal Year 2025 tax revenues were $1.134 million, 44 percent lower than Fiscal Year 2024, following a 23 percent drop in coal production.

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The table below sets forth data on coal production, pricing and average tax rates for the past five fiscal years.

TABLE 19
Coal Production, Prices, Revenues, and Taxes
Fiscal Years 2021 to 2025 [1]

	2021	2022	2023	2024	2025
Production:					
Total Sales Volume (tons)	6,556,724	6,143,271	4,261,754	2,873,711	1,989,530
Surface Mined Surtax Exempt	3,988,064	3,505,064	3,848,256	2,873,711	1,989,530
Surface Mined Non-Exempt	--	--	--	--	--
Underground Mined Surtax Exempt	2,568,660	2,638,207	413,498	--	--
Prices:					
Weighted Average Price per Ton for All Coal	$35.25	$30.90	$35.09	$39.06	$51.95
Sales Revenue:					
Total Sales Revenue	$231,150,580	$189,809,801	$149,549,148	$112,243,308	$103,361,408
Taxes Collected and Intergovernmental Tax Credits (ITC):					
Gross Severance Tax and Severance Surtax Due	$3,685,959	$3,448,899	$2,420,930	$1,638,016	$1,134,032
Intergovernmental Tax Credit (ITC)	--	--	--	--	--
Net Severance Tax and Severance Surtax Liability (Net of ITC)	$3,685,959	$3,448,899	$2,420,930	$1,638,016	$1,134,032
Effective Taxes (Net of ITC):					
Effective Tax Rate	1.6%	1.82%	1.62%	1.46%	1.10%
Effective Tax per Ton for all Coal (Net of ITC)	$0.56	$0.56	$0.57	$0.57	$0.57

[1] Totals may not sum due to rounding. Historical numbers have been updated to reflect amended returns.
Source: New Mexico Taxation and Revenue Department, Tax Analysis, Research and Statistics Office (the "GenTax System")

OTHER MINERAL PRODUCTION AND SEVERANCE TAXES

Carbon Dioxide

The Bravo Dome CO2 field encompasses 1.2 million acres in Harding, Union and Quay Counties in the northeastern area of the State. It contains estimated resources of 16.3 trillion cubic feet ("tcf"), of which 7.0 tcf to 10.6 tcf are considered economically recoverable. Although the State has long produced limited quantities of liquid and solid CO2 for use in the food and the engineering industries, the main commercial value of CO2 deposits is derived from the use of the product in its gaseous form in enhanced oil recovery projects in the Permian Basin of Texas and New Mexico. Future sales ultimately will depend on the CO2 requirements of such projects and on the State's proportion of the market, which is shared with Colorado's Sheep Mountain and Little Sheep Mountain, McElmo Dome and Doe Creek Fields. Sales of CO2 were approximately 52.69 bcf in Fiscal Year 2025, decreasing from 59.7 bcf in Fiscal Year 2024. The weighted average wellhead price of CO2 sales for Fiscal Year 2025 was $1.05 per mcf reported at the production facility, a decrease of $0.07 from $1.12 per mcf during Fiscal Year 2024. Severance taxes on CO2 are levied at the rate of 3.75 percent of taxable sales value. Weighted average deductions were 39.9 percent in Fiscal Year 2025.

Other Minerals

Many other minerals and natural resources are taxed in the State upon their severance from the earth or, in some cases, their sale or shipment. Existing tax rates are listed in Table 20. In many cases, flat percentage deductions are allowed to account for certain production costs. The result is that the gross value is a percentage of the "full value." The "full value," in turn, is sometimes based upon published prices

rather than actual revenues. Generally, for products with a price at the point of production, value is that price less deductions allowed for actual costs for hoisting, loading and crushing of up to 50 percent of price. For products that must be processed before sale, deductions are allowed for cost of processing and freight charges to the point of sale. Several exceptions apply, as detailed below.

For potash, the gross value is 40 percent of the posted field or market price, less those actual expenses of hoisting, crushing and loading necessary to place the severed product in marketable form and at a marketable price, but allowable deductions may not exceed 50 percent. The gross value for each type of potash and potash product requiring processing or beneficiation (other than sizing) is 33.33 percent of the proceeds realized from the sale of muriate of potash and sulphate of potash magnesia, as standard grades, and 33.33 percent of the value of such products consumed in the production of other potash products, less 50 percent of such reported value as a deduction for expenses of hoisting, loading, crushing, processing and beneficiation.

Gross values for copper, lead, zinc, gold and silver are 66.66 percent of specified Comex, London Metal Exchange cash price, London Metal Exchange Final and London spot, U.S. Equivalent, respectively, as published in Metals Week. The gross value for gold is the sales value established from published price date of the quantity of gold recoverable from the concentrate or other product that is sold or is shipped, transmitted or transported out of New Mexico without sale. The gross value for silver is 80 percent of the sales value established from published price date of the quantity of silver recoverable from the concentrate or other product that is sold or is shipped, transmitted or transported out of New Mexico without sale. For molybdenum, gross value is the value of molybdenum contained in concentrates shipped or sold from a mine site, but in no event shall it be less than market value. For copper, lead, zinc, gold, silver and molybdenum, deductions of 50 percent of the sales value are allowed for the expenses of hoisting, loading, crushing, processing and beneficiation, regardless of actual expenses incurred.

For sand and gravel, in the absence of substantial evidence of a different posted field or market price, it is presumed that the gross value is $1.75 per ton. In the absence of evidence of lower deductible expenses, the maximum 50 percent deduction will be allowed. In determining taxable value, rent and royalty payments to the federal government or the State government are deductible from gross value.

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TABLE 20
Severance Tax Rates on Other Minerals

Mineral Resources	Fiscal Year 2024 Collections	Fiscal Year 2025 Collections	Tax Rate	Gross Value As Percent of Full Value
Potash	$863,685	$1,053,217	2.500%	not fixed
Copper	577,293	643,641	0.500	16.67%
Timber, Pumice, Gypsum, Clay, Fluorspar, Other	66,818	65,771	0.125	not fixed
Molybdenum [1]	--	--	0.125	50.00
Lead, Zinc	--	--	0.125	16.67
Gold	16,892	22,062	0.200	50.00
Silver	2,637	2,151	0.200	30.00
Uranium	--	--	3.500	50.00 [1]

[1] Taxable Value as a Percentage of Full Value.
Source: New Mexico Taxation and Revenue Department, Tax Analysis, Research and Statistics Office (the "GenTax System")

Severance tax revenue from copper, which is limited because of the statutorily defined narrow tax base, was $643,641 in Fiscal Year 2025, an increase from $577,293 in Fiscal Year 2024. The average price of copper was $4.93 per pound in Fiscal Year 2025, up about 7.25 percent from Fiscal Year 2024. The quantity of copper mined in Fiscal Year 2025 increased about 11.5 percent from Fiscal Year 2024. Severance tax revenue from copper increased approximately 11.64 percent with higher production offsetting higher copper prices.

OTHER TAXES OF NATURAL RESOURCES NOT PLEDGED

Rates for unpledged production and property taxes on New Mexico natural resources are summarized below. As discussed in prior sections of this Official Statement, proceeds from the Severance Tax and the Oil and Gas Severance Tax are pledged to the Bonding Fund for payment of interest, premium and principal of the Bonds. **Proceeds of other taxes shown below are not pledged to the payment of principal, premium, if any, or interest on Severance Tax Bonds.**

Production and Property Taxes on Oil and Natural Gas

The valuation of oil and natural gas production and the assessment of the ad valorem production tax are based on the actual value of production on a monthly basis from September 1 to August 31. Oil and natural gas are valued for the calendar year preceding the property tax year, as established in Section 7 32-15 NMSA 1978. For rate setting, the Local Government Division of the DFA may adjust the State levy for changes in oil and natural gas values.

Current effective production tax rates expressed on ad valorem and unit bases are shown below. The rates were based on data from Fiscal Year 2025 and reflect an average sales price of $69.21 per barrel for oil and $3.19 per thousand cubic feet (mcf) for natural gas. The gross rates presented in the table below show taxes paid as a percentage of gross sales value before subtracting allowable deductions and tax credits. The gross tax per unit is also based on gross sales value. The net tax per unit, however, is also based on taxable value before subtracting allowable deductions and tax credits.

TABLE 21
Tax Rates on Oil and Natural Gas
Effective Tax Rates Applicable for Fiscal Year 2025[1]

Type of Tax	Crude Oil		Natural Gas	
	Ad Valorem	Per Barrel	Ad Valorem	Per mcf
Price				
Oil and Gas School Tax	2.75%	1.91%	2.54%	$0.08
Oil and Gas Severance Tax	3.28	2.27	2.38	0.08
Oil and Gas Conservation Tax (General Fund only)	0.21	0.15	0.12	0.00
Natural Gas Processors Tax	N/A	N/A	0.23	0.01
Oil and Gas Production ad valorem Tax	1.0	0.69	0.72	0.02
Oil and Gas Production Equipment ad valorem Tax	0.23	0.16	0.14	0.01
Total [2]	7.48%	$5.89	6.13%	$0.20
Subtotal: State Tax Only (excludes *ad valorem* taxes and Natural Gas Processors Tax) [3]	6.24%	$4.32	5.04%	$0.16

[1] Excludes deductions and tax credits.
[2] Totals may not add due to rounding.
[3] Natural Gas Processors Tax is applied only to natural gas processed at natural gas processing plants in New Mexico.
Source: New Mexico Department of Taxation and Revenue

The Emergency School Tax rate of 3.15 percent imposed on natural gas was raised to 4 percent effective July 1, 1993. This action was taken partially to compensate for the large decreases in revenues due to the 1987 tax changes for natural gas. Further, it was believed that the tax increase was tolerable to the industry because of relatively higher prices. The School Tax rate imposed on crude oil continues to be 3.15 percent.

Statutory rates on oil for the Emergency School Tax (3.15 percent), the Oil and Gas Severance Tax (3.75 percent) and the Conservation Tax (0.19 percent) are effectively reduced by deductions allowed for trucking costs and for Federal, State and Indian royalties. In 2010, the Conservation Tax rate on oil was increased from 0.19 percent to 0.24 percent when the average price of WTI in the previous quarter exceeds $70.00 per barrel. The Oil and Gas Production Ad Valorem Tax and the Oil and Gas Production Equipment Ad Valorem Equipment Tax are imposed in lieu of property taxes on mineral reserves and equipment located on the leasehold. Tax rates applied to these tax bases are local rates and vary by jurisdiction. The Ad Valorem Production Tax is subject to the same deductions as for School Tax, Severance Tax and Conservation Tax. The tax base for the Oil and Gas Production Equipment Ad Valorem Tax is the wellhead price, not reduced by the value of royalties.

Production, Sales, and Property Taxes on Coal

State production and property taxes on coal totaled approximately $3.7 million in Fiscal Year 2025. Coal production decreased from approximately 2.9 million tons in Fiscal Year 2024 to 2.0 million tons in Fiscal Year 2025. The average effective tax per ton has remained flat at approximately $0.57. With total sales revenue of approximately $103 million in Fiscal Year 2025, the average effective tax was 3.35 percent of total sales revenue (this does not include the gross receipts tax).

The average burden of production, property and gross receipts taxes on a ton of coal produced and sold during Fiscal Year 2025 is shown in the following table.

TABLE 22
Tax Burden on Coal for Fiscal Year 2025 [1]

Type of Tax	Tax per Ton	Effective Tax Rate	Taxes Collected
Severance Tax and Surtax (Net of ITC)	$0.57	1.10%	$ 1,134,032
Resource Excise Tax	0.39	0.75	775,210
Conservation Tax	0.23	0.19	465,727
Total Production Taxes	$1.19	2.04%	$ 2,375,269
Property Tax2	$0.68	1.31%	$ 1,352,950
Gross Receipts Tax	5.02	9.67	9,993,309
Total Non-Production Taxes	$6.90	13.02%	$13,721,528
Total Production and Non-Production Taxes	$8.09	15.06%	$16,096,797
Price per Ton			$51.95
Total Production (Short Tons)			1,989,530
Total Value			$103,356,059

[1] The figures reported in this table come from TRD's GenTax System. These figures differ from actual distributions made by the TRD's Financial Services Bureau, as the distributions include penalties, interest, and other modifications such as previously unallocated or unidentified receipts. Total production is based on volumes reported on severance tax returns, which differ from the volumes reported on resource excise tax returns.
[2] Property tax year began September 1, 2024, with calendar year assessments completed by May 1 per statute.
Source: New Mexico Taxation and Revenue Department, Tax Analysis, Research and Statistics Office (the GenTax System, Financial Services Bureau and Property Tax Division's Central Assessment Unit)

Statutory rates for the resources excise tax and the conservation tax are effectively reduced by a deduction for federal, State and tribal royalties. The effective severance tax rate on coal reflects the mix of old and new contract sales and of underground and surface mines. Property tax pertains to both equipment and production values. Fundamental differences in tax bases preclude a true comparison between property taxes and other taxes shown above. However, property taxes are included in this analysis to prevent understating the tax burden.

In addition to production taxes, gross receipts tax is imposed on coal produced and sold within the State. During 2023, the most recent year for which data is available (Source: U.S. Energy Information Administration), 48 percent of all coal produced in the State was used by the producing company or sold to affiliate company and assumed to supply electric power plants in New Mexico. The remaining 52 percent was sold on the U.S. open market to other coal companies or consumers. In Fiscal Year 2025, 97 percent of all coal produced in New Mexico was subject to gross receipts tax. The combined state and local tax rate for Fiscal Year 2025 was 7.88 percent of taxable gross receipts.

Royalties, Rents and Bonuses

Federal Lands. Under terms of the 1920 Federal Mineral Leasing Act, the State receives 50 percent of all income generated from leasing federal lands located in the State for mineral production. Principal sources of income are royalty payments on oil and natural gas production. Additional income is derived from bonus payments for oil and natural gas leases and royalty payments on production of coal, potash and other minerals. The United States Department of the Interior's Office of Natural Resources Revenue (the "ONRR") collects federal mineral lease income and deducts two percent from the State's share for administrative costs. The State receives payments on a monthly basis and makes deposits to the

General Fund. At the end of the fiscal year, federal mineral receipts above the five-year average are transferred to the Early Childhood Trust Fund and the remainder was historically distributed to the General Fund. Following the passage of SB 26 (Chapter 22, Laws 2023), beginning in Fiscal Year 2025, the amount of federal mineral leasing payments the General Fund can receive will be capped at Fiscal Year 2024 levels, and any revenue above that amount, but below the five-year average, will be invested in the STPF. In Fiscal Year 2025, gross total distributions from federal mineral leases totaled $2.79 billion, of which $1.64 billion was distributed to the General Fund. The net federal mineral leasing distribution to the General Fund equals 12.1 percent of recurring General Fund receipts for the Fiscal Year. The $1.645 billion in Fiscal Year 2024 represents the fixed distribution amount to the General Fund going forward. In 2025 House Bill 71 temporarily reallocated 50% of the federal mineral receipts above the rolling five-year average to the newly created Medicaid Trust Fund. Beginning in Fiscal Year 2029, 100% of this excess revenue will return to the Early Childhood Trust Fund.

Federal Fiscal Year 2009 appropriations bills implemented a 2 percent administrative fee cut from the federal royalty payments to states. This 2 percent fee was extended each federal Fiscal Year since 2009 and extended for 10 years in the 2013 Bipartisan Budget Act. Approximately $11.6 million was deducted in Fiscal Year 2018, $22.9 million was deducted in Fiscal Year 2019, $16.3 million was deducted in Fiscal Year 2020, $16.2 million was deducted in Fiscal Year 2021, and $45.1 million was deducted in Fiscal Year 2022.

Royalty Resiliency Act: Impacts on Collections or Royalty Payments. In 2024, Congress passed into law the "Royalty Resiliency Act" (H.R. 7377), changing the way oil and gas leaseholders account for and remit royalties on federal lands. Previously, the ONRR determined the allocation of royalty payments among federal and state lands. After the effective date of the Royalty Resiliency Act (September 20, 2024), oil and gas leaseholders are to propose an allocation and remit royalties based on their proposed allocation until ONRR issues its determination of royalty allocations. While the allocation among such royalties in New Mexico was previously allocated approximately as two-thirds federal lands and one-third state lands, it is unknown if the allocation by leaseholders will be changed or, perhaps more importantly, delayed, while ONRR resolves a backlog of approximately 800 royalty allocation cases. While these state royalty payments are not pledged to any bonds or other debt obligations, these delays and changes to allocation methodology could impact contributions to state trust funds, although it is too soon to estimate the amount of such decreased royalty collections.

State Trust Lands. The Commissioner of Public Lands and the State Land Office manage lands acquired by the State under the federal Fergusson Act and the Enabling Act for New Mexico enacted prior to statehood, as well as under the State Constitution. All income from State trust lands is dedicated to specific institutions; each section of State trust land has a specific named beneficiary institution. As with federal lands, the oil and natural gas industry is the principal source of revenue from State trust lands. Bonus income is also collected in the form of cash payments as a result of competitive bidding for State leases. Rentals and bonus income are distributed directly to the respective beneficiary institutions on a monthly basis. The largest beneficiary group is the State's public school system. Mineral production from State trust lands also generates royalty income, which is deposited in the LGPF. Royalties are imposed on most mineral production values at the rate of 12.5 percent, although there is a provision for rates of up to 25 percent for new leases on developed acreage. LGPF beneficiaries and "State lands" beneficiaries are the same institutions and public schools. In Fiscal Year 2025, distributions to the General Fund from the State Land Office, on behalf of the public schools, totaled $101.4 million, a decrease of over $16 million over Fiscal Year 2024.

Most productive state trust lands are already under lease, with royalty rates ranging from 12.5% to 20%. However, Senate Bill 23 (2025) modified the royalty structure for new leases issued after July 1, 2025, increasing the upper limit of the range to 25%. While initial lease terms are five years, they can be

extended indefinitely as long as the land remains productive. As a result, the immediate impact of the new rates on production or revenue may be limited. Nevertheless, going forward as new leases are established SB23 is expected to generate additional revenue through the higher royalty rates, with estimated increases to the Land Grant Permanent Fund of approximately $50 million in Fiscal Year 2028 and $75 million in Fiscal Year 2029.

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

The information in this section concerning The Depository Trust Company ("DTC") New York, NY and DTC's book-entry-only system has been obtained from DTC, and the State and the Underwriter takes no responsibility for the accuracy thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, as set forth on the inside cover page hereof, in the aggregate principal amount of each maturity of the Bonds and deposited with DTC.

The information in this section concerning The Depository Trust Company ("DTC") New York, NY and DTC's book-entry-only system has been obtained from DTC, and the State and the Underwriter takes no responsibility for the accuracy thereof.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as

periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry-system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the State or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the State or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

THE STATE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES HEREIN TO THE BONDHOLDERS OF THE BONDS WILL MEAN CEDE & CO., AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act by State statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and the State does not have responsibility for distributing such notices to the Beneficial Owners.

The State does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Bonds.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following summarizes certain provisions of the Bond Resolution relating to the Bonds. This summary does not purport to be complete and reference is made to the Bond Resolution for a full and complete statement of its provisions.

Covenants

So long as any Bonds are outstanding, the State and the Board have covenanted and agreed with the Owners (defined in the Bond Resolution) of Bonds that: (a) the State will use its best efforts to collect and deposit in the Bonding Fund proceeds from Severance Taxes as set forth in the Severance Tax Bonding Act which, when combined with other amounts the State Legislature, in its sole discretion, may from time to time deposit in the Bonding Fund (including earnings required to be deposited in the Bonding Fund by Section 24 of the Bond Resolution and similar provisions of other bond resolutions of the Board relating to Severance Tax Bonds), will equal at least two hundred percent (200%) of the amount of the principal of

and interest scheduled to be due in each fiscal year of the State on Severance Tax Bonds, including the Bonds; (b) the State will promptly pay the principal of and the interest on the Bonds, at the places, on the dates and in the manner specified in the Bond Resolution and in the Bonds; (c) the State will keep proper books of record and account, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to Severance Taxes, the Bonding Fund, each Project Account (defined in the Bond Resolution) and the Rebate Fund; (d) any registered Owner or Beneficial Owner of any of the Bonds or any duly authorized agent of such registered Owner or Beneficial Owner, shall have the right, at all reasonable times, to inspect all records, accounts and data relating to the Bonds, the collection of Severance Taxes and the Bonding Fund; provided, however, that pursuant to NMSA 1978, Section 6-14-10E (1983), records with regard to the ownership of or pledges of the Bonds are not subject to inspection or copying; (e) the State will prepare annual statements or audits of collections and disbursements of Severance Taxes in sufficient detail to show compliance with requirements of the Bond Resolution and the State will furnish a copy of such audit to any Owner of Bonds upon written request therefor; (f) in order to prevent any accumulation of claims for interest after maturity, the State will not directly or indirectly extend or assent to the extension of time for the payment of interest on any of the Bonds; (g) the State will make no use of the proceeds of the Bonds or any funds reasonably expected to be used to pay the Bonds which will cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), or which would result in the loss of the excludability from gross income for federal income tax purposes of the interest on the Bonds; (h) the State (i) will take or cause to be taken such actions which may be required of it for the interest on the Bonds to be and remain excludable from gross income for federal income tax purposes, and (ii) will not take or permit to be taken any actions which would adversely affect that excludability, and the State or persons acting for it, will, if necessary to maintain such excludability, among other acts of compliance, 1 apply, or cause to be applied, the proceeds of the Bonds to the purpose of the borrowing, 2 restrict the yield on investment property acquired with those proceeds, 3 make timely rebate payments to the federal government in accordance with Section 148 of the Tax Code and the Bond Resolution, 4 maintain books and records and make calculations and reports, and 5 refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such excludability of that interest under the Tax Code.

Defeasance

If the State shall pay all of the outstanding Bonds, or shall cause them to be paid and discharged in accordance with the next paragraph of this section, or if all payments of principal of and interest on the Bonds, due or to become due, shall otherwise be paid to the Owners of the outstanding Bonds, then the Bond Resolution shall cease and become null and void (except for those provisions surviving in accordance with the last paragraph of this section), and the covenants, agreements and obligations of the Board and the State under the Bond Resolution will be released, discharged and satisfied.

All or any part of the Bonds shall be deemed to have been paid and discharged if: (1) the Registrar/Paying Agent shall, in advance of any payment to the Owners of the outstanding Bonds, have received and set aside sufficient moneys for the payment in full of the principal of and interest on the Bonds, or part thereof, or (2) there shall have been placed in trust for the payment of the Bonds and irrevocably committed to such payment, non-callable Defeasance Obligations (defined below) which are certified by an independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and scheduled to bear such interest, as will be sufficient, together with any moneys on deposit with the Registrar/Paying Agent available to pay principal of and interest on the Bonds, without further investment or reinvestment of either the principal amount or the interest earnings on such Defeasance Obligations (which earnings are to be held likewise in trust and so committed, except as provided herein), for the payment in full of all principal of and interest on the Bonds, or part of the Bonds, deemed to have been paid, at their maturity.

As used in the Bond Resolution, "Defeasance Obligations" means, as permitted by law:

(a) direct obligations of, or obligations the full and timely payment of the principal of and interest on which is unconditionally guaranteed by, or obligations issued by or backed by the full faith and credit of corporations sponsored by, the United States of America;

(b) obligations issued or guaranteed as to full and timely payment of principal and interest by any agency or person controlled by and acting as an instrumentality of the United States of America, pursuant to authority granted by the Congress of the United States of America; and

(c) obligations described in Section 103(a) of the Tax Code (i) provisions for the payment of the principal of, premium, if any, and interest on which (1) shall have been made by the irrevocable deposit, with a bank or trust company acting as a trustee or escrow agent for holders of such obligations, of non-callable securities described in clauses (a) and (b) above, the maturing principal of and interest on which, when due and payable, without further investment or reinvestment, will provide sufficient moneys to pay when due the principal of and interest on such obligations, and (2) which securities described in clause (i) and (ii) are not available to satisfy any other claim, including any claim of such trustee or escrow agent or of any person claiming through such trustee or escrow agent or to whom such trustee or escrow agent may be obligated, including claims in the event of the insolvency of such trustee or escrow agent or proceedings arising out of such insolvency or (ii) rated by either S&P Global Ratings or Moody's Investors Service, Inc., or similar rating agency in its highest rating category (without regard to any refinement or gradation by numerical modifier or otherwise).

Any moneys held in trust in accordance with the defeasance provisions of the Bond Resolution may be invested only in non-callable Defeasance Obligations having maturity dates, or having redemption dates which, at the option of the holder of such Defeasance Obligations, shall not be later than the date or dates at which moneys will be required for the purposes described above. Within fifteen 15 days after any Bonds are deemed to be paid and discharged, a written notice of such deemed payment and discharge shall be given to each registered Owner of Bonds as shown on the registration books kept by the Registrar/Paying Agent on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged and set forth a description of the obligations held.

Notwithstanding that Bonds may be deemed to have been paid, any provisions of the Bond Resolution which relates to the maturity of Bonds, interest payments and dates thereof, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Registrar/Paying Agent in connection with all of the foregoing, shall remain in effect and be binding upon the State and the Registrar/Paying Agent until final payment of all Bonds notwithstanding the release and discharge of the Bond Resolution. Notwithstanding any provision of the Bond Resolution to the contrary, any provisions of the Bond Resolution which relates to the excludability of interest from gross income for federal tax purposes shall remain in effect and be binding upon the State and the Registrar/Paying Agent.

Amendment of Bond Resolution

The Bond Resolution may be amended or supplemented from time to time without the consent of or notice to the holders of the Bonds for any of the following purposes: (a) before or after issuance of the Bonds to add to, subtract from, or amend or clarify the list of Projects; (b) to cure any ambiguity, omission, formal defect or inconsistency; or (c) to make any change that, in the judgment of the Board, in reliance upon an opinion of counsel, does not have a material adverse effect on the rights of the Owners of any

Bonds; or (d) to achieve compliance with any applicable federal securities or tax laws or to ensure the excludability of interest on the Bonds from the gross income of the Owners of the Bonds for federal income tax purposes or the exemption from registration under applicable federal or state securities laws, trust indenture acts or similar laws.

Except as provided above, the Bond Resolution may only be amended or supplemented by resolution adopted by the Board in accordance with applicable law, with or without receipt by the State of any additional consideration, but with the written consent of the Owners of a majority in principal amount of the Bonds then outstanding; provided, however, that no such resolution shall, without the consent of the Owners of all outstanding Bonds, have the effect of permitting: (i) an extension of the maturity of any Bonds; or (ii) a reduction in the principal amount of, or the rate of interest on, any Bonds; or (iii) a reduction of the principal amount of Bonds required for consent to such amendatory or supplemental resolution; or (iv) the establishment of priorities as between Bonds issued and outstanding under the provisions of the Bond Resolution; or (v) the modification of, or otherwise affecting, the rights of the Owners of less than all of the Bonds then outstanding.

Remedies of Holders of Bonds

The registered Owners, or Beneficial Owners, of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding may bring an action to protect the rights of the registered Owners and Beneficial Owners of the Bonds under the Bond Resolution in any court of competent jurisdiction, for the specific performance of any covenant or agreement contained in the Bond Resolution or to enjoin any act or thing which may be unlawful or in violation of any right of any Owner of the Bonds. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the Bonds then outstanding. The failure of any registered Owner or Owners or Beneficial Owner or Beneficial Owners of Bonds to so proceed shall not relieve the State or the Board of any obligation to perform any duty under the Bond Resolution. Each right or privilege of such Owner and Beneficial Owner is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any registered Owner or Beneficial Owner shall not be deemed a waiver of any other right or privilege.

Payment of Principal and Interest

The Bonds and the interest accruing on the Bonds shall be payable and collectible out of the Bonding Fund, which is pledged for such payment as provided in the Severance Tax Bonding Act. Interest on the Bonds shall be payable by check or draft mailed, or by Automated Clearing House or electronic payment sent, to their registered Owners, as shown on the registration books for the Bonds maintained by the Registrar/Paying Agent at the address appearing in such books at the close of business on the 15th day of the calendar month next preceding each applicable interest payment date (the "Record Date"), or, if such date is not a business day, the first business day thereafter, or in such other manner as may be agreed upon by the Registrar/Paying Agent and the registered Owner of a bond. Interest which is not timely paid or duly provided for shall cease to be payable to the Owners of the Bonds (or of one or more predecessor Bonds) as of the Record Date, but shall be payable to the registered Owners of the Bonds (or of one or more predecessor Bonds) at the close of business on a special record date (the "Special Record Date") for the payment of that overdue interest to be fixed by the Registrar/Paying Agent. The Special Record Date shall be fixed by the Registrar/Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the Special Record Date shall be given to Owners of Bonds not less than 10 days prior to such date. The principal of and interest on the Bonds are payable upon presentation and surrender of the Bonds without deduction for exchange or collection charges at the office of the Registrar/Paying Agent. Principal of and interest on the Bonds are payable in lawful money of the United States of America.

If a Bond is not presented for payment at maturity, that Bond will cease to bear interest from the date of maturity.

While registered in the name of DTC or its nominee, payments of principal of and interest on the Bonds shall be made to DTC or its nominee as set forth in the Letter of Representations between DTC and the State.

TRANSCRIPT AND LEGAL OPINIONS

The Board will prepare an official transcript of proceedings of the authorization and issuance of the Bonds.

Legal matters incident to the issuance of the Bonds (see the form of opinion of Bond Counsel, attached hereto as Appendix D) are subject to the approving legal opinions of Rodey, Dickason, Sloan, Akin & Robb, P.A. Bond Counsel to the State ("Bond Counsel"). The opinions expressed by Bond Counsel is based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. A copy of the proposed form of the opinion to be executed by Bond Counsel is attached hereto as Appendix D.

Legal matters incident to the excludability from gross income for federal and State income tax purposes of interest on the Bonds (see "TAX MATTERS" below and the form of opinion of Tax Counsel, attached hereto as Appendix E) are subject to the approving legal opinions of Taft Stettinius & Hollister LLP, Tax Counsel to the State ("Tax Counsel"). Certain legal matters will be passed upon for the State by Kutak Rock LLP, Disclosure Counsel. Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State of New Mexico.

TAX MATTERS

In the opinion of Tax Counsel, assuming continuous compliance with certain covenants described below, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b) of the Tax Code; however, to the extent such interest is included in calculating the "adjusted financial statement income" of "applicable corporations" (as defined in Sections 56A and 59(k), respectively, of the Tax Code), such interest is subject to the alternative minimum tax applicable to those corporations under Section 55(b) of the Tax Code. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code imposes several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Bonds. These requirements include: (a) limitations as to the use of proceeds of the Bonds; (b) limitations on the extent to which proceeds of the Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Bonds above the yield on the Bonds to be paid to the United States Treasury. The Issuer covenants and represents in the Bond Resolution that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the Issuer or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b) of the Tax Code. Tax Counsel's opinion as to the exclusion of interest on the Bonds from gross income and alternative

minimum taxable income is rendered in reliance on these covenants and assumes continuous compliance therewith. The failure or inability of the Issuer to comply with these requirements could cause the interest on the Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Tax Counsel's opinion also is rendered in reliance upon certifications of the Issuer and other certifications furnished to Tax Counsel. Tax Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 15 percent alternative minimum tax on the "adjusted financial statement income" of "applicable corporations" (as those terms are defined in Sections 56A and 59(k), respectively, of the Tax Code). "Applicable corporations" are generally corporations with average annual adjusted financial statement income over a three-year period of $1 billion or more. "Adjusted financial statement income" generally means the net income or loss of a corporation (including interest on the Bonds) as set forth on the corporation's applicable financial statement, adjusted as provided in Section 56A of the Tax Code. Corporations should consult their tax advisors about whether the corporation is an "applicable corporation" and if the corporation is such an applicable corporation, about the calculation of "adjusted financial statement income" and the alternative minimum tax for the corporation.

With respect to any Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions described in the preceding paragraphs. The original issue discount on any Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Original issue discount may be included in "adjusted financial statement income" of "applicable corporations" for the purpose of the corporate alternative minimum tax imposed under Section 55(b) of the Tax Code for taxable years beginning after December 31, 2022. For this purpose, accrued original issue discount on the Discount Bonds may be deemed to be received and included in adjusted financial statement income in the year of accrual even though there will not be a corresponding cash payment. Applicable corporations should consult their tax advisors with respect to the appropriate timing and amount of original issue discount to include in "adjusted financial statement income" in any particular tax year.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Bonds were sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Tax Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Tax Counsel are based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Bonds. Owners of the Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, the market value of the Bonds may be adversely affected. Under current audit procedures the Service will treat the Issuer as the taxpayer and the Bond owners may have no right to participate in such procedures. The Issuer has covenanted in the Bond Resolution not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the Issuer, the Financial Advisors, Bond Counsel or Tax Counsel is responsible for paying or reimbursing any Bondholder with respect to any audit or litigation costs relating to the Bonds.

The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)3 of the Code.

In the opinion of Tax Counsel, the interest on the Bonds is exempt from income taxation by the State.

A copy of the proposed form of opinion of Tax Counsel is attached hereto as Appendix E.

LITIGATION

At the time of the original delivery of the Bonds, the Board will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceeding is pending, or, to the knowledge of the appropriate State officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the legislation authorizing the issuance of the Bonds, the levying or collecting of any taxes for the payment of the debt service on the Bonds (other than those cases described in Appendix C, which proceedings are not, in the opinion of the State Attorney General, reasonably expected to have a material effect on the bondholders), or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

The State is a party to various legal proceedings seeking damages or injunctive relief and generally incidental to its operations which proceedings are unrelated to the Bonds, and to the security therefor. The ultimate disposition of such proceedings is not presently determinable. Such proceedings are not, in the opinion of the State Attorney General, reasonably expected to have a material adverse effect on the Bonds or the security for the payment of the Bonds for the following reason: Severance Taxes are the primary source of payment for the Bonds which are limited obligations of the State. See Appendix C for a summary of litigation and administrative action or proceedings that impact Severance Taxes.

UNDERWRITING

The Bonds were purchased at a competitive sale on June __, 2026 by _____.

FINANCIAL ADVISORS

The Board has retained Fiscal Strategies Group, Inc., as Financial Advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Bonds. Fiscal Strategies Group, Inc. has contracted with Public Resources Advisory Group (together with Fiscal Strategies Group, Inc., the "Financial Advisors") with respect to the issuance of the Bonds. The Financial Advisors are not obligated to undertake, and have not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement nor the information, covenants and representations contained in any of the bond documentation with respect to the federal income tax status of the Bonds. The Financial Advisors are independent advisory firms and are not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The financial advisory fee for services performed with respect to the Bonds is contingent upon the issuance and delivery of the Bonds but is payable from the Bonding Fund.

RATINGS

The Bonds have received ratings from S&P Global Ratings and Moody's Investors Service as set forth on the cover of this Official Statement.

Such ratings reflect only the views of the respective organizations. An explanation of the significance of each rating may be obtained from the rating agency furnishing such rating. There is no assurance that such will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any downward revision or withdrawal of either rating can be expected to have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE UNDERTAKING

The Board will agree, by means of a continuing disclosure undertaking (the substantial form of which appears in Appendix F) to be delivered to the purchaser of the Bonds at closing, for the benefit of owners of the Bonds, to provide certain annual financial information relating to the State by no later than 210 days after the end of each fiscal year of the State, commencing with the fiscal year ending June 30, 2026, and to provide notices of occurrence of certain enumerated events. The Board will further agree in the continuing disclosure undertaking that if its audited financial statements are not provided as part of the annual financial information, the Board will provide such audited statements when available. The annual financial information and audited financial statements (when available) and material event notices will be filed by the Board with the Municipal Securities Rulemaking Board (through EMMA) and with any New Mexico State Information Depository. In the event of a failure of the Board to comply with any provision of the continuing disclosure undertaking, any owner of Bonds (including beneficial owners of the Bonds) may seek specific performance by court order from the First Judicial District Court in Santa Fe County, New Mexico.

The continuing disclosure undertaking with respect to the Bonds will be in effect from and after the issuance and delivery of the Bonds and shall extend to the earliest of: (i) the date the principal and interest on the Bonds is paid or deemed paid; (ii) the date the Board is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; and (iii) the date on which those portions of the Rule which require the continuing disclosure undertaking are held invalid or repealed.

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MISCELLANEOUS

The foregoing summaries, descriptions and references do not purport to be comprehensive or definitive, and such summaries, descriptions and references are qualified in their entirety by reference to each statute, document, exhibit or other materials summarized or described. The instruments and other materials referred to in this Official Statement may be examined, or copies thereof will be furnished in reasonable amounts, upon written request to the New Mexico State Board of Finance, 407 Galisteo Street, Bataan Memorial Building, Room 181, Santa Fe, New Mexico 87501, or by telephone at (505) 827-4980.

Statements made in this Official Statement involving matters of opinion, forecasts or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. The Appendices are integral parts of this Official Statement and must be read with all other parts of this Official Statement.

This Official Statement has been authorized and issued by the Board.

STATE BOARD OF FINANCE
OF THE STATE OF NEW MEXICO

By: _____
President

APPENDIX A

GENERAL INFORMATION CONCERNING THE STATE OF NEW MEXICO

The State, admitted as the forty-seventh state on January 6, 1912, is the fifth largest state by area, containing approximately 121,593 square miles. The estimated 2024 population of the State was 2,130,256 according to the United States Census Bureau. The State has a semiarid subtropical climate with light precipitation. Its climate is characterized by sunshine and bright skies in both winter and summer. Every part of the State receives no less than 70 percent sunshine year-round. Humidity ranges from 30 to 60 percent. Thunderstorms in July and August bring most of the moisture. December to March snowfalls vary from 2 inches (lower Rio Grande Valley) to 300 inches (north central mountains).

Governmental Organization

The Executive Branch of State government consists of a Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, Attorney General, and Commissioner of Public Lands. These officials are elected to four-year terms beginning January 1 after their election. An elected Executive Branch officer may succeed himself or herself in office once. The primary functions of the Executive Branch are currently carried out by the offices of each elected Executive Branch officeholder, in addition to approximately 22 cabinet departments, each headed by a cabinet secretary appointed by the Governor and approved by the Senate, and approximately 9 cabinet-level agencies. The next elections for all statewide offices will be held in November 2026.

The State Board of Finance (the "Board") has seven voting members consisting of the Governor, the Lieutenant Governor, the State Treasurer, and four members appointed by the Governor with the advice and consent of the Senate. No more than two appointed members may be from the same political party. The DFA Secretary serves as the Executive Officer of the Board and is a non-voting Board member. The Board, in addition to other powers and duties provided by law, has general supervisory authority over the fiscal affairs of the State and over the safekeeping and depositing of all money and securities belonging to, or in the custody of, the State. The Governor serves as the President of the Board.

The DFA is the principal financial organization of State government and performs through its divisions the duties and functions relating to State and local government financing and general administration. The executive and administrative head of the DFA is the Secretary, who is appointed by the Governor with the advice and consent of the Senate. The Board of Finance Division of the DFA provides operational, analytical and administrative support to the Board. The Director of the Board is appointed by the DFA Secretary with the approval of the Board.

The Legislature consists of 112 members and is divided into a Senate and a House of Representatives. Senators are elected for four-year terms and members of the House are elected for two-year terms. The Legislature convenes in regular session annually on the third Tuesday in January. Regular sessions are constitutionally limited in length to 30 calendar days in even-numbered years and 60 calendar days in odd-numbered years. Special sessions of the Legislature may be convened by the Governor.

Extraordinary sessions may be convened by the Legislature under certain limited circumstances. Legislators do not receive any salary but do receive per diem and mileage allowances while in session or performing official State business.

The judicial branch is composed of a statewide system including Magistrate and District Courts, the Court of Appeals and the Supreme Court. The District Courts are the trial courts with general jurisdiction.

Review of Results and Projections in the General Fund
State Budget for Fiscal Years 2020 through 2026

Fiscal Year 2020. The 2020 Special Session was held in June to address the State's fiscal outlook. The 2020 Special Session adjusted the General Fund recurring budget downward by $414 million to $7.2 billion and the nonrecurring budget downward by $183.7 million to $138.4 million.

The September 2020 forecast outlook was a direct result of both the oil price volatility experienced in early 2020 from the Saudi Arabia and Russia oil price war and the continuing COVID-19 healthcare crisis. While the forecast weighed all available information, the nature of the situation at the time was unprecedented. The actual outcomes for the State's finances at the time were dependent on a variety of factors: the epidemiological path of the virus, the strategies for reopening the New Mexico and U.S. economies, the time it would take consumer confidence to rebound, the effect of business closures on the long-term viability of the State's businesses, the degree to which temporary layoffs become permanent, and the impact of global oil supply and demand on oil prices and the associated effect on the State's oil production.

Fiscal Year 2020 recurring revenues were $7.86 billion, representing a decline of 1.9 percent over Fiscal Year 2019 levels. Oil- and natural gas-related revenues were projected to decrease by 22.2 percent compared to Fiscal Year 2019 levels. However, after considering an unprecedented federal land lease payment of $497 million, oil and natural gas revenues increased by 9.9 percent. In Fiscal Year 2020 New Mexico oil prices averaged $44.02 per barrel, while New Mexico's natural gas prices averaged $1.91 per mcf. Oil volumes increased by 23.4 percent in Fiscal Year 2020, and natural gas volumes increased by 11.3 percent. Gross receipts tax revenue increased by 11.9 percent over the prior fiscal year. Non-oil- and natural gas-related revenue increased by 3.4 percent.

Fiscal Year 2021. All states across the country were impacted by the COVID-19 pandemic, however, most reported better-than-expected revenue collections and improved forecasts throughout Fiscal Year 2021. The State of New Mexico was no different, and the overall economic impact of the COVID-19 pandemic hindered economic activity and State revenues in Fiscal Year 2021. However, State revenues did not decline as much as expected in early revenue estimates of Fiscal Year 2021 due to several factors. First, the 2020 economic downturn impacted various sectors of the economy differently. Low-wage sectors such as leisure and hospitality bore the brunt of the economic downturn, while high-wage sectors such as professional/business services, healthcare, and finance all but recovered. Second, the negative impacts of the economic downturn were mitigated by unprecedented national fiscal stimulus measures totaling $5.9 trillion. These fiscal stimulus packages are the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") ($2.4 trillion), the December 2020 stimulus package ($900 billion), and, in early 2021, the American Rescue Plan Act ("ARPA") ($1.9 trillion). The three fiscal stimulus measures provided crucial assistance and prevented an even worse downturn. Measures employed included unemployment insurance, stimulus checks to individuals, aid to small businesses, and aid to state and local governments. Gross receipts tax revenues did not decline as severely as prior forecasts expected, mainly due to federal fiscal and monetary policy interventions. Personal income tax revenue increased by 12.5 percent when compared to the prior year. Lastly, in New Mexico, the better-than-expected oil price recovery and oil production had a significant impact on overall General Fund revenues. According to the December 2021 consensus revenue forecast, Fiscal Year 2021 recurring revenues were $8 billion, representing an increase of 2.9 percent over the Fiscal Year 2020.

Fiscal Year 2021 felt the impact of the oil price volatility experienced in early 2020 from the Saudi Arabian and Russian oil price war and the impacts of the COVID-19 pandemic. However, the oil markets experienced a better-than-expected oil price recovery. According to the U.S. Energy Information Administration, the West Texas Intermediate ("WTI") oil prices reached a monthly average of $39.40 per barrel in October 2020 and gained ground to $59.05 per barrel by February 2021. In March 2021, WTI prices reached above $65 per barrel. Gross oil- and natural gas-related revenues increased by 12 percent compared to Fiscal Year 2020. In Fiscal Year 2021, New Mexico oil prices averaged $50.58 per barrel, while natural gas prices averaged $3.40 per mcf. Oil volumes increased by 10.8 percent, and natural gas volumes increased by 16.8 percent in Fiscal Year 2021.

In Fiscal Year 2021, the State was also influenced by two federal executive orders impacting the oil and natural gas industry, both issued in the second half of January. The "Executive Order on Tackling the Climate Crisis at Home and Abroad" paused new federal land leases but did not directly impact existing leases nor did it impact existing or pending permits at the time. This executive order did not have an end date. But in June 2021, a federal judge issued a preliminary injunction requiring the Interior Department to resume leasing of federal onshore and offshore properties for oil and gas exploration. The Secretarial Order 3395 issued a 60-day pause on administrative authority from Bureau of Land Management ("BLM") field staff to approve leases, rights of way, surface disturbances, and permits to drill. This order expired on March 21, 2021, and the U.S. Department of Interior stated that BLM officials would process applications for permits. The federal executive orders had minimal impact on New Mexico oil production.

Fiscal Year 2022. In Fiscal Year 2022, recurring revenues were $9.67 billion, representing an increase of 19.7 percent over Fiscal Year 2021. Oil- and natural gas-related revenues to the General Fund increased by 9.15 percent. New Mexico oil prices averaged $88.11 per barrel, while New Mexico natural gas prices averaged $7.03 per mcf. Oil volumes increased by 30 percent in Fiscal Year 2022, and natural gas volumes increased by 21.1 percent. Non-oil- and natural gas-related revenue increased by 21.7 percent. The stronger growth in Fiscal Year 2022 is mainly due to strong gross receipts and personal income tax revenue.

Fiscal Year 2023. In Fiscal Year 2023, recurring revenues were $11.6 billion, representing an increase of 19.8 percent over Fiscal Year 2022. Oil and natural gas related revenues deposited to the General Fund increased by 9.15 percent. New Mexico oil prices averaged $80.65 per barrel, while New Mexico natural gas prices averaged $5.40 per mcf. Oil volumes increased by 23.7 percent in Fiscal Year 2023 over Fiscal Year 2022 to a record high of 657.5 million barrels. Natural gas volumes increased by 24.6 percent over Fiscal Year 2022 to 3,234.2 BCF. Non-oil- and natural gas-related revenue increased by 14.3 percent. The stronger growth in Fiscal Year 2023 was mainly due to continued strength of post pandemic recovery with resilient consumers, increased wages and salaries, and moderating inflation. These trends impacted gross receipts and personal income tax revenue. Additionally, market interest rates were conducive to investment earnings with these revenues increasing 46.1 percent over Fiscal Year 2022 to $1.34 billion.

2023 Legislative Developments. HB 547, enacted during the 2023 Legislative Session, included changes to personal and corporate income tax brackets, reductions to gross receipt tax rates, amendments to certain tax credits, and the addition of several energy-related tax credits and rebates. However, the Governor line-item vetoed the majority of the tax law changes, including all tax bracket changes, all reductions to gross receipts tax rates, and most new tax credits such as the electric vehicle tax credit. The reason given for the line-item vetoes was that HB 547 contained tax cuts that may not be fiscally responsible in the long term.

Portions of HB 547 that were not vetoed and became law include an increased child income tax credit for taxpayers at the three lowest income levels, which may impact the general fund with decreased revenue of approximately $102 million in Fiscal Year 2023, as well as expanded film tax credits as discussed above. The Governor also did not veto the one-time PIT rebates discussed above.

SB 26, also enacted during the 2023 Legislative Session amends the Tax Administration Act and the Federal Mineral Leasing Act to provide a distribution to the STPF of oil and gas school tax revenues and federal mineral leasing revenue. SB 26 sets the general fund amount of oil and gas emergency school tax and federal mineral leasing revenue to the estimated net general fund distribution in Fiscal Year 2024. This establishes a threshold amount from which future (Fiscal Year 2025 and beyond) net general fund revenues from oil and gas emergency school tax and federal mineral leasing revenue that exceed the threshold amount are transferred to the STPF. The transfers to the STPF occur after the transfers to the Early Childhood Trust Fund occur. SB 26 does not impact transfers to the Early Childhood Trust Fund.

Beginning in Fiscal Year 2025, SB 26 requires the transfer of only new windfall revenue and investment in the STPF. This will provide the State's General Fund with an additional layer of protection from the volatility of oil and gas revenues when such revenues decrease. The greater investment in STPF will yield greater contributions from STPF earnings back to the General Fund in the future as well. Lastly, SB 26 prevents the state's recurring general fund revenue dependence on oil and gas from growing in the future.

Fiscal Year 2024. In Fiscal Year 2024, recurring revenues were $13.05 billion, representing an increase of 12.6 percent over Fiscal Year 2023. Non-oil and natural gas-related revenue increased by 6.11 percent. The growth in Fiscal Year 2024 was mainly due to strong performance in interest-earning revenues from the Land Grant Permanent Fund and State Treasurer's Office earnings. Interest earnings grew $548.5 million or 47.3 percent year-over-year. General sales contributed to growth as well due to the continued resilience of consumers benefiting from increased wages and salaries, and moderating inflation. Oil and natural gas-related revenues to the General Fund increased by 40.5 percent. The increase in oil and natural gas direct revenues is a function of both commodity prices and continued elevated production levels. Oil production in New Mexico reached a record 708 million barrels in Fiscal Year 2024 with oil prices averaging $78.73 per barrel and natural gas prices averaging $3.16 per mcf. In Fiscal Year 2024, oil and natural gas volumes increased by 7.6 percent and 10.3 percent, respectively.

Fiscal Year 2025. In Fiscal Year 2025, recurring revenues totaled $13.6 billion, an increase of 4.2 percent over Fiscal Year 2024. Non–oil and natural gas-related revenues grew by 6 percent, driven largely by strong interest earnings from the Land Grant Permanent Fund and State Treasurer's Office, which increased by $196.7 million (10.4 percent). General sales tax revenues also contributed to growth, rising $251.7 million (6.1 percent) as consumer spending remained resilient.

Oil and natural gas-related revenues to the general fund are projected to decline slightly by 1.4 percent. This modest decrease reflects lower collections from smaller oil and gas revenue programs, as the major sources, the oil and gas emergency school tax and federal mineral leasing revenue, remain capped at Fiscal Year 2024 levels under SB 26. Revenue above the cap is transferred to the Early Childhood Education and Care Fund and the Severance Tax Permanent Fund. These transfers are $1.8 billion in Fiscal Year 2025.

Oil production reached a record 781.2 million barrels in Fiscal Year 2025, with average prices of $69 per barrel. Natural gas prices averaged $3.19 per mcf, and production increased by 10 percent for oil and 12 percent for natural gas.

Fiscal Year 2026. According to the December 2025 consensus revenue forecast, recurring revenues for Fiscal Year 2026 are estimated at $13.4 billion, a decline of 1.6 percent from Fiscal Year 2025. Interest earnings from the Land Grant Permanent Fund, Severance Tax Permanent Fund, and State Treasurer's Office are projected to increase by $145 million (7 percent), and general sales tax revenues are expected to grow by $156.4 million (3.6 percent). The overall reduction in recurring revenue is driven primarily by state legislative changes taking effect and, more significantly, by federal H.R.1 legislation enacted in 2025, which is anticipated to reduce corporate income tax collections.

Non-oil and non-natural gas-related revenue is projected to decline by 2.3 percent. Oil and natural gas-related revenues to the general fund are anticipated to grow slightly by 0.8 percent, driven by smaller revenue programs, as the major sources, the oil and gas emergency school tax and federal mineral leasing revenue, remain capped at Fiscal Year 2024 levels. Revenue collected above the cap continues to be transferred to the Early Childhood Education and Care Fund and the Severance Tax Permanent Fund, with an estimated $1.5 billion expected to be transferred in Fiscal Year 2026.

The recurring revenue decrease is partially offset by higher State Land Office revenues in Fiscal Year 2026. Policy changes in 2024–2025 generated pent-up demand for high-value leases and opened previously restricted state lands, resulting in record bonus payments during monthly auctions in late 2025. Consequently, State Land Office revenue for Fiscal Year 2026 is projected at $511.9 million—$362.6 million above the typical annual estimate of $149.3 million. This increase is considered a one-time, nonrecurring spike. Total revenues for Fiscal Year 2026 are estimated at $13.7 billion, representing a modest increase of 0.9 percent over Fiscal Year 2025. Total revenues for Fiscal Year 2027 are projected to rise to $13.9 billion, an increase of 1.2 percent over Fiscal Year 2026.

New Mexico oil prices are expected to average $58 per barrel in Fiscal Year 2026, while natural gas prices are projected to average $3.74 per mcf. Oil production volumes are forecast to increase by 4.9 percent, and natural gas volumes by 12 percent. For Fiscal Year 2026, the consensus estimate anticipates moderating oil prices due to strong global supply, softer demand, and near-term economic uncertainty. New Mexico oil production is still expected to grow, but at a more measured pace as the industry enters the "Shale 4.0" era, marked by consolidation, long-term planning, and a focus on cash flow over rapid output expansion. Overall, the oil and gas sector is considered mature and transitioning to a more stable slow growth trajectory. It is important to note that the consensus estimate was developed before the Iranian-U.S. conflict, and while the price spike may support New Mexico production, near-term benefits to the state are expected to be limited. Legislative protections also help keep the direct impact on the General Fund minimal, with most gains flowing to other state funds. Oil prices remain highly volatile and subject to significant uncertainty. Geopolitical developments, market sentiment, and supply disruptions could quickly push prices materially higher or lower than current projections.

Education Funding Litigation

The State's process to fund public education on a uniform and adequate basis has been challenged in various courts, including the First and Eleventh Judicial District Courts.

In 2014, two different plaintiff groups filed lawsuits in the First Judicial District Court for the State of New Mexico in Santa Fe County, each of which challenged the sufficiency of school funding and the school funding formula, specifically as applied and related to the needs of at-risk students. The two lawsuits were consolidated (*Martinez, et al. v. the State of New Mexico* consolidated with *Yazzie, et al. v. the State of New Mexico*, No. D-101-CV-2014-00793) and proceeded to a bench trial in the summer of 2017. On February 14, 2019, the Court entered a Final Judgment and Order. The Court concluded that the State violated the Education Clause, the Equal Protection Clause, and the Due Process Clause of the New Mexico Constitution. The Court required the State to take necessary steps to ensure schools have resources,

including funding and accountability measures, to give at-risk students an opportunity to obtain a sufficient education.

Multiple motions were filed in the Court following the February 14, 2019, Final Judgment, including a motion to dismiss filed by Defendants on March 13, 2020, a Motion to Strike Defendant's Motion to Dismiss on April 26, 2020, a motion to require the State to provide essential technology on December 24, 2020, and a motion to find non-compliance and require remedial action plan filed by Plaintiffs on September 4, 2024. The motion for non-compliance requests relief that includes provision for the Legislative Education Study Committee staff to implement a planning process to ensure the prompt development and implementation of a comprehensive remedial plan. On December 21, 2023, the New Mexico Department of Justice submitted an entry of appearance entering on behalf of the State and did not oppose the motion for non-compliance subsequently submitted by the plaintiffs. On April 29, 2025, the District Court partially granted the Plaintiff's motion for non-compliance and ordered the New Mexico Public Education Department to develop a comprehensive plan to comply with the original court ruling and file a status report for the Court's review on November 3, 2025. On November 3, 2025, the New Mexico Public Education Department submitted a plan with the Court. On February 19, 2026, Plaintiffs filed objections to the plan. On March 23, 2026, the New Mexico Public Education Department filed a Response to the Plaintiffs' Objections.

In 1998, the Zuni Public School District filed a lawsuit in the Eleventh Judicial District Court for the State of New Mexico in McKinley County (*Zuni Public School District, et al., v. the State of New Mexico, et al.*, No. D-1113-CV-9800014) seeking a declaratory judgment that the State's method of funding of capital improvements for public schools violated the State Constitution's requirement to provide for a uniform and adequate system of funding capital improvements, specifically as applied and related to the needs of the students of the Zuni Public School District and Gallup-McKinley County School District No. 1.

On December 29, 2020, the trial court filed a Decision and Order ruling in favor of the Plaintiffs. The December 29, 2020, order is a final appealable judgment. It provides declaratory relief in the form of a finding that the State's Public School Capital Outlay Act, NMSA 1978, Sections 22-21-1 to -12 (1975, as amended through 2020) and Public School Capital Improvements Act, NMSA 1978, Sections 22-25-1 to -11 (1975, as amended through 2020) are unconstitutional. It also enjoined the Legislature to create and implement a statutory scheme consistent with Article XII, Section 1 of the State Constitution. Notably, the decision did not expressly or indirectly reference the State's Severance Tax Bonding Act, NMSA 1978, Sections 7-27-1 to -27 (1961, as amended through 2021). The matter was appealed to the New Mexico Court of Appeals on July 19, 2021. Without ruling on the merits, the Court of Appeals issued an Order of Certification to the New Mexico Supreme Court seeking for the New Mexico Supreme Court to resolve the case on August 7, 2023.

On December 2, 2024, the New Mexico Supreme Court ruled that the case was moot because of the Legislature's amendments to the capital outlay scheme that funds public school facilities and remanded the case to District Court for further proceedings, if any. On February 17, 2026, the 11th Judicial District Court dismissed the case for "lack of prosecution." On March 17, 2026, Plaintiffs filed a Motion to Reinstate the Case on grounds that the Legislature's amendments to the capital outlay scheme were insufficient. On April 1, 2026, the State filed a Response to Plaintiffs' Motion to Reinstate.

As these educational funding litigation cases go through potential appeals, post-trial discovery and any remedial measures, the outcomes of such litigation may impact the State's education funding processes and could impact the State's budget, but the extent of such impact is currently unknown.

Pension and Other Retirement Funds and Benefits

Legislative History. The Legislature enacted the Educational Retirement Act, NMSA 1978, Section 22-11-1 et seq (the "ERA"), the Public Employees Retirement Act, NMSA 1978, Section 10-11-1 et seq., and the Retiree Health Care Act, NMSA 1978, Sections 10-7C-1 through 10-7C-19, which created the retirement plans that cover most employees of the State and its political subdivisions. These retirement plans are managed by the Educational Retirement Board ("ERB"), the Public Employees Retirement Association ("PERA") and the New Mexico Retiree Health Care Authority ("NMRHCA") and are described below. The Legislature establishes all financing provisions of the plans and the provisions are not subject to negotiation. Financing provisions include employee and employer contributions, fund investment provisions and benefit provisions. In 1998, the voters amended the State Constitution, adopting Section 22 of Article XX, which states that upon meeting the minimum service requirements of an applicable retirement plan created by law for employees of the State or any of its political subdivisions or institutions, a member of a plan shall acquire a vested property right with due process protections under the applicable provisions of the New Mexico and United States Constitutions. The amendment also stated that nothing in Section 22 shall be construed to prohibit modifications to retirement plans that enhance or preserve their actuarial soundness.

Educational Retirement Board—Historic Financial Information. The ERB had 173,890 members as of June 30, 2025, including active, retired, inactive vested and inactive non-vested members. The market value of Educational Retirement Fund (the "Fund") as of June 30, 2025 was $18.9 billion. The Fund had a performance return for Fiscal Year 2025 of 9.9 percent. Over the past five years, the Fund had an annualized return of 10.4 percent.

As of June 30, 2025, the unfunded accrued actuarial liability ("UAAL") had a 19-year amortization period. The calculation of the funding policy contribution has been updated to reflect an open group projection, recognizing new hire benefits as well as anticipated cost-of-living adjustments more than the assumed 1.60 percent while the plan is less than fully funded.

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TABLE A-1
Schedule of Statutorily Mandated ERB Contribution Rates

Wage Category	Fiscal Year(s)	Date Range	Member Rate	Employer Rate	Total
$20k or less	2010–2013	07/01/2009–06/30/2013	7.90%	12.40%	20.30%
	2014	07/01/2013–06/30/2014	7.90	13.15	21.05
	2015–2019	07/01/2014–06/30/2019	7.90	13.90	21.80
$24k or less	2020–2021	07/01/2019–06/30/2021	7.90	14.15	22.05
	2022	07/01/2021–06/30/2022	7.90	15.15	23.05
	2023	07/01/2022–06/30/2023	7.90	17.15	25.05
	2024-Future	07/01/2023–Future	7.90	18.15	26.05
Over $20k	2010–2011	07/01/2009–06/30/2011	9.40	10.90	20.30
	2012	07/01/2011–06/30/2012	11.15	9.15	20.30
	2013	07/01/2012–06/30/2013	9.40	10.90	20.30
	2014	07/01/2013–06/30/2014	10.10	13.15	23.25
	2015–2019	07/01/2014–06/30/2019	10.70	13.90	24.60
Over $24k	2020–2021	07/01/2019–06/30/2021	10.70	14.15	24.85
	2022	07/01/2021–06/30/2022	10.70	15.15	25.85
	2023	07/01/2022–06/30/2023	10.70	17.15	27.85
	2024-Future	07/01/2023–Future	10.70	18.15	28.85

Source: New Mexico Statutes Annotated 1978, Section 22-11-21, as amended

In 2019 legislation amending NMSA 1978, Section 22-11-21 was enacted to increase the employer contribution rate to 14.15 percent and to increase to $24,000 the threshold for higher employee contributions. These changes became effective July 1, 2019. In 2021 legislation amending NMSA 1978, Section 22-11-21 was enacted to increase the employer contribution rate to 15.15 percent beginning July 1, 2021. In 2022, legislation amending NMSA 1978, Section 22-11-21 was enacted to increase the employer contribution rate to 17.15 percent beginning July 1, 2022, and 18.15 percent beginning July 1, 2023.

Senate Bill 75 ("SB 75"), which was approved during the 2025 Legislative Session and signed into law by Governor Michelle Lujan Grisham, provided enhancements and clarifications to the Educational Retirement Act. The bill confirms that any unclaimed member contributions are part of the ERB Fund. It further clarifies the requirement for members to be eligible for retirement benefits and how cost-of-living adjustments apply to members who retire due to a disability. The bill modifies the process for a member in the U.S. military to purchase service credit. Also, the bill allows ERB to share member information with the Public Employees Retirement Association to help administer retirement reciprocity between the two systems.

Senate Bill 133 ("SB 133"), which was also approved during the 2025 Legislative Session and signed into law by Governor Michelle Lujan Grisham, increased the annual salary limit for the "less than $15,000" Return-to-Work program to less than $25,000 per fiscal year. Also, the bill changed the time limit for the "36-month" Return-to-Work program from 36 months to 60 months, which can be consecutive or non-consecutive months.

House Bill 251 ("HB 251"), which was also approved during the 2025 Legislative Session and signed into law by Governor Michelle Lujan Grisham, allows a retired ERB member, for one time only, to change their designated spousal beneficiary.

Certain faculty and professional employees of New Mexico universities and colleges are eligible to elect to participate in the Alternative Retirement Plan ("ARP"), a defined contribution retirement plan available to certain faculty and professional employees. Employees who do not elect to participate in the ARP remain members of the regular defined benefit retirement plan. Each ARP participant contributes to the ARP the same amount that he or she would be required to contribute to the defined benefit plan if he or she were a member of that plan. Colleges and universities, as the employers of ARP participants, contribute the same amount that the employer would be required to contribute to the defined benefit plan if the participant were a member of that plan. From July 1, 2024, through June 30, 2025, 7.25 percent of the employer statutorily mandated contribution for ARP participants was provided to the defined benefit plan. From July 1, 2024, through June 30, 2025, the employer contribution rate was 18.15 percent, which meant that colleges and universities contributed 18.15 percent of participating employees' gross salary to the ARP vendor on behalf of the participant and 7.25 percent of the employees' gross salary to the defined benefit plan to offset the effect of having these employees not participate in the defined benefit plan. The colleges and universities are responsible for submitting the balance of the employers' contribution and the employees' contribution directly to the ARP vendors on behalf of the participants.

ERB Funded Ratio; Impact of Actuarial Assumptions and Changes to the Discount Rate. The ERB implemented Governmental Accounting Standards Board ("GASB") Statement No. 67 requirements with its June 30, 2013, financial statements. GASB Statement No. 67 ("GASB 67") requires ERB to report net pension liability ("NPL"), which is measured as total pension liability less the amount of the plan's fiduciary net position. GASB 67 replaced GASB 25, which had required ERB to report the annual required contribution of the employer ("ARC") and the percentage of the ARC contributed. The following table lists the NPL and the ERB GASB 67 and actuarial valuation funded ratios, for Fiscal Years 2021 through 2025. The funded condition of the plan is measured by the funded ratio, which is the ratio of the actuarial value of assets to the actuarial accrued liability for the actuarial valuation, or the ratio of the plan fiduciary net position to the total pension liability for the GASB 67 report. The actuarial valuation funded ratio increased from 2024 to 2025. The increase was primarily due to better than assumed asset experience. The NPL of $8,538,499,035 measured as the total pension liability, less the plan's fiduciary net position as of June 30, 2025, was calculated based on an expected rate of return on plan investments of 7.00 percent. The current NPL decreased by 2.8 percent compared to the Fiscal Year 2024 NPL of $8,787,995,457. The change for the Fiscal Year ending June 30, 2025, includes the single discount rate of 7.00 percent as of June 30, 2025.

TABLE A-2
ERB Funded Ratio

Fiscal Year	Net Pension Liability (GASB 67)	Funded Ratio (GASB 67)	Funded Ratio (Actuarial Valuation)
2021	$7,087,466,701	69.77%	62.8%
2022	8,421,711,477	64.87	63.5
2023	8,684,285,003	65.19	62.9
2024	8,787,995,457	66.57	64.8
2025	8,538,499,035	68.5	67.8

Source: Educational Retirement Board

ERB pensions are adjusted annually by a cost-of-living adjustment ("COLA") beginning on the later of either July 1 of the year in which a member reaches age 65 (for members beginning ERB membership before July 1, 2013) or age 67 (for members beginning ERB membership on or after July 1, 2013) or July 1 following the year a member retires. Senate Bill 115 ("SB 115") (Chapter 61, Laws 2013) reduced the amount of the COLA until ERB is 100 percent funded. The amount of the adjustment is determined by the change in the Consumer Price Index ("CPI"), the retiree's pension amount and the retiree's service credit. Pensions cannot be decreased if there is a decrease in the CPI.

In December 2013, the Supreme Court of New Mexico, in Bartlett v. Cameron, 2014-NMSC-002, rejected the claims of certain retired teachers, professors and other public education employees challenging the state constitutionality of SB 115 to the extent that it reduces the future amounts that all education retirees might receive as an annual COLA. The court held that Article XX Section 22 of the State Constitution did not grant the retirees a right to an annual COLA based on the formula in effect on the date of their retirement. The court held that any future COLA to a retirement benefit is merely a year-to-year expectation that, until paid, does not create a property right under the State Constitution. Once paid, the COLA by statute becomes part of the retirement benefit and a property right subject to those constitutional protections.

The Public Employees Retirement Association—Historic Financial Information. PERA had 52,581 active members as of June 30, 2025. As of June 30, 2025, the total market value of the PERA Fund was $18.6 billion. The Fiscal Year 2025 PERA total fund investment return was 9.69 percent. (Information as of June 30, 2025 is the most recent available.)

PERA performs annual actuarial valuations of the retirement funds it administers. In 2025, PERA actuaries, Gabriel, Roeder, Smith & Company conducted an experience study for the period ending June 30, 2024, testing actuarial assumptions currently used in its valuations. The PERA Board accepted the actuary's recommended economic assumptions that the assets, benefit values, reserves, and computed contribution rates reflect utilization of an inflation rate of 2.5 percent per annum and an investment rate of return of 7.25 percent. The Board also adopted a cost-of-living adjustment change of 1.25% for the next 15 years and 2.00% thereafter. The Board also maintained real wage inflation and payroll growth assumptions of 3.0 percent, each compounded annually, revised retirement assumptions, and adoption of the MP-2020 mortality table.

The assumed investment return is one of the most significant assumptions in the annual actuarial valuation process as it is used to discount the expected benefit payments for all active, inactive and retired members. Minor changes in this assumption can have a major impact on valuation results. Maintaining the current assumed rate of return was recommended by the PERA's outside actuaries after consultations with the PERA's internal investment staff and its general investment consultant.

PERA member and employer contribution rates are established by State statute. In 2020, the Legislature amended the PERA Act, NMSA 1978 10-11-1 et seq. to increase the employer contribution rate by 2.0 percent beginning July 1, 2020 in 0.5 percent increments over the next four Fiscal Years, and to increase member contribution rates by 2.0 percent beginning July 1, 2020, in 0.5 percent increments over the next four Fiscal Years. There was a two-year delay before any increased contributions for municipal or county employees and their employers. Gabriel, Roeder, Smith & Company completed an actuarial valuation of the PERA Fund, Judicial Retirement Fund, Magistrate Fund, Legislative Division and Volunteer Firefighter Fund for the Fiscal Year ending June 30, 2025.

Actuarial information for each fund as of June 30, 2025, is shown in the table below.

TABLE A-3
Summary of State Retirement Funds Managed by PERA as of June 30, 2025
(dollars in thousands)

	PERA [1]	Judicial	Magistrate	VFF	Legislative
Membership	129,772	383	206	8,299	360
Actuarial Information					
Accrued Liability [2]	$27,948,989	$220,596	$64,826	$ 52,353	$53,919
Actuarial Value of Assets [3]	18,231,855	121,948	34,073	90,043	47,263
Unfunded (Overfunded) Accrued Liability	9,717,134	98,648	30,753	(37,690)	6,665
Present Value of Statutory Obligations	32,226,501	260,654	70,486	62,557	69,109

[1] Includes both the State and municipal divisions.
[2] Includes the accrued liability of both the retired and active members.
[3] The valuation of assets is based on an actuarial value of assets whereby gains and losses relative to a 7.25 annual rate of return are smoothed over a four-year period.
Source: Public Employees Retirement Association

As of June 30, 2025, PERA has an amortization or funding period of 50 years, based on the employer and member contribution rates in effect as of July 1, 2025, and includes scheduled increases to member and employer contributions. Member and employer rates are established pursuant to Section 10-11-1 through 10-11-142 NMSA 1978. The funded ratio (ratio of the actuarial value of assets to accrued actuarial liability) was 65.2 percent as of June 30, 2025, and the UAAL of the PERA Fund increased by $1.0 billion to approximately $9.7 billion. The State's portion of the UAAL of the PERA Fund is 54.6 percent, or $5.3 billion. On a market value basis, PERA's funded ratio is approximately 54.1 percent as of June 30, 2025. Current 30-year projections as of June 30, 2025, indicate that the PERA Fund will be 100 percent funded in 2066 assuming all economic and demographic assumptions are met.

In 2025, PERA implemented GASB 67 for the 12th year. PERA will also produce an audited Schedule of Employer Allocations and Pension Amounts in early 2026 to assist its employer participants in implementing GASB 68. GASB 68 requires participating local governments to recognize their pro rata share of net pension liability ("NPL") and other pension elements on the face of their financial statements. The total NPL as of June 30, 2025, for the PERA Fund allocated to its nearly 335 cost-sharing employers that participate in the Fund is approximately $8.95 billion.

In 2025, PERA completed the Schedule of Employer Allocations required by GASB 68 and provided local governments with the allocation percentage necessary to derive an employer's proportionate share of the collective NPL as of June 30, 2024. PERA continues to provide outreach and assistance to local governments to ensure local governments continue to receive pertinent allocation information required by GASB 67 and 68.

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The following table lists the funded ratios for each individual PERA fund for Fiscal Years 2021 through 2025.

TABLE A-4
Funded Ratio of State Retirement Funds Managed by PERA

Fiscal Year	PERA	Judicial	Magistrate	VFF	Legislative
2021	71.4%	53.3%	54.1%	156.5%	140.9%
2022	70.0	61.2	52.9	161.5	123.5
2023	67.7	60.5	53.1	167.7	119.6
2024	67.2	56.1	52.4	172.2	94.3
2025	65.2	55.3	52.6	172.0	87.7

Source: Public Employees Retirement Association

Legislative changes enacted during the 2009 through 2016 legislative sessions also amended various provisions of the Public Employees Retirement Act to improve the long-term stability of the fund. House Bill 573 (Chapter 288, Laws 2009) included training requirements for members of the PERA Board. House Bill 854 (Chapter 125, Laws 2009) modified employer and employee contributions to the State's retirement funds for Fiscal Years 2010 and 2011, shifting 1.5 percent of the annual contribution rate from employers to employees, for those employees with a full-time equivalent salary greater than $20,000. House Bill 628 (Chapter 178, Laws 2011) extended the existing 1.5 percent shift made in House Bill 854 through Fiscal Year 2013 and shifted an additional 1.75 percent of the annual contribution rate from employers to employees for Fiscal Year 2012. The additional 1.75 percent of the annual contribution rate shifted back from the employees to the employers for Fiscal Year 2013. The 1.5 percent contribution shift from the employers to the employees remained in place through Fiscal Year 2013. House Bill 628 also required an actuarial study by PERA prior to September 20, 2013 to analyze whether contribution rate changes have had an adverse actuarial effect on the retirement systems.

Senate Bill 27 (Chapter 225, Laws 2013) significantly amended the Public Employees' Retirement Act by creating a new tier of reduced benefits for new hires. The law reduced the cost of living adjustments for all current and future retirees; delays the application of cost of living adjustments for certain future retirees; suspends the cost of living adjustments for certain return-to-work retirees; provided for an increase in the statutory employee contribution rate of 1.5 percent (subject to certain requirements) for employees earning $20,000 or more in annual salary; provided for an increase in the statutory employer contribution of 0.4 percent beginning in Fiscal Year 2015; increased age and service requirements; lengthened the base average salary calculation amount from three to five years for Tier 2 employees; increased the vesting period for employees from five to eight years for most Tier 2 members; and lowered the annual service credit by 0.5 for most members.

Legislative changes enacted during the 2014 legislative session amended sections of the law relating to the judicial and magistrate retirement funds and followed many of the changes implemented in the 2013 legislative session for the public employees' and educational retirement funds.

House Bill 33 (Chapter 35, Laws 2014) amended the Judicial Retirement Act. Among other things, the law suspended for two years and makes adjustments to cost of living increases, adjusted employee and employer contributions, required mandatory participation in the fund and implemented changes to the benefits structure.

House Bill 216 (Chapter 39, Laws 2014) amended the Magistrate Retirement Act. Among other things, the law suspended for two years and makes adjustments to cost of living increases, adjusted

employee and employer contributions, required mandatory participation and implemented changes to the benefit structure. Senate Bill 160 (Chapter 43, Laws 2014) also made changes to the Magistrate Retirement Act. This law duplicated the changes made in House Bill 216.

During the 2016 second special session, the State's distribution to the legislative retirement fund decreased from $200,000 a month to $75,000 a month, thus reducing the annual contribution from $2.4 million to $900,000.

During the State of New Mexico (53rd Legislature) special session in 2017, House Bill 2 was passed that suspended the State's distribution to the legislative retirement fund for two consecutive years (Fiscal Year 2018 and Fiscal Year 2019). Beginning July 1, 2019, the monthly distribution of $75,000 to fund the legislative retirement coverage plan resumed, for a total annual contribution of $900,000.

During the State of New Mexico (54th Legislature) regular session in 2019, House Bill 501/a was passed that increased employer contribution rates by 0.25 percent for PERA affiliated employers, with the exception of the overfunded state police and adult correctional officer plan. The contribution rate increase was effective July 1, 2019.

During the State of New Mexico (55th Legislature) regular session in 2020, Senate Bill 72/a ("SB 72/a") was passed, increasing employee and employer contributions and adjusting the COLA for retirees. Effective July 1, 2020, employee contributions increased by 2 percent, and will increase in 0.5 percent increments over four Fiscal Years. The first 0.5 percent increment will increase employee contributions under State General Plan 3 to 9.42 percent. The employer contribution rate will increase by 0.5 percent each Fiscal Year as well. There will be a two-year delay before any increased contributions for municipal or county employees and their employers. Effective July 1, 2022, municipal and county employee and employer contributions will increase by 2 percent, in 0.5 percent increments, over four Fiscal Years (2023, 2024, 2025, and 2026).

For retirees, those who were 75 years of age on or before June 30, 2020, will receive a 2.5 percent COLA, an increase from the current 2 percent COLA. Disability retirees and retirees with pensions lower than $25,000 after 25 years of service also will receive a 2.5 percent COLA. All other retirees who are COLA-eligible will receive a 2 percent, non-compounding, additional payment for three calendar years (2020, 2021, and 2022). This payment will be paid in addition to the regular July pension payment. PERA received a $55 million General Fund appropriation to cover the cost of the additional payments (2 percent non-compounding) to eligible retirees in Fiscal Years 2021, 2022, and 2023.

The changes implemented by SB 72/a will assist PERA in preserving the defined benefit offered to its members and increasing PERA's actuarial soundness moving forward.

During the State of New Mexico (55th Legislature) regular session in 2020, Senate Bill 122 was passed that delayed further distributions to the Legislative Retirement fund until Fiscal Year 2026 and provided a distribution to the magistrate and judicial retirement fund of $100,000 each month until July 1, 2025.

During the State of New Mexico (56th Legislature) regular session in 2021, Senate Bill 90 was passed that allows overtime pay required for a regular schedule tour of duty in the definition of salary for all municipal fire plans and a 1.5 percent employee contribution increase starting July 1, 2021.

During the State of New Mexico (57th Legislature) regular session in 2022, Senate Bill 159 was passed that increased the percent rate of the per diem rate to 14 percent for the legislative plan.

In the regular legislative session (58th Legislature) in 2023, House Bill 106 passed which will allow members of all coverage plans to earn up to 100 percent of their average salary, however it will not allow retroactive calculation prior to June 16, 2023.

In the regular legislative session (59th Legislature) in 2024, Senate Bill 165 increased the annual amount of the legislative pension by increasing the pension multiplier from 60 to 90.

New Mexico Retiree Health Care Authority—Historic Financial Information. NMRHCA provides comprehensive group health insurance coverage for persons who have retired from certain public service positions in the State and their eligible dependents. NMRHCA offers both pre-Medicare and Medicare plans, as well as nonsubsidized dental, vision and life insurance plans to eligible participants. As of June 30, 2025, there were 50,813 participants, 14,005 vested terminated members and 98,816 active members contributing to the program from 310 participating public entities.

NMRHCA, the agency that administers the Retiree Health Care Act, has a revenue base composed of active employee payroll deductions, participating employer contributions, monthly premium contributions of enrolled participants, investment income, subsidies associated with administering a Medicare Part D program, prescription drug rebates and amounts distributed annually from the Taxation Administration Suspense Fund ("TAA Fund"). Employer and employee contribution rates are established by statute and the amount distributed from the TAA Fund. For most participants, employer contribution rates are 2 percent of the participating employee's salary and employee contribution rates are 1 percent of the participating employee's salary. For individuals participating under an enhanced retirement plan (i.e., police and corrections officers, firefighters and judges), employers contribute 2.5 percent of the employee's salary and employees contribute 1.25 percent of their salary.

As of June 30, 2025, NMRHCA reported a projected solvency period beyond 2056 and the plans' fiduciary net position is projected to be available to make all projected future benefit payments for current plan members. This calculation compares growth in projected revenues and expenditures from all sources and includes multiple components, including medical and prescription drug costs, administrative fees, employee and employer contributions and retiree premiums. The projected solvency date and continued improvements to its timeframe are largely the result of the prudent fiscal management exercised by NMRHCA's Board of Directors, including a series of targeted benefit reductions, increased cost-sharing for plan participants, aggressive procurement practices and value-based purchasing strategies.

In 2025, NMRHCA implemented GASB 74 for the eighth year. This valuation is based on the benefits administered by the Board, characteristics of plan participants, assets as of June 30, 2025, economic assumptions and other actuarial assumptions. In a change from the GASB 43 requirements, monies that are not fully funded on an actuarial basis go through a crossover test to determine the applicable discount rate on the plan's assets. However, the latest results show that there is no projected "crossover date" when projected benefits are not covered by projected assets.

The discount rate used in the valuation for financial disclosure purposes as of June 30, 2025, is based on the assumed investment return on plan assets of 7.25 percent. Although NMRHCA does not fully prefund benefits, projections indicate that, when plan assets are projected in accordance with the method prescribed by GASB 74, they are expected to be sufficient to cover all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on plan investments of 7.25 percent annually was applied to all periods of projected benefit payments.

The results as of the June 30, 2025 valuation indicate the Total OPEB Liability ("TOL") of $3,422,408,572, offset by the plan's fiduciary net position of approximately $1,865,731,998, resulting in a Net OPEB Liability ("NOL") of $1,556,676,574.

NMRHCA and its Board of Directors are committed to further strengthening the program's financial well-being. The five-year strategic plan for 2023 through 2027 adopted by the Board of Directors in 2022 raises required contributions and makes targeted benefit reductions to increase revenues while decreasing future liabilities. Additionally, the Board of Directors established a minimum age to participate in the program (55 years old) and increased the years-of-service required to receive the maximum subsidy. These changes went into effect for most participants on July 31, 2021, but they do not apply to members who participate in an enhanced retirement plan (i.e., police and corrections officers, firefighters and judges).

Previous reporting requirements associated with GASB 43 mandated NMRHCA to report its Annual Required Contribution ("ARC") and the percentage of the ARC contributed. Beginning June 30, 2017, under GASB 74, the equivalent of the ARC is the Actuarially Determined Contribution ("ADC"). Prior to Fiscal Year 2018, the annual required contribution was calculated by the normal cost combined with the amortization of the unfunded liability, using a 5 percent discount rate. The reporting requirements under GASB 74 allow for a separately defined method of funding basis (transitioned to the funding policy on a percentage of payroll basis) and a change in the discount rate methodology, resulting in a discount rate used to amortize the long-term liabilities (7.25 percent).

The following table lists the Statutory Contributions and percentage of the Statutory Contributions contributed for Fiscal Years 2021 through 2025 (the most recent available).

TABLE A-5
New Mexico Retiree Health Care Authority
Annual Required Contributions

Fiscal Year	Annual Required Contributions	Percentage Contributed	Actual Amounts Contributed
2021	$178,635,582	99.50%	$177,813,458
2022	187,238,171	101.08	189,266,136
2023	198,639,257	107.44	213,128,349
2024	127,360,721	100.00	127,360,721
2025	135,613,388	100.00	135,613,388

[1] The information provided in this table has been updated to better align with the requirements for cost-sharing plans with statutorily required contribution rates.
Source: New Mexico Retiree Health Care Authority Governmental Accounting Standards Board ("GASB") Statement 74 Actuarial Valuation and Review of Other Postemployment Benefits ("OPEB") as of June 30, 2025

Severance Tax Permanent Fund and the Land Grant Permanent Fund

The Severance Tax Permanent Fund ("STPF") was established in the State Treasury in 1973 to receive the residual revenues from the Severance Tax Bonding Fund and serve as an endowment for the State. In 1976, the electorate approved a constitutional amendment giving the STPF constitutional status. In 1982, the electorate approved a second constitutional amendment that removed the discretionary power of the Legislature to appropriate funds from the corpus of the STPF, thereby creating a permanent endowment fund. Distributions from investments of the STPF, however, may be appropriated by the Legislature in the same manner as other general revenues are appropriated. Severance tax receipts have historically been the primary source of funding for the STPF. The State Investment Council ("SIC") invests the corpus and non-appropriated income of the STPF. The market value of the STPF as of June 30, 2025, was approximately $11.10 billion, a market value increase of more than $1.36 billion or 13.9 percent from the prior Fiscal Year closing value. Investment performance for the one-year period ending June 30, 2025, was 9.30 percent net of fees, and 0.36 percent above the fund's interim policy index. Year over year growth of the STPF was due to historically high inflows, which exceeded Fiscal Year 2024 distributions of

$289.6 million. Funds on deposit in the STPF are not pledged to and may not be used to pay any bonds. As noted above, during the 2016 special legislative session, Senate Bill 8 allowed the one-time transfer of excess severance tax revenue to the General Fund rather than the STPF. This transfer, known as the super sweep, totaled $28,279,400. As noted above, Senate Bill 26 (Chapter 22, Laws 2023) will add additional sources of funding to the STPF by directing new windfall revenue from the Oil and Gas Emergency School Tax and from Federal Mineral Leasing payments to the fund beginning in Fiscal Year 2025. This additional investment in the STPF will yield greater distributions from the permanent fund's earnings back to the general fund in the future.

The Land Grant Permanent Fund ("LGPF") is designed solely to benefit the public educational system of the State and other specified institutions. The origins of the LGPF are found in the federal Fergusson Act of 1898, which granted two sections of land in every township for the benefit of the public schools in the territories of New Mexico. Also under this Act, specific acreage was granted to individual education, medical and penal institutions in the territory. The initial grant totaled in excess of 5.5 million acres. In 1910, the Enabling Act granted additional lands to various beneficiaries in New Mexico, including the public schools, which received the largest share. This brought the total lands placed in trust for the common school system and other beneficiaries to over 13 million acres. Over the years, some land has been sold (and the proceeds used to increase the corpus of the LGPF), so the current total is 9.0 million surface acres and 13.4 million subsurface acres.

Pursuant to NMSA 1978, Section 19-1-1 (1912), the State Land Office is charged with the custody and disposition of the land granted to the State. The Commissioner of Public Lands sells or leases these properties in accordance with the provisions of the appropriate statutes. The SIC invests the corpus and income of the LGPF. As of June 30, 2025, the market value of the LGPF was approximately $35.59 billion, an asset increase of approximately $4.19 billion, or 13.3 percent over the prior Fiscal Year. Investment performance for the year ended June 30, 2025, was 10.41 percent, net of fees, and 0.44 percent above the LGPF's policy index. Growth of the LGPF during Fiscal Year 2025, like STPF, was driven by high inflows exceeding the Fiscal Year 2024 fund distributions of $1.34 billion. The corpus of the LGPF is constitutionally protected from appropriation and LGPF assets are not pledged to and may not be used to pay debt. The LGPF is also protected by the Federal Enabling Act of 1910.

In 2021, the New Mexico Legislature passed House Joint Resolution 1 ("HJR1"), a proposed constitutional amendment to increase distributions from the LGPF to provide additional funding for public education. The increased distributions would specifically go toward funding State early childhood education and care programs, as well as increasing primary K–12 funding annually. Voters approved the measure in the November 2022 election and subsequently the United States Congress ratified the change, resulting in an additional distribution from the LGPF in Fiscal Year 2024 which exceeded $240.3 million. The additional 1.25 percent distribution, which is split 60 percent for early childhood education and 40 percent for K-12 school funding, draws only from the Permanent School Fund—the largest component of the LGPF.

In November 1996, the State electorate approved a constitutional amendment regarding distributions from both of the State's permanent funds. Distributions are now calculated on a total return basis rather than an income distribution method. In addition, distributions to beneficiaries are now based on a formula under which a statutorily specified percentage of the previous average five-year market value of the fund is distributed.

In September 2003, the State electorate approved a constitutional amendment increasing the rate of annual distribution from the LGPF from the previous 4.7 percent, to a new base distribution of 5.0 percent of the LGPF's five-year average market value, beginning in Fiscal Year 2005. Certain additional distributions were made to implement and maintain educational reforms as provided by law. An additional

0.8 percent was distributed in Fiscal Years 2005 through 2012, and an additional 0.5 percent was distributed in Fiscal Years 2013 through 2016. In Fiscal Year 2017 distributions returned to the base rate of 5.0 percent and remained at the constitutionally established rate of 5.0 percent until the passage of the constitutional amendment in 2021, which was approved and enacted for Fiscal Year 2024 and all future years, increasing the distributions for education from the School Permanent Fund. All other LGPF beneficiaries continue to receive 5.0 percent of the LGPF's 5-year average value.

Financial Processes and Procedures

State Auditing and Accounting Systems. The financial affairs of every agency in the State are examined and audited annually by the State Auditor, personnel of the State Auditor's office designated by the State Auditor, or by the independent auditors approved by the State Auditor, as required by Section 12-6-3 NMSA 1978. The audits are conducted in accordance with generally accepted governmental auditing standards. The audit reports include financial statements that are presented in accordance with generally accepted governmental accounting principles. For Fiscal Year 2025, 99 percent of the reports, covering nearly 100 percent of the transactional value, received an unmodified opinion.

The State's comprehensive cash reconciliation model, which compares aggregated agency claims on the State General Fund Investment Pool to the associated resources held by the State Treasurer's Office, is a well-established process and has been audited multiple times by independent auditors during the audits of the General Fund, the DFA and the comprehensive State Annual Financial Report. The reviews have deemed the process to be sound and the DFA fully compliant with the requirements of the monthly process. As of June 30, 2025, resources held in the pool were equivalent to the corresponding business unit claims on those resources as certified by the State Controller on August 12, 2025.

State Budgetary and Appropriation Process. All State agencies are required by Section 6-3-19 NMSA 1978 to submit completed budget forms to the DFA Budget Division by September 1 of each year. Guidelines and forms are provided to State agencies in advance of the September 1 deadline. Budget hearings to examine the merits of budget requests are scheduled through the fall and are usually completed by mid-December. The DFA Budget Division presents comprehensive budget recommendations to the Governor, as required by NMSA (1978-1999) Section 6-3-15(B).

The Governor is required by Section 6-3-21 NMSA 1978 to submit a budget for the upcoming Fiscal Year to the Legislature in early January. The Governor's budget includes the executive recommendations for public education; higher education; State agencies; and historical information on prior expenditures, revenues and revenue projections, among other information. The State budget is contained in a General Appropriation Act, which also may contain proposals for supplemental and deficiency appropriations for the current Fiscal Year.

Upon passage by the Legislature, the Governor may sign the General Appropriation Act, veto it, veto line items or veto parts of it. After the Governor has signed the General Appropriation Act, the DFA Budget Division approves the agency budgets and monitors the expenditure of the funds beginning on July 1, the first day of the Fiscal Year.

State Treasurer's Office Investment Responsibilities. Pursuant to Sections 6-10-10(I) through 6-10-10(O) NMSA 1978, the State Treasurer, with the advice and consent of the State Board of Finance, may invest money not immediately needed for government operations. These investment responsibilities are conducted in accordance with the State Treasurer's Investment Policy (the "Investment Policy"), adopted by the State Treasurer and approved in whole by the State Board of Finance on December 17, 2019 and as portions are supplemented from time to time. The Investment Policy states that in keeping with the office's fiduciary responsibility, all investment decisions made by the State Treasurer will adhere to the

following three fundamental principles: safety, liquidity and return. The Investment Policy applies to all financial assets of the State invested by the Treasurer in the exercise of the Treasurer's statutory authority or invested as directed by other agencies that have specific investment authority and for which the Treasurer acts as the investing authority. The State Treasurer is the investing authority for the State's General Fund Investment Pool, the Local Government Investment Pools, Bond Proceeds Investment Pools, the Severance Tax Bonding Fund and bond debt service funds.

In accordance with the Investment Policy, the State Treasurer's Investment Council (the "Investment Council") is appointed by the State Treasurer and the Board. The Investment Council is an advisory council that reviews investment reporting and any other matters of the State Treasurer's choosing. The Investment Council shall consist of five (5) voting members: the State Treasurer or designee; a member of the Treasurer's staff upon appointment by the Treasurer or designee; the director of the State Board of Finance or designee; and two members who are participants in the private investment community or have expert knowledge or professional experience in the subject of public finance or public money investing, of which one member will be appointed by the State Treasurer and approved by the State Board of Finance and one member will be appointed by the State Board of Finance and approved by the State Treasurer. The member of the Treasurer's staff shall be selected in a manner consistent with maintaining a separation of responsibilities between the State Treasurer's Office investment managers and the members of the Investment Council.

In addition to the Investment Council oversight and recommendations, the State Treasurer contracts with an independent investment advisor to provide guidance and advice on investments, market conditions and benchmarks. The investment advisor provides quarterly performance reports on all of the State Treasurer's portfolios and information relating to the economic outlook and market trends.

Cybersecurity Risk Management

The State's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. Despite the State's efforts and processes to prevent data incursions, its electronic devices, as well as its servers, computer systems, and those of third parties used in the State's operations are vulnerable to cybersecurity risks, including, but not limited to, cyberattacks such as viruses and worms, phishing attacks, denial-of-service attacks, physical or electronic break-ins, employee theft or misuse, and similar disruptions from unauthorized tampering with State servers and computer systems or those of third parties used in the State's operations, which could lead to interruptions, delays, loss of critical data, unauthorized access to user data, and loss of stakeholder confidence. The State may also be impacted by the information technologies and services of other entities serving the State. Any cyberattack that attempts to obtain the State's data and assets, disrupt its service, or otherwise access its systems, or those of third parties, if successful, could adversely affect the State's business and operations, operating results, and financial condition.

In light of these risks, and in an effort to proactively mitigate any potential cybersecurity threats, the State has previously engaged a third-party service provider to perform an annual cybersecurity assessment. The threat of data incursions is always fluid, and as such, the State anticipates the continued monitoring of its security posture as a regular practice by way of remediating known issues and implementing alerting procedures to proactively resolve new issues that may arise. Additionally, the State has procured an appropriate level of cyber-insurance.

Climate Change

Hazards relating to climate change include sea level rise, flooding, heat wave, drought, wildfire and severe storm and wind, all of which may have adverse effects on economic activity and property values in the State. Any such events, if unmitigated, may also have major impacts upon the infrastructure and facilities of the State and industrial and commercial activities in the State.

In recent years, portions of the State have experienced wildfires that have burned thousands of acres and destroyed hundreds of homes and structures. It is not possible for the State to make any representation regarding the extent to which future wildfires could cause reduced economic activity within the State or the extent to which future wildfires may impact industrial and commercial activities in the State.

Economic and Demographic Characteristics

As of 2024, New Mexico is the 35th largest state by population and the fifth largest in land area. The population of the State as of the time of the 2020 United States Census was 2,106,319. From 2014 to 2020, the State's population grew 0.77 percent, while the national population grew 3.49 percent. The estimated population for 2025, as of March 2026 is 2,130,256.

There are four Metropolitan Statistical Areas ("MSAs") in the State. The Albuquerque MSA is comprised of Bernalillo, Sandoval, Torrance and Valencia Counties; the Las Cruces MSA is comprised of Doña Ana County; the Santa Fe MSA is comprised of Santa Fe County; and the Farmington MSA is comprised of San Juan County. The following table sets forth information on population growth in New Mexico and nationally.

TABLE A-6
Population New Mexico and the United States
2016-2025

	Population [2]		Annual Percentage Change	
Year [1, 3]	New Mexico	United States	New Mexico	United States
2016	2,091,630	322,941,311	--	--
2017	2,091,784	324,985,539	0.0%	0.6%
2018	2,092,741	326,687,501	0.0	0.5
2019	2,096,829	328,239,523	0.2	0.5
2020	2,118,606	331,577,720	1.0	1.0
2021	2,117,300	332,100,166	(0.1)	0.2
2022	2,112,859	333,996,304	(0.2)	0.6
2023	2,119,349	336,755,052	0.3	0.8
2024	2,126,774	340,003,797	0.4	1.0
2025	2,125,498	341,784,857	(0.1)	0.5

[1] All estimates are subject to change.
[2] As of July 1, population figures are stated as intercensal estimates.
[3] Population estimates for 2020 through 2025 are from April 1, 2020 through July 1, 2025, as provided by the US Census Bureau, released in March 2026. These population estimates are based on the 2020 Modified Age and Race Census "(MARC") file and account for updates from various reviews and revisions. The estimates are calculated by adding births, subtracting deaths, and including net migration to the April 1, 2020 base. All geographic boundaries used are as of January 1, 2025. For detailed methodology, refer to the Census Bureau's website.
Source: U.S. Census Bureau, Population Division (as of May 12, 2026)

Major industries in the State of New Mexico include oil and natural gas production, tourism and retail, healthcare, government, mining, and increasingly, renewable energy and aerospace. Major federally funded scientific research facilities such as Los Alamos National Laboratory, Sandia National Laboratories in Albuquerque, and the White Sands Missile Range are significant contributors to the State's economy. Additionally, technology, film and television production, and agriculture are important components of New Mexico's industry landscape.

According to the United States Bureau of Economic Analysis, the employment information previously provided in this Annual Financial Information Filing (and contained herein for historical purposes in Table 20) was discontinued on September 27, 2024 and is no longer available. For the most recent state employment sector information, please see the information contained in Table A-7 as provided by the New Mexico Department of Workforce Solutions.

TABLE A-7
Total Business Establishments and Employment in New Mexico

Industry [1]	4th Qtr 2024		4th Qtr 2025		Quarterly Change	
	Units	Average	Units	Average	Units	Average
Agriculture, Forestry, Fishing and Hunting	953	9,282	921	9,007	(32)	(275)
Mining, Quarrying, and Oil and Gas Extraction	1,094	24,011	1,082	24,116	(12)	105
Utilities	429	6,618	436	6,800	7	182
Construction	5,846	58,785	5,894	59,089	48	304
Wholesale Trade	3,083	21,093	3,091	21,294	8	201
Information	2,156	11,108	2,166	10,975	10	(133)
Finance and Insurance	3,434	22,517	3,437	22,678	3	161
Real Estate, Rental and Leasing	2,797	10,944	2,751	10,779	(46)	(165)
Professional and Technical Services	9,285	69,754	9,075	68,192	(210)	(1,562)
Management of Companies and Enterprises	518	5,465	518	4,981	0	(484)
Administrative and Waste Management and Remediation Services	4,616	49,834	4,601	49,065	(15)	(769)
Educational Services	1,749	83,224	1,746	82,426	(3)	(798)
Health Care and Social Assistance	11,371	152,436	11,924	157,773	553	5,337
Arts, Entertainment and Recreation	1,064	15,867	1,036	15,607	(28)	(260)
Accommodation and Food Services	4,578	94,412	4,582	94,186	4	(226)
Other Services (except Public Administration)	4,718	22,110	4,655	21,958	(63)	(152)
Public Administration	1,800	64,416	1,798	62,587	(2)	(1,829)
Total [2]	69,602	877,879	69,689	876,738	87	(1,141)
Government [3]						
Federal Government	781	30,183	784	26,905	3	(3,278)
Local Government	2,057	106,889	2,046	106,532	(11)	(357)
State Government	1,165	51,123	1,167	52,309	2	1,186

[1] Information provided herein reflects only those employers who are subject to State unemployment insurance law.
[2] Totals may not add due to rounding and undisclosed variances in reporting.
[3] Government figures are included within the industry categories listed above.
Source: New Mexico Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW) (the most recent information available as of as of May 12, 2026)

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The following tables set forth selected additional economic and demographic data with respect to the State and the United States.

TABLE A-8
Employment and Labor Force
New Mexico and the United States
2016–2026
(numbers in thousands) [1, 2]

	Civilian Labor Force		Number of Employed		Unemployment Rate		
Year	New Mexico	United States	New Mexico	United States	New Mexico	United States	N.M. As % of U.S. Rate
2016	946	159,678	881	152,157	6.9	4.7	1.5%
2017	941	160,535	890	153,904	5.4	4.1	1.3
2018	951	163,206	902	156,817	5.2	3.9	1.3
2019	961	164,699	913	158,845	5.0	3.6	1.4
2020	934	160,745	856	149,975	8.4	6.7	1.3
2021	947 [3]	162,466	894 [3]	156,053	5.6 [3]	3.9	1.4
2022	951 [3]	164,983	917 [3]	159,202	3.6 [3]	3.5	1.0
2023	973 [3]	167,388	936 [3]	161,058	3.8 [3]	3.8	1.0
2024	986 [3]	168,506	945 [3]	161,586	4.2 [3]	4.1	1.0
2025	985 [3]	171,495 [4]	942 [3]	163,992 [4]	4.3 [3]	4.4 [4]	1.0
2026	982 [5]	169,995 [6]	935 [5]	162,622 [6]	4.8 [5]	4.3 [6]	1.1

[1] Figures rounded to nearest thousand.
[2] Figures affected by changes in population controls.
[3] Subject to revision on April 8, 2026. Does not include figures for October due to the 2025 lapse in appropriations from the temporary government shut-down.
[4] Through December 31, 2025. Does not include figures for October due to the 2025 lapse in appropriations from the temporary government shut-down.
[5] Preliminary through March 31, 2026.
[6] Preliminary through April 30, 2026. January 2026 estimates were revised to incorporate updated population controls.
Source: U.S. Department of Labor, Bureau of Labor Statistics (the most recent information available as of May 12, 2026)

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TABLE A-9
Personal Income
New Mexico and the United States
2016–2025

Year	Personal Income (dollars in millions)		Annual Percentage Change	
	New Mexico	United States	New Mexico	United States
2016	$ 73,506	$13,927,450	--	--
2017	75,092	14,611,591	2.2%	4.9%
2018	78,926	15,442,207	5.1	5.7
2019	83,191	16,153,039	5.4	4.6
2020	91,173	17,366,916	9.6	7.5
2021	98,609	18,778,417	8.2	8.1
2022	99,973	18,904,548	1.4	0.7
2023	106,657	20,744,093	6.7	9.7
2024	112,785	21,912,002	5.7	5.6
2025	118,868	22,875,998	5.4	4.4

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last Revised: April 9, 2026, new statistics for 2025; revised statistics for 2020-2024 (the most recent information available as of May 12, 2026).

TABLE A-10
Per Capita Personal Income
New Mexico and the United States
2015–2024

Year	Per Capita Income (dollars)			Annual Percentage Change	
	New Mexico	United States	N.M. as a % of U.S.	N.M.	U.S.
2016	$35,008	$42,939	72.8%	--	--
2017	35,739	44,737	73.0	2.1%	1.9%
2018	37,527	47,004	73.6	5.0	4.1
2019	39,424	48,915	74.0	5.1	4.5
2020	43,038	52,377	77.5	9.2	4.2
2021	46,573	56,575	78.7	8.2	6.4
2022	47,317	56,601	73.1	1.6	9.4
2023	50,326	61,600	75.9	6.4	2.5
2024	53,031	64,446	75.8	5.4	5.6
2025	55,925	66,931	76.4	5.5	4.6

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last Revised: April 9, 2026, new statistics for 2025; revised statistics for 2020-2024 (the most recent information available as of May 12, 2026).

TABLE A-11
2014–2024
Wages and Salaries by Industry Sector

NAICS Earnings by Place of Work [1] Applicable to 2014-2023	New Mexico (dollars in thousands) [2]		United States (dollars in millions) [2]		Cumulative Annual Percent Change 2014 – 2024		Distribution of 2024 Wages & Salaries	
	2024	2014	2024	2014	N.M.	U.S.	N.M.	U.S.
Farm Wage and Salary	$ 335,640	$ 262,194	$ 36,497,000	$ 24,178,000	28.0%	51.0%	0.6%	0.0%
Non-farm Wage and Salary	56,966,080	36,360,885	12,344,896,000	7,443,527,000	56.7	65.8	99.4	99.7
Private Wage and Salary	42,560,200	26,728,207	10,524,387,000	6,224,688,000	59.2	69.1	74.3	85.0
Forestry, Fishing, and other related activities	137,121	79,278	26,833,000	16,826,000	73.0	59.5	0.2	0.2
Mining	2,471,118	2,146,595	77,049,000	86,850,000	15.1	-11.3	4.3	0.6
Utilities	458,476	351,048	81,165,000	55,086,000	30.6	47.3	0.8	0.7
Construction	3,812,199	1,903,727	681,718,000	349,130,000	100.2	95.3	6.7	5.5
Manufacturing	2,075,797	1,647,705	1,107,105,000	780,479,000	26.0	41.8	3.6	8.9
Wholesale Trade	1,610,046	1,157,672	634,688,000	420,661,000	39.1	50.9	2.8	5.1
Retail Trade	3,624,454	2,605,757	690,520,000	456,002,000	39.1	51.4	6.3	5.6
Transportation and Warehousing	1,732,518	1,035,176	476,484,000	242,297,000	67.4	96.7	3.0	3.8
Information	902,619	624,710	513,859,000	252,966,000	44.5	103.1	1.6	4.2
Finance and Insurance	1,996,758	1,364,585	956,948,000	582,075,000	46.3	64.4	3.5	7.7
Real Estate and Rental and Leasing	613,302	384,962	195,163,000	109,197,000	59.3	78.7	1.1	1.6
Professional, Scientific, and Technical Services	7,592,221	3,985,952	1,399,939,000	736,695,000	90.5	90.0	13.2	11.3
Management of Companies and Enterprises	534,191	352,931	413,466,000	246,652,000	51.4	67.6	0.9	3.3
Administrative and Waste Services	2,645,004	1,446,532	543,890,000	316,297,000	82.9	72.0	4.6	4.4
Educational Services	452,650	335,930	218,623,000	139,294,000	34.7	57.0	0.8	1.8
Health Care and Social Assistance	7,009,255	4,458,337	1,477,608,000	844,773,000	57.2	74.9	12.2	11.9
Arts, Entertainment, and Recreation	423,228	220,808	145,162,000	82,488,000	91.7	76.0	0.7	1.2
Accommodations and Food Services	2,776,979	1,563,734	501,191,000	271,784,000	77.6	84.4	4.8	4.0
Other Services, Except Public Administration	1,692,264	1,062,768	382,976,000	235,136,000	59.2	62.9	3.0	3.1
Government and Government Enterprises	14,405,880	9,632,678	1,820,509,000	1,218,839,000	49.6	49.4	25.1	14.7
Total	$57,301,720	$36,623,079	$12,381,393,000	$7,467,705,000				

[1] The estimates of wage and salary disbursements for 2014-2016 are based on the 2012 North American Industry Classification System (NAICS), while estimates for 2017 forward are based on the 2017 NAICS.
[2] All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last Revised: September 26, 2025 (the most recent information available as of May 12, 2026). Due to a lapse in appropriations, information from the BEA will not be updated until further notice

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APPENDIX B

STATE OF NEW MEXICO ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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STATE OF NEW MEXICO

Annual Comprehensive Financial Report

For the Fiscal Year End 2025

Prepared by:
The Department of Finance and Administration

Cabinet Secretary Wayne Propst
Acting State Controller Mark Melhoff

190 Bataan Memorial Building
Santa Fe, NM 87501
(505) 827-3640

STATE OF NEW MEXICO

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

STATE OF NEW MEXICO
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL III
SELECTED STATE OFFICIALS V
ORGANIZATION CHART VI

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT 1
MANAGEMENT'S DISCUSSION AND ANALYSIS 6

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION 23
STATEMENT OF ACTIVITIES 25
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS
BALANCE SHEET 27
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION 29
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES 30
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES 32
PROPRIETARY FUND
STATEMENT OF NET POSITION 35
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION 37
STATEMENT OF CASH FLOWS 38

STATE OF NEW MEXICO
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION 41
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION 42
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION 44
COMBINING STATEMENT OF ACTIVITIES 46
NOTES TO FINANCIAL STATEMENTS 47

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND 204
NOTES TO BUDGETARY REPORTING 210
SCHEDULES OF CHANGES IN NET POSITION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM 212
JUDICIAL RETIREMENT SYSTEM 213
MAGISTRATE RETIREMENT SYSTEM 214
VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM 215
EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM 216
SCHEDULES OF CHANGES IN NET OPEB LIABILITY 217
SCHEDULES OF NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM 218
JUDICIAL RETIREMENT SYSTEM 219
MAGISTRATE RETIREMENT SYSTEM 220
VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM 221
EDUCATIONAL EMPLOYEES RETIREMENT SYSTEM 222
SCHEDULES OF NET OPEB LIABILITY
NEW MEXICO RETIREE HEALTH CARE AUTHORITY 223
THE UNIVERSITY OF NEW MEXICO 224
NEW MEXICO STATE UNIVERSITY 225
NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY 226
SCHEDULES OF EMPLOYER CONTRIBUTIONS

STATE OF NEW MEXICO
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

PUBLIC EMPLOYEES RETIREMENT SYSTEM 227
JUDICIAL RETIREMENT SYSTEM 228
MAGISTRATE RETIREMENT SYSTEM 229
VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM 230
EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM 231
SCHEDULES OF EMPLOYER CONTRIBUTIONS - OPEB
NEW MEXICO RETIREE HEALTH CARE AUTHORITY 232
THE UNIVERSITY OF NEW MEXICO 233
NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY 234
SCHEDULES OF INVESTMENT RETURNS - PENSION
PUBLIC EMPLOYEES RETIREMENT SYSTEM 235
EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM 236
SCHEDULES OF INVESTMENT RETURNS - OPEB
NEW MEXICO RETIREE HEALTH CARE AUTHORITY 237
THE UNIVERSITY OF NEW MEXICO 238
NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY 239
SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS – ALL RETIREMENT SYSTEMS 240
SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS – NEW MEXICO RETIREE HEALTH CARE AUTHORITY 241
SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY 243
SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY 248
SCHEDULE OF THE STATE'S CONTRIBUTIONS 251

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES
GOVERNMENTAL FUNDS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET 260

STATE OF NEW MEXICO
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES 261

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET POSITION 265

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION 269

COMBINING STATEMENT OF CASH FLOWS 271

NONMAJOR INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION 276

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION 277

COMBINING STATEMENT OF CASH FLOWS 278

FIDUCIARY FUNDS

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION 281

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION 282

EXTERNAL INVESTMENT TRUST FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION 284

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION 285

PRIVATE-PURPOSE TRUST FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION 287

COMBINING STATEMENT OF CHANGES FIDUCIARY NET POSITION 288

NONMAJOR COMPONENT UNITS

COMBINING STATEMENT OF NET POSITION 290

COMBINING STATEMENT OF ACTIVITIES 294

STATISTICAL SECTION

INDEX TO STATISTICAL SECTION 297

STATE OF NEW MEXICO
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

	SCHEDULES	
FINANCIAL TRENDS		
NET POSITION BY COMPONENT	A-1	299
CHANGES IN NET POSITION	A-2	301
FUND BALANCES – GOVERNMENTAL FUNDS	A-3	307
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	A-4	309
REVENUE CAPACITY		
SCHEDULE OF REVENUES, STATE GENERAL FUND	B-1	311
REVENUE BASE	B-2	315
REVENUE PAYERS BY INDUSTRY – TAXABLE SALES, SERVICES, AND USE TAX PURCHASES	B-3	317
REVENUE PAYERS – PERSONAL INCOME TAX	B-4	318
PERSONAL INCOME TAX RATES	B-5	319
DEBT CAPACITY		
RATIO OF OUTSTANDING DEBT BY TYPE	C-1	320
LONG-TERM LIABILITIES	C-2	322
LEGAL DEBT MARGIN	C-3	324
STATUTORY DEBT LIMIT – SEVERANCE TAX BONDS	C-4	326
PLEDGED REVENUE BOND COVERAGE	C-5	328
DEMOGRAPHIC AND ECONOMIC STATISTICS		
DEMOGRAPHIC AND ECONOMIC INDICATORS	D-1	331
PRINCIPAL EMPLOYERS	D-2	332
COMPOSITION OF LABOR FORCE	D-3	333
PUBLIC HIGHER EDUCATION ENROLLMENT	D-4	335
OPERATING INFORMATION		
FULL-TIMIE EQUIVALENT STATE EMPLOYEES BY FUNCTION	E-1	337
OPERATING INDICATORS BY FUNCTIONS	E-2	339
CAPITAL ASSETS STATISTICS BY FUNCTION	E-3	344
OTHER INFORMATION		

STATE OF NEW MEXICO
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

EXPENDITURES – HISTORICAL AND CONSTANT DOLLARS – ALL GOVERNMENT FUND TYPES	F-1	346
PER CAPITA EXPENDITURES – HISTORICAL AND CONSTANT DOLLARS – ALL GOVERNMENT FUND TYPES	F-2	347

OTHER REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	349
SCHEDULE OF FINDINGS AND RESPONSES	351
STATUS OF PRIOR YEAR AUDIT FINDINGS	354
EXIT CONFERENCE	355

INTRODUCTORY SECTION

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New Mexico
Department *of* Finance
and Administration

407 Galisteo St,
Santa Fe, NM 87501
(505) 827-4985

Cabinet Secretary Wayne Propst
Deputy Cabinet Secretary Renee Ward
Acting State Controller Mark Melhoff

Governor Michelle Lujan Grisham

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

In accordance with Chapter 6-5-4.1 of the New Mexico Statutes Annotated 1978 (NMSA 1978), the Financial Control Division of the Department of Finance and Administration (DFA) respectfully transmits the State of New Mexico's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025.

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

CliftonLarsonAllen LLP (CLA), an independent accounting firm, has audited the basic financial statements contained within this report. Their audit was conducted in accordance with the generally accepted government auditing standards and the auditor's report precedes the basic financial statements. The goal of an independent audit is to provide reasonable assurance that the State of New Mexico's basic financial statements for the fiscal year ended June 30, 2025, are free of material misstatement. Independent audit procedures include examining, on a test basis, supporting amounts and disclosures, assessing the accounting principles used, reviewing of any significant estimates made by management, and evaluating the overall basic financial statement presentation. An audit also includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate under the circumstances, but not for expressing an opinion on the effectiveness of the state's internal controls over financial reporting. Accordingly, the independent auditor expressed no opinion on internal controls over financial reporting.

Under state statute (12.6.3 NMSA 1978), each state agency that is reported together in this ACFR must be audited separately each year. To avoid duplication of effort, the ACFR utilizes the Group Audit Standards. The standards provide requirements and guidance for audits of group financial statements, particularly those in which part of the work is performed by auditors other than the auditor who expresses the opinion on the financial statements of the group.

ECONOMIC CONDITIONS AND OUTLOOK

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

The CREG bases its state general revenue forecast on forecasts of the U.S. economy from Moody's Analytics and IHS Market in combination with forecasts of New Mexico's economy prepared by the University of New Mexico's Bureau of Business and Economic Research. Economic inputs also include data and information

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provided by state agencies, and other national data sources such as the Energy Information Administration, Bureau of Labor Statistics, Bureau of Economic Analysis, and the U.S. Census Bureau. Historical information on New Mexico's value and volume of crude oil and natural gas produced in the state is derived from the state's GenTax Database reporting system. Product price forecasts are derived from national economic forecasting services and other sources.

New Mexico's revenues are highly sensitive to boom-and-bust cycles in the energy industry; therefore, the CREG conducts a stress test on state revenues during the process. The establishment and use of stress-testing hedges against an economic downturn or an unforeseen downswing in the energy sector. Stress testing allows for targeting appropriate levels of general fund reserves while safeguarding the state's budget at the same time.

New Mexico's economy showed slow positive growth in fiscal year 2025, with the real gross domestic product expanding by 1.5 percent on a year-over-year basis. The wages and salaries in the state increased by 5.9 percent and the total personal income grew by 4.7 percent. In the same period, employment in New Mexico increased by 1.97 percent, which means the state added approximately 17,500 jobs. During fiscal year 2025, the Construction, Education and Health Services, State Government, Professional & Business Services, Financial Activities and the Mining sectors created 8,100 jobs, 7,000 jobs, 2,300 jobs, 1,900 jobs, 1,800 jobs, and 700 jobs respectively.

LONG-TERM FINANCING

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

ACKNOWLEDGMENTS

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

Sincerely,

Signed by:
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Wayne Propst
Cabinet Secretary

STATE OF NEW MEXICO

SELECTED STATE OFFICIALS
June 30, 2025

Executive

Michelle Lujan Grisham, Governor — Howie Morales, Lieutenant Governor

Maggie Toulouse Oliver Secretary of State	**Joseph M. Maestas** State Auditor	**Laura Montoya** State Treasurer	**Raul Torrez** Attorney General	**Stephanie Garcia Richard** Commissioner of Public Lands

- **Gabriel Aguilera**, Public Regulation Commission • **Greg Nibert**, Public Regulation Commission • **Patrick O'Connell**, Public Regulation Commission

Judicial

David K Thomson Chief Justice of the Supreme Court	**Michael E. Vigil** Justice of the Supreme Court	**C. Shannon Bacon** Justice of the Supreme Court	**Julie J. Vargas** Justice of the Supreme Court	**Briana H. Zamora** Justice of the Supreme Court

- **Jacqueline R. Medina,** Chief Judge of the Court of Appeals • **J. Miles Hanisee,** Judge of the Court of Appeals • **Jennifer Attrep**, Judge of the Court of Appeals • **Megan P. Duffy**, Judge of the Court of Appeals • **Zachary A. Ives**, Judge of the Court of Appeals • **Shammara H. Henderson**,, Judge of the Court of Appeals • **Jane B. Yohalem**, Judge of the Court of Appeals • **Gerald E. Baca**, Judge of the Court of Appeals • **Katherine A. Wray**, Judge of the Court of Appeals • **Kristopher N. Houghton**, Judge of the Court of Appeals

Legislative - Senate

Mimi Stewart President Pro Tempore	**Peter Wirth** Majority Floor Leader	**William E. Sharer** Minority Floor Leader	**Michael Padilla** Majority Whip
Pat Woods Minority Whip			

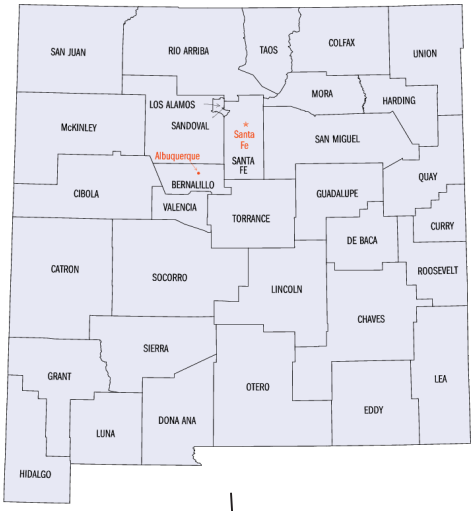
Legislative – House of Representatives

Javier Martinez Speaker of the House	**Reena Szczepanski** Majority Floor Leader	**Gail Armstrong** Minority Floor Leader	**Dayan Hochman-Vigil** Majority Whip
Alan T. Martinez Minority Whip			

STATE OF NEW MEXICO

ORGANIZATIONAL CHART
June 30, 2025

Citizens of New Mexico



EXECUTIVE

Governor
Lieutenant Governor
Secretary of State
State Auditor
State Treasurer
Attorney General
Commissioner of Public Lands
Public Regulation Commission

LEGISLATIVE

Senate
House of Representatives

JUDICIAL

Supreme Court
Court of Appeals
District Courts
Magistrate Courts

GOVERNOR'S CABINET

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

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Michelle Lujan-Grisham, Governor of the State of New Mexico
Mr. Wayne Propst, Secretary of the New Mexico Department of Finance and Administration,
Mr. Mark Melhoff, Acting State Controller of the New Mexico Department of Finance and Administration, and
Mr. Joseph M. Maestas, PE, CFE New Mexico State Auditor

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Mexico, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the State of New Mexico's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Mexico, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain components, which these percentages of assets and revenues of the various opinion units as of June 30, 2025 audited by other auditors is represented in the following table. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for certain components, is based solely on the reports of the other auditors.

Percentage Audited by Other Auditors

Government-Wide	**Total Assets**	**Total Revenues**
Governmental activities	84%	55%
Business-type activities	95%	99%
Aggregate discretely presented component units	60%	66%
Fund Statements		
Major governmental fund - General Fund	75%	52%
Major governmental fund - Severance Tax Permanent Fund	100%	100%

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Major governmental fund - Land Grant Permanent Fund	100%	100%
Major enterprise fund - Educational Institutions Fund	100%	100%
Aggregate remaining fund information	75%	59%

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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of New Mexico 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

Change in Accounting Principle

As discussed in Notes 1 and 9 to the financial statements, the State adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, as of July 1, 2024. Accordingly, the beginning net position for the governmental activities has been restated to reflect this change in accounting principle. Our opinions are not modified with respect to this matter.

Restatement

As discussed in Note 9 to the financial statements, opening net position to the government-wide, business-type activities, general fund, capital projects fund, internal service funds, and component units were restated due to various reasons. Our opinions are 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of New Mexico's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 State of New Mexico'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about State of New Mexico's ability to continue as a going concern for a reasonable period of time.

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 the management's discussion and analysis, Budgetary Comparison Schedule – General Fund and Notes to Budgetary Reporting, Schedules of Changes in Net Pension Liability, Schedule of Changes in Net OPEB Liability; Schedules of Net Pension Liability, Schedules of Net OPEB Liability, Schedules of Employer Contributions - Pension, Schedules of Employer Contributions – OPEB, Schedules of Investment Returns - Pension, Schedule of Investment Returns – OPEB, Schedule of Actuarial Methods and Assumptions – All Retirement Systems, Schedule of Actuarial Methods and Assumptions

– New Mexico Retiree Health Care Authority, Schedule of the State of New Mexico's Proportionate Share of the Net Pension Liability, Schedule of the State of New Mexico's Proportionate Share of the Net OPEB Liability, and Schedule of the State's Contributions 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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's basic financial statements. The combining statements and individual fund financial statements and schedules 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 GAAS by us and other auditors. In our opinion, the combining statements and individual fund financial statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections and exit conference but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026, on our consideration of the State of New Mexico'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 the State of New Mexico'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's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Albuquerque, NM
March 6, 2026

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) is required supplementary information to the State of New Mexico's financial statements. It describes and analyzes the financial performance and position of the state, and also provides an overview of the State's activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section. The subsequent information is highly summarized, and in order to gain a comprehensive understanding of the State's financial condition it should be reviewed in its entirety. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

Government-wide

Net Position of the Primary Government

- The primary government (governmental activities and business-type activities) ended fiscal year 2025 with a net position of $82.3 billion, an increase of $11.8 billion, or 16.6 percent, from the previous year.
- The net position is comprised of $10.8 billion in net investment in capital assets, $75.6 billion in restricted, and a deficit $4.1 billion in unrestricted, excluding component units.
- As a result of operating activities, the primary government's total net position increased by $11.8 billion, or 16.6 percent, in fiscal year 2025 when compared to the previous year's ending net position. The net position of governmental activities increased $11 billion, or 16.2 percent, from previous year's ending net position.
- Program revenues for the primary government increased by $332.8 million or 1.5 percent on a year to year basis. Taxes and other general revenues increased by 11.8 percent from the previous year. Expenses of $31.9 billion, increased by $2.1 billion, with the majority of the increase being in Highway and Transportation and Public Safety.
- The net position of the business-type activities increased by $802.2 million, excluding the restatement, or 26.1 percent, from the previous year's ending net position. The business-type activities from the prior fiscal year saw an increase in total revenue of $279.4 million and a decrease in expenses by $664.1 million. Program revenue from the prior fiscal year saw a decrease of $27.8 million, while transfers showed an increase of $108.7 million.

Long-term Debt

- The State's long-term bonded debt decreased a net of $522.6 million for both governmental and business-type activities, combined, due to principal payments made. Additionally, no new bonds were issued relating to both governmental and business-type activities. See Note 8 for more detailed information on long-term liabilities. More detailed information regarding the government-wide, fund level, and long-term debt activities can be found in the capital asset and debt administration section of this management's discussion and analysis (MD&A).

Fund Level

Governmental Funds

- As of June 30, 2025, the State reported an ending fund balance of $77 billion, an increase of $10.9 billion, or 16.5 percent, from fiscal year 2024.
- Year to year there was an increase in revenue of $2.6 billion, primarily the result of an increase in income taxes and investment income. Year to year, expenditures decreased by $163.9 million.
- The unassigned fund balance as of the end of fiscal year 2025 was $962.7 million.

Proprietary Funds

- As of June 30, 2025, the State reported an ending net position of $3.9 billion, an increase of $802.2 million, excluding the restatement, or 26.1 percent, from fiscal year 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

This report also includes statistical data.

Reporting on the State as a Whole

Government-wide Statements

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

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

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

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

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

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

Component Units
Component units are legally separate organizations for which the state is either financially accountable or the nature and significance of their relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. The state has approximately eighty-three (83) discretely presented component units. Financial information for these entities is presented separately in the supplemental statements and in the notes. The State also has ten blended component units, all of which are component units of higher education institutions. The financial information for "blended" component units is included with the information of the parent unit. Standards for blending component units are issued by the Government Accounting Standards Board.

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

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

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

financial statements. The general fund, debt service fund, capital projects fund, severance tax fund and land grant fund are reported as major governmental funds.

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

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

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

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

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

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

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

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

ADJUSTMENTS TO BEGINNING NET POSITION AND FUND BALANCES

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

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

- Total Assets and Deferred Outflows of the State as of June 30, 2025, were $103.1 billion, an increase of $11.6 billion or 12.6 percent from prior fiscal year. The majority of the increase is due to increased short- and long-term investments and an increase in other current assets.
- For governmental activities, total assets and deferred outflows were $94.1 billion, an increase of $11 billion, or 13.2 percent.
- For business-type activities, total assets and deferred outflows were $9 billion, increase of $582.7 million or 6.9 percent.
- Total Liabilities and Deferred Inflows as of June 30, 2025, were $20.9 billion, a decrease of $171.7 million or 0.8 percent from prior fiscal year.
- Total liabilities and deferred inflows for governmental activities were $15.7 billion, an increase of $21.4 million, or 0.14 percent.
- For business-type activities, total liabilities and deferred inflows were $5.1 billion, a decrease of $193 million or 3.6 percent.
- The State's total net position of $82.3 billion was $11.8 billion or 16.6 percent higher in fiscal year 2025 compared to the prior year. Of the State's net position, $10 billion was recorded as net investment in capital assets, while $65.4 billion was restricted by state statute or other legal requirements and was not available to finance day-to-day operations of the state. Unrestricted net position was a $4.9 billion deficit. Most of this is attributable to the net pension liability and net OPEB liability. The reporting of these long-term liabilities is mandated by the Governmental Accounting Standards Board.

State of New Mexico
Net Position as of June 30, 2025
(Expressed in Thousands)

	Government Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	$ 83,930,831	$ 73,502,092	$ 4,851,889	$ 4,642,652	$ 88,782,720	$ 78,144,745
Capital Assets	9,268,007	8,804,293	3,650,828	3,401,101	12,918,835	12,205,395
Total Assets	93,198,838	82,306,385	8,502,717	8,043,753	101,701,555	90,350,138
Deferred Outflows of Resources	922,822	810,428	511,639	394,626	1,434,461	1,205,054
Current Liabilities	6,849,805	7,259,802	887,048	806,495	7,736,853	8,066,297
Long-Term Liabilities	8,153,989	7,540,413	3,872,253	3,847,586	12,026,242	11,387,998
Total Liabilities	15,003,794	14,800,215	4,759,301	4,654,081	19,763,095	19,454,295
Deferred Inflows of Resources	685,201	857,237	404,812	710,250	1,090,013	1,567,488
Net Position:						
Net Investment in Capital Assets	8,158,582	7,590,996	2,648,565	2,396,173	10,807,147	9,987,169
Restricted	73,688,095	63,615,298	1,920,199	1,814,948	75,608,294	65,430,246
Unrestricted	(3,414,012)	(3,746,933)	(718,521)	(1,137,073)	(4,132,533)	(4,884,006)
Total Net Position	$ 78,432,665	$ 67,459,361	$ 3,850,243	$ 3,074,048	$ 82,282,908	$ 70,533,410
Percentage Change in Total Net Position from Prior Year	16.3 %		25.2 %		16.7 %	

Changes in Net Position

The State's change in net position as of June 30, 2025 was $11.8 billion, which was $697.3 million more than the 2024 change in net position of $11.1 billion.

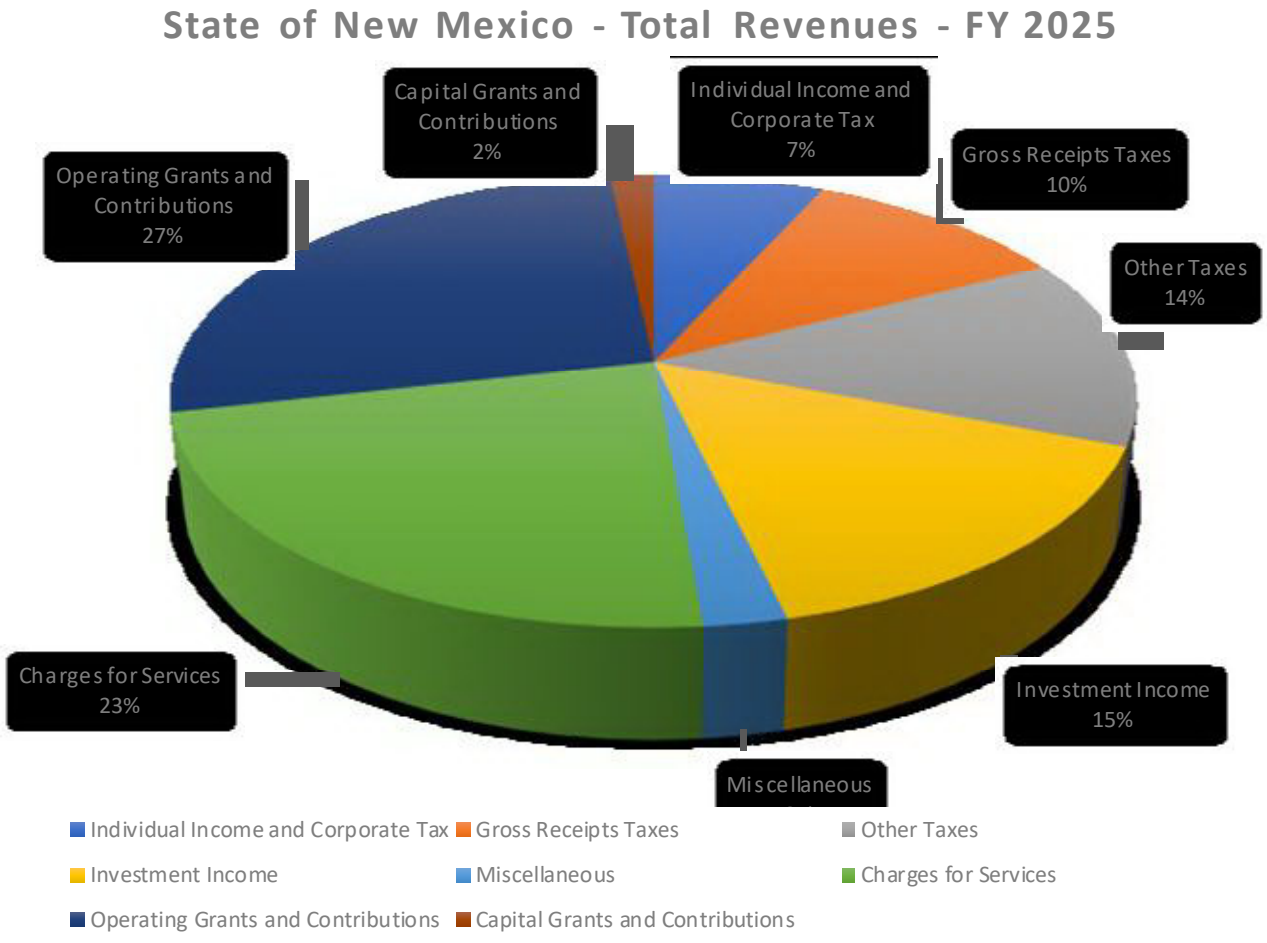
The State earned program revenues of $22.5 billion, collected tax revenue of $13.5 billion, and had a gain in general revenues related to investment revenues (expenses) of $6.7 billion. Total revenues for 2025 were $43.7 billion, an increase of $2.8 billion, or 6.7 percent from fiscal year 2024. The expenses of the State were $31.9 billion, an increase of $2.0 billion or 6.9 percent, from fiscal year 2024. Further analysis of the results of changes in the State's financial condition follows the analysis of the State's funds. Net program expenses exceeded net program revenue by $9.4 billion, whereas in fiscal year 2023 this amount was $7.7 billion.

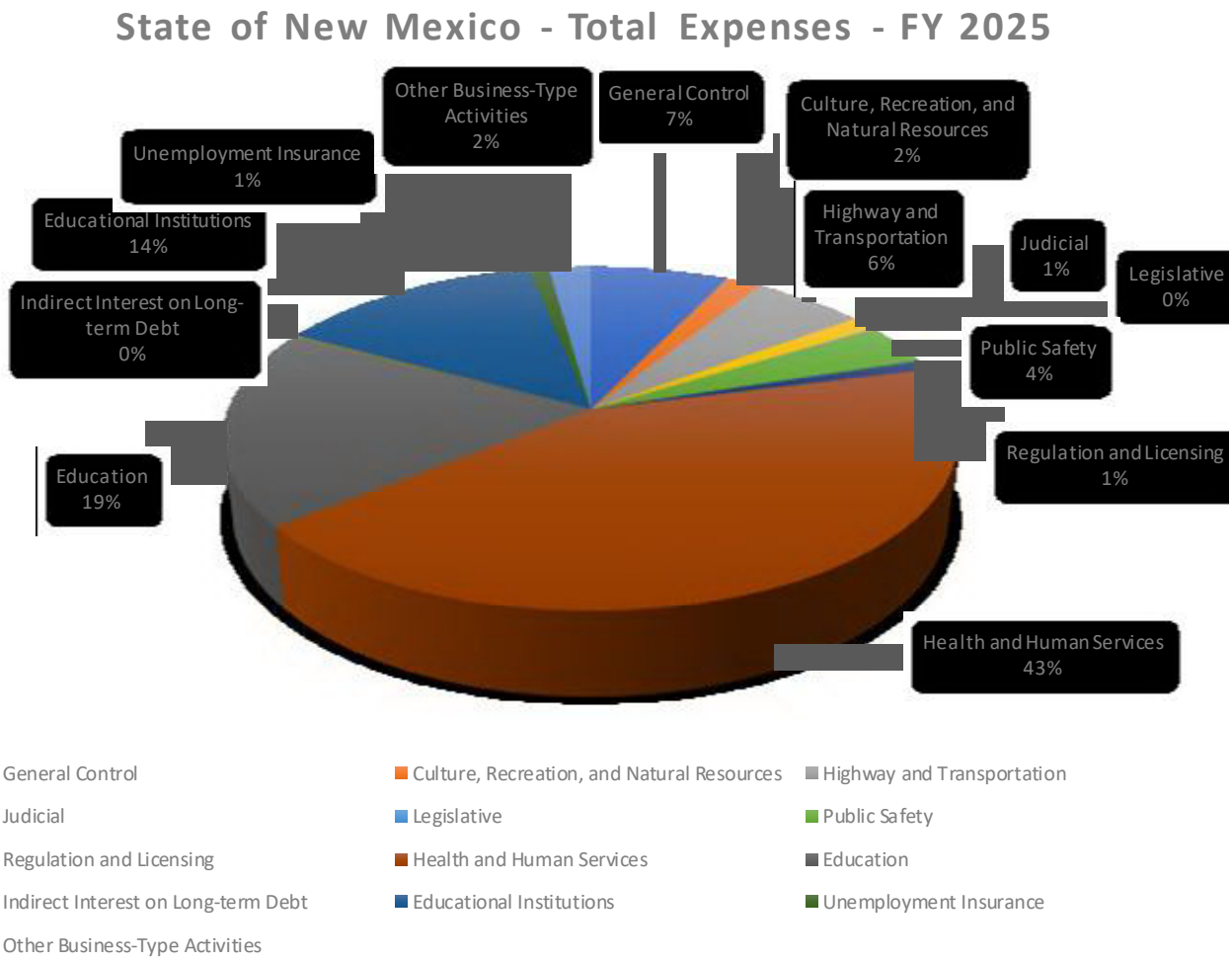
The following schedule and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2025:

State of New Mexico
Changes in Net Position

For the Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Government Activities		Business-Type Activities		Total Primary Government		Total Percentage Change 2023 to 2025
	2025	2024	2025	2024	2025	2024	
Revenues							
General Revenues:							
Taxes	$ 13,519,834	$ 13,101,548	$ -	$ -	$ 13,519,834	$ 13,101,548	3.2 %
Other General Revenues	6,995,730	5,301,816	726,544	419,300	7,722,274	5,721,116	35.0
Program Revenues:							
Charges for Services	6,672,307	6,415,807	3,291,383	3,298,220	9,963,690	9,714,027	2.6
Operating Grants and Contributions	11,276,433	11,193,969	476,240	620,393	11,752,673	11,814,362	(0.5)
Capital Grants and Contributions	605,248	583,575	153,561	30,411	758,809	613,986	23.6
Total Revenues	39,069,552	36,596,715	4,647,728	4,368,324	43,717,280	40,965,039	6.7
Expenses							
General Control	2,279,525	2,322,896	-	-	2,279,525	2,322,896	(1.9)
Culture, Recreation, and Natural Resources	571,305	731,495	-	-	571,305	731,495	(21.9)
Highway and Transportation	1,851,434	1,099,613	-	-	1,851,434	1,099,613	68.4
Judicial	447,012	429,703	-	-	447,012	429,703	4.0
Legislative	26,519	38,748	-	-	26,519	38,748	(31.6)
Public Safety	1,188,409	912,554	-	-	1,188,409	912,554	30.2
Regulation and Licensing	293,826	332,214	-	-	293,826	332,214	(11.6)
Health and Human Services	13,752,453	13,075,258	-	-	13,752,453	13,075,258	5.2
Education	5,968,592	6,044,528	-	-	5,968,592	6,044,528	(1.3)
Indirect Interest on Long-Term Debt	56,004	72,896	-	-	56,004	72,896	(23.2)
Educational Institutions	-	-	4,430,383	3,954,505	4,430,383	3,954,505	12.0
Public Schools Insurance	-	-	608,484	530,541	608,484	530,541	14.7
Environmental Loans	-	-	5,740	1,384	5,740	1,384	100.0
Miners' Colfax Medical Center	-	-	35,310	36,736	35,310	36,736	(3.9)
Unemployment Insurance	-	-	333,650	223,018	333,650	223,018	49.6
State Fair	-	-	19,201	17,535	19,201	17,535	9.5
Other Business-Type Activities	-	-	20,932	25,916	20,932	25,916	(19.2)
Total Expenses	26,435,079	25,059,905	5,453,700	4,789,635	31,888,779	29,849,541	6.8
Excess Before Transfers	12,634,473	11,536,810	(805,972)	(421,311)	11,828,501	11,115,499	
Transfers	(1,608,223)	(1,499,482)	1,608,223	1,499,482	-	-	
Change in Net Position	11,026,250	10,037,328	802,251	1,078,171	11,828,501	11,115,499	6.4
Net Position - Beginning, as Reported	67,459,361	57422033	3,074,048	1,934,108	70,533,409	59,356,141	
Restatement	(52,946)	-	(26,056)	61,769	(79,002)	61,769	
Beginning, as Restated	67,406,415	57,422,033	3,047,992	1,995,877	70,454,408	59,417,910	
Net Position - Ending	$ 78,432,665	$ 67,459,361	$ 3,850,243	$ 3,074,048	$ 82,282,909	$ 70,533,409	16.7


State of New Mexico - Total Revenues - FY 2025
Capital Grants and Contributions 2%
Individual Income and Corporate Tax 7%
Gross Receipts Taxes 10%
Operating Grants and Contributions 27%
Other Taxes 14%
Charges for Services 23%
Investment Income 15%
Miscellaneous
Individual Income and Corporate Tax
Gross Receipts Taxes
Other Taxes
Investment Income
Miscellaneous
Charges for Services
Operating Grants and Contributions
Capital Grants and Contributions



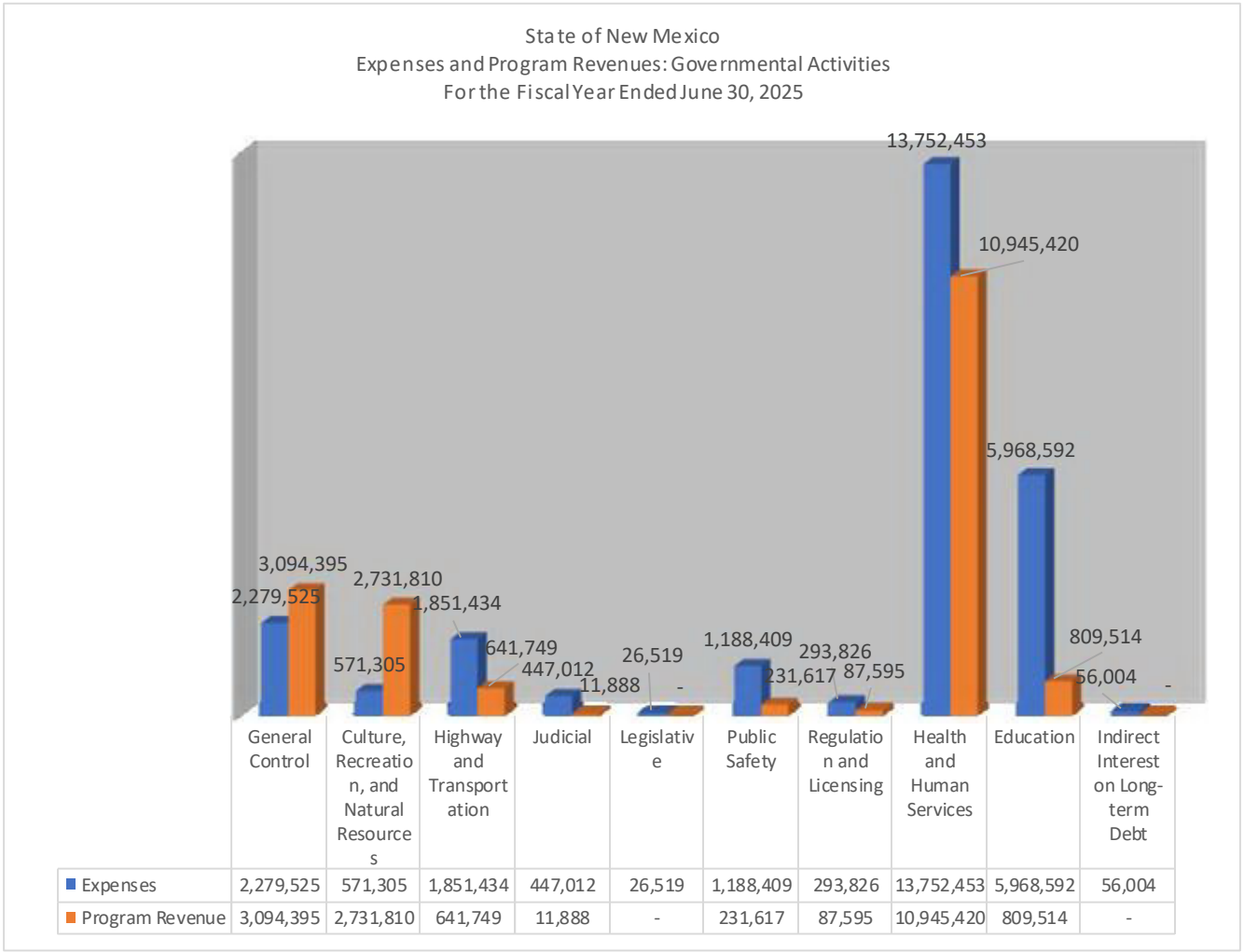
Governmental Activities

Governmental activities program revenue was $18.6 billion, consisting of operating grants and contributions of $11.3 billion, capital grants and contributions of $605 million, and $6.7 billion in service charges. Program revenues increased $361.6 million from the prior fiscal year, the result of an increase of $256.5 million in charges for services, an $82.5 million increase in operating grants and contributions, and an increase of $21.7 million in capital grants and contributions. Governmental activities expenses increased by $2.1 billion year to year bringing the total to $26.5 billion. All governmental activities except for general control and culture, recreation, and natural resources activities in the government-wide statement of activities had expenses which exceeded program revenues. The health and human services function, and education function account for three quarters of governmental activities expenses and net cost.

The following table shows to what extent the State's governmental activities relied on taxes and other general revenues to cover all of their costs. For fiscal year 2025, state taxes and other general revenues covered 70.1 percent of expenses. The remaining 29.9 percent of the total expenses was covered by charges for services and grants and contributions.

State of New Mexico
Net Program Costs as of June 30, 2025
(Expressed in Thousands)

	Program Expenses	Less Program Revenues	Net Program Costs		Program Revenues as a Percentage of Program Expenses	
	2025	2025	2025	2024	2025	2024
General Control	$ 2,279,525	$ (3,094,395)	$ 814,870	$ 1,236,303	135.7 %	(153.2)%
Culture, Recreation, and Natural Resources	571,305	(2,731,810)	2,160,505	1,953,884	478.2	(367.1)
Highway and Transportation	1,851,434	(641,749)	(1,209,685)	(406,102)	34.7	(63.1)
Judicial	447,012	(11,888)	(435,124)	(409,319)	2.7	(4.7)
Legislative	26,519	-	(26,519)	(38,748)	-	-
Public Safety	1,188,409	(231,617)	(956,792)	(625,773)	19.5	(31.4)
Regulation and Licensing	293,826	(87,595)	(206,231)	(243,607)	29.8	(26.7)
Health and Human Services	13,752,453	(10,945,420)	(2,807,033)	(3,388,430)	79.6	(74.1)
Education	5,968,592	(809,514)	(5,159,078)	(4,871,866)	13.6	(19.4)
Indirect Interest on Long-Term Debt	56,004	-	(56,004)	(72,896)	-	-
Total	$ 26,435,079	$ (18,553,988)	$ (7,881,091)	$ (6,866,554)	70.2 %	(72.6)%



Business-type Activities

Business-type activities generated program revenues of $3.9 billion, including charges for services of $3.3 billion, operating grants and contributions of $476.2 million, and $153.6 million in capital grants and contributions. Total program revenues were $27.8 million less than prior year, mostly attributable to the education institutions. The total expenses for business-type activities were $5.5 billion, an increase of $0.5 billion from the prior year. The largest changes occurred in the unemployment insurance function, where expenses increased by $110.6 million versus the prior year, and in the educational institutions function where expenses increased by $475.9 million. Changes in net position were $801.9 million versus $1.8 billion in the previous year, a decrease of $276 million.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, 2025, the State's governmental funds reported combined ending fund balances of $77 billion. The State reported $75.4 billion, or 97.9 percent, as restricted, including $36.5 billion related to the Land Grant Fund, and $11.7 billion associated with the Severance Tax Fund, all established by state laws. Note 1.G.14 contains more details about the fund balance classifications at June 30, 2025. The committed, assigned, nonspendable, and unassigned classifications of fund balance totaled $1.6 billion or 2.1 percent.

State of New Mexico
Fund Balances as of June 30, 2025
(Expressed in Thousands)

	General Fund	Severance Tax	Land Grant	Nonmajor Governmental Funds	Totals Governmental Funds
Nonspendable	$ 201,052	$ -	$ -	$ 2,000	$ 203,052
Restricted	20,263,959	11,742,912	36,435,609	7,005,911	75,448,391
Committed	145,700	-	-	2,520	148,220
Assigned	234,252	-	-	-	234,252
Unassigned	1,003,543	-	(1)	(40,843)	962,699
Total	$ 21,848,506	$ 11,742,912	$ 36,435,608	$ 6,969,588	$ 76,996,614
'Percent Change from Prior Year	19.9 %	20.5 %	13.5 %	15.1 %	16.4 %

Governmental Funds

General Fund

General Fund balance at June 30, 2025 totaled $21.8 billion. Net change in General Fund balance, was an increase of $3.6 billion. The General Fund ended the fiscal year 2025 with an unassigned fund balance of $1 billion.

Budgetary Highlights – General Fund

The initial fiscal year 2025 budget was adopted by the Legislature during the 2024 Regular Session. The General Fund original budgeted revenues for fiscal year 2025 were slightly less than the fiscal year 2024 final budget basis revenues. After budget amendments, the actual expenditures in the General Fund were $3 million below the final budgeted amounts. Refer to the budgetary comparison schedule for the General Fund in the Other Required Supplementary Information section of the Annual Comprehensive Financial Report.

Severance Tax Fund

Fund balance at June 30, 2025, totaled $11.7 billion, an increase of $2 billion, or 20.5 percent, related to an increase in transfers in from other funds.

Land Grant Fund

Fund balance at June 30, 2025 is totaled $36.4 billion, there's an increase of $4.3 billion, or 13.5 percent, related to an increase in interfund transfers.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Exclusive of Internal Service Funds, the State's proprietary funds reported Net Position of $3.9 billion, an increase of $775.7 million from the prior year net position.

Educational Institutions

Net Position at June 30, 2025, totaled $2.809 billion. Current period activity increased the Net Position of the State's educational institutions by $817.9 million, or 40.6 percent. For the fiscal year 2025, the State transferred $1.6 billion to the State's educational institutions, an increase of $108.7 million, or 7.3 percent from fiscal year 2024.

DISCRETE COMPONENT UNITS

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

The State's discretely presented major component units are:

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

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

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Asset Activity

As of June 30, 2025, the State's net investment in capital assets, for governmental activities totaled $8.2 billion and $2.6 billion for its business-type activities. The state's capital assets include land, buildings, improvements, machinery and equipment, mineral rights, roads, highways and bridges, right to use assets (leased assets), and subscription-based information technology arrangements. The change in the State's investment in capital assets for the current fiscal year was a modest increase of 8.2 percent in total, including a 7.4 percent increase for governmental activities, and an increase of 10.5 percent for business-type activities.

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

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

Long-term Debt Activity

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

The State had the following bond ratings at June 30, 2025:

State of New Mexico
Bond Ratings at June 30, 2025

Bonds	Moody's	Standard & Poor's
General Obligation Bonds	Aa2/Positive	AA/Stable
Severance Tax Bonds	Aa3/Positive	AA-/Stable
Supplemental Severance Tax Bonds	A1/Positive	A+/Stable
State Transportation Revenue Bonds Senior Lien	Aa1/Stable	AA+/Stable
State Transportation Revenue Bonds Subordinate Lien	Aa2/Stable	AA/Stable

State of New Mexico did not issue Revenue bond, Tax bond or General Obligation bond during this fiscal year.

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

ECONOMIC CONDITIONS AND OUTLOOK

Economic Factors Affecting New Mexico's Fiscal Year 2025 Budget

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

Trends in the U.S. Economy

The national economy, as measured by real gross domestic product (GDP), grew by 2.3 percent in fiscal year 2025, demonstrating continued economic resilience. In fiscal years 2023 and 2024, growth was constrained by elevated inflation and recessionary concerns. Moderate expansion in FY25 reflects the lingering effects of Federal Reserve interest rate increases implemented to curb persistent inflation by cooling economic activity and the labor market without triggering a recession.

Inflation continued to moderate during FY25, declining from a peak of 8.4 percent in FY23 to 2.6 percent by the end of the fiscal year. However, in the latter half of FY25 (January 2025 to June 2025), the transition to a new federal administration and shifts in trade and immigration policies introduced additional uncertainty into the macroeconomic outlook. Emerging trade tensions and tighter immigration restrictions have begun to weigh on labor force growth and overall economic momentum. Notably, inflation has trended upward in the second half of 2025. According to the Bureau of Labor Statistics, the September 2025 inflation rate for all items reached 3.0 percent, while the rate for all items excluding food and energy was also 3.0 percent.

In fiscal year 2025, total US employment increased by 1.52 million, representing 1% year-over-year growth from fiscal year 2024. Average hourly wages in the U.S. increased by 3.7%, which was higher than the 2.6% inflation rate.

In fiscal year 2026, the US economy is anticipated to experience sluggish but positive economic growth. Real GDP growth remains below its long-term trend through calendar year 2026, averaging around 2 percent in fiscal year 2026 and 1.9 percent in fiscal year 2027, as high tariffs, slower immigration, and weak job creation weigh on output. According to Moody's Analytics, the Federal Reserve will continue a gradual easing cycle, cutting the federal funds rate from 3.75 percent to roughly 2.75 percent by calendar year 2027 to support an economy facing higher prices from trade frictions and fading fiscal stimulus. The Federal Reserve has reduced interest rates by .25 percentage points in September, October, and December 2025. Moody's Analytics also expects inflation to edge higher through 2026 due to tariff-driven cost pressures before gradually converging toward the 2 percent target in 2027.

New Mexico Economy

New Mexico's economy showed slow positive growth in fiscal year 2025, with the real gross domestic product expanding by 1.5 percent on a year-over-year basis. The wages and salaries in the state increased by 5.9 percent and the total personal income grew by 4.7 percent. In the same period, employment in New Mexico increased by 1.97 percent, which means the state added approximately 17,500 jobs. During fiscal year 2025, the Construction, Education and Health Services, State Government, Professional & Business Services, Financial Activities and the Mining sectors created 8,100 jobs, 7,000 jobs, 2,300 jobs, 1,900 jobs, 1,800 jobs, and 700 jobs respectively.

Oil prices were lower in fiscal year 2025 compared to fiscal year 2024. However, this has been offset by continued record levels of oil production in fiscal year 2025. Oil production in fiscal year 2025 reached 775 million barrels. The record levels of oil production are expected to moderate as the Permian Basin matures. Natural gas prices remained lower in fiscal year 2025. Average New Mexico prices in fiscal year 2025 for crude oil and natural gas were $69.18 per barrel and $3.25 per mcf, respectively.

General Fund Revenue and Reserve Outlook

According to the December 2025 consensus revenue estimate, fiscal year 2025 recurring revenues increased by 4.2 percent compared to fiscal year 2024, reaching a total of $13.596 billion. This growth is primarily driven by increases in general sales and interest earnings, which rose by 6.1 percent and 10.4 percent, respectively. While underlying personal income tax revenues continue to expand, recent legislative adjustments resulted in a slight year-over-year decline of 2.9 percent.

For fiscal year 2025, ending reserves total $3.18 billion, representing 31.1 percent of recurring appropriations, compared with 33 percent, or $3.16 billion, in the prior year. While reserve balances increased modestly in dollar terms, higher recurring appropriations reduced the reserve ratio.

For Fiscal Year 2026, recurring revenues are projected to decline slightly by 1.6 percent compared with Fiscal Year 2025, while non–oil and natural gas–related revenues are expected to grow modestly by 0.9 percent. On a year-over-year basis, gross receipts tax revenue is estimated to increase by 3.6 percent, while total income tax revenue is projected to decline by 17 percent. This decline does not reflect underlying economic weakness; instead, base income tax revenues are growing moderately. The projected decrease is primarily attributable to recent state legislative changes and the impacts of federal legislation (H.R. 1), particularly on corporate income tax collections.

Grand total revenue is projected to grow at a modest but steady pace 0.9 percent in FY26, 1.2 percent in FY27, and 3.9 percent in FY28, supported in FY26 by significant nonrecurring revenue from the State Land Office that offsets the decline in recurring revenue.

The December 2025 consensus estimate also projects State Land Office (SLO) revenue for FY26 at $511.9 million, which is $362.6 million above the expected annual baseline revenue of $149.3 million. This above-trend revenue is considered one-time in nature and is largely attributable to recent SLO actions that released previously restricted state lands and generated pent-up demand for valuable leases. As such, the excess is classified as nonrecurring revenue. This temporary increase also helps offset projected declines in corporate and personal income tax revenues for FY26.

The modest decline in recurring revenue reflects broader national economic headwinds identified by forecasters such as Moody's Analytics, including slower GDP growth, softening labor market conditions, and tariff-related inflationary pressures that are expected to constrain consumer and business activity. Nevertheless, the December 2025 consensus forecast projects overall state revenues to remain positive, underscoring New Mexico's relative economic resilience amid a subdued national outlook.

Oil and natural gas-related revenues, including severance taxes and federal mineral leasing receipts, are expected to remain relatively flat. This is largely due to Senate Bill 26 (2023), which caps general fund growth from the oil and gas emergency school tax and federal mineral leasing revenues at FY23 levels. Under the statute, revenues above the cap are redirected to the Severance Tax Permanent Fund, supporting long-term investment rather than short-term general fund growth.

Finally, total interest earnings, including distributions from the Land Grant Permanent Fund and the Severance Tax Permanent Fund, are projected to increase by 7 percent, or approximately $145 million, in FY26. Interest earnings are expected to continue growing and represent an increasingly significant source of general fund revenue. FY26 ending reserves are projected at $3.37 billion, or 31.2 percent of recurring appropriations (pending 2026 legislative actions).

CONTACT THE STATE'S FINANCIAL MANAGEMENT

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

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

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
STATEMENT OF NET POSITION
JUNE 30, 2025
(IN THOUSANDS)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 4,154,796	$ 1,036,930	$ 5,191,726	$ 287,753
Cash and Cash Equivalents - Restricted	-	49,881	49,881	436,360
Investment in State General Fund Investment Pool	15,436,114	257,241	15,693,355	-
Investment in Local Government Investment Pool	-	132,793	132,793	54,397
Internal Balances	123,209	(123,209)	-	-
Due from Component Units	5,135	17,478	22,613	2
Due from Primary Government	-	-	-	47,756
Receivables, Net	7,427,821	974,697	8,402,518	261,729
Investments	56,627,688	628,484	57,256,172	94,770
Prepaid Expenses	-	-	-	2,105
Inventories	39,677	40,466	80,143	164
Other Current Assets	16,958	33,613	50,571	21,139
Total Current Assets	83,831,398	3,048,374	86,879,772	1,206,175
Noncurrent Assets:				
Unrestricted Cash and Cash Equivalents	-	73,790	73,790	-
Restricted Cash and Cash Equivalents	-	156,608	156,608	146,859
Restricted Investments	-	164,689	164,689	1,061,949
Loans Receivable, Net	50,701	327,335	378,036	4,198,716
Receivables, Net	16,432	-	16,432	-
Due from Component Units	-	240,503	240,503	-
Investments	-	830,469	830,469	1,221,955
Net Pension Assets	32,300	-	32,300	-
Other Noncurrent Assets	-	10,121	10,121	33,376
Nondepreciable Capital Assets	2,370,284	1,018,792	3,389,076	89,293
Other Capital Assets, Net	6,897,723	2,632,036	9,529,759	314,108
Total Noncurrent Assets	9,367,440	5,454,343	14,821,783	7,066,256
Total Assets	93,198,838	8,502,717	101,701,555	8,272,431
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Other	-	-	-	963
Interest Rate Swaps	-	592	592	-
Deferred Charge on Refunding	9,793	6,837	16,630	-
Deferred Outflows - OPEB	130,816	75,045	205,861	38,017
Deferred Outflows - Pension	782,213	429,165	1,211,378	104,569
Total Deferred Outflows of Resources	922,822	511,639	1,434,461	143,549

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025
(IN THOUSANDS)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 2,577,739	$ 161,575	$ 2,739,314	$ 27,976
Accrued Liabilities	67,908	58,536	126,444	32,817
Accrued Interest	29,317	-	29,317	-
Unearned Revenue	259,773	104,049	363,822	2,391
Due to Primary Government	-	-	-	26,238
Due to Component Units	36,619	-	36,619	-
Intergovernmental Payables	393,566	-	393,566	-
Other Obligations	1,690,620	-	1,690,620	-
Funds Held for Others	919,011	12,389	931,400	10,662
Other Liabilities	3	276,059	276,062	588,003
Bonds Payable - Current Portion	405,481	54,411	459,892	219,533
Other Long-Term Liabilities, Current Portion	469,768	220,029	689,797	59,014
Total Current Liabilities	6,849,805	887,048	7,736,853	966,634
Noncurrent Liabilities:				
Bonds Payable, Net of Current Portion	2,165,145	537,086	2,702,231	3,907,928
Due to Primary Government	-	-	-	240,503
Due to Component Units	-	-	-	-
Net Pension Liability	4,627,961	2,353,228	6,981,189	342,346
Net OPEB Liability	424,872	335,996	760,868	46,350
Other Liabilities, Net of Current Portion	936,011	645,943	1,581,954	107,658
Total Noncurrent Liabilities	8,153,989	3,872,253	12,026,242	4,644,785
Total Liabilities	15,003,794	4,759,301	19,763,095	5,611,419
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	52,689	175,244	227,933	38,701
Deferred Inflows - OPEB	322,678	115,847	438,525	41,223
Deferred Inflows - Leases	309,834	106,882	416,716	-
Deferred Inflows - Other	-	6,839	6,839	25,704
Total Deferred Inflows of Resources	685,201	404,812	1,090,013	105,628
NET POSITION				
Net Investment in Capital Assets	8,158,582	2,648,565	10,807,147	135,880
Restricted for:				
Nonexpendable:				
Financial Aid	-	245,128	245,128	-
Endowment	343	223,119	223,462	-
Other Purposes	-	15,900	15,900	2,124,677
Expendable:				
Education	-	46,658	46,658	-
Debt Service	1,100,468	54,193	1,154,661	356,610
Capital Projects	5,897,657	191,779	6,089,436	-
Scholarships	-	84,170	84,170	-
Unemployment and Insurance	-	498,297	498,297	-
Loan Programs	-	490,735	490,735	-
Land Grant Perm Fund - SIC	36,435,609	-	36,435,609	-
Severance Tax Perm Fund - SIC	11,742,912	-	11,742,912	-
Tax Stabilization (Public Peace, Health, and Safety)	2,335,262	-	2,335,262	-
Equity Childhood Education and Care	7,962,702	-	7,962,702	-
Other Purposes	8,213,142	70,220	8,283,362	107,047
Unrestricted (Deficit)	(3,414,012)	(718,521)	(4,132,533)	(25,281)
Total Net Position	$ 78,432,665	$ 3,850,243	$ 82,282,908	$ 2,698,933

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary Government:								
Governmental Activities:								
General Control	$ 2,279,525	$ 2,969,112	$ 125,283	$ -	$ 814,870	$ -	$ 814,870	$ -
Culture, Recreation, and Natural Resources	571,305	2,624,330	84,451	23,029	2,160,505	-	2,160,505	-
Highway and Transportation	1,851,434	18,947	40,871	581,931	(1,209,685)	-	(1,209,685)	-
Judicial	447,012	8,747	3,141	-	(435,124)	-	(435,124)	-
Legislative	26,519	-	-	-	(26,519)	-	(26,519)	-
Public Safety	1,188,409	10,082	221,247	288	(956,792)	-	(956,792)	-
Regulation and Licensing	293,826	53,698	33,897	-	(206,231)	-	(206,231)	-
Health and Human Services	13,752,453	976,164	9,969,256	-	(2,807,033)	-	(2,807,033)	-
Education	5,968,592	11,227	798,287	-	(5,159,078)	-	(5,159,078)	-
Interest on Long-Term Debt	56,004	-	-	-	(56,004)	-	(56,004)	-
Total Governmental Activities	26,435,079	6,672,307	11,276,433	605,248	(7,881,091)	-	(7,881,091)	-
Business-Type Activities:								
Educational Institutions	4,430,383	2,481,571	476,240	153,561	-	(1,319,011)	(1,319,011)	-
Public Schools Insurance	608,484	538,939	-	-	-	(69,545)	(69,545)	-
Environmental Loans	5,740	650	-	-	-	(5,090)	(5,090)	-
Miners' Colfax Medical Center	35,310	31,339	-	-	-	(3,971)	(3,971)	-
Unemployment Insurance	333,650	200,405	-	-	-	(133,245)	(133,245)	-
State Fair - EXPO	19,201	15,688	-	-	-	(3,513)	(3,513)	-
Other Business-type Activities	20,932	22,791	-	-	-	1,859	1,859	-
Total Business-Type Activities	5,453,700	3,291,383	476,240	153,561	-	(1,532,516)	(1,532,516)	-
Total Primary Government	$ 31,888,779	$ 9,963,690	$ 11,752,673	$ 758,809	$ (7,881,091)	$ (1,532,516)	$ (9,413,607)	-
Discretely Presented Component Units								
Major Component Units	$ 395,540	$ 345,862	$ 80,329	$ -	$ -	$ -	$ -	30,651
Nonmajor Component Units	403,754	9,207	84,377	29,488	-	-	-	(280,682)
Total Component Unit Activities	$ 799,294	$ 355,069	$ 164,706	$ 29,488	-	-	-	(250,031)
		GENERAL REVENUES						
		Taxes:						
		Individual Income			2,141,572	-	2,141,572	-
		Corporate Income			801,615	-	801,615	-
		Gross Receipts Taxes			4,597,790	-	4,597,790	-
		Business Privilege			5,950,947	-	5,950,947	-
		Other Taxes			27,910	-	27,910	-
		Payment to the State of New Mexico			-	-	-	588,156
		Payment from State of New Mexico			-	-	-	(48,168)
		Investment Income			6,547,314	155,389	6,702,703	161,952
		Miscellaneous			448,416	571,155	1,019,571	(64,843)
		Transfers, Net			(1,608,223)	1,608,223	-	-
		Total Net General Revenues and Transfers			18,907,341	2,334,767	21,242,108	637,097
		CHANGES IN NET POSITION			11,026,250	802,251	11,828,501	387,066
		Net Position - Beginning, as Originally Reported			67,459,361	3,074,048	70,533,409	2,319,772
		Restatement (See Note 9)			(52,946)	(26,056)	(79,002)	(7,905)
		Net Position - Beginning, as Restated			67,406,415	3,047,992	70,454,407	2,311,867
		NET POSITION - ENDING			$ 78,432,665	$ 3,850,243	$ 82,282,908	$ 2,698,933

See accompanying Notes to Financial Statements.

General Fund

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

Severance Tax Fund

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

Land Grant Fund

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

Nonmajor Governmental Funds

Combining financial statements for the individual nonmajor governmental funds are presented in the Financial Section - Required and Supplemental Information.

STATE OF NEW MEXICO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025
(IN THOUSANDS)

	General Fund	Severance Tax Fund	Land Grant Fund
ASSETS			
Cash and Cash Equivalents	$ 1,240,584	$ 744,777	$ 2,151,737
Investment in the State General Fund Investment Pool	7,712,358	140,545	410,151
Due from Other Funds	339,443	586,623	393,365
Due from Educational Institutions Fund	-	-	-
Due from Federal Government	1,983,268	-	-
Due from Local Governments	30,772	-	-
Due from Component Units	5,028	-	-
Receivables, Net	3,515,087	526,780	1,351,139
Investments	13,762,193	9,907,925	32,945,475
Inventories	39,677	-	-
Other Assets	16,958	-	-
Total Assets	$ 28,645,368	$ 11,906,650	$ 37,251,867
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 1,369,864	$ 163,738	$ 816,258
Accrued Liabilities	67,036	-	-
Due to Other Funds	1,468,613	-	-
Due to Component Units	36,619	-	-
Intergovernmental Payables	288,017	-	-
Funds Held For Others	918,690	-	-
Other Obligations	1,686,380	-	1
Unearned Revenue	215,852	-	-
Total Liabilities	6,051,071	163,738	816,259
DEFERRED INFLOWS OF RESOURCES			
Leases	309,795	-	-
Unavailable Revenues	435,996	-	-
Total Deferred Inflows of Resources	745,791	-	-
FUND BALANCES			
Nonspendable	201,052	-	-
Restricted	20,263,959	11,742,912	36,435,609
Committed	145,700	-	-
Assigned	234,252	-	-
Unassigned (Deficit)	1,003,543	-	(1)
Total Fund Balances	21,848,506	11,742,912	36,435,608
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 28,645,368	$ 11,906,650	$ 37,251,867

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025
(IN THOUSANDS)

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and Cash Equivalents	$ 17,698	$ 4,154,796
Investment in the State General Fund Investment Pool	6,923,576	15,186,630
Due from Other Funds	345,289	1,664,720
Due from Educational Institutions Fund	-	-
Due from Federal Government	-	1,983,268
Due from Local Governments	-	30,772
Due from Component Units	107	5,135
Receivables, Net	60,887	5,453,893
Investments	12,095	56,627,688
Inventories	-	39,677
Other Assets	-	16,958
Total Assets	$ 7,359,652	$ 85,163,537
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 170,666	$ 2,520,526
Accrued Liabilities	127	67,163
Due to Other Funds	65,237	1,533,850
Due to Component Units	-	36,619
Intergovernmental Payables	105,514	393,531
Funds Held For Others	321	919,011
Other Obligations	4,239	1,690,620
Unearned Revenue	43,920	259,772
Total Liabilities	390,024	7,421,092
DEFERRED INFLOWS OF RESOURCES		
Leases	39	309,834
Unavailable Revenues	1	435,997
Total Deferred Inflows of Resources	40	745,831
FUND BALANCES		
Nonspendable	2,000	203,052
Restricted	7,005,911	75,448,391
Committed	2,520	148,220
Assigned	-	234,252
Unassigned (Deficit)	(40,843)	962,699
Total Fund Balances	6,969,588	76,996,614
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 7,359,652	$ 85,163,537

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025
(IN THOUSANDS)

Total Fund Balances - Governmental Funds		$ 76,996,614
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Land and Other Nondepreciable Assets (Less $29,936 ISF)	$ 2,340,348	
Buildings, Equipment, Infrastructure, and Other Depreciable Assets (Not Including $272,572 in Internal Service Fund Balances)	13,867,789	
Accumulated Depreciation (Less $193,029 ISF)	(7,049,609)	9,158,528
In the fund statements, assets (receivables) not available to provide current resources are offset with deferred inflows of resources. The reduction of the liability and recognition of revenue increases net position in the statement of net position.		435,997
The deferred charge on bond refunding issues is not recognized in the governmental funds, but is recognized in the government-wide statements.		9,793
The net pension asset for the pension fund which has a positive net position is reported in the statement of net position, but not in the funds statements.		32,300
The pension and OPEB-related deferred outflows of resources are not recognized in the government-wide statements, and neither are the deferred inflows of resources.	902,069	
(Less $10,960 and $4,569 for ISF)	(370,798)	531,271
Internal service funds (ISF) are used by management to charge for certain activities, such as insurance, information technology, fleet operations, printing, and telecommunications. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		(264,688)
Accrued interest payable is not recognized in the governmental funds statements.		(29,317)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the fund financial statements:		
Net Pension Liability (Less ISF $54,767)	(4,573,194)	
Net OPEB Liability (Less ISF $5,370)	(419,502)	
Bonds Payable, Including Bond Premiums Net of Amortization	(2,570,626)	
Lease and SBITA Liabilities Not Recognized in Governmental Funds (Less ISF $12,554)	(542,682)	
Compensated Absences, Notes Payable, Contingent Liabilities, and Other Liabilities (Less $2,929 ISF)	(331,829)	(8,437,833)
Total Net Position - Governmental Activities		$ 78,432,665

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	General Fund	Severance Tax Fund	Land Grant Fund
REVENUES			
Taxes:			
General and Selective Taxes	$ 8,333,780	$ -	$ -
Income Taxes	2,925,559	-	-
Total Taxes	11,259,339	-	-
Other Revenues:			
Federal Revenue	11,856,606	-	-
Investment Income	1,884,909	995,428	3,456,603
Rentals and Royalties	5,362,094	-	-
Charges for Services	200,730	-	-
Licenses, Fees, and Permits	412,529	-	-
Assessments	304,536	-	-
Miscellaneous and Other	443,735	-	362
Total Revenues	31,724,478	995,428	3,456,965
EXPENDITURES			
Current:			
Culture, Recreation, and Natural Resources	454,450	-	-
Education	5,601,002	-	-
General Control	898,589	-	-
Health and Human Services	13,582,182	-	-
Highway and Transportation	1,155,304	-	-
Judicial	495,630	-	-
Legislative	55,760	-	-
Public Safety	1,170,508	-	-
Regulation and Licensing	263,049	-	-
Capital Outlay	628,731	-	-
Debt Service:			
Principal	152,914	-	-
Interest and Other Charges	42,736	-	-
Total Expenditures	24,500,855	-	-
EXCESS REVENUES OVER (UNDER) EXPENDITURES	7,223,623	995,428	3,456,965
OTHER FINANCING SOURCES (USES)			
Bonds Issued	-	-	-
Bond Premium	-	-	-
Payment to Refunding Bond Escrow Agent	-	-	-
Proceeds from the Sale of Capital Assets	4,839	-	-
Transfers In	2,029,721	1,348,513	2,428,596
Transfers Out	(5,713,187)	(347,975)	(1,543,052)
Leases and SIBTAs	73,890	-	-
Total Other Financing Sources (Uses)	(3,604,737)	1,000,538	885,544
NET CHANGE IN FUND BALANCES	3,618,886	1,995,966	4,342,509
Fund Balance - Beginning	18,204,259	9,746,946	32,093,099
Restatement (See Note 9)	25,361	-	-
Fund Balance - Beginning, as Restated	18,229,620	9,746,946	32,093,099
FUND BALANCES - ENDING	$ 21,848,506	$ 11,742,912	$ 36,435,608

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES		
Taxes:		
General and Selective Taxes	$ 2,241,044	$ 10,574,824
Income Taxes	-	2,925,559
Total Taxes	2,241,044	13,500,383
Other Revenues:		
Federal Revenue	110,546	11,967,152
Investment Income	202,660	6,539,600
Rentals and Royalties	22	5,362,116
Charges for Services	278	201,008
Licenses, Fees, and Permits	2,422	414,951
Assessments	11	304,547
Miscellaneous and Other	10,451	454,548
Total Revenues	2,567,434	38,744,305
EXPENDITURES		
Current:		
Culture, Recreation, and Natural Resources	98,014	552,464
Education	371,432	5,972,434
General Control	337,778	1,236,367
Health and Human Services	179,976	13,762,158
Highway and Transportation	376,423	1,531,727
Judicial	17,995	513,625
Legislative	-	55,760
Public Safety	7,144	1,177,652
Regulation and Licensing	24,002	287,051
Capital Outlay	387,425	1,016,156
Debt Service:		
Principal	271,900	424,814
Interest and Other Charges	75,590	118,326
Total Expenditures	2,147,679	26,648,534
EXCESS REVENUES OVER (UNDER) EXPENDITURES	419,755	12,095,771
OTHER FINANCING SOURCES (USES)		
Bonds Issued	570,368	570,368
Bond Premium	30,814	30,814
Payment to Refunding Bond Escrow Agent	(123,455)	(123,455)
Proceeds from the Sale of Capital Assets	-	4,839
Transfers In	2,532,877	8,339,707
Transfers Out	(2,517,096)	(10,121,310)
Leases and SIBTAs	-	73,890
Total Other Financing Sources (Uses)	493,508	(1,225,147)
NET CHANGE IN FUND BALANCES	913,263	10,870,624
Fund Balance - Beginning	6,050,412	66,094,716
Restatement (See Note 9)	5,913	31,274
Fund Balance - Beginning, as Restated	6,056,325	66,125,990
FUND BALANCES - ENDING	$ 6,969,588	$ 76,996,614

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

Net Change in Fund Balances - Total Governmental Funds		$ 10,870,624
The change in Net Position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 1,016,156	
Depreciation/Amortization Expense (Less ISF $28,496)	(537,095)	
Excess of Capital Outlay Over Depreciation Expense		479,061
Net change in deferred inflows of resources, adjustments from prior year (reported) as deferred inflows of resources in the balance sheet - governmental funds and reported as revenue in the statement of activities.)		(66,020)
Capital gain (loss) is not recognized in the fund financial statements, but is in the government-wide.		
Net Value of Assets Disposed of During the Year		(14,534)
Net transfer of capital assets to other funds from governmental funds.		(5,181)
Internal service funds are used by management to charge for certain activities, such as fleet operations, risk management, printing and records, communications services, and information processing. The net revenue (expense) of the internal service funds is reported with governmental activities.		(101)
Bond proceeds, notes, and leases provide current financial resources to governmental activities by issuing debt, which increases long-term liabilities in the statement of net position. Repayments of the bond, notes, and lease principal are expenditures in the governmental funds, but reduce liabilities in the statement of net position:		
Payment of Bond Principal	358,820	
Principal Payment from Refunding	123,455	
Bond Proceeds, Net	(601,182)	(118,907)
Governmental funds report the effect of bond premium and discount items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		64,481

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

Net Change in Fund Balances - Total Governmental Funds (Continued):

The deferred loss (less deferred gain) on refunding bond issues is capitalized and the amortization is reported in the statement of activities.	$ (6,109) -	$ (6,109)
Pension expense and OPEB expense of governmental funds is recognized in the statement of activities but not in the fund statements.		(169,817)
Debt Service payments for lease and SBITA assets		65,994
Lease and SBITA proceeds - issuance of long-term debt (e.g., lease liabilities) provides current financial resources to governmental funds, but has no effect on net position.		(73,890)
The statement of activities is presented on the accrual basis, while the fund statements are presented on the "available resources" basis. This adjustment combines the net change of the following balances:		
Accrued Interest on Bonds Payable	4,175	
Compensated Absences Expense (Less ISF $90)	(13,593)	
Change in prepaid/inventory balances	-	
Pollution Remediation Obligation	(7,348)	
Change in Indian Water Rights Liability	5,500	
Change in other liabilities	(12,493)	
Other	24,408	649
Change in Net Position of Governmental Activities		$ 11,026,250

See accompanying Notes to Financial Statements.

Educational Institutions Fund

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

Nonmajor Enterprise Funds

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

Internal Service Fund

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

STATE OF NEW MEXICO
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025
(IN THOUSANDS)

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 594,978	$ 441,952	$ 1,036,930	$ -
Cash and Cash Equivalents - Restricted	49,881	-	49,881	-
Investment in the State General Fund Investment Pool	-	257,241	257,241	249,484
Investment in the Local Government Investment Pool	34,279	98,514	132,793	-
Due from Other Funds	75,230	-	75,230	-
Due from Component Unit	17,478	-	17,478	-
Receivables, Net	765,029	209,668	974,697	26,985
Investments	628,485	(1)	628,484	-
Inventories	39,262	1,204	40,466	-
Other Current Assets	33,303	310	33,613	-
Total Current Assets	2,237,925	1,008,888	3,246,813	276,469
Noncurrent Assets:				
Unrestricted Cash and Cash Equivalents	73,790	-	73,790	-
Restricted Cash and Cash Equivalents	156,608	-	156,608	-
Long Term Receivables	51,650	275,685	327,335	-
Investments	799,596	30,873	830,469	-
Restricted Investments	164,689	-	164,689	-
Due from Component Units	240,503	-	240,503	-
Other Noncurrent Assets	10,121	-	10,121	-
Nondepreciable Capital Assets	1,017,492	1,300	1,018,792	29,936
Capital Assets, Net	2,572,568	59,468	2,632,036	79,543
Total Noncurrent Assets	5,087,017	367,326	5,454,343	109,479
Total Assets	7,324,942	1,376,214	8,701,156	385,948
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources	-	-	-	-
Interest Rate Swaps	592	-	592	-
Deferred Charge on Refunding	6,837	-	6,837	-
Deferred Outflows - OPEB	73,487	1,558	75,045	1,653
Deferred Outflows - Pension	420,204	8,961	429,165	9,307
Total Deferred Outflows of Resources	501,120	10,519	511,639	10,960

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
STATEMENT OF NET POSITION
PROPRIETARY FUND (CONTINUED)
JUNE 30, 2025
(IN THOUSANDS)

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 155,444	$ 6,131	$ 161,575	$ 57,212
Accrued Liabilities	49,886	8,650	58,536	745
Unearned Revenue	66,089	37,960	104,049	1
Due to Other Funds	198,418	21	198,439	7,661
Due to Component Unit	-	-	-	-
Due to Higher Educational Institutions	-	-	-	-
Intergovernmental Payables	-	-	-	-
Other Obligations	-	-	-	-
Funds Held for Others	12,084	305	12,389	-
Other Liabilities	273,452	2,607	276,059	3
Bonds Payable, Current Portion	54,409	2	54,411	-
Other Long-Term Liabilities, Current Portion	167,732	52,297	220,029	262,256
Total Current Liabilities	977,514	107,973	1,085,487	327,878
Noncurrent Liabilities:				
Bonds Payable, Net of Current Portions	537,086	-	537,086	-
Net Pension Liability	2,300,500	52,728	2,353,228	54,767
Net OPEB Liability	330,931	5,065	335,996	5,370
Other Long-Term Liabilities, Net of Current Portion	530,366	115,577	645,943	269,012
Total Noncurrent Liabilities	3,698,883	173,370	3,872,253	329,149
Total Liabilities	4,676,397	281,343	4,957,740	657,027
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	174,775	469	175,244	490
Deferred Inflows - OPEB	112,000	3,847	115,847	4,079
Deferred Inflows - Leases	46,951	59,931	106,882	-
Deferred Inflows - Other	6,839	-	6,839	-
Total Deferred Inflows of Resources	340,565	64,247	404,812	4,569
NET POSITION				
Net Investment in Capital Assets	2,589,172	59,393	2,648,565	97,648
Restricted:				
Nonexpendable:				
Scholarships and Student Loans	245,128	-	245,128	-
Endowment	223,119	-	223,119	-
Other Purposes	15,900	-	15,900	-
Expendable:				
Education	46,658	-	46,658	-
Debt Service	54,193	-	54,193	-
Capital Projects	191,779	-	191,779	-
Scholarships	84,170	-	84,170	-
Unemployment and Insurance	-	498,297	498,297	-
Loans	5,608	485,127	490,735	-
Other Purposes	23,809	46,411	70,220	68,298
Unrestricted (Deficit)	(670,436)	(48,085)	(718,521)	(430,634)
Total Net Position	$ 2,809,100	$ 1,041,143	$ 3,850,243	$ (264,688)

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES				
Charges for Services	$ 183,923	$ 607,804	$ 791,727	$ 641,592
Unemployment Insurance	-	198,376	198,376	-
Federal Revenue	476,240	-	476,240	-
State, Local, and Private Grants and Contracts	-	-	-	-
Loans and Other Income	-	739	739	-
Student Tuition and Fees, Net	215,619	-	215,619	-
Patient Services and Clinical Operations	1,844,550	-	1,844,550	-
Other Operating Revenues	237,479	2,893	240,372	52
Total Operating Revenues	2,957,811	809,812	3,767,623	641,644
OPERATING EXPENSES				
Benefits, Claims, and Premiums	(4,516)	348,615	344,099	-
Education and General Administration	1,634,145	659,033	2,293,178	796,034
Depreciation and Amortization	230,033	5,056	235,089	28,496
Other Operating Expenses	2,570,721	10,613	2,581,334	6,828
Total Operating Expenses	4,430,383	1,023,317	5,453,700	831,358
OPERATING LOSS	(1,472,572)	(213,505)	(1,686,077)	(189,714)
NONOPERATING REVENUES (EXPENSES)				
Clinical Operations	-	-	-	-
Private Grants and Gifts	5,728	-	5,728	-
State Permanent Fund Income	37,765	-	37,765	-
Government Grants and Contracts	164,848	45,601	210,449	-
Interest and Investment Income	124,328	31,061	155,389	7,714
Interest and Other Expenses on Capital Interest-Related Debt	(26,559)	(111)	(26,670)	(225)
Gain (Loss) on Sale of Capital Assets	(2,480)	4	(2,476)	450
Other Revenue (Expense)	345,879	480	346,359	3,113
Total Nonoperating Revenues (Expenses)	649,509	77,035	726,544	11,052
LOSS BEFORE CAPITAL CONTRIBUTIONS AND ENDOWMENTS, AND TRANSFERS	(823,063)	(136,470)	(959,533)	(178,662)
CAPITAL CONTRIBUTIONS AND ENDOWMENTS				
Capital Grants and Gifts	143,222	-	143,222	-
Permanent Fund and Endowment Contributions	10,339	-	10,339	-
Total Capital Contributions and Endowments	153,561	-	153,561	-
TRANSFERS				
Transfers In	1,621,690	122,907	1,744,597	191,601
Transfers Out	(134,300)	(2,074)	(136,374)	(13,040)
Total Transfers	1,487,390	120,833	1,608,223	178,561
CHANGE IN NET POSITION	817,888	(15,637)	802,251	(101)
Net Position - Beginning, as Originally Reported	2,016,136	1,057,912	3,074,048	(263,389)
Restatement (See Note 9)	(24,924)	(1,132)	(26,056)	(1,198)
Net Position - Beginning, as Restated	1,991,212	1,056,780	3,047,992	(264,587)
NET POSITION - ENDING	$ 2,809,100	$ 1,041,143	$ 3,850,243	$ (264,688)

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from:				
Fees for Service	$ 249,035	$ -	$ 249,035	$ 521,041
Sale of Products	2,075,147	568,010	2,643,157	-
Gifts, Grants, and Contracts	805,681	15,035	820,716	-
Loan and Note Repayments	4,993	15,383	20,376	-
Other Sources	118,047	298,452	416,499	56,148
Cash Payments to or for:				
Suppliers	(1,592,779)	(67,749)	(1,660,528)	(136,315)
Employees	(2,422,055)	(26,079)	(2,448,134)	(30,515)
Student Loans and Loan Losses	(159,112)	-	(159,112)	-
Claims	(345,411)	(329,407)	(674,818)	(539,709)
Other Payments	(400,864)	(635,579)	(1,036,443)	-
Net Cash Provided (Used) by Operating Activities	(1,667,318)	(161,934)	(1,829,252)	(129,350)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	1,621,690	122,907	1,744,597	187,604
Transfers Out	(134,300)	(2,074)	(136,374)	(13,041)
Gifts for Other Than Capital Purposes	-	-	-	-
Intergovernmental Receipts	-	(8,981)	(8,981)	-
Other	(1,500)	63,405	61,905	23,159
Net Cash Provided by Noncapital Financing Activities	1,485,890	175,257	1,661,147	197,722
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(460,492)	(2,630)	(463,122)	(13,818)
Capital Debt Service Payments - Principal	(71,879)	(1)	(71,880)	(3,708)
Capital Debt Service Payments - Interest	(30,555)	-	(30,555)	(30)
Capital Contributions and Debt Proceeds	134,223	-	134,223	-
Proceeds from Sale of Capital Assets	186	-	186	31
Other	472,393	790	473,183	3,793
Net Cash Used by Capital and Related Financing Activities	43,876	(1,841)	42,035	(13,732)

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Educational Institutions	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends of Investments	$ 150,286	$ 23,985	$ 174,271	$ 7,725
Purchase of Investments	(784,214)	-	(784,214)	-
Receipts of Rent	12	-	12	-
Proceeds from Sale and Maturity of Investments	619,960	-	619,960	-
Net Cash Provided by Investing Activities	(13,956)	23,985	10,029	7,725
NET INCREASE IN CASH	(151,508)	35,467	(116,041)	62,365
Cash and Cash Equivalents - Beginning of Year	1,026,765	663,726	1,690,491	187,119
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 875,257	$ 699,193	$ 1,574,450	$ 249,484
CASH AND CASH EQUIVALENTS				
Unrestricted	$ 668,768	$ 441,952	$ 1,110,720	$ -
Restricted	206,489	-	206,489	-
Investment in the State General Fund Investment Pool	-	257,241	257,241	249,484
Total Cash and Cash Equivalents	$ 875,257	$ 699,193	$ 1,574,450	$ 249,484
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Loss	$ (1,472,572)	$ (213,505)	$ (1,686,077)	$ (189,714)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	229,925	4,725	234,650	28,511
Bad Debt Expense	113,973	921	114,894	-
Realized (Gain) Loss on Disposal of Assets	1,343	-	1,343	-
Unrealized (Gain) Loss on Investments	(2,080)	-	(2,080)	-
Change in Net Pension Liability	7,662	(3,993)	3,669	(4,339)
Change in Net OPEB Liability	(65,608)	(10,711)	(76,319)	(11,282)
Change in Deferred Outflows of Resources	(86,968)	563	(86,405)	617
Change in Deferred Inflows of Resources	(234,389)	(13,424)	(247,813)	(11,720)
Net Changes in Assets and Liabilities Related to Operating Activities:				
Short-Term Investments	-	-	-	-
Receivables and Due From Other Funds	(225,686)	50,208	(175,478)	18,004
Notes and Loans	2,028	-	2,028	-
Inventories	(1,944)	(348)	(2,292)	-
Prepaid Items and Other Assets	(24,963)	14,926	(10,037)	-
Insurance Claims Payable	46,779	-	46,779	38,513
Accounts Payable, Accrued Liabilities, and Due to Other Funds	17,929	8,305	26,234	2,060
Loss Adjustments	(48)	-	(48)	-
Unearned Revenue	27,301	399	27,700	-
Net Cash Provided (Used) by Operating Activities	$ (1,667,318)	$ (161,934)	$ (1,829,252)	$ (129,350)

See accompanying Notes to Financial Statements.

Pension and Other Employee Benefits Trust Funds

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

External Investment Trust Funds

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

Private Purpose Trust Funds

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

Custodial Funds

These funds are used to report resources held by various State agencies in a purely custodial capacity for external parties.

STATE OF NEW MEXICO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025
(IN THOUSANDS)

	Pension and Other Empl. Benefit Trust Funds	External Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ASSETS				
Cash and Cash Equivalents	$ 791,671	$ 6,026	$ 28,368	$ 34,911
Investment in State General Fund Investment Pool	114,380	-	325,247	32,784
Investment in Local Government Investment Pool	-	-	-	15,659
Investments:				
Investment Pools at SIC	1,820,872	-	-	-
International Securities	2,108,336	-	-	-
Corporate Equity Securities	3,866,307	-	-	-
Corporate and Municipal Bonds	1,023,049	-	-	-
Partnerships and Other Investments	29,905,587	-	-	-
Securities Lending Collateral Investments	731,434	-	-	-
Deferred Compensation Plan Investment	917,466	-	-	-
Long-Term Investments	-	2,159,221	3,096,843	-
Receivables:				
Brokers	109,797	-	-	-
Accrued Interest and Other	12,716	-	3,074	66
Other Receivables	211,503	13,434	-	653,949
Other Assets	-	-	-	105
Long-Term Receivables	439	-	-	-
Capital and RUA Assets, Net	37,892	-	-	-
Total Assets	41,651,449	2,178,681	3,453,532	737,474
LIABILITIES				
Accounts Payable	19,164	-	2,345	1,171
Accrued Liabilities	548	-	1,427	3
Due to Brokers	141,750	-	-	-
Intergovernmental Payables	-	-	-	548,884
Unearned Revenue	337	-	60,493	54
Deposits Held in Trust	4,490	-	-	2,996
Other Liabilities	734,132	43,905	336,438	2,315
Long-Term Liabilities	29,286	-	-	-
Total Liabilities	929,707	43,905	400,703	555,423
NET POSITION				
Restricted for:				
Pension Benefits	37,927,865	-	-	-
Other Postemployment Benefits	1,865,731	-	-	-
Defined Contribution	928,146	-	-	-
External Investment Pool Participants	-	2,134,776	-	-
Other Purposes	-	-	3,052,829	182,051
Total Net Position	$ 40,721,742	$ 2,134,776	$ 3,052,829	$ 182,051

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Pension and Other Empl. Benefit Trust Funds	External Investment Trust Funds	Private Purpose Trust Funds	Custodial Funds
ADDITIONS				
Contributions:				
Employee Contributions	$ 1,166,600	$ -	$ -	$ -
Employer Contributions	1,597,133	-	-	-
Member Contributions	-	-	309,278	207,344
Other	1,407	-	-	-
Total Contributions	2,765,140	-	309,278	207,344
Pool Participant Deposits	-	950,192	-	-
Investment Income (Loss):				
Net Increase (Decrease) in Fair Value of Investments	10,930	61,937	271,518	-
Interest and Dividends	4,091,767	-	-	946
Subtotal	4,102,697	61,937	271,518	946
Less: Investment Expense	303,633	-	2,020	-
Net Investment Income	3,799,064	61,937	269,498	946
Other Additions:				
Taxes from Other Governments	-	-	-	2,930,661
Other Operating Revenues	109,134	-	130,993	12,392
Total Other Additions	109,134	-	130,993	2,943,053
Total Additions	6,673,338	1,012,129	709,769	3,151,343
DEDUCTIONS				
Benefits and Claims	3,025,900	-	-	228,503
Distributions	-	737,478	468,678	107
Refunds	139,524	-	-	-
Debt Service for Other Governments	-	-	-	-
General and Administrative Expenses	393,787	-	131,458	2,929,879
Other Operating Expenses	2,400	-	-	1,069
Total Deductions	3,561,611	737,478	600,136	3,159,558
CHANGE IN NET POSITION	3,111,727	274,651	109,633	(8,215)
Net Position - Beginning	37,611,112	1,860,125	2,943,196	189,846
Restatement (Note 9)	(1,097)	-	-	420
Net Position - Beginning, as Restated	37,610,015	1,860,125	2,943,196	190,266
NET POSITION - ENDING	$ 40,721,742	$ 2,134,776	$ 3,052,829	$ 182,051

See accompanying Notes to Financial Statements.

New Mexico Finance Authority

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

New Mexico Mortgage Finance Authority

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

New Mexico Lottery Authority

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

University of New Mexico Foundation

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

New Mexico State University Foundation

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

Nonmajor Component Units

There were sixteen nonmajor component units at June 30, 2025. Their financial information is presented in total. They are as follows: UNM Alumni Association; UNM Lobo Club; New Mexico Tech Foundation; New Mexico Highlands University (NMHU) Foundation; Western New Mexico University Foundation; Eastern New Mexico University (ENMU) Foundation; ENMU Roswell Foundation; ENMU Ruidoso Foundation; Northern New Mexico College Foundation; New Mexico Military Institute Foundation; New Mexico School for the Visually Impaired Foundation; Cumbres & Toltec Scenic Railroad Commission; New Mexico Renewable Transmission Authority; the New Mexico Small Business Investment Corporation, New Mexico State-chartered Charter Schools, and New Mexico Hospital Equipment Loan Council.

STATE OF NEW MEXICO
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2025
(IN THOUSANDS)

	New Mexico Finance Authority	New Mexico Mortgage Finance Authority	New Mexico Lottery Authority	University of New Mexico Foundation	New Mexico State University Foundation	Nonmajor Component Units	Total
ASSETS							
Current Assets:							
Cash and Cash Equivalents	$ 5,469	$ 88,488	$ 8,380	$ 16,956	$ 8,542	$ 159,918	$ 287,753
Investment in Local Government Investment Pool	-	-	-	-	-	54,397	54,397
Restricted Cash and Cash Equivalents	362,255	58,661	-	-	133	15,311	436,360
Investments	-	-	-	-	25,360	69,410	94,770
Due from Primary Government	33,196	3,486	-	-	-	11,074	47,756
Due From Other Components	-	-	-	-	-	2	2
Receivables, Net	14,919	6,455	1,403	4,028	8,889	8,645	44,339
Loans Receivable, Current	217,390	-	-	-	-	-	217,390
Prepaid Expenses	-	-	300	-	575	1,230	2,105
Other Assets	-	9,759	3,753	2,034	5,550	43	21,139
Inventory	-	-	16	-	-	148	164
Total Current Assets	633,229	166,849	13,852	23,018	49,049	320,178	1,206,175
Noncurrent Assets:							
Restricted Cash and Cash Equivalents	-	145,731	-	-	-	1,128	146,859
Restricted Investments	1,017,579	33,109	-	-	-	11,261	1,061,949
Loans Receivable, Net	1,785,087	2,295,576	-	-	-	118,053	4,198,716
Investments	13,778	31,259	-	519,601	417,666	239,651	1,221,955
Other Noncurrent Assets	-	4,597	-	25,516	1,599	1,664	33,376
Nondepreciable Capital Assets	428	25,015	744	-	-	63,106	89,293
Other Capital Assets, Net	15,638	14,231	2,407	654	189	280,989	314,108
Total Noncurrent Assets	2,832,510	2,549,518	3,151	545,771	419,454	715,852	7,066,256
Total Assets	3,465,739	2,716,367	17,003	568,789	468,503	1,036,030	8,272,431
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Charge on Refunding	444	233	-	-	-	286	963
Deferred Outflows - OPEB	-	-	-	-	-	38,017	38,017
Deferred Outflows - Pension	-	-	-	-	-	104,569	104,569
Total Deferred Outflows of Resources	444	233	-	-	-	142,872	143,549

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)
JUNE 30, 2025
(IN THOUSANDS)

	New Mexico Finance Authority	New Mexico Mortgage Finance Authority	New Mexico Lottery Authority	University of New Mexico Foundation	New Mexico State University Foundation	Nonmajor Component Units	Total
LIABILITIES							
Current Liabilities:							
Accounts Payable	$ -	$ 17,060	$ 1,461	$ 78	$ 295	$ 9,082	$ 27,976
Accrued Liabilities	235	11,155	-	2,005	514	18,908	32,817
Unearned Revenue	-	-	-	-	34	2,357	2,391
Due to Primary Government	2,082	-	3,141	10,130	1,989	8,896	26,238
Due to Other Component Unit	-	-	-	-	-	-	-
Funds Held for Others	-	9,931	-	-	133	598	10,662
Other Liabilities	570,255	287	6,008	2,608	1,827	7,018	588,003
Bonds Payable	142,685	48,604	-	-	-	28,244	219,533
Current Portion of Other Long-Term Liabilities	1,769	51,614	158	-	-	5,473	59,014
Total Current Liabilities	717,026	138,651	10,768	14,821	4,792	80,576	966,634
Noncurrent Liabilities:							
Bonds Payable	1,442,409	2,245,866	-	-	-	219,653	3,907,928
Due to Primary Government	-	-	-	125,969	101,754	12,780	240,503
Net Pension Liability	-	-	-	-	-	342,346	342,346
Net OPEB Liability	-	-	-	-	-	46,350	46,350
Other Long-Term Liabilities	95,402	8,614	78	-	-	3,564	107,658
Total Noncurrent Liabilities	1,537,811	2,254,480	78	125,969	101,754	624,693	4,644,785
Total Liabilities	2,254,837	2,393,131	10,846	140,790	106,546	705,269	5,611,419
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows - Pension	-	-	-	-	-	38,701	38,701
Deferred Inflows - OPEB	-	-	-	-	-	41,223	41,223
Deferred Inflows - Other	828	184	-	21,652	-	3,040	25,704
Total Deferred Inflows of Resources	828	184	-	21,652	-	82,964	105,628
NET POSITION							
Net Investment in Capital Assets	15,909	14,157	3,136	654	189	101,835	135,880
Restricted:							
Nonexpendable	1,174,463	-	-	361,576	241,855	346,783	2,124,677
Expendable:							
Debt Service	-	320,852	-	35,758	-	-	356,610
Other Purposes	-	-	-	-	-	107,047	107,047
Unrestricted (Deficit)	20,146	(11,724)	3,021	8,359	119,913	(164,996)	(25,281)
Total Net Position	$ 1,210,518	$ 323,285	$ 6,157	$ 406,347	$ 361,957	$ 390,669	$ 2,698,933

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	New Mexico Finance Authority	New Mexico Mortgage Finance Authority	New Mexico Lottery Authority	University of New Mexico Foundation	New Mexico State University Foundation	Nonmajor Component Units	Total
REVENUES							
Program Revenues:							
Charges for Services	$ 63,007	$ 127,659	$ 148,896	$ 6,300	$ -	$ 9,207	$ 355,069
Operating Grants and Contributions	34,281	(5,978)	-	34,283	17,743	84,377	164,706
Capital Grants and Contributions	-	-	-	-	-	29,488	29,488
Total Revenues	97,288	121,681	148,896	40,583	17,743	123,072	549,263
EXPENSES	78,170	120,542	105,188	66,337	25,303	403,754	799,294
INCOME (LOSS) BEFORE OTHER REVENUE AND EXPENSES	19,118	1,139	43,708	(25,754)	(7,560)	(280,682)	(250,031)
OTHER REVENUES AND EXPENSES							
Payment from State of New Mexico	233,513	28,979	-	-	-	325,664	588,156
Payment to State of New Mexico	-	-	(44,688)	-	-	(3,480)	(48,168)
Other	(120,204)	-	-	4,491	14,279	36,591	(64,843)
Investment Income	42,149	3,072	66	59,133	27,262	30,270	161,952
Total Other Revenues and Expenses	155,458	32,051	(44,622)	63,624	41,541	389,045	637,097
CHANGE IN NET POSITION	174,576	33,190	(914)	37,870	33,981	108,363	387,066
Net Position - Beginning	1,035,942	290,095	7,071	368,477	327,976	290,211	2,319,772
Restatement (Note 9)	-	-	-	-	-	(7,905)	(7,905)
Net Position - Beginning, as Restated	1,035,942	290,095	7,071	368,477	327,976	282,306	2,311,867
NET POSITION - ENDING	$ 1,210,518	$ 323,285	$ 6,157	$ 406,347	$ 361,957	$ 390,669	$ 2,698,933

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Primary government activities are distinguished between *governmental* and *business-type activities*. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. The governmental activities column incorporates data from the internal service funds as well as the governmental funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

For financial reporting purposes, the State's financial reporting entity includes the primary government (i.e., legislative agencies, departments and agencies, commissions, the Governor and Cabinet, boards of the Executive Branch, various offices relating to the Judicial Branch, and the 10 educational institutions created by the Constitution of the *State of New Mexico*, Article XII, Section 11). The annual financial report does not include the financial statements of the community colleges or public schools.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Blended Component Units

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

UNM Rainforest Innovations

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

Lobo Development Corporation

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

Lobo Energy, Inc.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Blended Component Units (Continued)

University of New Mexico Medical Group (UNMMG)

The UNM Medical Group, Inc., was organized in 2007. The Laws of 1989, Chapter 264, as amended created University Research Park and Economic Development Act (the Act). UNMMG is a nonprofit corporation that was organized under the Act. UNMMG's purpose is to promote, advance, and support the clinical, scientific, educational, research, and charitable purposes of the School of Medicine and the University of New Mexico Health Sciences Center. UNMMG is responsible for the delivery of patient clinical services, practice oversight, and management of the professional medical practice of UNM. University of New Mexico Medical Group, 800 Bradbury Drive SE, Suite 116, Albuquerque, NM 87106.

UNM - Sandoval Regional Medical Center (SRMC)

In 2009, the UNM Regents approved formation of the Medical Center. The Laws of 1989, Chapter 264, as amended created University Research Park and Economic Development Act (the Act). SRMC is a nonprofit corporation that was organized under the Act. The creation of SRMC resulted from collaborations between the University of New Mexico Medical Group and University of New Mexico Hospital and hold representation on the SRMC board of directors. SRMC's purpose is to serve as a community based academic healthcare facility. The administrative offices are located at 3001 Broadmoor Blvd. NE, Rio Rancho, NM 87144.

Arrowhead Center, Inc.

Arrowhead Center, Inc. was organized pursuant to the provisions of the State of New Mexico University Research Park Act of 1989. It provides a financial benefit to New Mexico State University (NMSU) and was established to foster economic development within the State through the development of research parks and University real property as well as to protect, license, and market intellectual property developed by faculty, staff, and students of NMSU, as well as members of the community. Arrowhead Center, Inc., MSC 700, P.O. Box 30001, Las Cruces, NM 88003.

New Mexico Institute of Mining & Technology Employee Benefit Trust

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Blended Component Units (Continued)

New Mexico Institute of Mining & Technology Research Park Corporation

This is a New Mexico nonprofit corporation organized to assist the Institute by making available funds to pursue technology research and other programs carried out by the Institute. The Institute is the sole member of the Corporation and appoints the Board of the Corporation.

New Mexico Highlands University Highlands Stable Isotopes Corporation

Highlands Stable Isotopes Corporation was granted all of the powers available to it pursuant to paragraph 21-28-6 NMSA 1978 of the University – Research Park and Economic Development Act. The new corporation was filed under the New Mexico Nonprofit Corporation Act and was granted Section 501(c)(3) of the IRC of 1986 statutes in September of 2018. The purpose of the corporation is to conduct research and research commercialization in accordance with the needs of the University.

Discretely Presented Component Units

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

New Mexico Finance Authority (NMFA)

The Laws of 1992, Chapter 61, as amended, created the NMFA. The purpose of the New Mexico Authority Act is to create a governmental instrumentality to coordinate the planning and financing of state and local public projects, to provide for long-term planning and assessment of state and local capital needs, and to improve cooperation among the executive and legislative branches of state government and local governments in financing public projects. The NMFA is considered a component unit of the State as the Governor appoints a majority of its Board. The NMFA is composed of 11 members, at which a majority of those members serve at the pleasure of the Governor. New Mexico Finance Authority, 207 Shelby Street, Santa Fe, NM 87501.

New Mexico Mortgage Finance Authority (NMMFA)

The Laws of 1975, Chapter 303, as amended, created the NMMFA. The purpose of the NMMFA act is to create a separate public body apart from the State to facilitate programs to assist in the financing of housing for persons of low- and moderate-income within the State. The NMMFA is considered a component unit of the State because the Governor appoints a majority of its Board. The NMMFA is composed of seven members, at which a majority of those members serve at the pleasure of the Governor. NMMFA fiscal year-end is September 30. This year-end differs for all other state entities, which have a June 30 fiscal year-end. New Mexico Mortgage Finance Authority, 7425 Jefferson Street NE, Albuquerque, NM 87109.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

New Mexico Lottery Authority (Lottery Authority)

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

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

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

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

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

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

Nonmajor Component Units

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation - Government-Wide Financial Statements

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

As discussed earlier, the State has five major discretely presented component units and 16 nonmajor component units. Component units are shown in total in the government-wide financial statements with a combining statement to show the details. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

Fund Financial Statements

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

The State reports the following governmental funds:

Major Funds

General Fund

This fund accounts for the financial resources of the State, except those required to be accounted for in another fund. This is the State's primary operating fund.

Severance Tax Fund

The Severance Tax Fund accounts for the proceeds of severance taxes, which are levied by the State on certain natural resources extracted from State lands. Severance tax revenues are first applied to pay the required debt service on Severance Tax Bonds issued by the State. Remaining severance tax revenues are then transferred to the Severance Tax Fund, administered by the State Investment Council. Distributions from this fund are stipulated by the State Constitution. This is a special revenue fund that includes the excess of amounts not applied to severance tax bond debt service in the debt service fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

Major Funds (Continued):

Land Grant Fund

The Land Grant Fund receives royalties and income from trust lands distributed to various entities assigned by the Ferguson Act of 1898. This is a special revenue fund.

Nonmajor Funds

The State's nonmajor governmental funds include the following: Debt Service Fund, Capital Project Fund, and Children's Trust Permanent Fund.

The State reports the following enterprise funds:

Major Fund

Educational Institutions Fund

The Educational Institutions Fund accounts for the activities of the State's 10 educational institutions created by the Constitution of the State of New Mexico in Article XII, Section 11: University of New Mexico, New Mexico State University, Eastern New Mexico University, New Mexico Institute of Mining and Technology, Western New Mexico University, New Mexico Highlands University, Northern New Mexico College, New Mexico Military Institute, New Mexico School for the Blind and Visually Impaired, and New Mexico School for the Deaf.

Nonmajor Funds

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

The State reports the following internal service fund:

Internal Service Fund

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, the State reports the following fiduciary fund types:

Pension and Other Employee Benefits Trust Funds

These funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans and other employee benefit plans. These funds account for the activities of the Public Employees Retirement Association (PERA), Educational Retirement Board (ERB), the Retiree Health Care Authority (RHCA), the Deferred Compensation Plan, and the UNM Retiree Welfare Benefit Trust.

External Investment Funds

These funds account for assets held by the government in a trustee capacity. These funds are used to account for cash, securities, and other investments held in custody for external participants in the New Mexico State Treasurer's Local Government Investment Pool and the State Investment Council's Investment Pools.

Private-Purpose Trust Funds

These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. These funds include the Scholarship Fund, Higher Education Savings Plan, Bartlett Trust, and Office of State Insurance Trust.

Custodial Funds

These funds are used to report resources held by the State in a purely custodial capacity for external parties.

E. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The State generally considers revenues available if they are collected within 60 days of the end of the current fiscal period. All other revenues are recognized when they are received if they are not susceptible to accrual. Expenditures are generally recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting. Fiduciary funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information

1. Budgetary Basis of Accounting

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

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

2. Budget to GAAP Reconciliation

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information (Continued)

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

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

4. Excess of Expenses/Expenditures Over Budget

For the fiscal year ended June 30, 2025, there were none of the State agency's P-code reporting expenses/expenditures exceeding budget authority.

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

1. Cash and Cash Equivalents

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

2. Investments

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Investments (Continued)

The Education Trust Board calculates the net asset value of its units as of the close of The New York Stock Exchange (the Exchange), normally 4:00 P.M. Eastern time, on each day the Exchange is open for business. The net asset values of the investments are determined as of the close of the Exchange on each day the Exchange is open for trading. Short-term money market-type debt securities with remaining maturities of 60 days or less are valued at amortized cost (which approximates market value).

3. Investment Pools

State Treasurer - The State is required by statute to deposit any money received with the State Treasurer. Balances maintained at the end of the day are pooled and invested by the State Treasurer in overnight repurchase agreements. All repurchase agreements are collateralized by U.S. Treasury Securities held by the State Treasurer's custodian bank. These pooled balances are collectively called the State General Fund Investment Pool (SGFIP), which also includes the deposits in the Tax-Exempt Bonds Proceeds Investment Pool and Taxable Bond Proceeds Investment Pool. The State General Fund is the State of New Mexico's main operating account. All State revenues are credited to the General Fund. Income taxes, sales taxes, rents and royalties, and other recurring revenues are deposited into the fund. The fund also comprises numerous State agency accounts whose assets, by statute, must be held at the State Treasury. Expenditures are disbursed only in accordance with appropriations authorized by the State Legislature. The Bond Proceeds Pools consist of pooled assets received through the issuance of taxable and tax-exempt bonds. Because these pooled funds are invested in short-term, highly liquid investments, the individual fund investments in the SGFIP are reported as a cash equivalent.

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

In addition to the SGFIP pooled cash account, the State Treasurer maintains the Local Government Investment Pool (LGIP). The LGIP also includes the deposits in the Reserve Contingency Fund. Cities, counties, other nonstate agencies, and state agencies invest monies with the State Treasurer in the LGIP. Because these pooled funds are subject to redemption limitations, the individual fund investments in the LGIP are reported as investments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Investment Pools (Continued)

The LGIP, an external investment pool, is not registered with the Security and Exchange Commission (SEC) as an investment company. The investments are recorded at fair value based on quoted market price; however, individual participant balances remain at their carrying cost. The LGIP does not have unit shares. Per Chapter 6-10-10.1F, New Mexico Statutes Annotated (NMSA) 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in the amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. At June 30, 2025, the LGIP carrying cost approximated the fair value. Participation in the LGIP is voluntary. The external portion of LGIP is reported as a separate investment trust fund. The internal portion, consisting of funds belonging to the State and its component units, has been included in the various funds and component units.

A copy of the New Mexico State Treasurer's audited financial statements can be obtained by writing the New Mexico State Treasurer, P.O. Box 5135, Santa Fe, NM 87505 or online at https://www.osa.nm.gov/.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Investment Pools (Continued)

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

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

4. Inventories

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

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

5. Receivables and Loan Receivables

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital Assets

Capital assets, which include automobiles, buildings and improvements, furniture and fixtures, software, library books, infrastructure (e.g., roads, bridges, sidewalks, and similar items), machinery and equipment, and portable buildings are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The State defines capital assets as costing at least $5,000 or more when acquired and having an estimated useful life greater than one year. The significant threshold related to aggregate capital asset acquisition for the State is $200,000. If a similar grouping of capital asset acquisition exceeds this amount in total, at the time of purchase, the acquisition will be capitalized.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Infrastructure	10 to 40 Years
Land Improvements	15 to 30 Years
Leasehold Improvements	15 Years
Furniture and Fixtures	5 to 7 Years
Machinery and Equipment	5 to 20 Years
Data Processing Equipment	3 to 8 Years
Vehicles and Aircraft	3 to 15 Years
Buildings and Improvements	5 to 75 Years

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital Assets (Continued)

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

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received form the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

7. Deferred Outflows/Inflows of Resources

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

8. Accrued Liabilities

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Compensated Absences

Qualified employees' vacation leave is accrued at a graduated schedule of 80 to 160 hours per year, depending upon the length of service and employees' hire date. Employees are paid for the accumulated annual leave upon retirement or other termination up to 240 hours. A maximum of 30 days of annual leave (240 hours) may be carried forward into the beginning of the calendar year, with any excess forfeited. Qualified employees sick leave accrued at the rate of four hours per bi-weekly pay period. There is no limit to the amount of sick leave, which an employee may accumulate. Employees are paid for accumulated sick leave annually, or upon retirement or other termination, but only for accumulated sick leave in excess of 600 hours. Annually, employees may be paid 50% of the excess over 600 hours, up to a maximum of 120 hours. Upon retirement or other termination, employees are paid 50% of the excess over 600 hours, up to maximum of 400 hours.

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes salary-related payments for these amounts.

10. Unearned Revenue

In the government-wide statements, governmental activities/funds, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. GASB Statement 65 requires resources received from another government under voluntary or government-mandated nonexchange transactions before time restrictions are met, but after all other eligibility requirements are met, should be classified as deferred inflows of resources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Bonds Payable

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

12. Insurance Losses and Loss Adjustment Expense

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Interfund Transactions

Government-Wide Financial Statements

Interfund Activity

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

Interfund Balances

Interfund receivables and payables have been eliminated from the government-wide statement of net position, except for the residual amounts due between governmental and business-type activities.

Interfund Activity

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

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

14. Net Position and Fund Balance

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Net Position and Fund Balance (Continued)

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

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

- **Unrestricted net position.** Amounts consist of net position that does not meet the definition of net investment in capital assets or restricted net position.

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

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned.

- **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

- **Restricted fund balance.** Represents those portions of fund balance where constraints placed on the resources are either externally imposed by outside parties or internally imposed by law through constitutional provision or enabling legislation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Net Position and Fund Balance (Continued)

- **Committed fund balance.** Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature, such as an appropriation or legislation. The State Legislature is the highest level of decision-making authority that can, by passage of legislation, commit fund balance that is not already restricted. Once adopted, the limitation remains in place until similar action takes place, usually in the form of a new budget bill or other legislation.

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

- **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

H. Revenues and Expenditures/Expenses

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures/Expenses (Continued)

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

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

Grants

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

Investment Income

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures/Expenses (Continued)

Endowments

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

Retirement and Employee Benefit Costs

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

I. Use of Estimates

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

J. New Accounting Standards

For the fiscal year ended June 30, 2025, the State implemented the following new accounting standards issued by the GASB:

GASB Statement No. 101, *Compensated Absences*

The statement provides updates for accounting and reporting for compensated absences. The adoption of this standard resulted in a prior period adjustment due to the recognition of the estimated liability for accumulated sick leave. Schedule of changes can be found in Note 9.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. New Accounting Standards (Continued)

GASB Statement No. 102, *Certain Risk Disclosure*

The statement serves to provide users of government financial statements with essential information about risks related to an entity's vulnerabilities due to the variety of risks they face. The State has determined concentrations do not arise to the level of disclosure.

K. Future Accounting Standards

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

GASB Statement No. 103 (Financial Reporting Model Improvements) The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an entity's accountability. The State is in the process of evaluating the impact of the standards for the adoption into the financial statements for the year ending June 30, 2026.

GASB Statement No. 104 (Disclosure of Certain Capital Assets) The objective of this Statement is to provide users of an entity's financial statements with essential information about certain types of capital assets. The State is in the process of evaluating the impact of the standards for the adoption into the financial statements for the year ending June 30, 2026.

GASB Statement No. 105 (Subsequent Events) The objective of this statement is to improve financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of users. The State is in the process of evaluating the impact of this statement for implementation into the fiscal year beginning after June 15, 2026.

L. State Auditor Rule Disclosure

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

Disclosure of these schedules may be found in the stand-alone audit reports which have been issued by the individual State agencies. These are available from the Office of the State Auditor at https://www.osa.nm.gov/.

NOTE 2 CASH PRIMARY GOVERNMENT

New Mexico State Treasurer

All monies, except with specific authority, must be deposited with the State Treasurer. These operating funds are commingled in the State Investment Pool, managed by the Treasurer. Every State agency reports its operating cash as "Investment in State General Fund Investment Pool", and this pool is reported in Note 3, "Investments". The issues concerning the reconciliation of the State General Fund Investment Pool and the resolution are reported in Note 16, "State General Fund Investment Pool."

Cash on deposit represents the demand deposit account with the fiscal agent bank. Current year transactions reflect all banking activity for the fiscal year as well as the activity of investments purchased and disposed of during the fiscal year. The State Treasurer invests all public monies, with the exception of the New Mexico Lottery and the university funds. The university funds are entirely under the control of the universities. These funds are held in excess of the minimum compensating balance maintained with the fiscal agent bank in accordance with an investment policy approved by the State Board of Finance (BOF). The State Treasurer invests excess cash balances on behalf of certain earmarked funds of state agencies identified by State statute and local governments. Interest earnings are distributed based on average outstanding cash balances for local governments and the state agencies where interest is allowed to be earned. All other interest earnings are transferred to the State General Fund Appropriations Account.

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

Custodial Credit Risk

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

NOTE 2 CASH PRIMARY GOVERNMENT (CONTINUED)

New Mexico State Treasurer (Continued)

Custodial Credit Risk (Continued)

The State Treasurer invests all public monies held in excess of the minimum compensating balance maintained with the fiscal agent bank in accordance with an investment policy approved by the State Board of Finance. The Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the $250 thousand in federal deposit insurance. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment, dependent on the institution's operating results and capital. Collateral for the fiscal agent account is required in amounts equal to 50% of the average investment balance.

As of June 30, 2025, collateral pledged to public money deposits was as follows:

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

	Balance at June 30, 2025
Cash in Bank *	$ 1,785,004
Less: FDIC Insurance Coverage	5,724
Total Uninsured Public Funds	1,779,280
Collateral Requirement (50% - 102% of Uninsured Public Funds	$ 908,679
Collateral Pledged:	
U.S. Government Securities	578,209
Surety Bond	1,449,627
Collateral Pledged	2,027,836
Over (Under) Collateralized	$ 1,119,157

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

NOTE 2 CASH PRIMARY GOVERNMENT (CONTINUED)

New Mexico State Treasurer (Continued)

Custodial Credit Risk (Continued)

While the balances of the Office of State Treasurer are fully collateralized per state statute, GASB Statement No. 40 requires that the State disclose balances which are not fully insured. As of June 30, 2025, the funds held by the State Treasurer in the fiscal agency account were exposed to custodial credit risk as follows:

Office of the State Treasurer
Custodial Credit Risk
(Expressed in Thousands)

	Fiscal Agent Account
Cash in Banks	$ 93,092
Less: Deposit of Institutions Which are Fully Insured and Collateralized	-
Deposits of Institutions Not Fully Collateralized	93,092
Less: FDIC Insurance Coverage	-
Uninsured Deposits	93,092
Collateral Pledged:	
Surety Bond	121,746
Securities	80,000
Total Collateral Pledged	201,746
Subject to Custodial Credit Risk	$ (108,655)

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

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

NOTE 3 INVESTMENTS

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

	Balance at June 30, 2025
Primary Government:	
Current:	
Investment in State General Fund Investment Pool	$ 15,693,355
Investment in Local Government Investment Pool	132,793
Investments	57,256,172
Noncurrent:	
Investments	995,158
Fiduciary Funds:	
Investment in State General Fund Investment Pool	472,411
Investment in Local Government Investment Pool	15,659
Investments	45,629,115
Component Units:	
Investments	2,378,674
Securitized Loans included in Loans Receivable	2,069,967
Investment in Local Government Investment Pool	54,397
Total Investments	$ 124,697,701
Reconciliation to Investments Presented	
Total Presented Above	$ 124,697,701
Less: Cash and Cash Equivalents Held in Brokerage Accounts Included in Investment Pools	(305,488)
Total Separately Held Investments	$ 124,392,213

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

Those agencies whose investments are held by either the State Investment Council (SIC) or the State Treasurer's Local Government Investment pool (LGIP) are presented in either the SIC or LGIP disclosures, in order to prevent duplication.

NOTE 3 INVESTMENTS (CONTINUED)

A. State Treasurer

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

General Fund Investment Pool

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

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

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

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

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

Local Government Investment Pool (LGIP; Short-Term Investment Pool)

Cities, counties, and other state agencies invest monies in the State Treasurer external investment pool (LGIP). The LGIP investments are presented at fair value based on the valuation date in the financial statements. The individual participant balances remain at their amortized cost. As of June 30, 2025, LGIP amortized cost approximated fair value, with the difference deemed immaterial.

NOTE 3 INVESTMENTS (CONTINUED)

A. State Treasurer (Continued)

Local Government Investment Pool (LGIP; Short-Term Investment Pool) (Continued)

The LGIP is not SEC registered. Chapter 6-10-10.1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies, and are either direct obligations of the United States or are backed by the full faith and credit of the United States government, or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and adhere to the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the LGIP is voluntary. As of June 30, 2025, the WAM(R) of the LGIP was 30 days, and the WAM(F) was 39 days. The fund was rated AAAm by Standard & Poor's as of June 30, 2025.

Investment Guidelines and Limitations

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

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

- Preservation of Principal – to ensure the performance of basic governmental functions, the first priority must be accorded to the preservation and protection of the principal of the funds to be invested;
- Maintenance of Liquidity – the second level of priority must be accorded to maintaining sufficient liquidity to satisfy the reasonable anticipated, continuing operational requirements of State Government; and
- Maximum Return – the third priority must be accorded to maximizing investment return, through budgetary and economic cycles, consistent with the higher priority accorded to the security and liquidity of principal.

NOTE 3 INVESTMENTS (CONTINUED)

B. State Investment Council

The State of New Mexico Investment Council (the Council) is responsible for the investment activities of certain State trust funds. The Council is composed of 11-members, and currently manages the Land Grant, Severance Tax, and Tobacco Settlement Permanent Funds, the Water Trust Fund, and various investment pools for the benefit of state agencies and other political entities within the State of New Mexico.

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

C. Pension Benefits Funds

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

D. State Universities and Colleges

As mentioned in Note 1. B, the 10 educational institutions created by the *Constitution of the State of New Mexico* are included in the State reporting entity. Eight of these institutions maintain separate investment portfolios, as permitted by statute, with some of the investments held and managed by State agencies and some managed by the institutions themselves. Each has investment policies and guidelines which are similar.

E. Education Trust Board

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

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies

Those agencies with investments in either the State Investment Council Investment Pools or the State Treasurer's Local Government Investment Pool report these investments on their balance sheet. Certain agencies are permitted to invest funds in other ways, such as certificates of deposit. These investments are permitted by statute, depending on the main purpose of the agency.

1. Fair Value Measurement

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

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

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

Level 3 – inputs are unobservable inputs for an asset.

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

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

1. Fair Value Measurement (Continued)

State of New Mexico
Fair Value of Investments
(Expressed in Thousands)

Investment	Fair Value June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs Level 3)
Investments by Fair Value Level:				
Equity Securities:				
Equities	$ 24,766,904	$ 24,765,150	$ 663	$ 1,091
Domestic Equity	3,866,307	3,865,691	616	-
U.S. Common and Preferred Stock	3,237,153	3,237,151	-	2
Pooled Funds - Mutual Funds	2,465,616	-	2,465,616	-
Mutual Funds	2,411,196	2,390,007	21,189	-
Repurchase Agreements	2,198,393	-	2,198,393	-
International Equity	1,694,694	1,694,694	-	-
Liquid Capital	1,383,692	-	1,173,749	209,943
Securities Lending Collateral Investments	731,434	-	731,434	-
Supranationals	303,168	-	303,168	-
SIC - Investment Pools	145,469	145,469	-	-
Foreign Stocks	79,100	79,100	-	-
Equities	43,353	9,533	-	33,820
Foreign Issues	34,735	5,527	29,208	-
New Mexico Private Equity	16,344	15,148	-	1,196
Self-directed brokerage accounts	15,616	15,616	-	-
Real Estate Holdings	11,775	10,739	-	1,036
Other Investments	10,902	10,825	77	-
Corporate Stocks	4,558	4,558	-	-
Exchange-Traded Funds	3,922	3,922	-	-
Common Stocks	3,897	3,897	-	-
Total Equity Securities	43,428,228	36,257,027	6,924,113	247,088
Debt Securities:				
U.S. Government Bonds	9,986,738	-	9,986,738	-
Corporate Bonds	7,729,533	23,776	7,705,757	-
U.S. Treasury Securities	5,658,954	195,470	5,463,484	-
Asset Backed Securities	2,153,633	5,417	2,083,879	64,337
Core Fixed Income	2,126,214	988,604	1,137,610	-
Fixed Income	844,136	844,136	-	-
Demand Notes	720,660	-	720,660	-
Commercial Paper	593,194	-	593,194	-
Collateralized Debt Obligation	588,152	-	588,152	-
U.S. Government Obligations	582,656	582,656	-	-
Bank Loans	504,950	-	504,950	-
Agency Securities (GSEs)	386,750	5,997	105,414	275,339
U.S. Corporate Obligations	277,842	-	277,841	1
Discounted Notes and Treasury Bills - Zero Cc	257,926	-	257,926	-
Government Bonds	235,916	-	235,916	-
U.S. Agency Obligations	220,306	-	220,306	-
Foreign Obligations	93,367	-	53,597	39,770
Municipal Bonds	43,373	-	43,373	-
Global Fixed Income	33,809	-	33,809	-
Public REIT	31,954	4,357	27,597	-
Certificate of Deposit	16,252	16,252	-	-
Sovereign Debt	7,202	-	7,202	-
Corporate Stocks and bonds	4,727	4,727	-	-
Domestic Corporate Bonds	2,016	-	2,016	-
Corporate Debt Securities	673	673	-	-
Total Debt Securities	33,100,933	2,672,065	30,049,421	379,447

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

1. Fair Value Measurement (Continued)

Investment	Fair Value June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs Level 3)
Investments by Fair Value Level (Continued):				
Alternative Investments:				
Master Limited Partnerships	$ 530,916	$ 530,916	$ -	$ -
Total Alternative Investments	530,916	530,916	-	-
Investments in Derivative Instruments:				
Credit Derivatives	7,735	-	7,735	-
Equity Derivatives	2,165	2,165	-	-
Interest Rate Derivatives	20,910	19,160	1,750	-
Other Derivatives	125	-	125	-
Total Derivative Instruments	30,935	21,325	9,610	-
Total Investments Measured at Fair Value	77,091,012	$ 39,481,333	$ 36,983,144	$ 626,535

		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments Measured at Net Asset Value (NAV):				
Private Equity Partnerships	7,635,997	$ 5,312,605	Not Redeemable	Not Redeemable
Private Equity Funds	5,532,380	2,237,362	N/A	N/A
Private Debt Partnerships	5,176,369	4,092,921	Quarterly	90 to 180 Days
Private Real Assets	3,774,520	1,516,326	Not Redeemable	Not Redeemable
Opportunistic Credit Funds	3,008,617	942,367	Daily, Monthly,	30 to 180 Days
Real Asset Funds	2,952,318	869,642	Not Redeemable	Not Redeemable
Real Return Funds	2,580,917	2,439,208	Not Redeemable	Not Redeemable
Open-Ended Real Estate Partnerships	2,171,572	-	Quarterly	45 to 90 Days
Real Estate Partnerships	2,125,397	3,210,504	Not Redeemable	Not Redeemable
Comingled International Equity Funds	1,718,604	-	Daily, Monthly	5 to 15 Days
Liquid Capital	1,031,256	-	Not Redeemable	Not Redeemable
Absolute Return Pool	1,028,982	-	Monthly, Annually	30 - 90 Days
Open-Ended Real Asset Partnership	969,945	-	Quarterly-Biannual	90 to 180 Days
Illiquid Capital	961,872	752,594	Not Redeemable	Not Redeemable
Regional Private Equity Partnerships	605,091	459,177	Not Redeemable	Not Redeemable
Domestic Equity	413,642	-	Monthly	30 Days
LifeCycle Funds	278,684	-	(Blank)	(Blank)
Guaranteed Investment Contracts	253,077	-	Daily	Daily
Comingled Global Asset Allocation	142,353	-	Monthly, Quarterly,	30 to 120 Days
Private Investment Funds	67,545	33,246	Not Redeemable	Not Redeemable
Limited Partnerships - Global Equity	45,176	-	Monthly	16 Days
Alternative Investments	19,997	-	Monthly/Quarterly/ Annually/Rolling 2 Years	3 to 90 Days
Limited Partnerships - Opportunistic Credit	16,969	-	Monthly	15 Days
Absolute Return (Hedge) Funds	15,364	-	Quarterly	30 to 65 Days
Limited Partnerships - Private Markets	10,691	10,719	None	None

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

1. Fair Value Measurement (Continued)

Investment	Fair Value June 30, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments Measured at Net Asset Value (NAV) (Continued):				
Limited Partnerships - Private Credit	$ 5,759	$ 7,125	None	None
Real Estate Funds	5,149	1,942	Not redeemable	Not Redeemable
Hedge Fund Investments - Equity Long/Short	4,875	621	Monthly	30 Days
Hedge Fund Investments - Multi-Strategy	2,798	215	Monthly	30 Days
Limited Partnerships	1,045	3	Not redeemable	Not Redeemable
Investments Measured at NAV	42,556,961	$ 14,336,610		
Investments Measured at Amortized Cost:				
Flexible Repurchase Agreements	46,812			
Money Market Mutual Funds	51,085			
Commercial Paper	1,811			
STO - LGIP	13			
Investments at Amortized Cost	99,721			
Investments Measured at Contract Value:				
Stable Value Options (Def. Comp.)	121,128			
Guaranteed Investment Account	127,503			
Investments at Contract Value	248,631			
Other Investments:				
Lovelace Hospital	20,067			
Escrow Accounts	1,008			
Total Other Investments	21,075			
Total Separately-Held Investments	$ 120,017,400			

2. Custodial Credit Risk

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

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

2. Custodial Credit Risk (Continued)

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

Public Employees Retirement Association (PERA's) securities are held by a third-party custodian, independent of any counterparty. The Custodian holds assets directly, through its agents, its sub-custodians, or designated clearing systems, and is responsible for delivery, receipt, pricing, valuation, and record-keeping services for all securities. PERA reports securities valued at $9.1 billion as held in the name of the investment fund by the fund's custodian bank, and $9.2 billion held under custody arrangements contracted by fund managers.

Education Retirement Board (ERB's) securities are held by a financial institution as a third-party custodian, independent of any counterparty, and are held in the name of ERB. All investments of the State Investment Council (SIC) are held in the name of SIC. All investments of the Retiree Health Care Authority (RHC) are held by SIC. All investments of the Education Trust Board (ETB) are held in the name of that Board.

3. Credit Risk

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

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

3. Credit Risk (Continued)

ERB requires that noncash, interest-paying securities in the high-yield bond portfolios may not exceed 5% of the market value of the portfolio and that investments in cash may represent no more than 5% of each individual fund. Credit risk is managed through diversification and by operating within defined parameters versus a benchmark index.

ETB invests directly in Underlying Investments. The registered Underlying Investments' prospectuses provide greater detail about the investment strategies and practices of the Underlying Investments, in compliance with federal regulations and specifically, the Form N-IA of the Investment Company Act of 1940. Form N-IA discloses information and policies about the Underlying Fund and its investment objectives, as well as information on the company structure and operations. In addition, the Program Disclosure Statement and the Participation Agreement provide greater detail about the credit risk, if any, by certain nonregistered underlying Investments.

The quality ratings of investments in fixed income securities at June 30, 2025, were as follows:

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

Investment	Rating	Fair Value
Investments Subject to Credit Risk - S&P Ratings:		
Government Bonds	AAA	$ 68,135
	AA+	1,449,552
	AA	138
	A+	359
	A	9,431
	BBB+	5,110
	BBB	39,281
	BBB-	18,144
	BB+	8,796
	BB	58,888
	BB-	10,120
	B+	508
	B	1,082
	B-	6,083
	CCC+	-
	CCC	6,878
	CC	-
	Not Rated	5,372,272

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

3. Credit Risk (Continued)

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

Investment	Rating	Fair Value
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Corporate Bonds	AAA	$ 39,441
	AA+	573,462
	Aa1	25,250
	AA	132,257
	Aa2	96,332
	AA-	333,902
	Aa3	7,817
	A+	803,150
	A1	36,272
	A	843,464
	A2	18,249
	A-	472,559
	A3	19,929
	Baa1	26,657
	BBB+	568,482
	Baa2	20,249
	BBB	834,007
	Baa3	15,494
	BBB-	588,983
	BB+	488,199
	Ba1	169
	BB	488,003
	BB-	515,671
	B+	320,906
	B	373,600
	B-	255,110
	CCC+	92,738
	CCC	28,331
	CCC-	5,810
	D	9,160
	Not Rated	999,706
Agency Securities (GSEs)	AA+	7,499,438
	Not Rated	275,339

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

3. Credit Risk (Continued)

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

Investment	Rating	Fair Value
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Asset-Backed Securities	AAA	$ 191,127
	AA+	747,280
	Aa1	1,021
	AA	61,423
	Aa2	2,020
	AA-	10,768
	Aa3	1,010
	A+	51,457
	A	33,075
	A-	3,816
	BBB+	6,012
	BBB	15,580
	BBB-	8,236
	BB+	433
	BB	321
	B+	688
	B	2,316
	CCC	1,448
	CC	465
	D	1,517
	Not Rated	1,353,500
Commercial Paper	AA-	49,988
	A-1	241,228
	A-1+	301,978
	Not Rated	1,811
Discounted Notes	AA+	136,316
	A-1	40,500
	A-1+	81,110
	Not Rated	21,761
U.S. Government Bonds	AA+	1,003,355
Collateralized Debt Obligation	AAA	$ 146,001
	AA	20,597
	A	7,445
	BBB	12,311
	BBB-	50,433
	Not Rated	351,366

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

3. Credit Risk (Continued)

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

Investment	Rating	Fair Value
Investments Subject to Credit Risk - S&P Ratings (Continued):		
U.S. Government Obligations	AAA	37,293
	AA+	541,497
	AA	3,857
	Not Rated	9
Demand Notes	AAA	411,105
	AA+	168,070
	Aa1	72,050
	Aa3	1,975
	A-1+	67,460
CMO/REMIC	AAA	15,943
	AA+	79,072
	AA	596
	A+	2,647
	A	1,827
	A-	3,885
	BBB+	1,629
	BBB	757
	BBB-	734
	BB	1,006
	B	227
	CCC	178
	D	32
	Not Rated	312,835
U.S. Treasury Securities	AA+	275,730
Treasury Bills	AA+	795,520
U.S. Agency Obligations	AA+	105,414
	AA-	18,966
Public REIT	A	2578
	A-	3386
	BBB+	4473
	BBB	5628
	BBB-	2410
	BB-	8949
	Not Rated	174

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

3. Credit Risk (Continued)

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

Investment	Rating	Fair Value
Investments Subject to Credit Risk - S&P Ratings (Continued):		
Municipal Bonds	AAA	$ 3,929
	AA+	1,501
	Aa1	25,991
	AA	6,874
	Aa2	2,680
	AA-	6,389
	Aa3	803
	A+	76
	A1	966
	A	424
	A2	301
	A-	411
	Not Rated	1,877
Non-US Government Bonds	AAA	33,345
	AA+	1,533
	AA	4,138
	AA-	1,671
	A+	5,021
	A	3,582
	A-	2,151
	BBB+	3,870
	BBB	8,203
	BBB-	3,391
	Not Rated	1,060
Certificate of Deposit	Not Rated	16,252
Corporate Debt Securities	BBB-	673
Total Subject to Risk - S & P Ratings		31,907,650
Total Investments Subject to Credit Risk		31,907,650
Investments Not Subject to Credit Risk		86,916,467
Add: Education Trust Board Investments (Presented in Separate Note)		639,686
Information Not Available		553,597
Total Separately-Held Investments		$ 120,017,400

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

3. Credit Risk (Continued)

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

New Mexico Education Trust Board
Quality Rating of Investments
June 30, 2025

Scholar's Edge Plan

Portfolio/Rating	AAA	AA	A	BBB	BB
iShares Core U.S. Aggregate Bond ETF	2.41 %	73.71 %	11.85 %	12.03 %	0.00 %
MainStay MacKay High Yield Corp. Class R-6	0.00	0.10	0.20	5.00	53.30
Principal Core Fixed Income Fund Class R-6	42.63	2.24	26.01	28.00	0.98
Principal Short-Term Income Fund Inst. Class	40.54	2.72	19.22	28.98	1.19
Vanguard Total Int'l. Bond Index Fund ETF	24.29	27.20	26.73	18.46	0.00

Portfolio/Rating	B	Below B	Not Rated	Total
iShares Core U.S. Aggregate Bond ETF	0.00 %	0.00 %	0.00 %	100.00 %
MainStay MacKay High Yield Corp. Class R-6	34.70	5.70	1.00	100.00
Principal Core Fixed Income Fund Class R-6	0.14	0.00	0.00	100.00
Principal Short-Term Income Fund Inst. Class	0.00	0.00	7.35	100.00
Vanguard Total Int'l. Bond Index Fund ETF	0.00	0.00	3.32	100.00

The Education Plan

Portfolio/Rating	AAA	AA	A	BBB	BB
DFA Inflation-Protected Securities - Inst. Class	0.00 %	100.00 %	0.00 %	0.00 %	0.00 %
iShares Core Int'l. Aggregate Bond ETF	21.12	22.68	34.24	14.69	0.00
Nuveen Core Plus Bond R-6	3.86	42.38	12.10	20.79	11.06
Vanguard Short-Term Inflation-Prot. Sec. Index Inst.	99.99	0.00	0.00	0.00	0.00
Vanguard Short-Term Treasury Index Inst.	100.02	0.00	0.00	0.00	0.00
Vanguard Total Bond Market	72.39	3.08	11.82	12.68	0.00
Vanguard Total Bond Market II Institutional	72.83	2.96	11.75	12.41	0.00
Vanguard Ultra Short-Term Bond - Adm	28.25	7.12	36.36	26.80	0.89
Vanguard High Yield Corp. ADM	5.62	3.65	0.00	2.72	48.24
PGIM Global Total Return Class R-6	17.74	15.66	19.40	33.97	7.77

Portfolio/Rating	B	Below B	Not Rated	Total
DFA Inflation-Protected Securities - Inst. Class	0.00 %	0.00 %	0.00 %	100.00 %
iShares Core Int'l. Aggregate Bond ETF	0.00	0.00	7.27	100.00
Nuveen Core Plus Bond R-6	5.29	0.80	3.72	100.00
Vanguard Short-Term Inflation-Prot. Sec. Index Inst.	0.00	0.00	0.01	100.00
Vanguard Short-Term Treasury Index Inst.	0.00	0.00	(0.02)	100.00
Vanguard Total Bond Market	0.00	0.00	0.03	100.00
Vanguard Total Bond Market II Institutional	0.00	0.00	0.05	100.00
Vanguard Ultra Short-Term Bond - Adm	0.00	0.00	0.58	100.00
Vanguard High Yield Corp. ADM	34.64	4.65	0.48	100.00
PGIM Global Total Return Class R-6	1.59	0.65	3.22	100.00

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

4. Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. It is the policy of the State to diversify its investments portfolios. Assets shall be diversified to reduce the risk of loss resulting from an over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At June 30, 2025, there were no holdings with a single issuer comprising 5% or more of total net investments. It should be noted that investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

5. Interest Rate Risk

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

PERA's interest rate risk is controlled by the duration guidelines provided in the Investment Guidelines for each fixed income manager. Duration is loosely defined as the dollar weighted average time to recover all of principal and fixed- income investment. PERA's fixed-income managers are typically limited to duration of plus or minus one year or 20% of the duration of the applicable portfolio benchmark. ERB does not have a policy for interest rate risk management. However, interest rate risk is managed through duration by operating within defined risk parameters versus a benchmark index.

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

5. Interest Rate Risk (Continued)

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

State of New Mexico
Maturities on Investments
(Expressed in Thousands)

Investment	Fair Value	Total < 1 Year	1-5 Years	6-10 Years	> 10 Years	Life Not Avail.
Investments Subject to Interest Rate Risk:						
Corporate Bonds	$ 9,002,692	$ 1,283,086	$ 5,598,018	$ 1,560,105	$ 561,483	$ -
Agency Securities (GSEs)	7,559,463	2,142,247	5,416,219	997	-	-
Government Bonds	5,606,998	121,795	3,059,439	1,224,536	1,201,228	-
Asset Backed Securities	2,565,429	235,276	737,113	233,498	1,359,542	-
U.S. Government Bonds	2,470,102	673,521	774,260	1,022,321	-	-
Treasury Bills	934,431	934,431	-	-	-	-
Demand Notes	720,660	-	720,660	-	-	-
Commercial Paper	595,005	595,005	-	-	-	-
Collateralized Debt Obligation	588,152	585,037	-	-	3,115	-
U.S. Government Obligations	582,657	48,830	401,752	60,377	71,698	-
U.S. Treasury Securities	528,172	127,868	160,319	239,985	-	-
CMO/REMIC	342,452	179,180	12,550	25,802	124,920	-
Discounted Notes	279,687	143,371	136,316	-	-	-
U.S. Agency Obligations	105,414	17,909	87,505	-	-	-
Non-US Government Bonds	67,965	-	-	67,965	-	-
Municipal Bonds	52,223	31,615	4,538	-	16,070	-
International Government Obligations	41,623	-	-	41,623	-	-
Public REIT	27,597	-	-	27,597	-	-
Certificate of Deposit	8,105	3,711	4,394	-	-	-
Domestic corportate bonds		-	2,016	-	-	
U.S. Government and Corporate Debt Securities	673	58	226	344	45	-
Total Investments Subject to Interest Rate Risk	32,079,500	$ 7,122,940	$ 17,115,325	$ 4,505,150	$ 3,338,101	$ -
Investments Not Subject to Interest Rate Risk	86,916,467					
Information Not Available	381,747					
Add: Education Trust Board (Presented in Separate Note)	639,686					
Total Separately-Held Investments	$ 120,017,400					

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

5. Interest Rate Risk (Continued)

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

New Mexico Education Trust Board
Maturities on Investments

Investment	< 1 Year	1-5 Years	6-10 Years	Fair Value (In Thousands)
The Scholar's Edge:				
Vanguard Total Int'l. Bond Index Fund ETF	-	-	7.24	$ 1,113
iShares Core U.S. Aggregate Bond ETF	-	-	5.99	90,410
Principal Core Fixed Income Fund Class R-6	-	-	5.78	158,310
MainStay MacKay High Yield Corp. Class R-6	-	2.68	-	4,973
Principal Short-term Income Fund Inst. Class	-	2.04	-	165,889
The Education Plan:				
DFA Inflation-Protected Securities - Inst. Class	-	-	6.54	513
PGIM Global Total Return Fund Class R-6	-	-	5.90	1,551
Nuveen Core Plus Bond R-6	-	-	5.92	7,241
iShares Core International Aggregate Bond ETF	-	-	6.59	20,138
Vanguard Total Bond Market	-	-	5.79	12,161
Vanguard Total Bond Market II Institutional	-	-	5.79	83,629
Vanguard High-Yield Corporate Fund ADM	-	2.81	-	27,772
Vanguard Short-term Inflation-Prot. Sec. Index Inst.	-	2.45	-	6,873
Vanguard Short-term Treasury Index Inst. Class	-	2.45	-	59,210
Vanguard Ultra Short-term Bond Adm	0.92	-	-	1,016

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

6. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Exposure to foreign currency risk at June 30, 2025 was as follows:

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

Foreign Currency	Equity	Fixed Income	Vent. Cap., Pref. Stk., Rts., REITs, Ptshps., Wrnts.	Derivatives	Total Investments	Cash and Cash Equivalents
Australian Dollar	$ 475,547	$ 3,223	$ -	$ 641	$ 479,411	$ 948
Botswana Pula	40	-	-	-	40	-
Brazilian Real	113,383	-	-	(249)	113,134	1,688
British Pound Sterling	1,597,208	17,853	77,164	(359)	1,691,866	3,087
Canadian Dollar	872,096	7,907	-	(55)	879,948	1,794
Chilean Peso	6,166	-	-	-	6,166	21
Chinese Yuan Renminbi	114,381	-	-	(28)	114,353	280
Czech Koruna	108	-	-	-	108	1
Danish Krone	193,998	274	-	(8)	194,264	312
Euro	4,409,951	26,682	1,546,954	539	5,984,126	35,034
Ghanian Cedi	161	-	-	-	161	-
Hong Kong Dollar	909,167	-	-	-	909,167	1,745
Hungarian Forint	29,264	-	-	-	29,264	11
Indian Rupee	-	-	-	(23)	(23)	227
Indonesian Rupiah	49,717	-	-	-	49,717	(2)
Israeli Shekel	124,167	-	-	-	124,167	346
Japanese Yen	2,211,650	85	-	(15)	2,211,720	12,869
Kenyan Shilling	4	-	-	-	4	-
Malaysian Ringgit	33,612	-	-	-	33,612	147
Mexican Peso	81,535	5,846	-	(161)	87,220	619
New Taiwan Dollar	609,509	-	-	-	609,509	418
New Turkish Lira	14,286	-	-	2	14,288	68
New Zealand Dollar	24,619	-	-	-	24,619	93
Norwegian Krone	116,098	-	-	-	116,098	247
Peruvian Nuevo Sol	-	14,891	-	(466)	14,425	270
Philippine Peso	11,263	-	-	-	11,263	61
Polish Zloty	54,672	-	-	-	54,672	130
Qatari Riyal	10,099	-	-	-	10,099	-
Russian Ruble	-	-	-	-	-	110
Saudi Riyal	58,080	-	-	-	58,080	(1)
Singapore Dollar	174,633	-	-	-	174,633	426
South African Rand	113,523	13,523	-	(169)	126,877	101
South Korean Won	416,282	-	-	-	416,282	1,659
Swedish Krona	281,991	-	-	18	282,009	483
Swiss Franc	821,761	-	-	42	821,803	1,679
Thai Baht	50,514	-	-	-	50,514	-
Tunisian Dinar	4	-	-	-	4	-
UAE Dirham	36,366	-	-	-	36,366	-
Subtotal	$ 14,015,855	$ 90,284	$ 1,624,118	$ (291)	15,729,966	64,871
Total Investments and Cash and Cash Equivalents Subject to Foreign Currenty Risk					15,729,966	$ 64,871
Investments Not Subject to Foreign Currency Risk					104,287,434	
Total Separately-Held Investments					$ 120,017,400	

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

7. Securities Lending

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

The types of securities lent are U.S. treasury notes and bonds, U.S. and international equity securities, and corporate bonds and notes. Under this program, securities are transferred to an independent broker-dealer or other lending agent in exchange for collateral in the form of cash, government securities, and/or irrevocable bank letters of credit, with a simultaneous agreement to return the collateral for the same securities in the future. The collateral must equal at least 102% of the market value of the securities.

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

Total securities on loan at June 30, 2025, had a carrying amount and fair value of $949.4 million. Under the agreement, the lending agent is required to indemnify the entity if the borrower fails to return the securities, if collateral is inadequate to replace the securities lent, or if the counterparty fails to pay the entity for income distributions by the securities' issuers while the securities are on loan. There were no such losses during the year ended June 30, 2025, due to borrower default.

The fair value of investments made with cash collateral is reported as an asset; the fair value of collateral received is recorded as a liability as PERA must return the cash collateral to the borrower upon the expiration of the loan. The securities lending obligations were $731.3 million at June 30, 2025. Total cash and noncash collateral was $731.4 million, 100% of the fair value of the securities on loan.

As of June 30, 2025, there had been no losses resulting from borrower defaults and PERA had no credit risk exposure to borrowers because the amounts PERA owed to borrowers did not exceed the amounts the borrowers owed to PERA. Net earnings from the securities lending program totaled $3.0 million for the fiscal year.

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

8. Derivatives

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

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

The fair value balances and notional amounts of derivative instruments outstanding for PERA and ERB at June 30, 2025, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the financial statements are as follows:

Public Employees Retirement Association
Derivative Financial Instruments
(Expressed in Thousands)

Derivative Type	Change in Fair Value	Fair Value	Notional Amount	Unit of Value
Futures Contracts:				
Currency Futures	$ (1)	$ -	$ -	$ -
Equity Index Futures	(624)	499	24,895	25,357
Bond Index Futures	(1,509)	-	-	-
Swap Contracts:				
Cleared Credit Default Swaps	$ (1,688)	$ 1,688	$ -	$ -

Educational Retirement Board
Derivative Financial Instruments - Notional Amounts
(Expressed in Thousands)

Derivative Type	Balance at June 30, 2025
Commodity Futures	$ 2,915
Commodity Futures - Short	(1)
Futures Contracts	32,700
Index Futures	115

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

8. Derivatives (Continued)

Educational Retirement Board
Unrealized Gain/(Loss) and
Fair Values of Derivative Instruments
(Expressed in Thousands)

Derivative Type	Classification	Gain/Loss	Classification	Amount
Commodity Futures - Long	Investment Income	$ 526	Investment	$ -
Commodity Futures - Short	Investment Income	(11)	Investment	-
Fixed Income Futures - Long	Investment Income	(85)	Investment	-
Fixed Income Futures - Short	Investment Income	5	Investment	-
Index Futures - Long	Investment Income	15,745	Investment	-

Types of Derivative Instruments:

Risk

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

Futures Contracts

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

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

8. Derivatives (Continued)

Types of Derivatives Instruments (Continued)

Options

An option is a contract in which the writer of the option grants the buyer of the option the right to purchase from (call option), or sell to (put option) the writer a designated instrument at a specified price within a specified period. Both written and purchased options were used by the State during the fiscal year. When the State purchases or writes an option, an amount equal to the premium paid or received by the State is recorded as an asset or liability and is subsequently adjusted to the current market value of the option purchased or written. Gain or loss is recognized when the option contract expires or is closed. As of June 30, 2025, there were no open written or purchased options.

Swap Contracts

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

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

8. Derivatives (Continued)

Types of Derivatives Instruments (Continued)

Hedge Funds

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

Asset-Backed Securities

The State invests in various forms of asset-backed securities, which fit the previous definition of derivative securities. These securities are held for investment purposes. The credit risk, interest rate risk, and foreign currency risk for these instruments are summarized in the following (expressed in thousands):

Derivative Type	Balance at June 30, 2025
Asset-Backed Securities	$ 295,340
Nonagency Mortgage-Backed Securities	25,317
Foreign Asset-Backed Securities	41,691
Total	$ 362,348

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

9. Discretely Presented Component Units

Fair Value

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

State of New Mexico
Discretely Presented Component Units
Fair Value of Investments
(Expressed in Thousands)

Investment	Fair Value June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities:				
Mutual Funds	$ 439,567	$ 402,646	$ 36,921	$ -
Money Market Mutual Funds	194,334	194,334	-	-
Equities	27,998	27,998	-	-
Beneficial Interest in Trust	21,327	-	21,327	-
Equities	14,269	14,269	-	-
Limited Partnership	10,613	-	2,284	8,329
Real Estate Holdings	3,214	-	-	3,214
Private Debt Partnerships	2,061	-	-	2,061
Other Investments	987	-	987	-
Exchange-Traded Funds	880	880	-	-
Real Asset Funds	512	512	-	-
Life Insurance Contracts	485	-	485	-
Alternative Investments	414	414	-	-
Endowment investment - ACF	-	-	-	-
Endowment investment - CFSNM	-	-	-	-
Real Estate Funds	42	42	-	-
Total Equity Securities	716,703	641,095	62,004	13,604
Debt Securities:				
Securitized Mortgage Loans	2,069,967	2,069,967	-	-
U.S. Treasury Notes	1,012,925	1,012,925	-	-
U.S. Government Bonds	30,208	30,208	-	-
Government Bonds	19,571	19,571	-	-
U.S. Treasury Securities	13,677	13,677	-	-
U.S. Government Agencies	10,104	10,104	-	-
Corporate Bonds	5,440	5,260	180	-
Agency Securities (GSEs)	1,172	-	1,172	-
Fixed Income	1,094	1,094	-	-
U.S. Corporate Obligations	660	648	12	-
Asset Backed Securities	405	-	405	-
Certificate of Deposit	73	-	73	-
Total Debt Securities	3,165,296	3,163,454	1,842	-
Total Investments Measured At Fair Value	3,881,999	$ 3,804,549	$ 63,846	$ 13,604

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

9. Discretely Presented Component Units (Continued)

Fair Value (Continued)

Investment	Fair Value June 30, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments Measured at Net Asset Value (NAV):				
Alternative Investments	$ 29,562	$ -	Monthly/Quarterly/ Annually/Rolling 2 Years	2 to 90 Days
Hedge Fund Investments - Equity Long/Short	15,128	1,924	Monthly	16 Days
Hedge Fund Investments - Multi-Strategy	8,679	667	Monthly	30 Days
Limited Partnership	2,203	-	6/30 and 12/31	65 days
	3,100	-	Daily	Daily
	8,226	-	Monthly	30 Days
	1,756	-		60 days
	2,055	-		90 days
	11,266	5,617	Not Redeemable	Not Redeemable
	3,036	-	Quarterly	45 days
	550	-	Rolling Annually on Anniversary	95 days
	2,250	-	Three Series of Shares	60 days
	4,978	-	Weekly	5 days
	485	9	None	None
	2,897	-	After Lockup, Quarterly Within 45 Days Notice	45 days
	1,990	-	After Lockup, Quarterly Within 75 Days Notice	75 days
Limited Partnerships - Global Equity	142,681	-	Monthly	16 Days
Limited Partnerships - Opportunistic Credit	63,997	-	Monthly	15 Days
Limited Partnerships - Private Credit	17,867	22,075	None	None
Limited Partnerships - Private Markets	33,166	33,211	None	None
Private Investment Funds	94,193	45,911	Not Redeemable	Not Redeemable
Real Asset Funds	17,719	3,964	Not Redeemable	Not Redeemable
Real Estate Funds	7,114	2,682	Not Redeemable	Not Redeemable
Wellington Research Equity	13,225	-	Monthly	10 Days
Total Investments Measured at NAV	488,123			
Investments Measured at Amortized Cost:				
Money Market Funds in Endowment Pools	4,692			
Total Investments, Discretely-Presented Components	$ 4,374,814			

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

9. Discretely Presented Component Units (Continued)

Credit Risk

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

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

Investment Type	Rating	Value
Investments Subject to Credit Risk - S&P Ratings:		
Securitized Mortgage Loans	Gov't. Guar.	$ 1,641,605
	AA	428,362
Agency Securities (GSEs)	AAA	19,571
	AA+	1,635
Certificates of Deposits	Not Rated	-
U.S. Treasury Securities	AA+	13,214
Fixed Income	AAA	74
	AA+	65
	Aa1	1,094
	AA	152
	AA-	14
	A+	532
	A	203
	A-	750
	BBB+	886
	BBB	349
Asset-Backed Securities	AAA	40
	Not Rated	405
Corporate Bonds	A+	14
	A-	33
	BBB+	22
	BBB	72
U.S. Corporate Obligations	AA+	12
	Not Rated	648
Total Subject to Risk - S & P Ratings		2,109,752
Total Subject to Credit Risk		2,109,752
Total Not Subject to Credit Risk		1,209,518
Information Not Available		1,055,544
Total Investments, Discretely Presented Components		$ 4,374,814

NOTE 3 INVESTMENTS (CONTINUED)

F. Individual State Agencies (Continued)

9. Discretely Presented Component Units (Continued)

Interest Rate Risk

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

State of New Mexico
Discretely Presented Component Units
Maturities on Investments
(Expressed in Thousands)

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years	Life Not Available
Investments Subject to Interest Rate Risk:						
Securitized Mortgage Loans	$ 2,069,967	$ 457	$ 1,451	$ 10,731	$ 2,057,328	$ -
U.S. Treasury Notes	1,012,925	-	1,012,925	-	-	-
Agency Securities (GSEs)	30,208	20,295	448	-	-	9,465
U.S. Treasury Securities	19,571	3,476	10,201	-	-	5,894
U.S. Government Agencies	13,677	-	10,104	-	-	3,573
Fixed Income	5,440	-	660	420	14	4,346
U.S. Corporate Obligations	1,172	-	325	144	191	512
Asset Backed Securities	1,094	-	-	-	405	689
Corporate Bonds	660	-	63	87	31	479
Investments Subject to Interest Rate Risk	3,154,714	$ 24,228	$ 1,036,177	$ 11,382	$ 2,057,969	$ 24,958
Investments Not Subject to Interest Rate Risk	1,209,518					
Information Not Available	10,582					
Total Investments, Discretely Presented Components	$ 4,374,814					

NOTE 4 RECEIVABLES

Receivables at June 30, 2025, including the applicable allowances for uncollectible accounts, are as follows (expressed in thousands):

	Federal	Local Governments	Accounts Receivable	Leases	Brokers	Interest	Taxes	Current Loans	Allowance	Current Receivables, Net Total	Noncurrent Loans, Net	Noncurrent Lease Receivable	Noncurrent Receivables, Net Total	Receivables, Net Total
Governmental Activities	$ 1,983,544	$ 59,311	$ 1,162,078	$ 310,611	$ 2,322,930	$ 154,468	$ 4,281,366	$ 152,878	$ (2,999,365)	$ 7,427,821	$ 50,701	$ 16,432	$ 67,133	$ 7,494,954
Business-Type Activities	2,358	-	1,108,696	7,367	-	803	71,910	16,859	(233,296)	974,697	221,297	106,038	327,335	1,302,032
Fiduciary Funds	37	-	351,621	-	107,397	12,782	523,998	10,792	(2,088)	1,004,539	439	-	439	1,004,978
Component Units	-	1,368	22,790	-	-	20,181	-	217,390	-	261,729	4,198,019	697	4,198,716	4,460,445
Governmental Funds:														
General	1,983,268	30,772	1,016,000	310,568	593,594	120,769	4,281,366	150,593	(2,995,625)	5,491,305	21,426	16,432	37,858	5,529,163
Debt Service	-	26,544	-	-	-	122	-	-	-	26,666	-	-	-	26,666
Capital Projects	276	1,991	347	43	-	-	-	2,285	-	4,942	29,275	-	29,275	34,217
Severance Tax Permanent	-	-	-	-	493,203	33,577	-	-	-	526,780	-	-	-	526,780
Land Grant Permanent	-	-	115,006	-	1,236,133	-	-	-	-	1,351,139	-	-	-	1,351,139
Child's Trust	-	4	-	-	-	-	-	-	-	4	-	-	-	4
Internal Service	-	-	30,725	-	-	-	-	-	(3,740)	26,985	-	-	-	26,985
Business-Type Activities:														
Educational Institutions	-	-	760,940	4,089	-	-	-	-	-	765,029	2,277	49,373	51,650	816,679
Nonmajor Enterprise	2,358	-	347,756	3,278	-	803	71,910	16,859	(233,296)	209,668	219,020	56,665	275,685	485,353
Fiduciary Funds:														
Pension Trust	-	-	201,159	-	109,797	12,716	(1)	10,792	(447)	334,016	439	-	439	334,455
External Trust	-	-	15,834	-	(2,400)	-	-	-	-	13,434	-	-	-	13,434
Private-Purpose Trust	-	-	3,074	-	-	-	-	-	-	3,074	-	-	-	3,074
Custodial	37	-	131,554	-	-	66	523,999	-	(1,641)	654,015	-	-	-	654,015
Discrete Component Units:														
Finance Authority	-	-	1,491	-	-	13,428	-	217,390	-	232,309	1,785,087	-	1,785,087	2,017,396
Mortgage Finance Authority	-	-	82	-	-	6,373	-	-	-	6,455	2,295,576	-	2,295,576	2,302,031
Other Major Component Units	-	-	14,320	-	-	-	-	-	-	14,320	-	-	-	14,320
Nonmajor Component Units	-	1,368	6,897	-	-	380	-	-	-	8,645	117,356	697	118,053	126,698

NOTE 4 RECEIVABLES (CONTINUED)

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

Leases Receivable

The following are schedules of the future minimum payments for leases receivable as of June 30, 2025 (expressed in thousands):

	Governmental Activities		
Year Ending June 30,	Principal	Interest	Total
2026	$ 5,373	$ 5,855	$ 11,228
2027	6,027	5,697	11,724
2028	10,114	5,456	15,570
2029	9,914	5,197	15,111
2030	7,528	4,959	12,487
2031 - 2035	31,389	22,609	53,998
2036 - 2040	31,667	23,562	55,229
2041 - 2045	29,308	17,821	47,129
2046 - 2050	33,197	15,204	48,401
2051 - 2055	36,857	12,103	48,960
2056 - 2060	38,807	8,420	47,227
2061 - 2065	24,530	5,560	30,090
2066 - 2070	23,576	3,701	27,277
2071 - 2075	26,167	1,921	28,088
2076 - 2080	8,268	850	9,118
2081 - 2085	821	735	1,556
2086 - 2090	881	129	1,010
2091 - 2095	1,050	87	1,137
2096 - 2100	1,081	37	1,118
2101 - 2105	188	4	192
Total	$ 326,743	$ 139,907	$ 466,650

NOTE 4 RECEIVABLES (CONTINUED)

Leases Receivable (Continued)

	Business-Type Activities		
Year Ending June 30,	Principal	Interest	Total
2026	$ 5,745	$ 2,216	$ 7,961
2027	6,532	1,277	7,809
2028	5,205	1,153	6,358
2029	4,921	1,034	5,955
2030	4,357	919	5,276
2031 - 2035	17,281	3,461	20,742
2036 - 2040	16,783	3,437	20,220
2041 - 2045	17,573	2,560	20,133
2046 - 2050	8,114	887	9,001
Total	$ 86,511	$ 16,944	$ 103,455

	Discretely Presented Component Units		
Year Ending June 30,	Principal	Interest	Total
2026	$ 894	$ 2	$ 896
2027	808	-	808
2028	801	-	801
2029	209	-	209
2030	34	-	34
Total	$ 2,746	$ 2	$ 2,748

NOTE 4 RECEIVABLES (CONTINUED)

Discrete Component Units

The following is an analysis of the allowance for loan losses as of June 30, 2025, for the two largest discretely presented component units (expressed in thousands):

NMFA & NMMFA - Loan Loss Allowance

	NM Finance Authority	NM Mortgage Fin. Auth
Beginning Balance	$ 46,372	$ 16,054
Provision for Loan Losses	27,506	2,682
Loans Written Off, Net of Recoveries	(2,093)	(1,327)
Ending Balance	$ 71,785	$ 17,409

NM Finance Authority Loans have repayment terms ranging from 1 to 30 years. The stated interest rates are between 0% - 6%. NMMFA mortgage loans have repayment terms ranging from 10 to 40 years. The stated interest rates for these programs are as follows:

NMMFA - Loan Repayment Terms

Rental Housing Programs	1.98% to 7.02%
Other Mortgage Loans	0.00% to 8.41%
Second Mortgage Down Payment Assistance Loans	0.00% to 8.00%

MBSs have stated interest rates ranging from 2.175% and 7.49%.

NOTE 5 INTERFUND AND INTERAGENCY RECEIVABLES, PAYABLES, AND TRANSFERS

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

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

The composition of interfund balances as of June 30, 2025, is as follows (expressed in thousands):

	Due From	Due To	Transfers In	Transfers Out
Governmental Activities:				
General	$ 339,443	$ 1,468,613	$ 2,029,721	$ 5,713,187
Debt Service	336,386	229	226,546	2,254,105
Capital Projects	8,903	65,008	2,306,331	262,991
Severance Tax Permanent	586,623	-	1,348,513	347,975
Land Grant Permanent	393,365	-	2,428,596	1,543,052
Internal Service	-	7,661	191,601	13,040
Subtotal	1,664,720	1,541,511	8,531,308	10,134,350
Asset Transfers (Government-Wide Level):				
General	-	-	145,342	19,291
Capital Projects	-	-	-	131,232
Subtotal	-	-	145,342	150,523
Total Governmental Activities	1,664,720	1,541,511	8,676,650	10,284,873
Business-Type Activities:				
Educational Institutions	75,230	198,418	1,621,690	134,300
Nonmajor Enterprise	-	21	122,907	2,074
Total Business-Type Activities	75,230	198,439	1,744,597	136,374
Total	$ 1,739,950	$ 1,739,950	$ 10,421,247	$ 10,421,247

NOTE 6 CAPITAL ASSETS

Capital and right-to-use asset activity for Governmental Activities for the year ended June 30, 2025, was as follows (expressed in thousands):

	Beginning Balance	Additions	Deletions	Reclass	Transfers	Ending Balance
Governmental Activities:						
Capital Assets Not Being Depreciated:						
Land and Land Improvements	$ 772,133	$ 3,768	$ (23)	$ 3,903	$ 105	$ 779,886
Construction in Progress	1,286,954	795,575	(804)	(538,306)	(49,363)	1,494,056
Mineral Rights	92,257	2,908	-	-	-	95,165
Art and Other	928	249	-	-	-	1,177
Total Capital Assets Not Being Depreciated	2,152,272	802,500	(827)	(534,403)	(49,258)	2,370,284
Capital and Right-to-Use Assets Being Depreciated/Amortized:						
Capital Assets Being Depreciated:						
Land Improvements	81,049	2,631	(213)	2,742	2,553	88,762
Equipment and Machinery	341,453	43,422	(5,036)	396	8,196	388,431
Buildings and Improvements	2,158,041	41,656	(2,311)	35,484	31,969	2,264,839
Furniture and Fixtures	29,653	2,570	(904)	-	103	31,422
Data Processing Equipment and Software	555,085	36,181	(3,620)	3,912	-	591,558
Library Books and Other	13,551	174	(146)	-	-	13,579
Vehicles	411,542	30,860	(18,284)	61	771	424,950
Infrastructure	10,415,581	8,647	(1,344,770)	491,869	(51)	9,571,276
Right-to-Use Assets Being Amortized:						
Buildings and Improvements	658,379	54,038	(35,397)	-	-	677,020
Aircraft, Autos, and Trucks	14,206	548	(1,249)	(61)	-	13,444
Equipment and Machinery	12,942	5,262	(2,453)	-	(16)	15,735
Information Technology	389	-	(169)	-	-	220
Lease Asset - Right-to-Use - Depreciable	7,293	463	(202)	-	-	7,554
Subscriptions	45,518	20,066	(14,074)	-	-	51,510
Subtotal	14,744,680	246,518	(1,428,828)	534,403	43,525	14,140,300
Less: Accumulated Depreciation/Amortization for:						
Accumulated Depreciation for Capital Assets:						
Land Improvements	(37,334)	(2,635)	36	-	-	(39,933)
Equipment and Machinery	(181,220)	(33,727)	4,468	-	137	(210,342)
Buildings and Improvements	(1,279,470)	(59,861)	974	-	-	(1,338,357)
Furniture and Fixtures	(19,324)	(1,963)	1,028	-	-	(20,259)
Data Processing Equipment and Software	(379,643)	(38,749)	3,340	-	267	(414,785)
Library Books and Other	(7,603)	(1,224)	327	-	-	(8,500)
Vehicles	(310,460)	(31,346)	18,342	-	132	(323,332)
Infrastructure	(5,684,538)	(317,100)	1,344,769	-	-	(4,656,869)
Accumulated Amortization for Right-to-Use Assets:						
Buildings and Improvements	(159,533)	(55,066)	24,862	-	-	(189,737)
Aircraft, Autos, and Trucks	(8,159)	(3,595)	1,236	-	-	(10,518)
Equipment and Machinery	(6,540)	(3,648)	2,657	-	16	(7,515)
Information Technology	(263)	(67)	168	-	-	(162)
Subscriptions	(18,572)	(16,610)	12,914	-	-	(22,268)
Subtotal	(8,092,659)	(565,591)	1,415,121	-	552	(7,242,577)
Total Capital and Right-to-Use Assets Being Depreciated/Amortized, Net	6,652,021	(319,073)	(13,707)	534,403	44,077	6,897,723
Total Governmental Activities Capital Assets, Net	$ 8,804,293	$ 483,427	$ (14,534)	$ -	$ (5,181)	$ 9,268,007

NOTE 6 CAPITAL ASSETS (CONTINUED)

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

General Control	$	85,923
Education		3,958
Health and Human Services		38,644
Highways and Transportation		337,441
Culture, Recreation, and Nat. Resources		25,363
Judicial		22,032
Legislative		2,667
Public Safety		41,063
Regulation and Licensing		8,500
Total	$	565,591

NOTE 6 CAPITAL ASSETS (CONTINUED)

Capital and right-to-use asset activity for Business-Type Activities for the year ended June 30, 2025, was as follows (expressed in thousands):

	Beginning Balance	Additions	Deletions	Reclass	Transfers	Ending Balance
Business-Type Activities:						
Capital Assets Not Being Depreciated:						
Land and Land Improvements	$ 120,721	$ 9,117	$ (64)	$ 10,916	$ -	$ 140,690
Construction in Progress	729,097	349,500	(10,742)	(191,135)	(1,671)	875,049
Art and Other	3,080	-	(27)	-	-	3,053
Total Capital Assets Not Being Depreciated	852,898	358,617	(10,833)	(180,219)	(1,671)	1,018,792
Capital and Right-to-Use Assets Being Depreciated/Amortized:						
Capital Assets Being Depreciated:						
Land Improvements	194,658	130	-	11,658	-	206,446
Equipment and Machinery	1,160,047	72,979	(23,687)	24,837	-	1,234,176
Buildings and Improvements	3,998,520	31,977	(13,944)	131,480	5,370	4,153,403
Furniture and Fixtures	380	81	-	-	-	461
Data Processing Equipment and Software	22,734	452	(101)	-	1,482	24,567
Library Books and Other	373,654	9,168	(987)	-	-	381,835
Vehicles	9,468	1,457	(24)	-	-	10,901
Infrastructure	394,508	145	-	12,244	-	406,897
Right-to-Use Assets Being Amortized:						
Land Improvements	106	-	-	(106)	-	-
Buildings and Improvements	69,615	737	(12,280)	1,000	-	59,072
Lease Depr Infrastructure	-	-	-	-	-	-
Equipment and Machinery	9,402	568	(1,808)	(894)	-	7,268
Lease Depr Info Tech	-	-	-	-	-	-
Lease Depr Furn & Fixtures	-	-	-	-	-	-
Lease Asset0Right-to-Use0Depreciable	4,847	80	(381)	-	-	4,546
Subscriptions	122,280	28,618	(21,878)	126	-	129,146
Subtotal	6,360,219	146,392	(75,090)	180,345	6,852	6,618,718
Less: Accumulated Depreciation/Amortization for:						
Accumulated Depreciation for Capital Assets:						
Land Improvements	(162,064)	(9,944)	-	(1,182)	-	(173,190)
Equipment and Machinery	(858,287)	(64,301)	22,613	-	-	(899,975)
Buildings and Improvements	(2,037,853)	(100,599)	9,163	1,182	-	(2,128,107)
Furniture and Fixtures	(350)	(7)	-	-	-	(357)
Data Processing Equipment and Software	(17,308)	(339)	101	-	-	(17,546)
Library Books and Other	(335,296)	(10,015)	987	-	-	(344,324)
Vehicles	(6,319)	(671)	23	-	-	(6,967)
Infrastructure	(284,067)	(11,810)	-	-	-	(295,877)
Accumulated Amortization for Right-to-Use Assets:						
Lease Asset0Right-to-Use0Depreciable	(2,890)	(509)	381	-	-	(3,018)
Land Improvements	(79)	-	-	-	-	(79)
Buildings and Improvements	(32,004)	(9,698)	5,855	-	-	(35,847)
Amort Lease Infrastructure	-	-	-	-	-	-
Amort Lease Airc, Auto & Truck	-					-
Equipment and Machinery	(5,617)	(466)	1,562	-	-	(4,521)
Amort Lease Info Tech	-	-	-	-	-	-
Amort Lease Furn & Fix	-	-	-	-	-	-
Lease Asset0Right-to-Use	-	-	-	-	-	-
Subscriptions	(69,880)	(27,846)	20,980	(126)	-	(76,872)
Subtotal	(3,812,016)	(236,205)	61,665	(126)	-	(3,986,682)
Total Capital and Right-to-Use Assets Being Depreciated/Amortized, Net	2,548,203	(89,813)	(13,425)	180,219	6,852	2,632,036
Total Business-Type Activities Capital Assets, Net	$ 3,401,101	$ 268,804	$ (24,258)	$ -	$ 5,181	$ 3,650,828

NOTE 6 CAPITAL ASSETS (CONTINUED)

Capital and right-to-use asset activity for Fiduciary Funds for the year ended June 30, 2025, was as follows (expressed in thousands):

	Beginning Balance	Additions	Deletions	Reclass	Transfers	Ending Balance
Fiduciary Funds:						
Capital Assets Not Being Depreciated:						
Land and Land Improvements	$ 2,793	$ -	$ (248)	$ -	$ -	$ 2,545
Construction in Progress	8,953	14,171	-	-	-	23,124
Art and Other	31	-	-	-	-	31
Total Capital Assets Not Being Depreciated	11,777	14,171	(248)	-	-	25,700
Capital and Right-to-Use Assets Being Depreciated/Amortized:						
Capital Assets Being Depreciated:						
Land Improvements	19	-	(19)	-	-	-
Equipment and Machinery	545	-	(181)	-	-	364
Buildings and Improvements	16,082	-	(3,436)	-	-	12,646
Furniture and Fixtures	831	412	(474)	-	-	769
Data Processing Equipment and Software	25,103	177	-	-	-	25,280
Vehicles	46	-	-	-	-	46
Right-to-Use Assets Being Amortized:						
Buildings and Improvements	5,013	-	-	-	-	5,013
Equipment and Machinery	298	126	(80)	-	-	344
Subscriptions	1,889	376	(113)	-	-	2,152
Subtotal	49,826	1,091	(4,303)	-	-	46,614
Less: Accumulated Depreciation/Amortization for:						
Accumulated Depreciation for Capital Assets:						
Land Improvements	(1,843)	(265)	195	-	-	(1,913)
Equipment and Machinery	(31)	(68)	-	-	-	(99)
Buildings and Improvements	(8,653)	(477)	2,772	-	-	(6,358)
Furniture and Fixtures	(788)	(1)	474	-	-	(315)
Data Processing Equipment and Software	(22,665)	(94)	-	-	-	(22,759)
Vehicles	(46)	-	-	-	-	(46)
Accumulated Amortization for Right-to-Use Assets:						
Buildings and Improvements	(612)	(270)	-	-	-	(882)
Equipment and Machinery	(646)	(169)	80	-	-	(735)
Subscriptions	(433)	(993)	113	-	-	(1,313)
Subtotal	(35,717)	(2,337)	3,634	-	-	(34,420)
Total Capital and Right-to-Use Assets Being Depreciated/Amortized, Net	14,109	(1,246)	(669)	-	-	12,194
Total Fiduciary Funds Capital Assets, Net	$ 25,886	$ 12,925	$ (917)	$ -	$ -	$ 37,894

NOTE 6 CAPITAL ASSETS (CONTINUED)

Capital and right-to-use asset activity for Component Units for the year ended June 30, 2025, was as follows (expressed in thousands):

	Beginning Balance	Additions	Deletions	Reclass	Transfers	Ending Balance
Component Units*:						
Capital Assets Not Being Depreciated:						
Land and Land Improvements	$ 41,662	$ 2,140	$ (512)	$ -	$ -	$ 43,290
Construction Work in Progress	18,236	226	(220)	(2,625)	-	15,617
Mineral Rights	30	-	-	-	-	30
Art and Other	28,298	2,058	-	-	-	30,356
Total Capital Assets Not Being Depreciated	88,226	4,424	(732)	(2,625)	-	89,293
Capital and Right-to-Use Assets Being Depreciated/Amortized:						
Capital Assets Being Depreciated:						
Buildings and Improvements	283,709	25,284	(4,982)	2,625	-	306,636
Leasehold Improvements	4,380	1,304	(168)	-	-	5,516
Infrastructure	20,081	1,521	-	-	-	21,602
Vehicles	5,697	1,872	(40)	-	-	7,529
Machinery and Equipment	19,365	1,348	-	-	-	20,713
Data Processing Equipment and Software	4,479	184	(183)	-	-	4,480
Furniture and Fixtures	24,952	7,149	(487)	-	-	31,614
Library Books and Other	206	20	-	-	-	226
Right-to-Use Assets Being Amortized:						
Buildings and Improvements	47,605	4,077	(27,022)	-	-	24,660
Aircraft, Autos, and Trucks	647	-	(647)	-	-	-
Equipment and Machinery	2,277	875	(379)	-	-	2,773
Subscriptions	1,363	572	(787)	-	-	1,148
Subtotal	414,761	44,206	(34,695)	2,625	-	426,897
Less: Accumulated Depreciation/Amortization for:						
Accumulated Depreciation for Capital Assets:						
Buildings and Improvements	(42,822)	(9,773)	3,450	-	-	(49,145)
Infrastructure	(12,661)	(667)	-	-	-	(13,328)
Vehicles	(3,377)	(534)	40	-	-	(3,871)
Equipment and Machinery	(11,588)	(1,029)	-	9	-	(12,608)
Leasehold Improvements	(1,329)	(313)	75	-	-	(1,567)
Data Processing Equipment and Software	(3,457)	(652)	183	-	-	(3,926)
Furniture and Fixtures	(12,428)	(3,288)	432	-	-	(15,284)
Library Books and Other	(128)	-	-	(9)	-	(137)
Accumulated Amortization for Right-to-Use Assets:						
Buildings and Improvements	(16,356)	(7,707)	12,689	-	-	(11,374)
Aircraft, Autos, and Trucks	(144)	(76)	220	-	-	-
Equipment and Machinery	(943)	(559)	342	-	-	(1,160)
Subscriptions	(317)	(277)	205	-	-	(389)
Subtotal	(105,550)	(24,875)	17,636	-	-	(112,789)
Total Capital and Right-to-Use Assets Being Depreciated/Amortized, Net	309,211	19,331	(17,059)	2,625	-	314,108
Total Component Units Capital Assets, Net	$ 397,437	$ 23,755	$ (17,791)	$ -	$ -	$ 403,401

*Beginning balances for component units were restated due to changes in the charter school reporting entity for changes in where certain schools are included as a state charter school.

NOTE 7 DEFERRED OUTFLOWS OF RESOURCES

A. Deferred Charge on Refunding

The State issued multiple series of refunding bonds in prior years to advance-refund certain older issues. Thus, the bonds which were advance-refunded are considered defeased in substance. The excess of the reacquisition price (funds required to refund the old debt) over the net carrying amount of the old debt resulted in a loss, reported as a deferred outflow of resources. For fiscal year ending June 30, 2025, the deferred outflow of resources for governmental activities and business-type activities were as follows (expressed in thousands):

Deferred Charge on Refunding

	Governmental	Business-Type
Beginning Balance	$ 15,903	$ 7,591
Additions	140	-
Deletions	(6,249)	(754)
Ending Balance	$ 9,794	$ 6,837

B. Interest Rate Swaps

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

NOTE 8 LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2025, are presented in the following table (expressed in thousands). As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

	Beginning Balance*	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Long-Term Debt
Governmental Activities:						
General Obligation Bonds	$ 447,170	$ 210,960	$ (99,355)	$ 558,775	$ 100,830	$ 457,945
Severance Tax Bonds	1,091,095	235,100	(166,340)	1,159,855	155,820	1,004,035
Revenue Bonds and Loans Payable	737,705	117,485	(220,231)	634,959	97,311	537,648
Net Unamortized Premiums, Discounts	243,886	37,632	(64,481)	217,037	51,520	165,517
Subtotal	2,519,856	601,177	(550,407)	2,570,626	405,481	2,165,145
Insurance Claims Payable	478,005	131,236	(92,722)	516,519	256,329	260,190
Arbitrage and other Contingent Liabilities	29,792	12,493	-	42,285	-	42,285
Compensated Absences *	194,686	13,116	-	207,802	146,128	61,674
Native American Water Settlement Liability	23,753	-	(5,500)	18,253	-	18,253
Pollution Remediation Obligation	58,336	10,565	(3,217)	65,684	1,960	63,724
Lease Liabilities	536,710	59,263	(66,176)	529,797	52,054	477,743
Subscription	17,090	25,135	(16,786)	25,439	13,297	12,142
Subtotal	1,338,372	251,808	(184,401)	1,405,779	469,768	936,011
Total Governmental Long-Term Liabilities	$ 3,858,228	$ 852,985	$ (734,808)	$ 3,976,405	$ 875,249	$ 3,101,156

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Long-Term Debt
Business-Type Activities:						
General Obligation Bonds	$ 18,275	$ -	$ (1,505)	$ 16,770	$ 1,455	$ 15,315
Revenue Bonds	605,283	-	(51,150)	554,133	46,872	507,261
Bond Premium, Discount, Net	23,944	-	(3,350)	20,594	6,084	14,510
Subtotal	647,502	-	(56,005)	591,497	54,411	537,086
Compensated Absences *	142,172	39,034	-	181,206	174,983	6,223
Reserve for Losses	131,615	14,965	-	146,580	-	146,580
Notes Payable	9,550	-	(2,585)	6,965	2,279	4,686
Insurance Claims Payable	12,193	4,493	-	16,686	-	16,686
Mortgages Payable	366,047	63,068	(12,592)	416,523	14,797	401,726
Lease Liabilities	55,587	11,620	(29,828)	37,379	10,431	26,948
Subscription	43,259	22,184	(19,707)	45,736	17,539	28,197
Derivative Instruments - Interest Rate Swaps	563	-	(88)	475	-	475
Student Loans	7,691	1,890	(593)	8,988	-	8,988
Environmental Cleanup	5,434	-	-	5,434	-	5,434
Subtotal	774,111	157,254	(65,393)	865,972	220,029	645,943
Total Business-Type Long-Term Liabilities	$ 1,421,613	$ 157,254	$ (121,398)	$ 1,457,469	$ 274,440	$ 1,183,029
Fiduciary:						
Pension Trust Funds:						
Reserve for Losses	$ 19,260	$ 2,357	$ -	$ 21,617	$ -	$ 21,617
Lease Liabilities	4,286	204	(359)	4,131	235	3,896
Subscriptions	1,420	376	(765)	1,031	579	452
Compensated Absences *	2,436	71	-	2,507	1,347	1,160
Total Fiduciary Long-Term Liabilities	$ 27,402	$ 3,008	$ (1,124)	$ 29,286	$ 2,161	$ 27,125
Component Units**:						
Revenue Bonds	$ 3,709,722	$ 457,365	$ (307,804)	$ 3,859,283	$ 164,582	$ 3,694,701
Bond Premium, Discount, Net	251,579	21,138	(4,539)	268,178	54,951	213,227
Subtotal	3,961,301	478,503	(312,343)	4,127,461	219,533	3,907,928
Compensated Absences*	9,508	1,776	-	11,284	7,508	3,776
Notes Payable	192,259	1,701,986	(1,754,605)	139,640	44,765	94,875
Loans Payable	-	-	-	-	-	-
Lease Liabilities	35,392	4,527	(24,702)	15,217	6,496	8,721
Subscription Liabilities	561	426	(456)	531	245	286
Subtotal	237,720	1,708,715	(1,779,763)	166,672	59,014	107,658
Total Component Unit Long-Term Liabilities	$ 4,199,021	$ 2,187,218	$ (2,092,106)	$ 4,294,133	$ 278,547	$ 4,015,586

*Compensated absences were restated due to GASB 101 Implementation. The change in the compensated absence liability is presented as a net change in accordance with GASB 101.

**Beginning balances for component units were restated due to changes in the charter school reporting entity for changes in where certain schools are included as a state charter school.

A. General Obligation Bonds

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

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

A. General Obligation Bonds (Continued)

General obligation bonds outstanding at year-end are as follows:

General Obligation Bonds Payable
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2025	Due in One Year
Series 2015	3/25/15	2025	5.00 %	$ 141,635	$ -	$ -
Series 2017A	8/1/17	2027	5.00	148,520	40,875	19,625
Series 2017B	8/1/17	2025	5.00	151,790	-	-
Series 2019	7/30/19	2029	5.00	139,985	33,510	6,145
Series 2021	5/27/21	2031	5.00	166,675	87,485	16,995
Series 2023	4/27/23	2033	5.00	223,710	185,945	19,410
Series 2025	7/20/25	2033	5.00	210,960	210,960	38,655
Total General Obligation Bonds Payable					$ 558,775	$ 100,830

General Obligation Bond Premium Outstanding
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2025	Due in One Year
Series 2015	3/25/15	2025	5.00 %	$26,120	$ -	$ -
Series 2017A	8/1/17	2027	5.00	26,897	965	759
Series 2017B	8/1/17	2025	5.00	23,160	-	-
Series 2019	7/30/19	2029	5.00	17,947	2,761	1,242
Series 2021	5/27/21	2031	5.00	32,869	11,630	3,624
Series 2023	4/27/23	2033	5.00	35,178	21,278	5,062
Series 2025	7/20/25	2033	5.00	13,393	13,393	2,576
Total General Obligation Bond Premium Outstanding					$ 50,027	$ 13,263

General Obligation Bonds
Debt Service Requirements to Maturity
(Expressed in Thousands)

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 100,830	$ 24,756	$ 125,586
2027	110,770	23,299	134,069
2028	60,495	17,760	78,255
2029	65,885	14,628	80,513
2030	45,470	11,334	56,804
2031 - 2035	175,325	21,942	197,267
Total	$ 558,775	$ 113,719	$ 672,494

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

B. Severance Tax Bonds

Severance tax bonds are used to fund the capital needs of state agencies, local governments, and public and higher education as authorized by the Legislature of the State of New Mexico. In addition, severance tax bonds have been issued to refund severance tax bonds. Funding for the payment of the debt service of the severance tax bonds is provided through the collection of severance taxes levied on the mining and production of various natural resources, such as minerals, oil, and gas. The severance tax bonds are secured by the levied taxes. This is a permanent commitment of a portion of total severance tax revenues. As authorized by State statute, severance tax revenues are transferred to the Severance Tax Bonding Fund and first pay the required debt service on severance tax bonds and supplemental severance tax bonds issued by the State, with the remainder being transferred to the Severance Tax Permanent Fund. For the year ended June 30, 2025, total severance tax revenues transferred to the Severance Tax Bonding Fund were $216.6 million. The total principal and interest payments were $166.3 million and $50.3 million, respectively.

On June 26, 2025, the State issued Severance Tax Bonds Series 2025A in the amount of $235.1 million, with a premium of $17.4 million, and carrying an interest rate of 5.00 percent. The proceeds will be used to finance capital improvements approved by the State Legislature.

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

Severance Tax Bonds Payable
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2025	Due in One Year
Series 2015A	8/12/2015	2026	0.05 %	$129,195	$18,210	$18,210
Series 2015B Supplemental	8/12/2015	2026	5.00	69,745	8,900	8,900
Series 2016A	6/23/2016	2027	3.00 - 5.00	78,750	29,530	14,395
Series 2016B	6/23/2016	2025	4.00	181,395	-	-
Series 2016D	12/6/2016	2028	5.00	26,725	17,200	5,480
Series 2017A	8/8/2017	2028	5.00	69,470	25,695	8,390
Series 2018A	6/28/2018	2029	5.00	122,560	57,320	13,275
Series 2020A	11/3/2020	2031	5.00	94,735	65,485	9,635
Series 2021A	6/29/2022	2032	5.00	317,170	238,050	29,125
Series 2022A	6/29/2022	2033	5.00	260,900	218,605	22,790
Series 2022B	10/11/2022	2033	5.00	293,310	245,760	25,620
Series 2025A	6/26/2025	2035	5.00	235,100	235,100	-
Total Severance Tax Bonds Payable					$ 1,159,855	$ 155,820

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

B. Severance Tax Bonds (Continued)

Severance Tax Bond Premium Outstanding
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2025	Due in One Year
Series 2015A	8/12/2015	2026	0.05 %	$23,121	$ -	$ -
Series 2015 B Supplemental	8/12/2015	2026	5.00	11,428	-	-
Series 2016 A	6/23/2016	2027	3.00 - 5.00	19,770	241	241
Series 2016 D	12/6/2016	2028	5.00	5,379	216	155
Series 2017A	8/8/2017	2028	5.00	13,280	583	421
Series 2018A	6/28/2018	2029	5.00	17,619	1,676	902
Series 2020A	11/3/2020	2031	5.00	22,589	6,082	2,143
Series 2021A	6/29/2021	2032	5.00	74,551	27,275	8,182
Series 2022A	6/29/2022	2033	5.00	31,097	15,398	4,019
Series 2022B	10/11/2022	2033	5.00	35,178	12,432	3,245
Series 2025A	6/26/2025	2035	5.00	17,421	17,421	3,271
Total Severance Tax Bond Premium Payable					$ 81,324	$ 22,579

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

Severance Tax Bonds
Debt Service Requirements to Maturity
(Expressed in Thousands)

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$155,820	$48,383	$204,203
2027	153,545	46,363	199,908
2028	145,225	38,894	184,119
2029	137,175	31,834	169,009
2030	128,000	25,205	153,205
2031 - 2035	410,950	42,862	453,812
Total	$ 1,159,855	$ 234,270	$ 1,394,125

C. Short-Term Debt

Per Section 7-27-8 NMSA, the Office of State Treasurer is required to transfer any money left in the Severance Tax Bond Fund every June 30 and December 31 to the Severance Tax Permanent Fund. The State Board of Finance issues short-term Severance Tax Notes, which are of one to three days duration, in order to more fully utilize the excess cash until such time as it is transferred. During the fiscal year 2025, short-term notes were sold and redeemed as follows (expressed in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
Sponge Bonds	$ -	$ 1,315,065	$ (1,315,065)	$ -

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

D. Revenue Bonds

The State also issues bonds where the government pledges certain revenue for the payment of debt service. These revenues are generally a particular agency's share of the governmental gross receipts tax. For those sold for the State Department of Transportation, these also include gasoline excise taxes, motor vehicle registration fees, and other fees required by law to be paid into the State Road Fund. For those issued for higher education institutions, these revenues include tuition fees, distributions from the State Permanent Fund, and other miscellaneous revenue sources.

Revenue bonds payable are as follows:

Governmental Activities

Revenue Bonds and Loans Payable - Primary Government
(Expressed in Thousands)

Bond Issue	Original Issue	Maturity Date	Interest Rate	Balance June 30, 2025	Due in One Year
The following are direct borrowings, loans issued by NM Finance Authority to various departments of the State based on the bonds issued:					
Series 2021 Spaceport Public Project	$ 35,439	2030	0.77	$ 18,084	$ 4,472
2016C PPRF 3445 - General Services Dept. 8	37,320	2036	1.90 - 4.90	25,425	1,870
2018C1 PPRF - General Services Dept. - 4717A	11,510	2039	4.00 - 5.00	11,510	85
2018C2 PPRF - General Services Dept. - 4717B	7,040	2038	2.77 - 4.09	6,750	-
2018A PPRF - General Services Dept. - 4431	28,480	2036	4.00 - 5.00	20,060	1,450
PPRF - 4955 - GSD Energy Efficiency	11,500	2033	2.90 - 3.90	8,630	850
PPRF - 2668 -DOH 9 - Las Vegas Med. Ctr.	8,975	2037	3.80	7,440	49
PPRF - 4432 - Cig. Tax Ref. Bonds	5,120	2028	5.00	1,570	515
PPRF - 4769 - Ft. Bayard Med. Ctr.	48,635	2039	5.00	37,515	2,120
Total Direct Borrowings				136,984	11,411
The following Revenue Bonds are direct placements, issued by the State Department of Transportation (DOT) with the assistance of NMFA acting in an agency capacity on behalf of DOT:					
Series 2014 A Revenue	70,110	2032	5.00	-	-
Series 2014 B Revenue	79,405	2027	5.00	-	-
Series 2018 A Refunding	420,090	2030	5.00	157,290	29,795
Series 2020 A Refunding	63,180	2025	5.00	-	-
Series 2021 A Refunding	234,600	2030	5.00	209,805	26,345
Series 2022 A Refunding	47,240	2026	5.00	21,470	21,470
Series 2024 A Refunding	117,485	2031	5.00	109,410	8,290
Total Direct Placements				497,975	85,900
Total Revenue Bonds and Loans, Governmental Activities				$ 634,959	$ 97,311

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

D. Revenue Bonds (Continued)

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

Revenue Bonds and Loans - Primary Government
Debt Service Requirements to Maturity
(Expressed in Thousands)

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$97,311	$30,241	$ 127,552
2027	113,270	25,586	138,856
2028	107,964	20,150	128,114
2029	113,525	14,976	128,501
2030	114,289	9,578	123,867
2031 - 2035	54,261	13,693	67,954
2036 - 2040	34,339	3,761	38,100
Total	$ 634,959	$ 117,985	$ 752,944

Governmental Activities (Continued)

Of the total of bonds and loans payable for governmental activities, $137 million is payable to NM Finance Authority, a discretely presented component unit. These loans are considered to be direct borrowings. There are various covenants in the loan agreements which protect the lender from a default. These are summarized as follows:

Bonds and Loans Payable - Payable to Others and Payable to NMFA
(Expressed in Thousands)

	Payable to Ext. Entities	Due to NMFA	Total
Current:			
Due to NMFA	$ -	$ 11,411	$ 11,411
Payable to External Entities	85,900	-	85,900
Total Current	85,900	11,411	97,311
Long-Term:			
Due to NMFA	-	125,573	125,573
Payable to External Entities	412,075	-	412,075
Total Long-Term	412,075	125,573	537,648
Total	$ 497,975	$ 136,984	$ 634,959

Several of the loans reported are secured by prior agreement with tax revenue intercepted by the State Taxation and Revenue Department and sent directly to the NMFA. This includes loans to the General Services Department totaling $129.6 million.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

D. Revenue Bonds (Continued)

Business-Type Activities

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

Revenue Bonds and Loans Payable - Primary Government
(Expressed in Thousands)

Bond Issue	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2025	Due in One Year
The following are direct borrowings, loans issued by NMFA to various state educational institutions, based on the bonds:					
System Imp. Revenue Series 2015 A	2045	0.34 - 3.93 %	$12,480	$9,420	$2,395
System Revenue Refunding Series 2015 B	2026	0.34 - 2.44	6,175	615	-
System Imp. Revenue Bonds Series 2017	2038	0.09 - 3.48	5,645	3,983	
System Imp. Revenue Bonds Series 2020	2036	1.12 - 2.75	22,445	17,130	
General Obligation Bonds Series 2020	2030	0.47 - 1.25	3,000	520	
System Refunding Revenue Series 2009 B	2035	5.32 - 6.07	14,000	7,065	590
System Refunding Revenue Series 2012	2034	0.93 - 4.26	19,741	9,185	865
System Refunding Revenue Series 2021	2031	1.01	8,470	14,015	1,136
Series 2019A Improvement	2039	1.30 - 2.89	5,181	3,978	1,233
Series 2019B Improvement	2044	1.30 - 3.15	6,689	6,173	
System Refunding & Imp. Revenue Series 2013	2038	2.10 - 5.10	6,755	3,065	1,068
System Revenue Refunding Series 2020 A	2038	2.25	9,000	6,888	
System Improvement Series 2020 B	2045	2.25	7,631	6,653	
Series 2022 Subordinate Lien System Improvement Bonds	2042	2.61	5,080	4,440	
Loan Payable	2036	1.50 - 2.50	7,000	4,605	340
Bond Series 2022	2042	3.60 - 5.00	28,065	28,055	
UNM Health Sciences PPRF 5586	2036	1.90-4.90	26,200	22,000	1,550
UNM Los Alamos PPRF 6747	2033		1,500	1,500	-
UNM Medical Group PPRF 6538	2047		18,000	18,000	-
Subtotal				167,290	9,177
The following are direct borrowing mortgage loans issued by separate financial institutions to the University of New Mexico:					
Mortgage Loan	2041	1.98	106,386	82,858	6,179
Mortgage Loan - UNM Hospital	2049	3.28	276,877	313,719	8,618
Total Direct Borrowings				396,577	14,797
The following Revenue Bonds are direct placements:					
Refunding and Imp. Revenue Series 2013 A-C	2030	1.89 - 5.27	56,200	7,745	
System Imp. Revenue Series 2017 A-C	2042	1.75 - 5.00	73,240	53,335	6,860
Refunding and Imp. Revenue Series 2019 A & B	2040	2.00 - 5.00	24,985	15,915	
Series 2013A Improvement	2028	2.00 - 4.00	8,935	2,600	
UNM Hospital Mortgage Bond	2032	0.48 - 3.53	115,000	54,795	6,975
Subordinate Lien System Imp. Revenue Series 2001	2026	Variable	52,625	3,450	
Subordinate Lien System Refunding Revenue Series 2002 B	2026	Variable	25,475	3,665	
Subordinate Lien System Refunding Revenue Series 2002 C	2030	Variable	37,840	14,345	
Subordinate Lien System Imp. Revenue Series 2016A	2046	2.00 - 5.00	158,435	126,625	
Subordinate Lien System Imp. Revenue Series 2017	2047	3.25 - 5.00	40,900	35,165	
Subordinate Lien System Imp. Revenue Series 2019	2032	1.85 - 3.02	22,140	13,290	
Subordinate Lien System Ref. Revenue Series 2021	2035	0.17 - 2.17	74,450	62,740	
System Improvement Revenue Bond - Series 2023	2053	4.13 - 5.50	51,995	51,330	26,930
Total Direct Placements				445,000	40,765
Total Revenue Bonds and Loans, Business-type Activities				$ 1,008,867	$ 64,739

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

D. Revenue Bonds (Continued)

Business-Type Activities (Continued)

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

Revenue Bonds and Loans - Primary Government
(Expressed in Thousands)

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$64,739	$34,492	$ 99,231
2027	61,420	32,290	93,710
2028	63,554	30,471	94,025
2029	64,308	28,534	92,842
2030	65,175	26,646	91,821
2031 - 2035	282,298	102,859	385,157
2036 - 2040	167,151	61,169	228,320
2041 - 2045	133,271	36,371	169,642
2046 - 2050	97,530	10,786	108,316
2051 - 2055	9,421	1,055	10,476
Total	$ 1,008,867	$ 364,673	$ 1,373,540

Of the total of bonds and loans payable for business-type activities, $167 million is payable to NM Finance Authority, a discretely presented component unit. These loans are considered to be direct borrowings. There are various covenants in the loan agreements which protect the lender from a default. These are summarized as follows:

Bonds and Loans Payable - Payable to Others and Payable to NMFA
(Expressed in Thousands)

	Payable to Ext. Entities	Due to NMFA	Total
Current:			
Direct Borrowings:			
Due to NMFA	$ -	$ 9,177	$ 9,177
Due to Other Fin. Inst.	14,797	-	14,797
Payable to External Entities	40,765	-	40,765
Total Current	55,562	9,177	64,739
Long-Term:			
Direct Borrowings:			
Due to NMFA	-	158,113	158,113
Due to Other Fin. Inst.	381,780	-	381,780
Payable to External Entities	404,235	-	404,235
Total Long-Term	786,015	158,113	944,128
Total	$ 841,577	$ 167,290	$ 1,008,867

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

E. Pledged Revenue

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

Governmental Activities

Agency:	***State of New Mexico - Severance Tax Bonds***
Purpose of Bonds:	Construction and acquisition of capital projects statewide
Total Amount of Bonds Issued:	$ 1.8 billion
Type of Revenues Pledged:	Severance tax revenues collected from oil, gas, and mineral extraction activities.
Term of Commitment:	Through June 30, 2032
Total Debt Service Remaining:	$ 1.4 billion
Revenue Stream for Current Year:	$ 2.1 billion
Debt Service for Current Year:	$ 166.3 million

Agency:	***Department of Transportation***
Purpose of Bonds:	Construct and improve State highway and transportation system.
Total Amount of Bonds Issued:	$ 1.0 billion
Type of Revenues Pledged:	Gasoline excise taxes, motor vehicle registration and other fees deposited into State Road Fund, plus Federal Highway Fund revenues
Term of Commitment:	Through June 30, 2031
Total Debt Service Remaining:	$ 578.2 million
Revenue Stream for Current Year:	$ 1.1 billion
Debt Service for Current Year:	$ 85.9 million

Agency:	***Spaceport Authority***
Purpose of Bonds	Construction of the Spaceport America launch facility.
Total Amount of Debt Issued:	$35.4 million
Type of Revenues Pledged:	Authority's share of governmental gross receipts tax revenue
Total Debt Service Remaining:	$ 18.4 million
Term of Commitment:	Through June 30, 2029
Revenue Stream for Current Year:	$ 12.1 million
Debt Service for Current Year:	$ 4.6 million

Agency:	***Bernalillo County Metropolitan Court***
Purpose of Bonds	Court parking structure
Total Amount of Debt Issued:	
Type of Revenues Pledged:	Court facilities fees collected.
Total Debt Service Remaining:	
Term of Commitment:	Through June 30, 2025
Revenue Stream for Current Year:	
Debt Service for Current Year:	

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

E. Pledged Revenue (Continued)

Governmental Activities (Continued)

Agency:	***General Services Department***
Purpose of Bonds	State facilities acquisition and development.
Total Amount of Debt Issued:	$ 147.4 million
Type of Revenues Pledged:	Government gross receipts tax, cigarette tax.
Total Debt Service Remaining:	$ 158.7 million
Term of Commitment:	Through June 30, 2039
Revenue Stream for Current Year:	$ 8.2 million
Debt Service for Current Year:	$ 7.9 million

Business-Type Activities

Agency:	***Miners' Colfax Medical Center***
Purpose of Bonds:	Improvement and expansion of medical facilities
Total Amount of Bonds Issued:	
Type of Revenues Pledged:	Center's share of distributions from the State Land Grant and the Charitable, Penal, and Reform Permanent Funds
Total Debt Service Remaining:	
Term of Commitment:	
Revenue Stream for Current Year:	
Debt Service for Current Year:	

Agency:	***Educational Institutions (UNM, NMSU, ENMU, WNMU, NMMI, NMHU, NM Tech)***
Purpose of Bonds:	Construction and improvement of various capital facilities
Total Amount of Bonds Issued:	$ 1.1 billion
Type of Revenues Pledged:	Substantially all unrestricted revenues, including Permanent Fund distributions, student fees, and income from revenue-producing facilities, but excluding state appropriations and income from clinical operations.
Total Debt Service Remaining:	$ 1.3 billion
Term of Commitment:	Through June 30, 2053
Revenue Stream for Current Year:	$ 758.7 million
Debt Service for Current Year:	$ 59 million

F. Leases Payable

The State implemented GASB Statement No. 87, *Leases,* as of July 1, 2021. This statement requires that governmental entities record leases payable with terms of more than one year at the present value of the future payments. In addition, an intangible asset conveying a right-to-use the stated building or equipment must also be recorded. Similar requirements exist for lessors of buildings or equipment.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

F. Leases Payable (Continued)

Right-to-Use Assets

The State has recorded intangible right-to-use assets as a result of implementing GASB 87. The leased assets are initially measured at the amount equal to the initial measurement of the related lease liability, unless other costs are involved. Leased assets are amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the lease term.

These right-to-use assets are located in the Capital Assets section of this report.

Lease Liability

The lease agreements have been recorded at the present value of the future lease payments as of the date of their inception or, for leases existing prior to the implementation date, at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2021. If a discount rate is not stated in the agreement, the lessee's incremental borrowing rate should be used. For leases beginning during fiscal year 2025, the State has adopted the rate of 3.70% for lease terms greater than one year and less than five years, 3.87% for lease terms greater than five years and less than 10 years, 4.81% for lease terms greater than 10 years.

The lease liabilities are amortized using the effective-interest method, as prescribed by GASB 87.

The present value of the future minimum lease obligations under these agreements are as follows:

Governmental Activities
(Expressed in Thousands)

Year Ending June 30,	Principal	Interest	Total
2026	$ 52,054	$ 11,104	$ 63,158
2027	49,719	10,110	59,829
2028	45,958	9,211	55,169
2029	39,060	8,330	47,390
2030	34,194	7,550	41,744
2031 - 2035	146,869	26,909	173,778
2036 - 2040	112,620	12,316	124,936
2041 - 2045	39,330	2,785	42,115
2046 - 2050	6,333	857	7,190
2051 - 2055	3,263	171	3,434
2056 - 2060	397	18	415
Total	$ 529,797	$ 89,361	$ 619,158

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

F. Leases Payable (Continued)

Lease Liability (Continued)

Business-Type Activities
(Expressed in Thousands)

Year Ending June 30,	Principal	Interest	Total
2026	$ 10,431	$ 1,015	$ 11,446
2027	7,942	793	8,735
2028	5,003	609	5,612
2029	2,771	481	3,252
2030	2,177	375	2,552
2031 - 2035	4,360	1,168	5,528
2036 - 2040	2,795	611	3,406
2041 - 2045	1,900	110	2,010
Total	$ 37,379	$ 5,162	$ 42,541

Fiduciary Activities
(Expressed in Thousands)

Year Ending June 30,	Principal	Interest	Total
2026	$ 152	$ 61	$ 213
2027	411	55	466
2028	421	50	471
2029	420	44	464
2030	330	40	370
2031 - 2035	1,030	144	1,174
2036 - 2040	1,101	47	1,148
2041 - 2045	266	-	266
Total	$ 4,131	$ 441	$ 4,572

Discretely Presented Component Units (*Excluding State Charter Schools*)
(Expressed in Thousands)

Year Ending June 30,	Principal	Interest	Total
2026	$95	$13	$ 108
2027	59	10	69
2028	52	5	57
2029	30	2	32
Total	$ 236	$ 30	$ 266

* Total interest not furnished.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

G. Subscriptions Payable

The State has entered into subscription based-information technology arrangements (SBITAs) through the various agencies and universities of the State. The information for SBITAs are available in each of the separate financial statements.

The future subscription payments under SBITA agreements are as follows:

Governmental Activities
(Expressed in Thousands)

Year Ending June 30,	Principal	Interest	Total
2026	$13,297	$452	$ 13,749
2027	6,206	262	6,468
2028	2,188	148	2,336
2029	973	104	1,077
2030	608	74	682
2031 - 2035	2,167	126	2,293
Total	$ 25,439	$ 1,166	$ 26,605

Business-Type Activities
(Expressed in Thousands)

Year Ending June 30,	Principal	Interest	Total
2026	$17,539	$1,254	$ 18,793
2027	15,110	776	15,886
2028	4,420	391	4,811
2029	3,082	245	3,327
2030	1,645	148	1,793
2031 - 2035	3,940	160	4,100
Total	$ 45,736	$ 2,974	$ 48,710

Discretely-Presented Component Units (*Excluding State Charter Schools)*
(Expressed in Thousands)

Year Ending June 30,	Principal	Interest	Total
2026	$ 181	$ 2	$ 183
2027	141	3	144
2028	82	6	88
Total	$ 404	$ 11	$ 415

Fiduciary Activities
(Expressed in Thousands)

Year Ending June 30,	Principal	Interest	Total
2026	$712	$18	$ 730
2027	319	3	322
Total	$ 1,031	$ 21	$ 1,052

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

H. Conduit Debt Component Unit

Accounting standards define conduit debt obligations as certain limited obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local government entity for the express purpose of providing capital financing for a specific third party that is not part of the issuer's financial reporting entity. Although the conduit debt obligations bear the name of the issuer, the entity has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.

The New Mexico Hospital Equipment Loan Council, a discretely presented component unit, has issued revenue bonds, lease purchase agreements, and master financing agreements to provide financing for the acquisition and construction of equipment and facilities. These bonds, lease purchase agreements, and master financing agreements are secured by the property financed and are payable solely from payments received on the underlying loans. Neither the Council nor any political subdivision of the State is obligated in any manner for repayment of either the bonds or the lease purchase or master financing agreements. Accordingly, the bonds and the obligations under the lease purchase and master financing agreements are not reported as liabilities in the accompanying financial statements.

At June 30, 2025, conduit debt obligations outstanding are as follows:

New Mexico Hospital Equipment Loan Council
Conduit Debt
(Expressed in Thousands)

	Balance June 30, 2025
Hospital Revenue Bonds and Leases:	
Dialysis Clinic, Inc. Project, Series 2000	$5,000
Lovelace Women's Hospital, Series 2007	12,617
Presbyterian Healthcare Services, Series 2008 A - D	105,275
Lovelace Health Systems, Series 2011	32,800
Lovelace Health Systems, Series 2012	26,165
Presbyterian Healthcare Services Series 2015 A	182,310
San Juan Regional Medical Center, Series 2017	4,679
Presbyterian Healthcare Services, Series 2017 A - B	301,785
Haverland Carter Series 2019 A - C	88,210
Presbyterian Healthcare Series 2019 A - C	304,245
San Juan Regional Medical Center Series 2020	27,070
Haverland Carter Series 2022	28,620
San Juan Regional Medical Center Series 2022	14,837
Total	$1,133,613

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

I. Other Liabilities

Compensated Absences

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

Pollution Remediation Obligation

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

The following details the nature of the identified sites:

Leaking Petroleum Storage Tanks (LPST)

The State oversees cleanups of LPST sites and reimburses eligible parties from the PST corrective action fund, which has paid for the vast majority of LPST cleanups. However, for Priority 1 State Lead sites, in which there is an imminent danger to the public health or environment, the State has obligated itself to begin remediation clean-up activities as a result of an unwilling or unable property owner in the amount of $1.2 million as of June 30, 2025.

Superfund

The Superfund Oversight Section of the State assists the United States Environmental Protection Agency (EPA) in characterization of inactive hazardous waste sites; identifies sites which warrant remedial or removal action under Superfund (CERCLA); and oversees remedial activities and provides management assistance to EPA at Superfund sites listed on the National Priorities List (NPL). There are currently 15 listed Superfund sites in New Mexico which are in various stages of investigation and remediation. One of the 15 listed Superfund sites was placed on the NPL in April 2016. The site is currently in the remedial investigation phase in which no financial obligation exists. The Department estimates it will take at least two or three years before a Record of Decision is issued by the EPA. As of June 30, 2025, this site is excluded from the estimated pollution remediation liability which for Superfund sites totals $64.5 million.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

I. Other Liabilities (Continued)

Superfund (Continued)

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

	Beginning Balance	Additions	Deletions	Ending Balance
Amount Due Within One Year	$ 1,746	$ 2,047	$ (1,833)	$ 1,960
Amount Due in More than One Year	56,590	8,518	(1,384)	63,724
Total Pollution Remediation Liabilities	$ 58,336	$ 10,565	$ (3,217)	$ 65,684

Indian Water Rights Liability

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

Each of the agreements involves a contribution from the State of New Mexico in the form of construction of infrastructure. The value of infrastructure and mutual benefits projects contemplated in the three settlements are estimated at more than $155.5 million as of June 30, 2025. The State will not own the infrastructure once completed; the infrastructure and projects will be owned by tribal and local governments.

A portion of the State's share includes $10 million in nonmandatory expenditures for ditch rehabilitation under the Navajo Settlement.

The State has recognized the estimated liability of $18.2 million in the financial statements as of June 30, 2025.

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

Indian Water Rights Settlement	Total Cost Share	Appropriated Funds	Unappropriated Balances
Aamodt	$ 104,500	$ 104,589	$ (89)
Taos	20,050	20,161	(111)
Navajo	30,949	32,225	(1,276)
Total	$ 155,499	$ 156,975	$ (1,476)

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

I. Other Liabilities (Continued)

Indian Water Rights Liability (Continued)

A summary of the funds disbursed, and the remaining liability follows (expressed in thousands):

Indian Water Rights Settlement	Disbursed To Date	Balance, June 30, 2025
Aamodt	$ 91,700	$ 12,800
Taos	14,596	5,453
Navajo	30,949	-
Total	$ 137,245	$ 18,253

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

J. University of New Mexico

Standby Purchase Agreements

Standby Purchase Agreements provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees are based on a percentage of the outstanding bond balance, payable semiannually. Liquidity fees for the years ended June 30, 2025 and **2024** were $87 and $26, in thousands, respectively. An agreement with US Bank was entered into on December 31, 2014 for a three-year term expiring December 29, 2017. The University negotiated two additional three-year terms with US Bank that ends on October 30, 2023. On September 15, 2023 the Standby Agreement with US Bank was extended through June 1, 2026 for Series 2001 and 2002B bonds, and through September 15, 2026 for Series 2002C bonds.

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

	US Bank			
Liquidity Expiration	Series 2001	Series 2002B	Series 2002C	Grand Total
6/1/2026	$ 3,450	$ 3,665	$ -	$ 7,115
9/15/2026	$ -	$ -	$ 14,345	$ 14,345
	$ 3,450	$ 3,665	$ 14,345	$ 21,460

Liquidity Fees	2001	2002B	2002C	Total
FY25	$ 7	$ 15	$ 65	$ 87

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

J. University of New Mexico (Continued)

Interest Rate Swap Agreements

On June 30, 2025, UNM had the following derivative instruments outstanding (expressed in thousands):

Item/ Counter-Party	Type	Objective	Effective Date	Maturity Date	Terms	Current Fair Value	Current Notional Amount
Hedging Derivatives:							
A - JP Morgan	'Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.2% Fixed	$ (12)	$ 863
B - JP Morgan	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2002C Refunding Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2030	Receive SIFMA USD - Pay 3.9% Fixed	(524)	14,345
C - JP Morgan	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2002B Refunding Revenue Bonds (Underlying Swap)	1/14/2003	6/1/2026	Receive SIFMA USD - Pay 3.8% Fixed	(43)	3,665
D - RBC Royal Bank	Pay-Fixed/Receive Variable Interest Rate Swap	Hedge against rising SIFMA rates related to the 2001 System Improvement Revenue Bonds (Underlying Swap)	10/30/2002	6/1/2026	Receive SIFMA USD - Pay 4.2% Fixed	(13)	863
Investment Derivatives:							
E - JP Morgan	Pay-Variable/Receive Variable Interest Rate Swap	Hedge against falling SIFMA rates related to the 2001 System Improvement Revenue Bonds (Swap Overlays)	8/15/2006	6/1/2026	Receive 63.6% of 5-Year USD Swap Rate + 0.3% - Pay SIFMA	14	1,725
F - JP Morgan	Pay-Variable/Receive Variable Interest Rate Swap	Hedge against falling SIFMA rates related to the 2002C Refunding Revenue Bonds (Swap Overlays)	8/15/2006	6/1/2030	Receive 63.6% of 5-Year USD Swap Rate + 0.3% - Pay SIFMA	104	14,345

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

J. University of New Mexico (Continued)

Risks

Credit Risk

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

	Moody's		S & P		Fitch	
Entity	L/T Rating	S/T Rating	L/T Rating	S/T Rating	L/T Rating	S/T Rating
JP Morgan	A1	P-1	A+	A-1	AA-	F1+
RBC Royal Bank	A1	P-1	AA-	A-1+	AA	F1+

Interest Rate Risk

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

Basis Risk

The variable-rate debt hedged by UNM's derivative instruments are variable-rate demand obligation (VRDO) bonds that are remarketed every seven days. The University is exposed to basis risk on its pay-variable (SIFMA), receive-variable (USD Swap Rate) overlay interest rate swaps, because the variable-rate payments received by the University on these derivative instruments are based on a rate USD Swap Rate other than the index (SIFMA) the University pays on the VRDO bonds. At June 30, 2025, the interest rate on the University's variable-rate hedged debt (SIFMA) is 3.88%, while the 63.55% of five-year USD Swap Rate 4.34% + 0.31% is 3.07%.

Termination Risk

UNM or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, UNM is exposed to termination risk on Derivative Instruments B and C because the contract provides the counterparty with a knockout option to terminate the contract if the 180-day SIFMA is equal to or greater than 7%. The 180-day SIFMA is defined as the weighted average rate taken off the USD floating SIFMA Index Rates published within the previous 180-day period. If at the time of termination, a derivative instrument were in a liability position, UNM would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

J. University of New Mexico (Continued)

Risks (Continued)

Rollover Risk

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

Foreign Currency Risk

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

Commitments

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

Rating	Swap M-T-M Threshold for Party's A & B		
AA/Aa2 and >	USD	$	25,000
AA-/Aa3	USD		20,000
A+/A1	USD		15,000
A/A2	USD		10,000
A-/A3	USD		5,000
BBB+/Baa1 and <	USD		-

The collateral to be posted is to be in the form of U.S. Treasury Securities in the amount of the fair value of derivative instruments in liability positions net of the effect of applicable netting arrangements. If UNM or the counterparty does not post collateral, the derivative instrument may be terminated. UNM's credit rating is AA-/Aa3 at June 30, 2025; therefore, no collateral has been posted.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

J. University of New Mexico (Continued)

Derivative Instrument Payments and Hedged Debt

As of June 30, 2025, aggregate debt service requirements of UNM's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are presented below. These amounts assume that current interest rates on variable-rate bonds and current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. The hedging derivative instruments column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting.

University of New Mexico
Debt Service Requirements
On Associated Hedging Derivative Instruments
(Expressed in Thousands)

Fiscal Year Ending June 30,	Principal	Interest	Hedging Derivative Instruments, Net	Total
2026	$9,900	$582	$243	$ 10,725
2027	2,900	275	180	3,355
2028	3,030	241	100	3,371
2029	3,160	161	60	3,381
2030	2,470	77	21	2,568
2031 - 2035	-	-	-	-
Total	$ 21,460	$ 1,336	$ 604	$ 23,400

Fiscal Year Changes in Swap Valuations

UNM has entered into interest rate swaps as shown in the prior schedule. The swaps were put in place starting in fiscal years 2002 and 2003. The University has recorded the swaps at their estimated fair values as of June 30, 2025. Swaps A through D are deemed cash flow hedges and, therefore, in addition to recording the liability at fair value, the University has recorded an offsetting deferred outflow of resources. Annually, the changes to the fair values are recorded as an increase or decrease to the liability and the offset to the deferred outflow of resources. The fair value change in fiscal year 2025 for the hedge instruments was a $81 thousand increase to the liability and an equal offsetting decrease to the deferred outflow of resources. Swaps E and F are not cash flow hedges, but rather are considered investment swaps, and changes in their fair value are recorded as investment gain (loss). The fair value change for swaps E and F as of June 30, 2025, was recorded to unrealized loss in the amount of $271 thousand.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

K. Notes Payable

The State has issued notes payable for various purposes, mainly equipment acquisition. Details of notes payable for the fiscal year ended June 30, 2025, follow:

Note Payable
Debt Service Requirements to Maturity
(Expressed in Thousands)

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 2,279	$ 252	$ 2,531
2027	2,087	175	2,262
2028	2,218	92	2,310
2029	381	8	389
Total	$ 6,965	$ 527	$ 7,492

NMSU issued a tax-exempt Subordinate Lien Improvement Revenue Note, Series 2014 on April 21, 2014 in a direct purchase with BOKF, NA dba Bank of Albuquerque. The original principal amount of the note was $15.9 million, and the interest rate is 3.07%. The note is payable solely from, and secured by, a pledge of, and a nonexclusive subordinate lien on the following revenues: student tuition and fees; sales and service revenue; other operating revenue; investment income; and building fees. The note matures April 1, 2029.

On February 1, 2023, a note payable was formed in the amount of $3.3M between the NMHU and NMHUF to purchase a building and its land that the NMHUF had been leasing to the NMHU. The note carries a 6% interest rate with monthly payments of $55.5K and matures on January 1, 2029.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

L. Discretely Presented Component Units

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

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

Bond Series	Interest Rate (%)	Maturity Date	Original Issue	Balance June 30, 2025
Public Project Revolving Fund - Senior Lien:				
2014 B	3.0 - 5.0	2023 - 2035	$ 58,235	$ -
2015 B - C	3.0 - 5.0	2023 - 2045	90,800	61,385
2016 A - F	2.0 - 5.0	2023 - 2046	315,540	140,895
2017 A - E	3.0 - 5.0	2023 - 2038	138,130	66,125
2018 A - D	2.5 - 5.0	2023 - 2038	200,170	102,105
2019 B - D	3.0 - 5.0	2023 - 2041	97,130	68,235
2020 A - B	2.0 - 5.0	2023 - 2041	113,305	68,360
2021 A - C	3.0 - 5.0	2023 - 2041	83,145	55,030
2022 A - C	2.8 - 5.0	2023 - 2042	186,285	150,665
2023 A -1, 2	5	2024 - 2053	75,775	66,060
2023 B	5.0 - 5.3	2024 - 2048	162,480	144,365
2024 B	5	2025 - 2043	45,315	42,315
2025 A - 1, 2	5	2025 - 2049	99,210	96,610
Subtotal			1,665,520	1,062,150
Public Project Revolving Fund - Subordinate Lien:				
2014 A-1, 2	3.3 - 5.0	2023 - 2034	31,940	-
2015 A, D	3.0 - 5.0	2023 - 2035	92,745	29,195
2017 B - F	3.0 - 5.0	2023 - 2036	128,725	25,085
2018 C - E	4.0 - 5.0	2024 - 2039	102,780	67,175
2019 A - C	2.5 - 5.0	2023 - 2039	68,555	43,065
2020 C-1 & C-2	1.0 - 5.0	2023 - 2050	96,820	64,120
2021 B	5.0	2023 - 2032	31,305	21,400
2024 A	5.0	2024 - 2048	49,890	40,435
2025 B	5.0	2024 - 2048	42,685	42,685
Subtotal			645,445	333,160
Total Public Project Revolving Fund and Total Bonds Outstanding			$ 2,310,965	1,395,310
Add: Net Unamortized Premium				189,784
Total Bonds Payable				$ 1,585,094
Current Portion				$ 142,110

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

L. Discretely Presented Component Units (Continued)

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

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

Bond Series	Interest Rate (%)	Maturity Date	Balance, September 30, 2025
Single Family Mortgage Programs:			
Series 2013 A - C	2.2 - 4.5	2043	$ 18,234
Series 2014 A - B	2.8 - 5.0	2044	4,738
Series 2015 A - E	2.6 - 4.0	2045	16,518
Series 2016 A - C	2.0 - 3.8	2046	37,205
Series 2017 A - B	2.0 - 3.8	2048	26,940
Series 2018 A - D	2.4 - 4.3	2049	100,970
Series 2019 A - F	1.6 - 4.3	2050	209,425
Series 2020 A - B	0.5 - 3.5	2051	84,080
Series 2021 A - C	0.3 - 3.0	2052	239,732
Series 2022 A - E	0.7 - 6.3	2053	337,659
Series 2023 A - D	2.5 - 5.8	2054	342,370
Series 2024 A - F	3.2 - 6.3	2055	453,575
Series 2025 AB - EF	3.1 - 6.3	2055	359,740
Subtotal			2,231,186
Unaccreted Bond Premium/ Discount, Net			63,284
Total Bonds Payable			$ 2,294,470

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

L. Discretely Presented Component Units (Continued)

Annual debt service requirements to maturity are as follows:

New Mexico Mortgage Finance Authority
Notes Payable
(Expressed in Thousands)

Note	Balance September 30, 2025
PRLF Cash and Loans	$ 3,060
Jefferson Building	6,430
Securities and Loans Held for Sale	50,000
Subtotal	59,490
Other Direct Borrowings Without Assets Pledged	-
Total Direct Borrowings	$ 59,490

Debt Service Requirements to Maturity
(Expressed in Thousands)

Fiscal Year Ending Septemer 30,	Principal	Interest	Total
2026	$ 50,876	$ 357	$ 51,233
2027	908	261	1,169
2028	941	226	1,167
2029	976	190	1,166
2030	1,012	152	1,164
2031 - 2035	3,246	250	3,496
2036 - 2040	773	61	834
2041 - 2045	590	23	613
2046 - 2050	141	3	144
2051 - 2055	27	1	28
Total	$ 59,490	$ 1,524	$ 61,014

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

The Authority also has an unused line of credit in the amount of $2.5 million as of September 30, 2022

Details of the Mortgage Finance Authority Notes Payable follows:

Bonds Payable
Debt Service Requirements to Maturity

Fiscal Year Ending September 30,	New Mexico Finance Authority *(Expressed in Thousands)* Principal	Interest	Total	New Mexico Mortgage Finance Authority *(Expressed in Thousands)* Principal	Interest	Total
2026	$142,685	$64,410	$ 207,095	$48,604	$95,324	$ 143,928
2027	125,580	57,385	182,965	42,585	93,973	136,558
2028	115,455	51,406	166,861	44,210	92,585	136,795
2029	105,920	46,178	152,098	45,850	91,094	136,944
2030	98,160	41,310	139,470	47,660	89,495	137,155
2031 - 2035	431,095	140,503	571,598	280,764	418,715	699,479
2036 - 2040	225,490	62,071	287,561	375,506	356,084	731,590
2041 - 2045	102,575	24,284	126,859	475,942	268,481	744,423
2046 - 2050	41,275	6,757	48,032	514,110	158,942	673,052
2051 - 2055	7,075	755	7,830	351,405	43,575	394,980
2056 - 2060	-	-	-	4,550	137	4,687
Subtotal	1,395,310	495,059	1,890,369	2,231,186	1,708,405	3,939,591
Unamortized Premium	189,784	-	189,784	63,284	-	63,284
Total	$ 1,585,094	$ 495,059	$ 2,080,153	$ 2,294,470	$ 1,708,405	$ 4,002,875

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

L. Discretely Presented Component Units (Continued)

Bonds Payable, Lease Liabilities, and Subscription Liabilities
Debt Service Requirements to Maturity

New Mexico State Chartered Schools
(Expressed in Thousands)

Fiscal Year Ending September 30,	Principal	Interest	Total
2026	$ 28,364	$ 15,476	$ 43,840
2027	16,918	12,513	29,431
2028	9,674	11,739	21,413
2029	7,613	11,356	18,969
2030	14,245	12,275	26,520
2031 - 2035	49,192	44,813	94,005
2036 - 2040	38,046	33,533	71,579
2041 - 2045	41,588	20,733	62,321
2046 - 2050	31,144	9,184	40,328
2051 - 2055	8,267	897	9,164
Total	$ 245,051	$ 172,519	$ 417,570

NOTE 9 NET POSITION AND FUND EQUITY

A. Governmental Fund Balances

Fund balances of governmental funds are classified as:

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

NOTE 9 NET POSITION AND FUND EQUITY (CONTINUED)

A. Governmental Fund Balances (Continued)

A summary of the nature and purpose of governmental fund balances, by fund type, at June 30, 2025, follows (expressed in thousands):

	General Fund	Severance Tax	Land Grant	Debt Service	Capital Projects	Children's Trust	Total
Nonspendable:							
Prepaid Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Inventories	39,677	-	-	-	-	-	39,677
Other	161,375	-	-	-	-	2,000	163,375
Total Nonspendable	$ 201,052	$ -	$ -	$ -	$ -	$ 2,000	$ 203,052
Restricted:							
Capital Projects	$ -	$ -	$ -	$ -	$ 5,897,657	$ -	$ 5,897,657
Culture, Recreation, and Natural Resources	552,753	-	-	2,960	-	-	555,713
Education	551,551	-	-	-	-	-	551,551
General Control	17,296,542	11,742,912	36,435,609	1,031,889	-	-	66,506,952
Health and Human Services	497,585	-	-	-	-	7,787	505,372
Highway and Transportation	823,266	-	-	21,285	-	-	844,551
Judicial	51,272	-	-	3,340	-	-	54,612
Legislature	18,451	-	-	-	-	-	18,451
Public Safety	297,190	-	-	-	-	-	297,190
Regulation and Licensing	175,349	-	-	40,994	-	-	216,343
Total Restricted	$ 20,263,959	$ 11,742,912	$ 36,435,609	$ 1,100,468	$ 5,897,657	$ 7,787	$ 75,448,392

NOTE 9 NET POSITION AND FUND EQUITY (CONTINUED)

A. Governmental Fund Balances (Continued)

	General Fund	Severance Tax	Land Grant	Debt Service	Capital Projects	Children's Trust	Total
Committed:							
Culture, Recreation, and Natural Resources	$ 23	$ -	$ -	$ -	$ -	$ -	$ 23
Education	20,052	-	-	-	20	-	20,072
General Control	11,212	-	-	-	-	-	11,212
Health and Human Services	100,213	-	-	-	-	2,500	102,713
Regulation and Licensing	14,200	-	-	-	-	-	14,200
Total Committed	$ 145,700	$ -	$ -	$ -	$ 20	$ 2,500	$ 148,220
Assigned:							
Health and Human Services	$ 228,356	$ -	$ -	$ -	$ -	$ -	$ 228,356
Judicial	1,133	-	-	-	-	-	1,133
Regulation and Licensing	4,763	-	-	-	-	-	4,763
Total Assigned	$ 234,252	$ -	$ -	$ -	$ -	$ -	$ 234,252
Unassigned:							
Capital Projects	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Culture, Recreation, and Natural Resources	30,087	-	-	-	-	-	30,087
Debt Service	-	-	-	-	-	-	-
Education	(25,233)	-	-	-	-	-	(25,233)
General Control	790,136	-	-	-	-	-	790,136
Health and Human Services	61,770	-	-	-	-	-	61,770
Highway and Transportation	58,459	-	-	-	-	-	58,459
Judicial	(20,103)	-	-	-	-	-	(20,103)
Legislature	(14,709)	-	-	-	-	-	(14,709)
Public Safety	139,448	-	-	-	-	-	139,448
Regulation and Licensing	(16,312)	-	(1)	(743)	(40,101)	-	(57,157)
Total Unassigned	$ 1,003,543	$ -	$ (1)	$ (743)	$ (40,101)	$ -	$ 962,698

NOTE 9 NET POSITION AND FUND EQUITY (CONTINUED)

B. Deficit Net Position/ Fund Equity

Governmental Activities

There were no deficit overall fund balances to report for the fiscal year ended June 30, 2025.

C. Change in Accounting Principle

Effective July 1, 2024, the State implemented GASB Statement No. 101, Compensated Absences. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, the compensated absences liability as of July 1, 2024 was understated by $84.2 M in the governmental activities including $1.2M related to Internal Service Funds, $26.1M in the business type activities, $1.1 M related to fiduciary activities and $6.8M related to component unit activities.

D. Correction of an Error in Previously Issued Financial Statements

Governmental Funds

During the fiscal year ended June 30, 2025, the State determined that errors in accounting for certain transactions had been made in prior fiscal year in relation to overstating deferred inflows of resources and receipts held in suspense for the general fund, and changes in reporting entity or classification for several funds resulted in the restatement of beginning fund balance.

E. Adjustments

The general fund reflected a change in inventory of $3M during the fiscal year.

NOTE 9 NET POSITION AND FUND EQUITY (CONTINUED)

The effect of the adjustments and corrections follows (expressed in thousands):

Summary of Adjustments, Net Position/Fund Balance

Government-Wide Statements -	
Governmental Activities:	
Governmental Funds - Implementation of GASBS 101	$ (83,022)
Internal Service Funds - Implementation of GASBS 101	(1,198)
Governmental Funds - fund financial statement adjustments	31,274
Total Government-Wide Adjustments	$ (52,946)
Governmental fund financial statements:	
Major Governmental Funds	
General Fund - Correction of Prior Year Errors	$ 35,188
General Fund - Change in Inventory	(3,494)
General Fund - Reclassification of Funds	(6,333)
	$ 25,361
Nonmajor Governmental Funds	
Capital Project Fund - Reclassification of Funds	$ 5,913
Total Governmental Fund Adjustments	$ 31,274
Fiduciary Funds:	
Public Employees Retirement - Implementation of GASBS 101	$ (505)
Educational Employees Retirement System - Implementation of GASBS 101	(500)
New Mexico Retiree Health Care Authority - Implementation of GASBS 101	(78)
Deferred Compensation (IRC 457) Plan - Implementation of GASBS 101	(14)
Custodial Fund - Reclassification of Funds	420
Total Adjustments, Fiduciary Funds	$ (677)

Business-Type Activities, Educational Institutions:	
Higher Education Institutions - Implementation of GASBS 101	$ (24,924)
Non-Major Business Type Funds - Implementation of GASBS 101	(1,132)
	$ (26,056)
Internal Service Funds	
Fleet Operations - Implementation of GASBS 101	$ (69)
Risk Management - Implementation of GASBS 101	(172)
Printing and Records - Implementation of GASBS 101	(266)
Communication Services - Implementation of GASBS 101	(490)
Information Processing - Implementation of GASBS 101	(201)
Total Internal Service Funds	$ (1,198)
Component Units	
Charter Schools - Implementation of GASBS 101 and changes in reporting entity due to changes year over year regarding which charter schools are state chartered versus locally chartered	7,905
	$ 7,905

NOTE 9 NET POSITION AND FUND EQUITY (CONTINUED)

The following schedule reconciles June 30, 2025, net position/fund balance previously reported to beginning Net Position/fund balance, as reported in the accompanying financial statements (expressed in thousands):

Net Position/Fund Balance Adjustments

	Net Position - Governmental Activities	Total Net Position - Internal Svc. Funds	Total Fund Balances - Governmental Funds
Governmental Activities:			
Beg. Net Position/Fund Balances, as Previously Reported	$ 67,459,361	$ (263,389)	$ 66,094,716
Adjustments	(52,946)	(1,198)	31,274
Beg. Net Position/Fund Balances, after adjustments	$ 67,406,415	$ (264,587)	$ 66,125,990
Effect on Change in Net Position/Fund Balance FYE June 30, 2024	$ (52,946)	$ (1,198)	$ 31,274

	Net Position - Business-Type Activities	Educational Institutions	Nonmajor Enterprise
Business-Type Activities:			
Beginning Net Position, as Previously Reported	$ 3,074,048	$ 2,016,136	$ 1,057,912
Adjustments	(26,056)	(24,924)	(1,132)
Beginning Net Position, After Adjustments	$ 3,047,992	$ 1,991,212	$ 1,056,780
Effect on Change in Net Position FYE June 30, 2024	$ (26,056)	$ (24,924)	$ (1,132)

Fiduciary and Component Units:	Pension Trust Funds	Custodial Funds	Charter Schools
Beg. Net Position, as Previously Reported	$ 37,611,112	$ 189,846	$ (160,312)
Adjustments	(1,097)	420	(7,905)
Beg. Net Position, after adjustments	$ 37,610,015	$ 190,266	$ (168,217)
Effect on Change in Net Position FYE June 30, 2024	$ (1,097)	$ 420	$ (7,905)

NOTE 10 RISK MANAGEMENT

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

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

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

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

Total insurance claims payable at June 30, 2025, were $464 million. The amounts of the liabilities are determined by independent actuarial consultants to the ISF. The total liability is shown in the accompanying financial statements at the present value of the payments, computed at 2% annual rate, between June 30, 2025 and the date the claims are ultimately expected to be paid.

NOTE 10 RISK MANAGEMENT (CONTINUED)

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

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

	Beginning Balance	Incurred (Net of Actuarial Provision)	Payments	Ending Balance	Current Amount Due
State Unemployment	$ 3,832	$ 5,270	$ (5,171)	$ 3,931	$ 3,832
Local Public Body	823	1,062	(1,040)	845	824
Public Property Reserve	7,607	10,011	(10,623)	6,995	6,401
Public Liability	358,552	102,031	(61,282)	399,301	162,458
Surety Bond	4	(1)	-	3	2
Workers' Compensation	57,454	10,162	(14,606)	53,010	13,381
Group Insurance Premium	49,737	2,701	-	52,438	49,737
Total	$ 478,009	$ 131,236	$ (92,722)	$ 516,523	$ 236,635

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

NOTE 11 PENSION PLANS

A. Plan Descriptions

The State maintains five public employees' retirement systems (Systems): four separate systems are administered by the New Mexico Public Employees' Retirement Association (PERA) and one system is administered by the New Mexico Educational Employees' Retirement Board (ERB).

NOTE 11 PENSION PLANS (CONTINUED)

A. Plan Descriptions (Continued)

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

PERA is directed by the Public Employees Retirement Board (Board), which consists of 12 members. Ten of the Board members are elected by PERA active and retired members under state and municipal coverage plans. Two Board members, the Secretary of State and the State Treasurer, are ex-officio members.

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

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

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

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

NOTE 11 PENSION PLANS (CONTINUED)

A. Plan Descriptions (Continued)

The number of participating government employers, and the number of members for each system for the year ended June 30, 2025, were (not in thousands):

	PERS*	JRS	MRS	VFRS	EERS
Number of Employers					
State Agencies	122	16	12	363	11
Cities, Towns, Villages	98	-	-	-	-
Counties	33	-	-	-	-
Public Schools	-	-	-	-	89
Universities and Colleges	-	-	-	-	16
Special Schools	-	-	-	-	4
Charter Schools	-	-	-	-	100
Other	63	-	-	-	-
Total	316	16	12	363	220
Retirees and Beneficiaries Receiving Benefits	44,115	204	111	1,642	54,774
Terminated Plan Members not yet Receiving Benefits	26,846	49	18	316	54,756
Active Plan Members	46,901	131	62	7,711	61,503

* Note: PERA Retirement Fund includes the Legislative Fund

B. Funding and Benefit Policies

Public Employees Retirement System (PERS)

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

NOTE 11 PENSION PLANS (CONTINUED)

B. Funding and Benefit Policies (Continued)

Public Employees Retirement System (PERS) (Continued)

Senate Bill 72:

- Increases employer and employee contributions each year by .5% for State General Plan employees for fiscal year 2021, 2022, 2023 and 2024, excludes State Police and Adult Correctional Officer Plan 1 and active members with wages under $25,000.
- For three fiscal years replaced the current compounding annual 2% COLA with a 2% non-compounding additional payment (13th check) and beginning July 1, 2023, changing to a profit sharing COLA tied to investment performance and PERA's total funded ratio.

Effective July 1, 2019, House Bill 501 increased employer contributions by 0.0025% for funds under the Public Employees Retirement Act.

Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for Tier I members (as defined later in these notes). Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of normal retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and nonduty death and disability and for postretirement survivors' annuities are also available. A blended pension benefit is equal to the sum of the pension attributable to the service credit the member has accrued under each coverage plan with different pension factors, for service credit earned after July 1, 2013.

Cost-of-living adjustment (COLA)

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

NOTE 11 PENSION PLANS (CONTINUED)

B. Funding and Benefit Policies (Continued)

Public Employees Retirement System (PERS) (Continued)

For Tier II, the retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (applicable to those hired after July 1, 2013 – Tier II), general members are eligible to retire at any age if the member has at least five years of service credit and the sum of the member's age and service credits equals at least 85, or at 65 with five or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4, and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers, and municipal juvenile detention officers will remain in 25-year retirement plans; however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with five or more years of service credit. Generally, under Tier II, pension factors were reduced by 0.5%. The computation of final average salary increased as the average salary for 60 consecutive months.

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

CHANGES FOR RETIREES

Cost-of-living adjustment (COLA)

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

CHANGES FOR RE-EMPLOYED RETIREES

Cost-of-living adjustment (COLA)

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

NOTE 11 PENSION PLANS (CONTINUED)

B. Funding and Benefit Policies (Continued)

State Legislative Fund

This plan is a defined benefit pension plan which is accounted for in PERS. Eligibility for membership in the State Legislative Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, Section 43 and 43.5, NMSA 1978). State Legislators and lieutenant governors must elect to be a member no later than 180 days after first taking office to be covered under this plan. Member contributions are $500 for each year of service credit prior to the 2012 legislative session and $600 for each year beginning with the 2012 legislative session. Legislative service credit is earned each calendar year during which the member fulfills the obligations of the position of the legislator for more than six months of the calendar year, including the legislative session. Legislators are not required to make a member contribution until after the legislative session has ended and after PERA verifies services credit. PERA invoices legislative members to cover member contributions for each legislative session after the session ends, which is normally July or August. State funding for the State Legislative Fund is defined in Sections 10-11-43 and 10-11-43.5, NMSA 1978. The State is required to contribute sufficient amounts to finance the membership of members under State Legislator Coverage Plan 2 on an actuarial reserve basis. The total actuarially determined amount for the State Legislative Fund for the fiscal year ended June 30, 2018 was $-0-. Regarding the source of funding, Section 7 -1-6.43 of the Tax Administration Act states “A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the legislative retirement fund in an amount equal to two hundred thousand dollars ($200,000) a month or, if larger, one-twelfth of the amount necessary to pay out the retirement benefits due under state legislator member coverage plan 2 and Paragraph (2) of Subsection C of Section 10-11-42 NMSA 1978 for the calendar year.” During the State of New Mexico (53rd Legislature) in 2017, House Bill 2 was passed that reduced the State’s distribution to the legislative retirement fund from $75,000 a month to $-0- a month.

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

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

Cost-of-living adjustment (COLA) is made to eligible retirees and beneficiaries. Retirees of the Legislative fund receive a COLA yearly after retirement of two full-calendar years (January 1 through December 31) subject to certain conditions. The 2% COLA will be effective July 1 of the following year after the two full-calendar years and will be compounded for each fiscal year thereafter. The COLA for disabled retired members making less than $20,000 and members that make less than $20,000 and have 25 years of service credit will be 2.5%.

NOTE 11 PENSION PLANS (CONTINUED)

B. Funding and Benefit Policies (Continued)

Judicial Retirement Fund

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

For individuals that became a member prior to July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 60 to anyone having served at least 15 years. The annual pension amount for those members covered prior to July 1, 2005, is determined as 75% of the salary received during the last year in office prior to retirement multiplied by the number of years of service, not to exceed 10 years divided by 10. For individuals that become a member after July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 55 to anyone having served at least 16 years.

For those individuals who became members subsequent to July 1, 2005, the annual pension amount is determined as 75% of salary received during the last year in office prior to retirement multiplied by 5% of the number of years in service, not exceeding 15 years, plus five years or one-twelfth of the salary received during the last year in office prior to retirement multiplied by the product of 3.75% times the sum of the number of years of service; provided that a pension calculated shall not exceed 75% of one-twelfth of the salary received during the last year in office.

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

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

NOTE 11 PENSION PLANS (CONTINUED)

B. Funding and Benefit Policies (Continued)

Judicial Retirement Fund (Continued)

Early retirement provisions apply to members retiring between ages 50 and 60. The plan also provides for survivors' allowances and disability benefits. Members contribute at a rate of 10.5% of their salaries and the member's court contributes at a rate of 15% of the member's salary. Additionally, the district court contributes $38 for each civil case docket fee paid in the district court, $25 from each civil docket fee paid in metropolitan court, and $10 (not in thousands) for each jury fee paid in metropolitan court. Contribution rates are established by State statute. Various other changes took place under House Bill 33 which amended the Judicial Retirement Act. Senate Bill 122, which is effective from 2021 until fiscal year 2026 the Judicial Retirement Fund will receive $100,000 each month from the Oil and Gas Proceeds and pass-through entity withholding tax.

Magistrate Retirement Fund

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

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

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

NOTE 11 PENSION PLANS (CONTINUED)

B. Funding and Benefit Policies (Continued)

Magistrate Retirement Fund (Continued)

Member contributions are based on 10.5% of salaries and the State, through the administrative office of the courts, contributes at a rate of 11% of the member's salary. Beginning July 1, 2015, the employer contributions increased to 15% of the member's salary. Additionally, the magistrate or metropolitan courts contribute $25 for each civil case docket fee paid and $10 for each civil jury fee paid in magistrate court. Contribution rates are established by State statute. Certain other changes took place under House Bill 216 and amended the Magistrate Retirement Act. Senate Bill 122, which is effective from 2021 until fiscal year 2026 the Magistrate Retirement Fund will receive $100,000 each month from the Oil and Gas Proceeds and pass-through entity withholding tax.

Volunteer Firefighters Retirement Fund

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

Educational Employees' Retirement System (EERS)

The New Mexico Educational Retirement Board (ERB) was created by the Educational Retirement Act, Chapters 22-11-1 to 22-11-52, NMSA 1978, as amended, to administer and have the responsibility for operating the Educational Employees' Retirement Plan. ERB is an agency of the State. The plan administered by ERB is considered part of the State financial reporting entity and is a pension trust fund of the state.

This plan is a cost-sharing, multiemployer pension plan established by statute and administered by ERB to provide retirement, disability, and death benefits for all certified teachers and other employees of the State's elementary, secondary, and higher educational institutions, junior colleges, and technical-vocational institutions. Employees who are employed more than 25% of a full-time equivalency are required to be members of the Plan, unless specifically excluded.

NOTE 11 PENSION PLANS (CONTINUED)

B. Funding and Benefit Policies (Continued)

Educational Employees' Retirement System (EERS) (Continued)

Plan members whose annual salary is $24,000 or less are required by statute to contribute 7.9% of their gross salary. For plan members whose annual salary is over $24,000, they are required to contribute 10.7% of their gross salary to the plan in fiscal year 2021 and thereafter. Employers are required to contribute 18.15% of gross covered salaries in fiscal year 2024 and thereafter. The statutory contribution requirements can be changed by the State Legislature.

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least 65 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

- The member's age and earned service credit add up to the sum of 80 or more,
- The member is at least 67 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements:

- The member's minimum age is 55 and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.
- The member's age is 67 and has earned five or more years of service credit.

NOTE 11 PENSION PLANS (CONTINUED)

B. Funding and Benefit Policies (Continued)

Educational Employees' Retirement System (EERS) (Continued)

Section 2-11-23.3, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2019, or who were employed before July 1, 2019 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2019. These members must meet one of the following requirements:

- The member is any age and has 30 years of earned service credit.
- The member is at least 67 years of age and has five or more years of earned service credit.
- The sum of members' age and years of earned service credit equals at least 80.

Forms of Payment - The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump-sum to the member's surviving beneficiary.

Benefit Options - There are three benefit options available:

Option A – Straight Life Benefit. The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.

Option B – Joint 100% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Option C – Joint 50% Survivor Benefit. The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

NOTE 11 PENSION PLANS (CONTINUED)

B. Funding and Benefit Policies (Continued)

Educational Employees' Retirement System (EERS) (Continued)

Cost-of-Living Adjustment (COLA) – All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3 and Tier 4):

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013, but prior to July 1, 2019
- Tier 4 membership is comprised of employees who became members on or after July 1, 2019

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

Disability Benefit

Eligibility - A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by the Board.

Monthly Benefit - The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times years of service projected to age 60.

Form of Payment - The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump-sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied.

NOTE 11 PENSION PLANS (CONTINUED)

B. Funding and Benefit Policies (Continued)

Educational Employees' Retirement System (EERS) (Continued)

Disability Benefit (Continued)

Refund of Contributions - Members may withdraw their contributions only when they terminate covered employment in the State and certification of termination has been provided by their former employers. Interest paid to members when they withdraw their contributions following termination of employment is at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or contributions held for less than one year.

Alternative Retirement Plan - Effective October 1991, the New Mexico legislature established an Alternative Retirement Plan (ARP) through the enactment of ERA Sections 22-11-47 through 52 NMSA 1978 to provide eligible employees an election to establish an alternative retirement investment plan. In contrast to the defined benefit plan administered by NMERB, the ARP is a defined contribution plan. NMERB is the trustee of the ARP which is administered by two third party contractors for NMERB. The administrators approved to offer ARP plans to eligible participants are Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA- CREF), and Fidelity Investments.

These administrators have the authority to perform record keeping, enrollment education services, and other administrative duties for the ARP. The administrators are delegated any and all powers as may be necessary or advisable to discharge their duties under the ARP and have certain discretionary authority to decide matters under the ARP. As the ARP trustee NMERB is responsible for selecting investment options that provide a prudent rate of return, and to ensure that all investments, amounts, property, and rights under the executed Plan-Trust are held for the exclusive benefit of Plan participants and their beneficiaries, as defined in the Plan Document.

NOTE 11 PENSION PLANS (CONTINUED)

C. Net Pension Liability (Asset)

The total pension liability, net pension liability, and certain sensitivity information presented on the next page are based on an actuarial valuation performed as of June 30, 2024. The total pension liability was rolled forward from the valuation date to the plan year ending June 30, 2025. The net pension liability of each plan as of June 30, 2025, is as follows:

Public Employees Retirement Association and Education Retirement Board
Net Pension Liability, By Fund
(Expressed in Thousands)

	PERA-Public Employees Retirement System	PERA-Judicial Retirement System	PERA-Magistrate Retirement System	PERA-Volunteer Firefighters Retirement System	ERB-Educational Employees Retirement System
Total Pension Liability	$27,584,873	$244,070	$66,287	$53,802	$27,498,850
Plan's Fiduciary Net Position	(18,630,231)	(123,542)	(34,702)	(91,812)	(18,960,351)
Net Pension Liability (Asset)	$ 8,954,642	$ 120,528	$ 31,585	$ (38,010)	$ 8,538,499
Percentage of Fiduciary Net Position to Total Pension Liability	67.54 %	50.62 %	52.35 %	170.65 %	68.95 %

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2024. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2025. These assumptions were adopted by the Board for use in the June 30, 2024 actuarial valuation.

	PERS	JRS	MRS	VFRS	EERS
Valuation Date	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay, Open	Level Percent of Payroll, Open	Level Dollar, Open	Closed 30-Year Period, Amortization. Level Percent of Payroll
Amortization Period	25 Years	25 Years	25 Years	25 Years	Closed 30 Years
Asset Valuation Method					5-Year Smoothed Market
Actuarial Assumptions:					
Investment Rate of Return	7.25%	7.25%	7.25%	7.25%	7%
Payroll Growth	3.00%	3.00%	3.00%	N/A	-
Projected Salary Increases	3.25%-11.50%	3.25 %	3.25 %	N/A	2.30% Inflation, plus .70% Prod, Inc.
Includes Inflation At	2.50%	2.50%	2.50%	2.50%	2.30 %
Mortality Assumption	PUB-2010 Mortality Table	PUB-2010 Mortality Table	PUB-2010 Mortality Table	PUB-2010 Mortality Table	2020 GRS Southwest Region Teacher Mortality Table
Discount Rate	7.25 %	6.62 %	7.25 %	7.25 %	7.00 %
Municipal Bond Rate	-	5.20 %	- %	-	-

All percentages are stated at an annual rate.

Investment rate of return is net of investment expenses.

NOTE 11 PENSION PLANS (CONTINUED)

C. Net Pension Liability (Asset) (Continued)

The following presents the net pension liability of the various plans, calculated using the discount rate, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Sensitivity of the Net Pension Liability to
Changes in the Discount Rate
(Expressed in Thousands)

Net Pension Liability	1% Decrease	Current Discount Rate	1% Increase
PERS	$ 12,435,275	$ 8,954,642	$ 6,089,253
Single-Employer Funds:			
	(5.22%)	(6.22%)	(7.22%)
Judicial	$ 164,851	$ 120,528	$ 98,251
	(6.25%)	(7.25%)	(8.25%)
Volunteer Firefighters	$ (32,112)	$ (38,011)	$ (42,943)
	(6.25%)	(7.25%)	(8.25%)
Magistrate	$ 38,189	$ 31,585	$ 26,010
	(6.00%)	(7.00%)	(8.00%)
ERB	$ 12,004,330	$ 8,538,499	$ 6,105,755

NOTE 11 PENSION PLANS (CONTINUED)

C. Net Pension Liability (Asset) (Continued)

PERA Asset Allocations

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Public Employees Retirement Association
All Systems

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	46.00 %	3.50 %
Core Fixed Income	13.00	2.20
Credit	17.00	3.30
Absolute Return	6.00	2.40
Real Assets	18.00	4.50
Total	100.00 %	

ERB Asset Allocations

ERB's investment allocation policy is periodically reviewed and amended by the Board of Trustees, as needed. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocations as well as the policy adopted on December 2022:

NOTE 11 PENSION PLANS (CONTINUED)

C. Net Pension Liability (Asset) (Continued)

ERB Asset Allocations

Schedule of Asset Allocation Versus Policy Targets

	Allocation	Policy Target[1]
Equities:		
Domestic Equities:		
Large Cap	13.3 %	15.0 %
Small-Mid Cap	3.3	4.0
International Equities:		
Developed	4.8	5.0
Emerging Markets	4.5	4.0
Total Equities	25.9	28.0
Fixed Income:		
Core Fixed Income	5.2	6.0
Opportunistic Credit	16.2	18.0
Total Fixed Income	21.4	24.0
Alternatives:		
Real Estate - REITS	0.6	-
Private Real Estate	8.8	8.0
Private Equity	21.1	17.0
Global Asset Allocation	0.8	2.0
Inflation-Linked Assets	12.1	12.0
Other	7.9	8.0
Total Alternatives	51.3	47.0
Cash	1.4	1.0
Total	100.0 %	100.0 %

1. Long-Term Policy Target approved by the Board on December 2022.
2. Allocations shown here include cash held in separately managed portfolios.

NOTE 11 PENSION PLANS (CONTINUED)

C. Net Pension Liability (Asset) (Continued)

Rate of Return

Disclosure of the annual money-weighted return is a requirement of GASB 67. It incorporates both the size and timing of cash flows to determine an internal rate of return and expresses investment performance adjusted for the changing amounts actually invested. The requirements of the calculation are listed below.

- The rate is computed net of investment expenses, but not net of administrative expenses.
- External cash flows used as inputs should be determined on at least a monthly basis.
- Cash flows should be determined on an accrual basis of accounting.
- Cash-flow weighting should be representative of the Plan's actual external cash flow timing.

For the year ended June 30, 2025, the annual money-weighted rate of return on the PERA pension plan investments net of investment expense was 9.49%. For the ERB pension plan, it was 9.88%.

D. Employer Reporting – Public Employees Retirement Association of New Mexico (PERA)

State – Funded Divisions of PERA

For the fiscal year ended June 30, 2025, the State Funded Divisions of PERA were composed of State General, State Police, and Legislative. The measurement date used by the State was June 30, 2024.

1. Contributions

As stated earlier in this note, the contribution requirements of the plan members and the State are established in the state statute. Statutorily required contributions from the State to the State funded divisions of the pension plan were $321 million for the fiscal year ended June 30, 2025.

2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The State-Funded Divisions of PERA reported net pension liabilities as follows (expressed in thousands):

Division	Net Pension Liability
State General	$ (4,820,825)
State Police	291,669
Legislative	(3,492)
Total	$ (4,532,648)

NOTE 11 PENSION PLANS (CONTINUED)

D. Employer Reporting – Public Employees Retirement Association of New Mexico (PERA) (Continued)

State – Funded Divisions of PERA (Continued)

2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The net pension liability is further segregated in the following amounts in governmental and business-types (expressed in thousands):

Governmental Activities (Including Internal Service Funds)	$ 4,446,057
Business-Type Activities (Including Nonmajor Enterprise Funds and Two Educational Institutions)	86,091
Total	$ 4,532,148

At June 30, 2025, the State's total proportion of the PERA State Funded Divisions net pension liability was 50.64%. Total contributions for State Funded Divisions were $274.6 million, $46.6 million, and $-0- for the three divisions respectively. Pension expense (income) was $536.3 million, $36.1 million, and $10.5 million respectively.

Single-Employer Funds

The State contributes 100% of the contributions to three single-employer funds in the PERA System. They are the Judicial, Magistrate, and Volunteer Firefighters Retirement Funds. The measurement date used by the State was June 30, 2025 (expressed in thousands).

	Judicial	Volunteer Firefighters	Magistrate
Net Pension Liability (Asset)	$ 120,623	$ (32,300)	$ 40,810

1. Contributions

Contributions from the State to the PERA Judicial, Magistrate Retirement, and Volunteer Firefighter funds were $4.35 million, $1.2 million, and $.75 million, respectively, for the year ended June 30, 2025.

NOTE 11 PENSION PLANS (CONTINUED)

D. Employer Reporting – Public Employees Retirement Association of New Mexico (PERA) (Continued)

Single-Employer Funds (Continued)

2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The State reported liabilities of $121 million and $41 million for the net pension liabilities of the Judicial and Magistrate Retirement Funds, respectively, which were 100% of the proportionate share. For the year ended June 30, 2025, the State recognized $26 million as pension expense for the Judicial Retirement Funds. Also, for the year ended June 30, 2025, the State recognized $2 million as pension expense for the Magistrate Retirement Fund, respectively.

The Volunteer Firefighters Retirement Fund reported a plan net asset of $32.3 million. Therefore, in accordance with accounting guidance, the positive net position is reported as a net pension asset in the financial statements. Pension income was $1.6 million.

At June 30, 2025, these plans reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	Governmental		Business-Type	
PERA - State-Funded and Single-Employer Funds (Judicial and Magistrates Funds)	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experiences	$ 200,269	$ (40,180)	$ 3,484	$ (748)
Changes of Assumptions	121,991	(17)	1,984	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	132,484	-	2,274	-
State Contributions Subsequent to Measurement Date	321,274	-	5,496	-
Total	$ 776,018	$ (40,197)	$ 13,238	$ (748)

The amounts of $321.2 million for governmental activities and $5.5 million for business-type activities, reported as deferred outflows of resources related to pensions resulting from the State's contributions subsequent to the measurement date June 30, 2024, will be recognized as a reduction of the respective net pension liability in the following fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Governmental		Business-Type	
Year Ending June 30,	Amount	Year Ending June 30,	Amount
2026	$ 52,428	2026	$ 885
2027	315,391	2027	5,321
2028	59,973	2028	1,012
2029	(13,244)	2029	(224)
2030	-	2030	-
Thereafter	-	Thereafter	-

NOTE 11 PENSION PLANS (CONTINUED)

D. Employer Reporting – Public Employees Retirement Association of New Mexico (PERA) (Continued)

Single-Employer Funds (Continued)

2. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The deferred outflows and inflows of resources are presented separately for the Volunteer Firefighter's Fund because this fund reports a positive net position (expressed in thousands).

	Governmental	
Volunteer Firefighter's Fund	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experiences	$ -	$ (8,762)
Changes of Assumptions	534	(788)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,370	-
State Contributions Subsequent to Measurement Date	750	-
Total	$ 2,654	$ (9,550)

The amount of $750 thousand, reported as deferred outflows of resources related to pensions resulting from the State's contributions subsequent to the measurement date June 30, 2024, will be recognized as a reduction of the respective net pension liability in the following fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Year Ending June 30,	Amount
2026	$ (2,788)
2027	(151)
2028	(1,909)
2029	(1,867)
2030	(764)
Thereafter	(167)

E. Employer Reporting – Educational Retirement Board (ERB)

1. Contributions

As stated earlier in this note, the contribution requirements of ERB plan members and the State are established in state statute. Contributions for the fiscal year ended June 30, 2025, from the State to the ERB were $1.9 million for governmental activities and $213 million from the 12 educational institutions reported as business-type activities.

NOTE 11 PENSION PLANS (CONTINUED)

E. Employer Reporting – Educational Retirement Board (ERB) (Continued)

2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2023. Therefore, the employer's portion was established as of the measurement date June 30, 2024. On June 30, 2025, the State reported a liability of $20 million for its proportionate share of the net pension liability covering state employees in governmental activities, and $2.3 billion for the collective proportionate share of the 12 educational institutions reported as business-type activities. At June 30, 2024, the proportion was .2323% for governmental activities and 25.6251% for business-type activities. The State's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2024. The contribution amounts were defined by Section 22-11-21, NMSA 1978.

For the year ended June 30, 2025, the State recognized pension income of $2.5 million in governmental activities and $162 million in business-type activities. At June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	Governmental		Business-Type	
ERB Fund	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experiences	$ 1,629	$ (44)	$ 184,872	$ (5,026)
Changes of Assumptions	-	(523)	-	(59,416)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(605)	-	(68,676)
Changes in Proportion and Differences Between State Contributions and Proportionate Share of Contributions	-	(1,770)	17,923	(41,382)
State Contributions Subsequent to Measurement Date	1,914	-	213,132	-
Total	$ 3,543	$ (2,942)	$ 415,927	$ (174,500)

Contributions made subsequent to the measurement date will reduce the net pension liability for the next fiscal year.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Governmental		Business-Type	
Year Ending June 30,	Amount	Year Ending June 30,	Amount
2026	$ (1,563)	2026	$ (58,471)
2027	483	2027	106,311
2028	(70)	2028	(951)
2029	(164)	2029	(18,493)
2030	-	2030	-
Thereafter	-	Thereafter	-

NOTE 11 PENSION PLANS (CONTINUED)

E. Employer Reporting – Educational Retirement Board (ERB) (Continued)

3. Net Pension Liabilities and Related Deferred Inflows/Outflows of Resources Reconciliation to Financial Statements (Expressed in Thousands)

	Net Pension Asset	Net Pension Liability
Governmental Activities:		
PERA - State Divisions	$ -	$ 4,446,557
PERA - Judicial	-	120,623
PERA - Magistrate	-	40,810
PERA - Volunteer Firefighters	32,300	-
ERB	-	19,972
Total Governmental Activities	32,300	4,627,962
Business-Type Activities :		
PERA - State Divisions	-	86,091
ERB	-	2,267,138
Total Business-Type Activities	-	2,353,229
Component Units		342,346

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:		
PERA - State Divisions, Judicial and Magistrate	$ 776,018	$ (40,197)
PERA - Volunteer Firefighters	2,654	(9,550)
ERB	3,542	(2,942)
Total Governmental Activities	782,214	(52,689)
Business-Type Activities :		
PERA - State Divisions	13,238	(748)
ERB	415,927	(174,500)
Total Business-Type Activities	429,165	(175,248)
Component Units	104,569	(38,701)

F. Discount Rates and Sensitivity Analysis

Discount Rate for the PERA, Volunteer Firefighter, Magistrate and Judicial Funds

Previously, a select and ultimate rate of return assumption had been adopted for funding purposes, but new economic assumptions were adopted for the June 30, 2024 valuations including the change to a 7.25% static rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, the 7.25% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table provides the sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate. In particular, the tables present the State's net pension liability as if it were calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the single discount rate.

NOTE 11 PENSION PLANS (CONTINUED)

F. Discount Rates and Sensitivity Analysis (Continued)

Public Employees Retirement Association
Employer Reporting
Sensitivity of the Net Pension Liability to
Changes in the Discount Rate
(Expressed in Thousands)

Net Pension Liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
State-Funded Divisions	$ 6,023,245	$ 4,532,648	$ 3,299,288
Single-Employer Funds:			
	(4.54%)	(5.54%)	(6.54%)
Judicial	$ 147,080	$ 120,623	$ 98,350
	(6.25%)	(7.25%)	(8.25%)
Volunteer Firefighters	$ (26,420)	$ (32,300)	$ (37,216)
	(4.84%)	(5.84%)	(6.84%)
Magistrate	$ 49,089	$ 40,810	$ 33,925

ERB

A single discount rate of 7.00% was used to measure the Total Pension Liability as of June 30, 2025. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels. Additionally, contributions received through Alternative Retirement Plan and the Return-to-Work Program are included in the projection of cash flows. These contributions are assumed to remain a level percentage of NMERB payroll, where the percentage of payroll is based on the most recent five-year contribution history.

NOTE 11 PENSION PLANS (CONTINUED)

F. Discount Rates and Sensitivity Analysis (Continued)

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table provides the sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate. In particular, the tables present the State's net pension liability as if it were calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the single discount rate.

Educational Retirement Board
Employer Reporting
Sensitivity of the Net Pension Liability to
Changes in the Discount Rate
(Expressed in Thousands)

Net Pension Liability	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
State Employees (Governmental Activities)	$ 27,462	$ 19,972	$ 13,772
Educational Institution Employees (Business-Type Activities)	3,117,443	2,267,138	1,563,409
Total Primary Government- ERB	$ 3,144,905	$ 2,287,110	$ 1,577,181

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan Description

In addition to pension benefits as described in Note 11, the State provides other postemployment benefits (OPEB). The following is in accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

A. Plan Description (Continued)

The New Mexico Retiree Health Care Authority (RHCA) was formed February 13, 1990 under the New Mexico Retiree Health Care Act (the Act), Chapters 10-7C-1 to 10-7C-19, NMSA 1978, to administer the retiree health care fund which was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents, and surviving spouses) who have retired or will retire from public service in New Mexico. The Retiree Health Care Act established a cost-sharing, multiemployer defined benefit postemployment health care plan (the Plan) that provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Act created a governing board composed of 11 members (a 12th member was added through an amendment). RHCA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to RHCA, 6300 Jefferson Street NE, Suite 150, Albuquerque, NM 87109.

The legislation establishing RHCA specifically did not intend to create formal trust relationships among the participating employees, retirees, employers, and RHCA administering the Act. However, the substantive plan created by the Act contains all requisite elements to be considered as the equivalent of a trust arrangement. These elements include irrevocable contributions to the Plan, plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the Plan, and plan assets are legally protected from creditors of employers or the Plan administrator. Additionally, there is no provision for a participating government entity to withdraw membership, and all risks and costs including benefit costs are shared and are not attributed individually to employers, and a single contribution rate applies to employers. RHCA received a legal opinion that the manner of legal organization of RHCA is substantially equivalent to a trust. As such, RHCA was required to apply GASB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans,* which was implemented by the State effective for fiscal year ending June 30, 2018. The net position of the RHCA is reported as restricted per GASB Statement No. 46 and Chapter 10-7-C-14, NMSA 1978.

Eligible employers are institutions of higher education, school districts, or other entities participating in the public school insurance authority, and state agencies, state courts, magistrate courts, municipalities, or counties, which are affiliated under or covered by the Educational Retirement Act, the Magistrate Retirement Act, or the Public Employees Retirement Act.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

A. Plan Description (Continued)

Plan Membership (Not in Thousands):	
Current Retirees and Surviving Spouses	50,813
Inactive and Eligible for Deferred Benefit	14,005
Current Active Members	98,861
Total	163,679
Active Membership:	
State General	18,815
State Police and Corrections	2,509
Municipal General	17,821
Municipal Police	3,390
Municipal Fire	2,736
ERB	53,590
Total	98,861
Total Number of Participating Employers	305

B. Single Employer Postemployment Plans

Plan Description for UNM

1. Plan Description

The University of New Mexico Retiree Welfare Benefit Trust (VEBA Trust) administers the University of New Mexico Retiree Welfare Benefit Plan (VEBA Plan) – a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible employees of the University. The University is the fiduciary of the VEBA Trust, and the VEBA Trust's financial statements and required supplementary information are included in the University's financial report.

Management of the VEBA Plan is vested in the VEBA Trust's VEBA Committee, which consists of nine members:

- UNM Controller or Designee
- UNM Vice President of Human Resources or Designee
- Two Faculty Appointees (appointed by the UNM President)
- Two Staff Appointees (appointed by the UNM President)
- Member of the Debt Investment Advisory Committee (ex-officio, appointed by the UNM President)
- Two UNM Presidential Appointees

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

B. Single Employer Postemployment Plans (Continued)

Plan Description for UNM (Continued)

2. Plan Membership

In order for a retiree of the University to be eligible for OPEB other than basic life insurance, the employee must have been hired prior to July 1, 2015 and contribute to the VEBA Trust for at least five continuous years immediately prior to retirement. If hired prior to July 1, 2013 and retiring prior to July 1, 2018, employees must continually contribute to the VEBA Trust. Employees were automatically enrolled into the VEBA Trust upon its establishment unless they requested to opt out. Opportunities to opt out will occur annually during the benefits open enrollment period. Employees hired on or after July 1, 2015 are not eligible for OPEB other than basic life insurance. Contributions to the VEBA Trust are not required for the basic life insurance benefit since these benefits are not funded through the VEBA Trust.

At the valuation date of January 1, 2023 the VEBA Plan membership consisted of the following:

- Inactive plan members or beneficiaries currently receiving benefit payments 3,658, active plan members 7,417, and total plan members 11,075.

- Total active plan members include 4,333 members hired on or after July 1, 2015 who are not eligible to receive postretirement health benefits but may be eligible to receive postretirement life insurance benefits.

Plan Description for New Mexico State University

1. Plan Description

New Mexico State University is a single employer that offers employees and their eligible dependents retiree benefits. This is an unfunded OPEB plan operating on a pay-as-you-go basis. The authority to establish and amend the benefit provisions rests with the Board of Regents. Retirees, who have had 10 consecutive years of health insurance coverage with the University at the time of retirement, are offered the opportunity to participate in a fully insured PPO medical plan, including prescription drugs. Medicare retirees (for retirees 65 years of age and over) are offered the opportunity to participate in a Medicare carve-out medical plan, including prescription drugs. Eligible retired employees may select a Life Insurance benefit up to $10,000. All premiums for life insurance are paid by the retiree. The University currently pays 60% of the monthly medical and prescription premium for retirees and their eligible dependents until the retiree reaches age 70, at which time the University reduces their contribution to 30%. As of June 30, 2024, 1,298 retirees met the eligibility requirements for health insurance. Employees hired after June 30, 2016 are not offered this benefit.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

B. Single Employer Postemployment Plans (Continued)

Plan Description for New Mexico State University (Continued)

2. Plan Participation Percentage

The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 85% of all pre-Medicare employees and their dependents who are eligible for early retirement will participate in the retiree medical plan. It is also assumed that 80% of those enrolled in the pre-Medicare plans will continue on the plan once Medicare eligible. Lastly, it is assumed that 88% of all pre-Medicare employees who are eligible for the retiree life insurance benefit will participate, and 91% of those enrolled will continue on the plan once Medicare eligible. This assumes that a one-time irrevocable election to participate is made at retirement. Employees covered by benefit terms - At June 30, 2024, the following employees were covered by the benefit terms: Current retirees receiving benefits – 1,709 and current active members – 1,383.

Plan Description for NM Institute of Mining and Technology

1. Plan Description

The Board of Regents authorized the creation of the New Mexico Tech Employee Benefit Trust (Trust or Plan), a contributory benefit plan, to operate, control, and maintain a program to provide certain health and life insurance benefits to the employees of the Institute and their families. Retired employees may participate in the Plan. The Plan is considered a postemployment benefit plan as defined by GASB 74, *Financial Reporting for Postemployment Benefit Other than Pension Plans* which was implemented for June 30, 2020. The Trust is recorded as a fiduciary fund in the accompanying financial statements and as a blended component unit. The Board of Regents serves as trustee and has delegated the day-to-day operations of the Trust to the executive staff of the Institute. The Trustees and Institutes management have designated a third-party administrator to process the claims submitted by covered participants.

Effective January 1, 2019, the Institute is no longer using the Trust, a contributory benefit plan, to operate, control, and maintain a program to provide the health insurance benefits to the employees of the Institute and their families. The Board of Regents made a resolution approving an agreement for participating with New Mexico Public School Insurance Authority (NMPSIA), for employee health benefits for its employees, retirees, and their families. The Trust will continue to operate, control, and maintain the life insurance and flexible benefits to the employees of the Institute and their families. The Trust issues standalone audited financial statements that can be obtained by request or via the Office of the State Auditor's website at https://www.osa.nm.gov/.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

C. Funding and Benefit Policies

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

The New Mexico Retiree Health Care Act (Chapter 10-7C-13, NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of $5 (not in thousands) if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from NMRHCA or viewed on their website at www.nmrhca.state.nm.us.

Contribution

The New Mexico Retiree Health Care Act (Chapter 10-7C-15, NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The contributions are set by legislation and are not based on an actuarial calculation. The Legislature periodically reviews the contribution rates pursuant to Chapter 10-7C-15, NMSA 1978.

For the fiscal year ended June 30, 2025, for regular state employees, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary.

For employees who were members of an enhanced retirement plan (state police, adult correctional officers, firefighters, and judges) during the fiscal year ended June 30, 2025, 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.

Current retirees are required to make monthly contributions for individual basic medical coverage. Retiree premium contribution increases are no longer limited by the Act, which the RHCA health care trend's will be the basis for any rate increases for the New Mexico basic plan of benefits. The Board may designate other plans as "optional coverages." Optional and/or voluntary coverages are not subject to the 9% cap, which expired in fiscal year 2008 per Chapter 10-7C-13, NMSA 1978.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

C. Funding and Benefit Policies (Continued)

Contribution (Continued)

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operations or participation in the Plan. The employer, employee and retiree contributions are required to be remitted to NMRHCA on a monthly basis.

D. Funding and Benefit Policies for Single Employer Plans

UNM

1. Benefits Provided

The VEBA Plan provides health, dental, and life insurance coverage to eligible retirees and their covered dependents. Eligible retirees of the University receive healthcare coverage through a self-insured medical plan, including prescription drugs, available through UNM Health, Presbyterian Health Plan, BCBS of New Mexico, and Express Scripts. Eligible Medicare retirees (for retirees 65 years of age and over) receive healthcare coverage through one of seven fully insured medical/prescription plans: Humana PPO, Aetna PPO ESA, Blue Cross Blue Shield HMO I (Enhanced), Blue Cross Blue Shield HMO II (Standard), Presbyterian HMO-POS, Presbyterian HMO-POS, and UHC AARP supplemental. Eligible retirees are also offered one of two dental insurance benefit options: Premier High Option and PPO Low Option. Basic life insurance benefits are available to retirees of the University without the requirement to opt in to the VEBA Trust. The authority to establish and amend the benefit provisions rests with the Board of Regents.

2. Contributions

The contribution requirements of VEBA Plan members and the University are established and may be amended by the Board of Regents. Retiree contributions for medical and dental insurance are required for both retiree and dependent coverage. Retirees are required to pay the full premiums less a subsidy provided by the University. Retirees 65 years of age and over are required to contribute a percentage of the premiums based on their number of VEBA service credit years. Retirees under the age of 65 are required to contribute a percentage of the premiums based on their number of VEBA service credit years and their preretirement annual salary. Benefits-eligible employees, who do not opt-out of the VEBA Trust, contribute 0.75% of their salary to the VEBA Trust in order to ensure that the health benefits continue into retirement. The University matches the 0.75% contribution made by the employee.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

D. Funding and Benefit Policies for Single Employer Plans (Continued)

NMSU

1. Funding Policy

The University does not use a trust fund to administer the financing and payment of benefits. The retired employees that elect to participate in postemployment benefits are required to make contributions in the form of monthly premiums based on current rates established under the medical and life plans. The University funds the plan on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits, and includes all expected claims and related expenses and is offset by retiree contributions. The pay-as- you-go expenses for fiscal year 2025 were $3.9 million, net of retiree contributions.

NMIMT

1. Benefits Provided

Retirees are offered $10,000 of retiree basic life insurance. In addition, the Trust is used to pay premiums for life insurance coverage on eligible participants and to administer the Flexible Benefits Plan (the Flex Plan). The Flex Plan, which is fully funded by employees, provides reimbursement of certain employee health and dependent care expenses. The Trust also holds Employee Assistance Plan (EAP) and Commuter Benefits Holding funds.

2. Contributions

The Trust is funded by contributions from both the Institute and employees of the Institute. Flex Plan contributions consist of employee-only contributions and are based on amounts elected by the employees up to specified limits, and are withheld from employee pay. All other contributions, including employee and employer contributions, are based on amounts determined by the Trust Committee as necessary to cover the expenses of the Trust. Contributions are funded on a monthly basis.

E. Funded Status

Investments and Fair Value Measurements

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used as of June 30, 2025.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

E. Funded Status (Continued)

Investments and Fair Value Measurements (Continued)

The RHCA invested in a number of investment pools offered by New Mexico State Investment Council (NMSIC). Each pool consists of units of participation of unlimited quantity. The pools are held in NMSIC's name. No unit in the pool has priority or preference over any other unit and represents an equal beneficial interest in the pool. The valuation of the RHCA's units in the investment pool is provided by the NMSIC on a monthly basis and represents the fair market value as of that date. Therefore, RHCA has determined that all the investments are measured at Net Asset Value as a practical expedient (NAV practical expedient).

The table below summarizes the investments valued at NAV practical expedient and other pertinent liquidity information:

Investments Measured at NAV Practical Expedient	Fair Value June 30, 2025	Redemption Frequency	Redemption Notice Period
U.S. Large Cap Index Pool	$ 272,898	4 Times Per Year	3 Months
Non U.S. Emerging Markets Index Pool	149,340	Daily	5 Business Days
Non U.S. Developed Markets Index Pool	255,220	4 Times Per Year	3 Months
Private Equity Pool	237,787	4 Times Per Year	3 Months
Private Debt Market Pool	263,968	Daily	5 Business Days
Real Estate Pool	149,045	4 Times Per Year	3 Months
U.S. Small/Mid Cap Active Pool	34,792	Daily	5 Business Days
Real Return Pool	91,990	Daily	3 Months
Core Bond Pool	365,830	Daily	5 Business Days
Total	$ 1,820,870		

There are requirements for frequency and timing of actuarial valuations, as well as actuarial methods and assumptions that are acceptable for financial reporting. The Authority obtains actuarial valuations at least biannually and a single actuarial valuation covers all plan members.

RHCA Asset Allocations

RHCA's investment allocation policy is periodically reviewed and amended by the Board of Trustees, as needed. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

Further detail of the individual Investment Pools and their management can be obtained from a publicly available financial report that includes financial statements and required supplementary information for the postemployment healthcare plan at RHCA website https://www.nmrhca.state.nm.us.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

E. Funded Status (Continued)

RHCA Asset Allocations (Continued)

The actuarial methods and assumptions for the Plan at June 30, 2025, were as follows:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry age normal, level of percent of pay, calculated on individual employee basis
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation	2.30% for ERB: 2.50% for PERA
Projected payroll increases	3.25% to 11.50% based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Discount rate	7.25%
Health Care Cost Trend Rate	8.25% graded down to 4.50% over 15 years for Non-Medicare medical plan costs and 8.50% graded down to 4.50% over 15 years for Medicare medical plan costs

Schedule of Annual Money-Weighted Rate of Return

Year Ended June 30,	Annual Money-Weighted Rate of Return
2025	10.58 %

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions. The following schedule summarizes the current investment allocation policy as of June 30, 2025:

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

E. Funded Status (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Allocations
U.S. Core Fixed Income	20 %
U.S. Equity - Large Cap	14
Non U.S. - Emerging Markets	10
Non U.S. - Developed Equities	14
Private Equity	10
Private Debt Market	15
Real Estate	10
Real Return	5
U.S. Equity - Small/Mid Cap	2
Total	100 %

Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. Core Fixed Income	1.9 %
U.S. Equity - Large Cap	5.9
Non U.S. - Emerging Markets	7.4
Non U.S. - Developed Equities	6.2
Private Equity	9.7
Credit and Structured Finance	6.1
Real Estate	3.5
Absolute Return	4.0
U.S. Equity - Small/Mid Cap	6.7

F. Net OPEB Liability

Net OPEB Liability

The net OPEB liability and the plan's actuarial valuation were calculated by the Authority's independent actuary as of June 30, 2025. The plan's valuation and measurement of the total OPEB liability and related net OPEB liability were performed in accordance with GASB 74 requirements at the request of the Authority.

The discount rate used to measure the total OPEB liability is 7.25% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

F. Net OPEB Liability (Continued)

Net OPEB Liability (Continued)

For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2070. Thus, the 7.5% assumed investment return on Plan assets, which includes the assumed inflation rate of 2.50%, was used to calculate the net OPEB liability.

The following presents the net OPEB liability, calculated using the discount rate of 7.25%, as well as what the Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (expressed in thousands):

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB Liability	$ 1,996,155	$ 1,556,677	$ 1,190,600

The following presents the net OPEB liability calculated using the current healthcare cost trend rates as well as what Fund's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (expressed in thousands):

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	$ 1,157,265	$ 1,556,677	$ 2,045,917

The total OPEB liability, net OPEB liability, and certain sensitivity information presented are based on an actuarial valuation performed as of June 30, 2024. The total OPEB liability was rolled forward from the valuation date to the plan year ending June 30, 2025. The component of net OPEB liability as of June 30, 2025, is as follows:

	June 30, 2025
Total OPEB Liability	$ 3,422,409
Plan Fiduciary Net Position	(1,865,732)
Net OPEB Liability	$ 1,556,677
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.52%

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

G. Employer Reporting Net OPEB Liability – RHCA

Contributions

As stated earlier in this note, the contribution requirements of RHCA plan members and the State are established in state statute. Statutorily required contributions for the fiscal year ended June 30, 2025, from the State to the RHCA were $33.8 million for governmental activities and $.4 million for business-type activities.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The total RHCA OPEB liability, net OPEB liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2024. Therefore, the employer's portion was established as of the measurement date June 30, 2024. At June 30, 2025, the State reported a liability of $425 million for its proportionate share of the net OPEB liability covering state employees in governmental activities, and $51.2 million for its proportionate share of the net OPEB liability covering state employees business-type activities. At June 30, 2024, the proportion was 23.81% for governmental activities and 2.58% for business-type activities. The State's proportion of the net OPEB liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2024.

For the year ended June 30, 2025, the State recognized a reduction to OPEB expense of $87.6 million in governmental activities and an increase to OPEB expense of $12.2 million in business-type activities.

At June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	Governmental		Business-Type	
RHCA	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experiences	$ 4,554	$ (44,380)	$ 54	$ (529)
Changes of Assumptions	79,504	(269,427)	948	(3,213)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,798	-	45	-
Changes in Proportion and Differences Between State Contributions and Proportionate Share of Contributions	9,192	(8,871)	110	(105)
State Contributions Subsequent to Measurement Date	33,768	-	403	-
Total	$ 130,816	$ (322,678)	$ 1,560	$ (3,847)

Contributions made subsequent to the measurement date will reduce the net OPEB liability for the next fiscal year.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

G. Employer Reporting Net OPEB Liability – RHCA (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

Governmental		Business-Type	
Year Ending June 30,	Amount	Year Ending June 30,	Amount
2025	$ (68,142)	2025	$ (813)
2026	(91,178)	2026	(1,087)
2027	(60,171)	2027	(717)
2028	(14,149)	2028	(169)
2029	8,010	2029	96
Thereafter	-	Thereafter	-

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the net State's Proportionate Share of the OPEB liability of the State, as well as what the State's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current discount rate:

Employer Reporting
Sensitivity of the Net Pension Liability to
Changes in the Discount Rate
(Expressed in Thousands)

Net OPEB Liability	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Governmental Activities	$ 535,793	$ 424,872	$ 333,947
Business-Type Activities	64,556	51,193	40,236
Total Primary Government - RHCA	$ 600,349	$ 476,065	$ 374,183

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

G. Employer Reporting Net OPEB Liability – RHCA (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate (Continued)

The following presents the net OPEB liability of the State, as well as what the State's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Employer Reporting
Sensitivity of the Net Pension Liability to
Changes in the Trend Rate
(Expressed in Thousands)

Net OPEB Liability	1% Decrease	Current Rate	1% Increase
Governmental Activities	$ 328,337	$ 424,872	$ 672,789
Business-Type Activities	39,560	51,193	81,063
Total Primary Government - RHCA	$ 367,897	$ 476,065	$ 753,852

H. Single Employer Plans

1. UNM

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The University's net OPEB liability was measured as of July 1, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2024, but adjusted for a change in the discount rate. The components of the net OPEB liability of the University at June 30, 2025 was as follows (expressed in thousands):

	June 30, 2025
Total OPEB Liability	$ 205,796
Plan Fiduciary Net Position	(87,224)
University's Net OPEB Liability	$ 118,572
Plan Fiduciary Net Pension as a Percentage of the Total OPEB Liability	42.38%

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

H. Single Employer Plans (Continued)

1. UNM (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	2.0%
Investment Rate of Return	6.0%, net of OPEB plan investment expense, including inflation
Health Care Cost Trend Rates	Pre-Medicare: 7.8% initially, reduced by decrements to a rate of 4.5% after nine years Post-Medicare: 8.25% initially, reduced by decrements to a rate of 4.5% after nine years Dental: 4.0%

Mortality rates were based on the PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Discount Rate

The discount rate was determined by blending the University's long-term rate of return on assets and the interest rate reported under the 20-Year Municipal Bond Index. GASB 75 requires the use of an interest rate based on the 20-Year Municipal Bond Index for payments expected to be made outside of the VEBA trust assets. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was used for the determination of this rate. The interest rate is the index rate that is reported on the last Friday prior to the measurement date. A blended discount rate was calculated based on separating the projected future payments between those paid from the VEBA Trust and those paid from general assets. The VEBA Trust assets were projected using the expected employer and employee payroll contributions and the expected long-term rate of return. Payments from the VEBA Trust were assumed to begin when the projected asset amount is fully funded, and all future projected benefit payments will be paid from the VEBA Trust. The VEBA Trust is expected to be fully funded in the year 2036. The blended discount rates used for the fiscal year ending June 30, 2025 was 5.78%.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

H. Single Employer Plans (Continued)

1. UNM (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the University's net OPEB liability at June 30, 2025, which was measured using the discount rate of 5.78%, as well as what the net OPEB liability would have been if it were calculated using a discount rate that was 1-percentage-point lower (4.78%) or 1-percentage-point higher (6.78%) than the current discount rate (expressed in thousands).

	1% Decrease (4.78%)	Current Discount Rate (5.78%)	1% Increase (6.78%)
Net OPEB Liability	$ 142,561	$ 118,572	$ 98,336

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the University's net OPEB liability at June 30, 2024, which was measured using the current healthcare cost trend rates (Pre-Medicare: 7.8% decreasing to 4.5%, Post-Medicare: 8.25% decreasing to 4.5%, Dental: 4%), as well as what the net OPEB liability would have been if it were calculated using healthcare cost trend rates that were one percentage point lower (Pre-Medicare: 6.8% decreasing to 3.5%, Post-Medicare: 7.25% decreasing to 3.50%, Dental: 3%) or one percentage point higher (Pre-Medicare: 8.8% decreasing to 5.5%, Post-Medicare: 8.8% decreasing to 5.5%, Dental: 5%) than the current healthcare cost trend rates (expressed in thousands).

	1% Decrease	Current Discount	1% Increase
Net OPEB Liability	$ 97,062	$ 118,572	$ 144,227

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the University recognized OPEB expense of $6.9 million. At June 30, 2025 the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

H. Single Employer Plans (Continued)

1. UNM (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	Year Ended June 30, 2024 (in Thousands)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 3,012	$ (25,099)
Changes of Assumptions	32,364	(1,233)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(3,736)
Contributions Subsequent to the Measurement Date	-	-
Total	$ 35,376	$ (30,068)

The $7.3 million reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date of July 1, 2024 has been recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

Year Ending June 30,	Amount
2026	$ 6,272
2027	(264)
2028	(68)
2029	(988)
2030	357
Thereafter	-
Total	$ 5,309

2. NMSU

The University's annual other postemployment benefit (OPEB) Service/Interest cost (expense) is the portion of the Actuarial Present Value of plan benefits and expenses for active employees which is allocated to a valuation year by the Actuarial Cost Method. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation related for fiscal year 2025:

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

H. Single Employer Plans (Continued)

2. NMSU (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

	Total OPEB Liability
Total OPEB Liability - Beginning of Year (July 1, 2023)	$ 139,662
Changes for the Year:	
Service Cost	3,851
Interest Cost	5,527
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	-20070
Benefit Payments	(5,773)
Net Changes	(16,465)
Net OPEB Liability - End of Year (June 30,2024)	$ 123,197

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The Entry Age Normal Actuarial Cost Method was used based on level percentage of projected salary. The OPEB liability is based on an actuarial valuation performed as of June 30, 2025, conducted in accordance with generally accepted actuarial principles.

The actuarial methods and assumptions used to determine the total OPEB liability included in the measurement are as follows:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Discount Rate	5.20% per annum (EOY) Source: Bond Buyer 20-Bond GO Index
Salary Increase Rate	2.5% per annum
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

H. Single Employer Plans (Continued)

2. NMSU (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Methods and Assumptions (Continued)

Healthcare Cost Trend Rate	The actuarial valuation assumes an annual health care cost trend on a select and ultimate basis. Medical and prescription benefits on a select basis at 7.75% for retirees 65 years of age and under and 6.75% for retirees over 65 years of age and on an ultimate basis at 4.00%. The select trend rates are reduced 0.30% each year until reaching the ultimate trend.
Per Capita Health Claim Cost	Expected pre-Medicare retiree claim costs were developed by applying age adjustments to the current fully insured premiums. The annual age 60 claim costs retirees and their spouses is $9,456. The age 70 costs for retirees is $3,336.
Mortality Rate	PUB-2010 mortality table with generational scale MP-2021.

Discount Rate

A single discount rate of 5.20% was used to measure the total OPEB liability as of June 30, 2025.

Health Care Trend Sensitivity Analysis

The following schedules measure the Net OPEB Liability if the health care cost trend rate used was 1-percentage-point higher than the assumed health care cost trend rate and 1-percentage-point lower than the assumed health care cost trend rate for June 30, 2025 (expressed in thousands).

	1% Decrease	Current Trend	1% Increase
New Mexico State University's Net OPEB Liability	$ 108,447	$ 123,197	$ 141,383

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

H. Single Employer Plans (Continued)

2. NMSU (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Discount Rate Sensitivity Analysis

The following tables show the sensitivity of the OPEB liability to changes in the discount rate as of fiscal year end 2025. In particular, the table presents the University's OPEB liability under the current single rate assumption, as if it were calculated using a discount rate 1-percentage-point lower, (4.20%) or 1-percentage-point higher, (6.20%) than the single discount rate for June 30, 2025 (expressed in thousands).

	1% Decrease (6.20%)	Current Discount Rate (5.20%)	1% Increase (4.20%)
New Mexico State University's Net OPEB Liability	$ 109,105	$ 123,197	$ 140,394

For the year ended June 30, 2025, the University recognized an OPEB expense of $6.6 million. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ (3,537)
Changes of Assumptions	4,236	(16,673)
Total	$ 4,236	$ (20,210)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

Year Ending June 30,	Amount
2026	$ (8,178)
2027	(5,434)
2028	(2,361)
2029	-
Total	$ (15,971)

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

H. Single Employer Plans (Continued)

3. NMIMT

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Institute's net OPEB liability was measured as of July 1, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2025.

The components of the Institute's net OPEB liability at June 30 2025, were as follows (expressed in thousands):

	June 30, 2025
Total OPEB Liability	$ 53,712
Plan Fiduciary Net Position	(4,901)
The Institute's Net OPEB Liability	$ 48,811
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	9%

Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all prior periods included in the measurement, unless otherwise specified:

Salary Increases	3.0%
Investment Rate of Return	5.25%
Healthcare Cost Trend Rates	Medical Pre-Medicare: 7.5% initially, reduced by decrements to a rate of 4.5% after 10 years. Medical Post-Medicare: 6.25% initially, reduced by decrements to a rate of 4.5% after 10 years consistent for next seven years. Pharmacy: 12% initially, reduced by decrement to a rate of 4.5% after 10 years Dental and Vision: 3.0%

Mortality rate were based on the PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

H. Single Employer Plans (Continued)

3. NMIMT (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.94%, which is a blended rate of the Institute's long-term rate of return on assets and the interest rate reported under the 20-Year Municipal Bond Index. A blended discount rate was calculated based on separating the projected future payments between those paid from the Trust and those paid from general assets. The Trust assets were projected using the expected long-term rate of return. Payments from the Trust were assumed to begin when the projected assets value is fully funded, and all future projected benefit payments will be paid from the Trust.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Institute's net OPEB liability at June 30, 2025, which was measured using the discount rate of 3.94% percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.94%) or 1-percentage-point higher (4.94%) than the current rate (expressed in thousands):

	1% Decrease (2.94%)	Current Discount Rate (3.94%)	1% Increase (4.94%)
Net OPEB Liability	$ 56,833	$ 48,810	$ 39,336

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Institute's net OPEB liability at June 30, 2025, which was measured using the current healthcare cost trend rate of (Pre-Medicare: 7.00% decreasing to 4.50%, Post-Medicare: 6.50% decreasing to 4.50%, Pharmacy: 8.50% decreasing to 4.50%, and Dental and Vision: 3%), as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate (expressed in thousands):

	1% Decrease	Current Discount	1% Increase
Net OPEB Liability	$ 38,702	$ 48,810	$ 57,898

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

H. Single Employer Plans (Continued)

3. NMIMT (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2025, the Institute recognized OPEB expenses of $3.8 million. At June 30, 2025, the Institute reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	$ 6,500	$ (6,714)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investment	119	-
Changes of Assumptions	8,268	(12,848)
Institute Contribution Subsequent to the Measurement Date	854	-
Total	$ 15,741	$ (19,562)

The $854 thousand reported as deferred outflows of resources related to OPEB resulting from Institute contributions subsequent to the measurement date of July 1, 2022 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

Year Ending June 30,	Amounts
2026	$ (447)
2027	(40)
2028	289
2029	34
2030	(1,636)
Thereafter	(2,875)
Total	$ (4,675)

NOTE 13 DEFERRED COMPENSATION PLAN

The State of New Mexico offers state, local government, and school district employees a deferred compensation plan (Deferred Plan) under Chapters 10-7A-1 to 10-7A-12, NMSA 1978, the "Deferred Compensation Act," in accordance with IRC Section 457. The Deferred Plan permits employees to defer a portion of their income until future years. Deferred compensation is not available until termination, retirement, death, or unforeseeable emergency.

PERA is the trustee of the Deferred Plan; however, the Deferred Plan uses a third-party administrator, acting under contract with PERA. All costs of administration and funding are borne by the Deferred Plan participants. The Administrator has authority to control and manage the operation of the Deferred Plan. The Administrator is delegated any and all powers as may be necessary or advisable to discharge its duties under the Deferred Plan, and has certain discretionary authority to decide all matters under the Deferred Plan. As Deferred Plan trustee, PERA's primary responsibility is to select investment options that are safe and provide a reasonable rate of return and to ensure that all investments, amounts, property, and rights under the executed Deferred Plan-Trust are held for the exclusive benefit of Deferred Plan participants and their beneficiaries, as defined in the Deferred Plan. The assets of the Deferred Plan are not assets of the State, but are held in trust for the exclusive benefit of Deferred Plan participants and their beneficiaries. The State has no liability for losses under the Deferred Plan but does have the duty of due care that would be required of a fiduciary agent.

The Deferred Plan issues a publicly available stand-alone financial report which can be obtained by writing to the Public Employees Retirement Association of New Mexico, 33 Plaza la Prensa, Santa Fe, NM 87507. This report is also available online at: http://www.nmpera.org/deferred-compensation.

NOTE 14 ARBITRAGE ON TAX-EXEMPT BONDS

Arbitrage is the excess interest earned by a state or local government on proceeds from the sale of its bonds over interest paid to bondholders. The Tax Reform Act of 1986 TRA required rebate of such arbitrage to the U.S. Treasury Department on governmental bonds issued after August 31, 1986, and on private activity bonds issued after December 31, 1984, when the proceeds were held for six months or longer. These rebates must be calculated annually and paid at the end of every fifth year until the bonds are retired.

The Revenue Reconciliation Act of 1989 amended the six-month rule. For bonds issued after December 19, 1989, the rebate requirement does not apply if, both, all of the gross proceeds of the issue, other than the reserve fund, are spent within the six-month period following the date of issue, and the rebate requirement is satisfied for the reserve fund after the six-month period. The term gross proceeds for purposes of the rule includes both the sale proceeds received from the bond's purchaser on the issue date and investment earnings on such proceeds during the six-month period. Gross proceeds deposited in a reserve fund or bona fide debt service fund, however, are not subject to the expenditure requirement.

The Office of the State Treasurer compiles this information, and files all required reports in compliance with regulations issued by the IRS.

NOTE 15 SEGMENT INFORMATION

			Educational Institutions						
	State Fair Commission	Miners' Colfax Medical Center	New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	New Mexico Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico
Condensed Statement of Net Position:									
Current Assets	$ 4,376	$ 17,385	$ 256,126	$ 66,653	$ 20,103	$ 105,378	$ 42,947	$ 52,000	$ 1,773,692
Other Assets	56,665	2,457	361,504	112,122	46,902	143,891	71,590	9,196	656,210
Capital Assets, Net	40,945	16,433	549,449	218,674	101,629	170,680	91,757	88,062	2,170,859
Total Assets	101,986	36,275	1,167,079	397,449	168,634	419,949	206,294	149,258	4,600,761
Deferred Outflows of Resources	1,242	7,468	96,067	23,056	17,966	34,425	8,043	13,805	287,836
Current Liabilities	2,491	4,175	117,118	43,441	23,850	26,058	8,760	10,027	731,187
Long-Term Liabilities	6,998	42,736	737,444	142,270	94,797	181,261	55,495	83,855	2,299,135
Total Liabilities	9,489	46,911	854,562	185,711	118,647	207,319	64,255	93,882	3,030,322
Deferred Inflows of Resources	59,485	3,077	84,180	23,087	14,175	31,943	7,167	15,116	149,371
Net Investment in Capital Assets	40,945	16,650	444,508	187,020	81,794	154,907	76,749	62,918	1,434,372
Restricted	458	1,008	96,335	15,230	769	13,314	47,319	12,576	219,634
Unrestricted	(7,149)	(23,903)	(216,439)	9,457	(28,785)	46,891	18,847	(21,429)	54,898
Total Net Position	$ 34,254	$ (6,245)	$ 324,404	$ 211,707	$ 53,778	$ 215,112	$ 142,915	$ 54,065	$ 1,708,904
Condensed Statement of Activities:									
Operating Revenues:									
Charges for Services	$ 15,403	$ 31,077	$ 13,445	$ 1,444	$ 4,782	$ 5,750	$ -	$ 6,590	$ 151,465
Net Student Tuition and Fees	-	-	45,520	17,109	16,358	5,691	2,750	15,614	106,838
Loan and Other Income	-	-	-	-	-	-	-	-	-
State, Local, Private Grants/Contracts	-	-	-	-	5,332	2,458	6,723	-	17,665
Patient Income	-	-	-	-	-	-	-	-	1,844,550
Federal Funds	-	-	129,787	14,977	22,792	73,903	1,369	3,533	219,568
Other Operating Revenues	35	260	20,298	23,133	7,767	27,510	2,689	5,635	147,857
Total Operating Revenue	15,438	31,337	209,050	56,663	57,031	115,312	13,531	31,372	2,487,943

NOTE 15 SEGMENT INFORMATION (CONTINUED)

			Educational Institutions						
	State Fair Commission	Miners' Colfax Medical Center	New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	New Mexico Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico
Condensed Statement of Activities (Continued)									
Operating Expenses:									
Operating Expenses	$ 1	$ -	$ 127,102	$ 27,705	$ 57,618	$ 109,177	$ 16,043	$ 28,256	$ 2,205,235
Depreciation Expense	2,277	2,570	43,350	10,949	6,001	13,400	3,954	6,969	139,087
General and Administrative	16,923	32,740	454,271	92,223	46,583	47,786	23,023	41,849	849,044
Total Operating Expenses	19,201	35,310	624,723	130,877	110,202	170,363	43,020	77,074	3,193,366
OPERATING INCOME (LOSS)	(3,763)	(3,973)	(415,673)	(74,214)	(53,171)	(55,051)	(29,489)	(45,702)	(705,423)
Nonoperating Revenue (Expense):									
Government Grants and Contracts	250	1,087	56,921	9,663	8,682	-	-	4,622	83,751
Net Investment Income	602	230	-	8,824	-	15,236	6,723	1,000	90,360
Other Revenue	-	-	32,950	4,329	(3,094)	6,652	301	-	303,969
Interest Expense	-	(106)	(160)	(945)	-	-	(358)	-	(25,096)
Private Grants And Gifts	-	-	-	-	2,739	2,897	-	-	-
Gain (Loss) On Sale Of Capital Assets	-	-	(1,392)	-	-	-	-	(725)	(336)
Total Nonoperating Income (Expense)	852	1,211	88,319	21,871	8,327	24,785	6,666	4,897	452,648
Capital Contributions	-	-	79,264	7,862	-	376	-	1,616	54,104
Permanent Fund Contributions	-	-	6,463	-	3,296	580	-	-	-
Net Transfers	5,181	18,321	466,698	111,537	64,194	75,941	39,461	51,200	605,268
CHANGE IN NET POSITION	2,270	15,559	225,071	67,056	22,646	46,631	16,638	12,011	406,597
Net Position - Beginning	31,984	(21,804)	99,333	144,651	31,132	168,481	126,277	42,054	1,302,307
NET POSITION - ENDING	$ 34,254	$ (6,245)	$ 324,404	$ 211,707	$ 53,778	$ 215,112	$ 142,915	$ 54,065	$ 1,708,904

NOTE 15 SEGMENT INFORMATION (CONTINUED)

			Educational Institutions						
	State Fair Commission	Miners' Colfax Medical Center	New Mexico State University	Eastern New Mexico University	New Mexico Highlands University	New Mexico Institute of Mining and Technology	New Mexico Military Institute	Western New Mexico University	University of New Mexico
Condensed Statement of Cash Flows:									
Net Cash Provided (Used) by:									
Operating Activities	$ (3,837)	$ (22,360)	$ (361,349)	$ (94,351)	$ (60,061)	$ (43,559)	$ (29,789)	$ (40,131)	$ (580,399)
Noncapital Financing Activities	2,050	28,141	137,498	108,277	59,356	59,600	278	39,845	905,483
Capital and Related Financing Activities	(19)	(739)	(13,637)	(393)	(4,858)	(4,571)	2,099	(3,352)	(140,811)
Investing Activities	602	231	294,927	(6,344)	(20,267)	(17,071)	29,384	1,576	74,893
Cash and Cash Equivalents at Beginning of Year	3,219	1,961	131,742	26,640	26,192	27,411	32,229	16,891	444,226
Cash and Cash Equivalents at End of Year	$ 2,015	$ 7,234	$ 189,181	$ 33,829	$ 362	$ 21,810	$ 34,201	$ 14,829	$ 703,392

NOTE 16 STATE GENERAL FUND INVESTMENT POOL

The Financial Control Division (FCD), within the Department of Finance and Administration (DFA), in collaboration with the New Mexico State Treasurer's Office (STO), implemented a comprehensive reconciliation model that compared aggregated agency claims on the State General Fund Investment Pool (SGFIP) to the associated resources held by STO. There have been many reviews of the process, and each review has deemed it to be adequate and in compliance with established procedures. For fiscal year 2025, the following assertions are provided:

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

For cash management and investment purposes, funds of various state agencies are deposited in the SGFIP, which is managed by STO. The SGFIP is reported as a fiduciary fund in the financial statements of STO. Claims on the SGFIP are reported as assets by the various agencies investing in the SGFIP. By statute, the DFA is responsible for reconciling the SGFIP balances.

NOTE 17 TAX ABATEMENTS

In fiscal year 2017, the State adopted GASB Statement No. *77 entitled, Tax Abatement Disclosures.* Statement No. 77 requires the governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should also recognize those disclosures by major tax abatement programs and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements.
- The specific taxes being abated.
- The gross dollar amount of taxes abated during the period.

NOTE 17 TAX ABATEMENTS (CONTINUED)

The State has provided the following disclosure of tax abatements affecting the State of New Mexico. Tax receipts processed by the Department of Taxation and Revenue are recognized as revenue in various departments of the State. Abatements affecting local governments are disclosed in the financial statements of each local governmental entity, and can be obtained from the accounting department of each local government.

As allowed by state statute, the various local governments in the State participate in various Industrial Revenue Bond Programs/Industrial Development Projects (IRBs/IDPs) which result in reduced revenues for all participating governments. Various local governments have identified the State of New Mexico as a governmental entity which has been impacted by reduced revenues. The specific amount of loss revenues of the State as a result of these various programs has not been determined; however, it is deemed to be insignificant to the State of New Mexico as a whole.

NOTE 18 COMMITMENTS

A. Construction Commitments

The State has active construction projects as of June 30, 2025. The projects include highway construction, university infrastructure, and facilities construction and renovation. At year-end, the State's commitments for construction were $652.5 million for governmental activities and $304.2 million for business-type activities.

B. Loan Commitments

New Mexico Environment Department

The New Mexico Environment Department had loan commitments at June 30, 2025 of the following:

- Wastewater Loan Construction Fund – the agency has executed binding commitments to disburse $55.2 million for future loans.

- Rural Infrastructure Loan Fund – the agency has executed binding commitments to disburse $10.6 million for future loans.

New Mexico Energy, Mineral, and Natural Resources Department

The Department had contractual commitments related to various capital projects on June 30, 2025, related to projects in progress. On June 30, 2025, the Department spent $3,700,086 on these projects and had remaining contractual commitments of $2,119,530. These projects are funded through the Capital Projects GGRT Funds, State Parks Funds, Severance Tax Bond Funds, and General Fund Special Appropriation Funds.

Carlsbad Brine Well construction has been completed, and monitoring of the project will continue through fiscal year 2026.

NOTE 18 COMMITMENTS (CONTINUED)

C. Capital Commitments

State of New Mexico Investment Council

The State of New Mexico Investment Council has commitments for capital contributions to various private equity partnerships and real estate/real asset investments. As of June 30, 2025, unfunded commitments to private equity partnerships were approximately $4.19 billion, unfunded commitments to real estate and real asset investments were approximately $5.65 billion, and unfunded commitment to the Private Debt Pool was $4.09 billion. Due to the nature of these investments, the Office cannot predict when these capital contributions will be called. Subsequent to June 30, 2025, the Office approved an additional $4.62 billion of commitments to private equity, real estate, and real asset partnerships.

NOTE 19 CONTINGENCIES

A. Contingent Liabilities

New Mexico Mortgage Finance Authority

The New Mexico Mortgage Finance Authority (the Authority) entered into a risk-sharing agreement with the U.S. Department of Housing and Urban Development (HUD) under Section 542(c) of the Housing and Community Development Act of 1992, whereby HUD and the Authority provide credit enhancements for third party multifamily housing project loans. HUD has assumed 90% of the risk and the Authority guarantees the remaining 10% risk of loss in the event of a default on specific loans.

As of September 30, 2025 and 2024, the Authority is committed to assume a risk of approximately $3,470,000 and $4,110,000 for the 32 and 34 loans closed, respectively.

These loans are considered in the Authority's assessment for the allowance for mortgage loan losses. As of September 30, 2025, of the 32 loans closed, four of the loans are not included in the Authority's financial statements because they are 100% participation with Fannie Mae. Of the $3,470,000 risk assumed as of September 30, 2025, the Authority's assumed risk approximated $138,000 for these off-balance sheet loans. The end dates for the guarantees range from 2027-2058. In situations where the Authority is called upon to honor its guarantee, the Authority will take possession of and sell the loan collateral. HUD and the Authority will make up any shortfall resulting from the sale of the collateral on a 90%/10% pro rata basis.

NOTE 19 CONTINGENCIES (CONTINUED)

A. Contingent Liabilities (Continued)

New Mexico Mortgage Finance Authority (Continued)

The Authority entered into a risk-sharing agreement with the U.S. Department of Agriculture under Section 538 Rural Rental Housing Guaranteed Loan Program. The Rural Housing Service (RHS), Department of Agriculture (USDA) provides credit enhancements to encourage private and public lenders to make new loans for affordable rental properties that meet program standards. The USDA has assumed 90% of the risk in the one loan closed and funded by the Authority as of September 30, 2024. As of September 30, 2025 and 2024, the Authority is committed to assume a risk of approximately $95,000 and $98,000 for the one loan closed, respectively.

B. Other Matters

Federal Funds

In fiscal year 2025, the State received federal financial assistance for specific purposes. The expenditure of this assistance is subject to audit. Audits may result in expenditures that are disallowed or findings of noncompliance under the terms and conditions of the federal financial assistance. To the extent there are any disallowances or findings of noncompliance relevant to federal financial assistance, the State does not believe such determinations will have a material effect on its financial position.

Additionally, federal executive branch policy changes have the potential to impact federal financial assistance to the State. While the specific impacts of these changes are currently unknown, the State will continue to monitor them and take appropriate steps necessary to address any future financial concerns they may cause.

NOTE 20 SUBSEQUENT EVENTS

A. Bond Issues

81400 – New Mexico Mortgage Finance Authority

On October 31, 2025, a Special Appropriation Grant Agreement was executed between Department of Finance and Administration (DFA) and the Authority for Grant Number 25-ZJ5049. The grant is $2 million for the North Central Economic Development District for housing projects for senior citizens living in manufactured housing.

On November 20, 2025, the Authority issued convertible option bonds in the amount of $192.9 million (2025 Series G). The Single Family Mortgage Program Class I Bonds will be issued under the 2005 General Indenture. Proceeds will preserve tax-exempt bond authority for future new money bond issuances. The bonds have mandatory tender dates by or before December 1, 2026.

38500- New Mexico Finance Authority

On October 15, 2025, New Mexico Finance Authority (NMFA) issues PPRF 2025C bond in the amount of 216.18million.

NOTE 20 SUBSEQUENT EVENTS (CONTINUED)

A. Bond Issues (Continued)

34103 – Board of Finance/Department of Finance and Administration
On December 23, 2025, General Fund liquidity account purchased two notes in the total of 237,842,351, series STB 2025S-C 24,246,585 and series SSTB 2025S-D 213,595,766, respectively.

NMSA 1978 Section 7-27-8 requires that on each December 31 and each June 30 the State Treasurer shall transfer to the Severance Tax Permanent Fund all money in the Severance Tax Bonding Fund except the amount necessary to meet all principal and interest payments on outstanding senior and supplemental severance tax bonds payable from the Severance Tax Bonding Fund on the next two ensuing semiannual payment dates. The amount necessary to meet such principal and interest payments on bonds on January 1, 2026 and July 1, 2026 that should be retained in the Severance Tax Bonding Fund in accordance with NMSA 1978 Section 7-27-8 is $203,910,013.89.

On January 28, 2026, State of New Mexico Capital Projects General Obligation Bonds, series 2026 was issued in the amount of 63,825,000.

B. Other Events

92400 – New Mexico Public Education Department
On August 8, 2025, Mission Achievement and Success Charter School and Mission Achievement and Success Education Foundation, Inc. entered into a lease purchase agreement of $16.2 million. The agreement requires payments of $92 thousand over 30 years and carries an interest rate of 5.5% per annum.

On November 4, 2025, the New Mexico Academy of the Media Arts entered into a 10-year $1.2 million lease purchase agreement with a private party. The agreement required an initial downpayment of $50 thousand and monthly payments between $5,230 - $13,666.

35000 – General Service Department
Effective July 1, 2024, the Group Insurance Premium Stabilization fund (SHARE fund 75200) and Insurance Carrier Fund (SHARE fund 56100) have been administratively reassigned to the New Mexico Health Care Authority (SHARE Business Unit 63000) in accordance with 2024 Senate Bill 14. The Group Insurance Premium Stabilization fund was in a deficit net position at July 1, 2025 and was appropriated amounts to clear the deficit prior to transferring the remaining assets and liabilities to the New Mexico Health Care Authority.

NOTE 20 SUBSEQUENT EVENTS (CONTINUED)

B. Other Events (Continued)

63000 – Health Care Authority

Effective July 1, 2024, the New Mexico Human Services Department will be renamed the New Mexico Health Care Authority, following the integration of several departments from various state agencies. This restructuring is based on legislation passed by the State Legislature in 2023 and 2024 and includes the transfer of the State Employee Benefits team, the Developmental Disabilities Supports Division, the Division of Health Improvement, and the Health Care Affordability Fund. The reorganization aims to enhance the delivery of comprehensive, cost-effective, and accessible health care services while addressing key challenges such as improving health care access in rural areas, strengthening the behavioral health system, and supporting individuals and families facing poverty and food insecurity. By consolidating services under one entity, the agency seeks to streamline operations, optimize health care purchasing, and create a unified approach to health care policy and regulation. The financial impact of these changes will be assessed in the coming fiscal year and reflected in the agency's financial statements as necessary.

68000- Office of Family Representation and Advocacy

The Office of Family Representation and Advocacy (OFRA) was created by the New Mexico Legislature in 2022 under NMSA 1978, §32A-27-1 et seq. It is an Executive Branch agency led by an Executive Director and overseen by a 13-member Commission, which includes youth and parent representatives. The Commission is responsible for appointing the Executive Director, setting policies, and approving the budget. OFRA is funded through state general funds and federal Title IV-E funds, with the ability to accept gifts and grants.

OFRA provides legal representation in cases under the New Mexico Children’s Code, including abuse and neglect, families in need of court-ordered services, and extended foster care. It also offers consultations for parents considering voluntary child placement. OFRA’s practice model emphasizes manageable caseloads, appropriate compensation, and access to interdisciplinary support, improving outcomes such as fewer placement disruptions, quicker permanency, and reduced maltreatment upon reunification.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	$ 50,074	$ 418,406	$ 304,636	$ (113,770)
Federal Revenue	1,015,280	1,012,166	14,021,014	13,008,848
Investment Income	195,846	197,955	383,931	185,976
Rentals and Royalties	218,467	226,014	200,456	(25,558)
Charges for Services	10,718,102	13,129,998	10,928,875	(2,201,123)
Licenses, Fees, and Permits	26,789	26,873	2,575,705	2,548,832
Assessments	16,201	16,551	1,891,981	1,875,430
Miscellaneous and Other	181,781	208,324	481,223	272,899
Operating Transfers In	10,955,808	11,029,293	-	(11,029,293)
Total Revenues	23,378,348	26,265,580	30,787,821	4,522,241
Fund Balance Budgeted	320,654	990,320		
Total	23,699,002	27,255,900		
EXPENDITURES				
Culture, Recreation, and Natural Resources:				
Arts Program	2,418	2,790	2,696	94
Conservation Services Program	28,000	35,661	31,660	4,001
Dep Damage Nuisance Abatement	1,191	1,191	547	644
Energy Efficiency & Renewable	6,524	26,524	13,714	12,810
Field Operations Program	12,315	12,353	11,826	527
Game and Fish Administration	9,440	9,440	4,816	4,624
Healthy Forests	60,219	60,969	33,417	27,552
Interstate Stream Commission	15,077	91,160	13,081	78,079
Land Trust Stewardship	26,918	29,493	28,671	822
Library Services	8,333	9,108	7,841	1,267
Litigation & Adjustication Pro	9,079	9,079	8,090	989
Livestock Inspection	9,699	9,799	8,971	828
Meat Inspection Division	1,051	1,051	570	481
Mine Reclamation	13,822	19,432	7,527	11,905
Museum and Monuments	36,780	37,823	33,846	3,977
Music Commission	177	177	177	-
Natural Resource Damage Assess	10,800	12,100	9,590	2,510
Office of the State Engineer	6,088	6,088	6,088	-
Oil Conservation	58,202	59,402	28,613	30,789
Parks and Recreation	30,531	44,736	24,829	19,907
Preservation	4,283	4,383	3,708	675
Program Support	12,221	12,866	11,857	1,009
Water Resource Allocation Prog	20,735	24,603	20,572	4,031
Youth Conservation Corps.	5,882	6,082	4,998	1,084
Total Culture, Recreation, and Natural Resources	389,785	526,310	317,705	208,605
Education:				
Administrative Services	6,356	6,356	5,833	523
Disability Determination	18,363	18,363	14,724	3,639
Independent Living	1,550	1,582	1,554	28
Operations	31,291	35,724	30,067	5,657
OPPORTUNITY SCHOLARSHIP	162,000	14,950	14,897	53
Public Schools Facilities Auth	7,411	7,411	6,775	636
Rehab Services	30,296	35,764	34,388	1,376
SDE Operation	65,966	33,391	32,736	655
Student Financial Aid	77,649	25,995	14,907	11,088
Total Education	400,882	179,536	155,881	23,655

STATE OF NEW MEXICO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
General Control:				
Administrative Hearings Office	$ 2,894	$ 2,939	$ 2,666	$ 273
Agency Program Code	5,134	5,134	4,774	360
Broadband	2,389	2,389	2,389	-
Comm. Dev. & Local Govt. Asst.	46,096	51,806	43,211	8,595
Compliance and Project Managem	1,022	1,022	1,022	-
Compliance Inforcement	2,097	2,097	1,954	143
Criminal & Juvenile Justice	1,566	1,646	1,630	16
Cybersecurity Office	6,207	8,621	7,327	1,294
Elections	12,867	23,923	21,607	2,316
Executive Mgmt. & Leadership	6,533	6,533	6,329	204
Facilities Management Division	20,370	21,662	33,464	(11,802)
Fiscal Mgmt. & Oversight	7,807	7,807	7,678	129
Infrastructure Planning Dev	1,570	1,570	1,368	202
Medicaid Fraud Program	4,537	4,537	4,068	469
Motor Vehicle	45,567	45,567	42,792	2,775
New Mexico State Personnel	4,673	4,772	5,064	(292)
Office of the Attorney General	32,820	33,970	31,927	2,043
Policy Dev., Fiscal & Budget	6,388	6,388	6,064	324
Program Support	31,332	33,818	47,778	(13,960)
Property Tax	6,491	6,491	5,750	741
Pub Employee Labor Rel. Board	305	305	298	7
Records Info & Archival Mgmt.	3,190	3,190	2,708	482
Secretary of State	5,242	5,242	5,201	41
State Investment Program	73,058	83,957	80,324	3,633
State Ombudsman Program	839	839	799	40
State Purchasing	2,964	3,159	3,121	38
State Treasurer's Office	5,106	5,456	4,983	473
TAA	40,158	40,446	39,624	822
Total General Control	379,222	415,286	415,920	(634)
Health and Human Services:				
Administration	27,008	36,354	27,362	8,992
Adult Protective Services Prog	21,656	21,656	16,605	5,051
Behavioral Health Services	151,129	170,296	152,732	17,564
Blind Services Program	9,821	11,021	10,018	1,003
Brain Injury Advisory Council	235	235	213	22
Child Support Enforcement Pro	42,954	44,507	40,677	3,830
Community Involvement	58,231	58,638	56,828	1,810
DD Planning Council & Info Ctr	2,060	2,085	2,065	20
Dev Disabilites Services Div	37,282	37,282	32,399	4,883
Div of Health Improvement	22,093	23,263	20,119	3,144
Early Childhood Services	380,196	398,708	391,883	6,825
Elder Rights & Health Advocacy	4,922	6,243	4,971	1,272
Employment Services	35,569	48,266	34,847	13,419
Environmental Health Division	18,985	19,012	16,683	2,329
Environmental Protection Div	23,864	30,544	21,158	9,386
Family Support & Early Inter	67,215	67,215	62,925	4,290
Income Support Program	1,356,921	1,689,205	1,896,255	(207,050)
Information/Advocacy & Service	1,290	1,418	939	479
Information/Advocacy Services	2,087	2,436	1,923	513
Juvenile Justice Services	80,165	79,835	76,040	3,795
Labor Relations Division	6,343	6,343	5,531	812
Martin Luther King Jr. Program	391	391	365	26

See accompanying Notes to Budgetary Reporting.

STATE OF NEW MEXICO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Health and Human Services (Continued):				
Medicaid Behavioral Health Pr.	$ 938,947	$ 976,947	$ 896,329	$ 80,618
Medical Assistance Program	8,885,409	9,940,041	9,135,462	804,579
Medical Cannabis Program	2,517	2,517	2,469	48
NM Comm of the Status of Women	419	492	474	18
Ofc of Family Rep and Advocacy	11,612	11,855	10,448	1,407
Office of Guardianship	8,508	8,688	8,572	116
Policy, Research & Quality	37,276	44,085	36,062	8,023
Pre-K Division	238,174	239,050	235,198	3,852
Program Area 1 - Admin.	23,188	28,881	22,663	6,218
Program Area 2 - Public Health	262,028	270,566	238,144	32,422
Program Area 3 - Epi/Response	57,934	82,987	51,020	31,967
Program Area 4 - Lab Services	18,419	20,854	17,673	3,181
Program Area 6 - Facilities	177,632	199,664	181,394	18,270
Program One	5,022	5,022	4,193	829
Program Support	169,200	194,305	294,592	(100,287)
Protective Services	230,996	231,041	221,495	9,546
Resource Management Division	19,406	23,154	18,910	4,244
Resource Protection Division	21,481	22,691	16,475	6,216
Special Revenue Funds	13,590	12,990	11,139	1,851
Telecommunication Approp.	3,162	3,162	2,326	836
Unemployment Insurance	14,117	14,117	11,925	2,192
Uninsured Employers Fund	1,065	1,065	989	76
Veteran's Services Program	9,803	9,978	9,312	666
Water Protection Division	92,968	94,040	34,865	59,175
Worker's Compensation Admin	12,652	13,284	13,144	140
Workforce Technology Serv Div	22,596	22,946	21,715	1,231
Total Health and Human Services	13,628,538	15,229,375	14,369,526	859,849
Highways and Transportation:				
Highway Operations	320,358	383,478	322,230	61,248
Modal	97,900	188,836	81,319	107,517
Program Support	53,954	55,954	50,017	5,937
Project Design and Construction	801,101	1,914,414	317,048	1,597,366
Total Highways and Transportation	1,273,313	2,542,682	770,614	1,772,068
Judicial:				
Administrative Support	102,058	102,744	96,876	5,868
Bernalillo County Metro Court	36,423	36,710	36,042	668
Court Of Appeals Program	9,718	9,718	9,694	24
District Court	16,618	17,066	21,004	(3,938)
Eighth Judicial District Court	7,224	7,285	7,129	156
Fifth Jud Dist Court	15,227	15,227	14,990	237
First Judicial District Court	15,369	15,871	15,303	568
Fourth Judicial District Court	6,669	6,965	6,536	429
Judicial	8,197	8,214	8,169	45
Judicial Standards Comm. Prog.	1,142	1,142	1,137	5
Magistrate Courts	16,857	16,857	14,592	2,265
N. M. Compilation Commission	1,573	1,573	1,332	241
New Mexico Supreme Court	9,132	9,207	9,134	73
Ninth Judicial District Court	7,361	7,706	7,565	141
Prosecution Program	4,607	4,623	4,621	2
Prosecution Program P251	9,013	9,384	9,059	325

See accompanying Notes to Budgetary Reporting.

STATE OF NEW MEXICO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Judicial (Continued):				
Prosecution Program P252	$ 37,558	$ 39,258	$ 37,907	$ 1,351
Prosecution Program P253	7,875	7,875	7,821	54
Prosecution Program P254	4,901	4,901	4,796	105
Prosecution Program P255	8,277	8,412	8,379	33
Prosecution Program P257	3,895	3,895	3,859	36
Prosecution Program P258	4,605	4,605	4,601	4
Prosecution Program P259	4,779	4,788	4,783	5
Prosecution Program P260	2,173	2,173	2,173	-
Prosecution Program P261	7,637	7,676	7,527	149
Prosecution Program P262	5,507	5,510	5,447	63
Prosecution Program P263	9,142	9,197	9,008	189
Prosecution Program P265	3,495	3,495	2,796	699
Rollup Only	16,688	16,630	16,265	365
Second Judicial District Court	44,184	43,361	40,218	3,143
Seventh District Court	5,661	5,661	5,453	208
Statewide Judiciary Automation	17,309	17,309	10,475	6,834
Tenth Judicial Dist Crt Prog	2,487	2,547	2,423	124
Third Judicial District Court	15,996	16,129	15,729	400
Twelfth Judicial District Ct.	7,597	7,817	7,642	175
Total Judicial	476,954	481,531	460,485	21,046
Legislative:				
Education Study Committee	1,899	1,899	1,683	216
Legislative Analysis and Oversight Program	7,461	7,461	7,085	376
Total Legislative	9,360	9,360	8,768	592
Public Safety:				
Community Offender Management	40,872	40,879	39,673	1,206
Federal Grant Administration	23,333	23,333	17,930	5,403
Homeland Sec & Emerg. Mgmt.	195,564	470,570	225,787	244,783
Inmate Management & Control	282,250	282,219	273,435	8,784
Juvenile Justice Services	2,157	2,927	2,716	211
Law Enforcement Program	174,616	177,017	173,465	3,552
National Guard Support Program	34,472	50,143	37,899	12,244
Parole Board Program	789	789	712	77
Program Support	31,064	31,059	28,392	2,667
Reentry	22,072	22,471	21,209	1,262
State Fire Marshal's Office	108,630	120,968	120,405	563
State Law Enforcemen Supp Prog	34,594	34,915	13,342	21,573
Victim Compensation Program	5,190	5,190	4,450	740
Total Public Safety	955,603	1,262,480	959,415	303,065

See accompanying Notes to Budgetary Reporting.

STATE OF NEW MEXICO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Budgetary Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Regulation and Licensing:				
Administration	$ 1,718	$ 1,718	$ 1,674	$ 44
ASD/PEPS	1,428	1,881	1,355	526
Board Of Architects	590	590	468	122
Boards and Commissions	10,871	10,871	10,207	664
Cannabis Control Division	5,134	5,134	5,134	-
Economic Development	21,427	53,641	25,049	28,592
Film Division	1,840	2,031	1,752	279
Horse Racing Regulation	7,062	7,062	5,591	1,471
Insurance Fraud and Auto Theft	2,757	2,832	3,480	(648)
Insurance Policy	17,392	18,542	16,399	2,143
Manufactured Housing Division	1,655	1,655	448	1,207
Marketing & Promotion	21,870	21,870	21,833	37
Medical Examiners Licensing	3,525	3,525	2,981	544
Military Base Planning Support	309	309	236	73
New Mexico Border Authority	613	613	548	65
Nursing Licensing & Cert	4,273	4,273	3,293	980
Outdoor Recreation	1,187	1,566	1,129	437
Outreach	3,262	3,262	2,951	311
Policy and Regulation	11,950	12,343	11,224	1,119
Program Four	4,365	4,365	2,672	1,693
Program One	20,169	20,169	20,112	57
Program Support	11,016	11,016	10,615	401
Program Three	2,263	2,263	2,084	179
Program Two	6,546	6,546	5,112	1,434
Securities Division	2,186	2,186	1,819	367
Spaceport Authority	13,200	14,230	11,432	2,798
Veterinary Licensing Program	1,491	1,491	397	1,094
Total Regulation and Licensing	180,099	215,984	169,995	45,989
State Fair Commission				
New Mexico State Fair	476	476	449	27
Total State Fair Commission	476	476	449	27
Special Purpose				
Creative Industries	375	375	375	-
Total State Fair Commission	375	375	375	-
Special Appropriations:				
Special Appropriations	4,929,657	5,064,058	4,819,293	244,765
Total Special Appropriations	4,929,657	5,064,058	4,819,293	244,765
Total Expenditures	22,623,413	25,926,602	22,448,426	3,479,000

See accompanying Notes to Budgetary Reporting.

STATE OF NEW MEXICO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

Budget Basis to GAAP Basis Reconciliation

Net Change in Fund Balance (Budgetary Basis)	$	8,339,395
Differences:		
Transfer In		17,140,863
Transfer Out		(7,980,162)
Multi-year amounts budgeted in prior years:		
Revenue recognized in current year		2,203,199
Expenditures recognized in current year		(2,042,559)
Revenues and other financing sources, other than Bud Ref 124, 924, and multi-year		3,713
Expenditures and other financing uses, other than Bud Ref 124, 924, and multi-year		1,004
Non-budgeted expenditures:		
AC 555106 - BU 34101		(823,826)
AC series 56xxx and 57xxx		(13,399,731)
Other		176,990
Total Net Change in Fund Balance as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	$	3,618,886

See accompanying Notes to Budgetary Reporting.

BUDGET PROCESS

The State Legislature makes annual appropriations, which lapse at fiscal year-end. Legal compliance is monitored through the establishment of a budget (Modified Accrual Budgetary Basis) and a financial control system, which permits a budget to actual expenditures comparison. Expenditures may not legally exceed appropriations for each budget at the program appropriation unit level. Program appropriation unit is identified in the State's accounting records and in the budgetary schedules as P-Codes, such as "P523 Child Support Enforcement." Budgeted program appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriations Act. The budget amounts shown in the financial statements represent the final authorized amounts. Administrative line-item expenditures (personnel, contractual, and other) may legally exceed amounts budgeted; however, the total budget category expenditures may not legally exceed the approved budget for the program appropriation. Chapter 6-3, NMSA 1978, sets forth the process used to develop the budget for the State of New Mexico. The process is as follows:

1. No later than September 1, the appropriation request is submitted to the Legislative Finance Committee (LFC), and the Budget Division of the Department of Finance and Administration (DFA), for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.

2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of those hearings are incorporated in the State's General Appropriations Act (the Act).

3. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.

4. Not later than May 1, an annual operating budget is submitted to DFA by appropriation unit and object code based upon the appropriation authorized by the Legislature. DFA reviews and approves the operating budget, which becomes effective on July 1.

5. Formal budgetary integration is employed as a management control device during the fiscal year for the General and Special Revenue Funds.

BUDGETARY BASIS OF ACCOUNTING

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

MULTIPLE YEAR APPROPRIATION – CAPITAL PROJECTS BUDGETS AND SPECIAL APPROPRIATION BUDGETS

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

BUDGET TO GAAP RECONCILIATION

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

In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities for the operating budgets. Expenditures are classified in the financial control system based on whether the appropriation is from the operating or multiple year budgets (special or capital). Expenditures funded by the operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation.

However, in the governmental operating statements, all governmental funds are included, and expenditures are classified according to what was actually purchased. Capital outlays are fixed asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures. Additionally, certain governmental activities are excluded from the budgetary schedules because they are not appropriated.

Because of perspective differences between this budgetary comparison and the general fund statement of revenues, expenditures, and changes in fund balance, this schedule is presented as required supplementary information (RSI.)

The State's component appropriation accounts do not adopt an annual appropriated budget; however, the expenditures of the component appropriations by law must equal the individual amounts appropriated in the various appropriation acts. Other activities designated as nonappropriated (not budgeted) by the Legislature are the Severance Tax Fund, the Land Grant Fund, and the following Enterprise Funds: State Fair Commission, Environment Department, State Infrastructure Bank, and Unemployment Insurance Funds.

EXCESS OF EXPENSES/EXPENDITURES OVER BUDGET

For the fiscal year ended June 30, 2024, there were none of the State agency's P-codes reporting expenses/expenditures exceeding budget authority.

STATE OF NEW MEXICO
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	$616,243	$ 507,878	$ 451,586	$ 452,128	$ 409,242	$ 401,166	$ 403,879	$ 376,310	$ 405,561	$ 390,221
Interest	1,874,448	1,753,192	1,672,802	1,636,653	1,556,071	1,547,097	1,504,991	1,462,669	1,452,723	1,393,557
Benefit Changes	-	8,750	30,512	3,658	-	(710,227)	-	-	-	-
Difference Between Expected and Actual Experience	324,563	603,837	408,899	(146,670)	310,352	213,521	(54,005)	113,712	(584,186)	330,751
Changes of Assumptions	-	270,278	-	-	-	(222)	-	545,510	(62,778)	424,792
Benefit Payments	(1,492,620)	(1,444,945)	(1,417,214)	(1,367,738)	(1,314,820)	(1,255,018)	(1,193,943)	(1,133,418)	(1,084,818)	(1,024,399)
Refunds of Contributions	(60,822)	(52,844)	(51,237)	(57,591)	(40,354)	(44,903)	(54,337)	(50,288)	(44,396)	(44,938)
Net Change in Total Pension Liability	1,261,812	1,646,146	1,095,348	520,440	920,491	151,414	606,585	1,314,495	82,106	1,469,984
Total Pension Liability - Beginning	26,323,062	24,676,916	23,581,568	23,061,128	22,140,637	21,989,224	21,382,639	20,068,144	19,986,038	18,516,054
Total Pension Liability - Ending (a)	27,584,874	26,323,062	24,676,916	23,581,568	23,061,128	22,140,638	21,989,224	21,382,639	20,068,144	19,986,038
Plan Net Position:										
Contributions - Employer	583,060	521,674	454,462	395,408	379,185	368,425	339,676	319,499	332,473	324,752
Contributions - Member	478,533	428,675	373,214	326,720	309,552	297,153	281,643	282,847	272,829	265,529
Special Fund Appropriation	-	-	-	2,414	-	55,000	-	-	-	-
Net Investment Income	1,765,981	1,334,676	898,162	(745,218)	3,799,141	(223,545)	935,561	1,004,227	1,500,759	47,445
Benefit Payments	(1,492,620)	(1,444,945)	(1,417,214)	(1,367,738)	(1,314,820)	(1,255,018)	(1,193,944)	(1,133,418)	(1,084,818)	(1,024,399)
Administrative Expenses	(17,362)	(16,399)	(15,594)	(16,010)	(12,730)	(14,318)	(13,583)	(12,667)	(11,506)	(10,754)
Refunds of Contributions	(60,822)	(52,844)	(51,237)	(57,591)	(40,354)	(44,903)	(54,337)	(50,288)	(44,396)	(44,938)
Other	1,958	2,335	2,391	2,713	1,991	1,646	2,047	2,110	471	12,318
Net Change in Plan Net Position	1,258,728	773,172	244,184	(1,459,302)	3,121,964	(815,560)	297,063	412,310	965,812	(430,047)
Plan Net Position - Beginning	17,372,002	16,598,830	16,354,646	17,813,948	14,691,984	15,507,545	15,210,482	14,798,917	13,826,658	14,255,528
Prior Period Adjustments	(499)	-	-	-	-	-	-	(745)	6,447	1,177
Plan Net Position - Beginning, Restated	17,371,503	16,598,830	16,354,646	17,813,948	14,691,984	15,507,545	15,210,482	14,798,172	13,833,105	14,256,705
Plan Net Position - Ending (b)	18,630,231	17,372,002	16,598,830	16,354,646	17,813,948	14,691,984	15,507,545	15,210,482	14,798,917	13,826,658
Net Pension Liability - Ending (a)-(b)	$ 8,954,643	$ 8,951,060	$ 8,078,086	$ 5,247,180	$ 7,448,653	$ 6,481,679	$ 6,172,157	$ 5,269,227	$ 6,159,380	$ 6,159,380

STATE OF NEW MEXICO
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
JUDICIAL RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	$ 8,609	$ 6,405	$ 5,882	$ 3,928	$ 6,281	$ 5,286	$ 4,282	$ 4,488	$ 5,492	$ 3,245
Interest	12,971	12,428	11,928	12,276	9,424	10,211	10,341	9,867	9,066	10,238
Difference Between Expected and Actual Experience	17,375	671	8,100	3,893	4,992	(3,901)	7,420	(1,358)	(2,474)	4,737
Changes of Assumptions	(17,404)	8,951	6,085	22,932	(57,672)	18,400	19,033	(2,892)	(17,241)	46,155
Benefit Payments	(14,604)	(13,776)	(13,297)	(13,080)	(12,538)	(12,013)	(11,352)	(10,585)	(10,096)	(9,813)
Refunds of Contributions	-	(97)	-	-	(1)	(8)	(100)	-	(11)	(45)
Net Change in Total Pension Liability	6,947	14,582	18,698	29,949	(49,514)	17,975	29,624	(480)	(15,264)	54,517
Total Pension Liability - Beginning	237,124	222,542	203,844	173,895	223,409	205,435	175,811	176,291	191,555	137,038
Total Pension Liability - Ending (a)	244,071	237,124	222,542	203,844	173,895	223,409	205,435	175,811	176,291	191,555
Plan Net Position:										
Contributions - Employer	7,603	6,694	6,352	25,619	5,626	4,683	4,731	4,723	4,524	4,237
Contributions - Member	3,020	2,451	2,286	1,956	1,838	1,783	1,692	1,632	1,636	1,582
Net Investment Income	11,192	8,665	5,809	(4,096)	21,502	(1,252)	5,528	6,020	9,012	232
Benefit Payments	(14,604)	(13,776)	(13,297)	(13,080)	(12,538)	(12,013)	(11,352)	(10,585)	(10,096)	(9,813)
Administrative Expenses	(169)	(97)	(89)	(88)	(71)	(82)	(79)	(75)	(69)	(64)
Refunds of Contributions	-	(97)	-	-	(1)	(8)	(100)	-	(11)	(45)
Other	-	-	-	63	-	-	10	-	-	72
Net Change in Plan Net Position	7,042	3,840	1,061	10,374	16,356	(6,889)	430	1,715	4,996	(3,799)
Plan Net Position - Beginning	116,503	112,663	111,602	101,228	84,872	91,761	91,331	89,616	84,932	88,989
Prior Period Adjustments	-	-	-	-	-	-	-	-	(312)	(257)
Plan Net Position - Beginning, Restated	116,503	112,663	111,602	101,228	84,872	91,761	91,331	89,616	84,620	88,732
Plan Net Position - Ending (b)	123,545	116,503	112,663	111,602	101,228	84,872	91,761	91,331	89,616	84,933
Net Pension Liability - Ending (a)-(b)	$ 120,526	$ 120,621	$ 109,879	$ 92,242	$ 72,667	$ 138,538	$ 113,674	$ 84,480	$ 86,675	$ 106,623

STATE OF NEW MEXICO
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
MAGISTRATE RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	$ 2,146	$ 1,628	$ 2,191	$ 1,365	$ 1,258	$ 1,656	$ 1,466	$ 1,354	$ 1,537	$ 1,118
Interest	4,227	4,154	3,925	4,209	4,092	3,436	3,494	3,487	3,192	3,452
Difference Between Expected and Actual Experience	963	(1,077)	599	1,776	(95)	(1,286)	2,209	(237)	(1,539)	1,571
Changes of Assumptions	(9,669)	1,351	(4,002)	12,882	-	(18,414)	5,255	2,874	(8,114)	8,832
Benefit Payments	(5,251)	(5,030)	(4,689)	(4,321)	(4,294)	(4,204)	(4,026)	(3,951)	(3,966)	(3,976)
Refunds of Contributions	(123)	(233)	(263)	-	(50)	-	(56)	(63)	-	(15)
Net Change in Total Pension Liability	(7,707)	793	(2,239)	15,911	911	(18,812)	8,342	3,464	(8,890)	10,982
Total Pension Liability - Beginning	73,994	73,201	75,440	59,529	58,618	77,434	69,092	65,628	74,518	63,536
Total Pension Liability - Ending (a)	66,287	73,994	73,201	75,440	59,529	58,618	77,434	69,092	65,628	74,518
Plan Net Position:										
Contributions - Employer	2,715	2,619	2,538	2,385	2,348	1,293	1,236	1,232	1,282	1,280
Contributions - Member	887	824	751	673	652	650	640	580	603	587
Net Investment Income	3,316	2,554	1,775	(1,470)	7,463	(437)	1,938	2,156	3,290	70
Benefit Payments	(5,251)	(5,030)	(4,689)	(4,321)	(4,294)	(4,204)	(4,026)	(3,951)	(3,966)	(3,977)
Administrative Expenses	(32)	(31)	(30)	(32)	(25)	(28)	(28)	(27)	(25)	(24)
Refunds of Contributions	(123)	(233)	(262)	-	(50)	-	(56)	(63)	-	(15)
Other	6	-	-	-	-	-	-	14	3	27
Net Change in Plan Net Position	1,518	703	83	(2,765)	6,094	(2,727)	(296)	(59)	1,187	(2,052)
Plan Net Position - Beginning	33,186	32,483	32,400	35,165	29,071	31,798	32,094	32,226	31,038	33,187
Prior Period Adjustments	-	-	-	-	-	-	-	(73)	-	(98)
Plan Net Position - Beginning, Restated	33,186	32,483	32,400	35,165	29,071	31,798	32,094	32,153	31,038	33,089
Plan Net Position - Ending (b)	34,704	33,186	32,483	32,400	35,165	29,071	31,798	32,094	32,226	31,038
Net Pension Liability - Ending (a)-(b)	$ 31,583	$ 40,808	$ 40,718	$ 24,364	$ 24,364	$ 45,636	$ 36,998	$ 33,402	$ 43,480	$ 30,349

STATE OF NEW MEXICO
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	$ 2,038	$ 2,003	$ 2,022	$ 2,047	$ 2,040	$ 2,250	$ 2,194	$ 2,204	$ 2,337	$ 1,440
Interest	3,817	3,803	3,799	3,823	3,663	3,715	3,594	3,555	3,584	3,376
Difference Between Expected and Actual Experience	(2,189)	(3,296)	(2,821)	(3,306)	(1,725)	(2,143)	(1,573)	(2,504)	(4,101)	(498)
Changes of Assumptions	-	633	-	-	-	(1,853)	-	1,363	-	1,976
Benefit Payments	(2,991)	(2,949)	(2,910)	(2,847)	(2,758)	(2,626)	(2,457)	(2,319)	(222)	(1,836)
Refunds of Contributions	-	-	-	-	-	-	-	-	(2,031)	-
Net Change in Total Pension Liability	675	194	90	(283)	1,221	(655)	1,758	2,299	(433)	4,458
Total Pension Liability - Beginning	53,127	52,933	52,843	53,126	51,905	52,560	50,802	48,503	48,936	44,478
Total Pension Liability - Ending (a)	53,802	53,127	52,933	52,843	53,126	51,905	52,560	50,802	48,503	48,936
Plan Net Position:										
Contributions - Employer	750	750	750	750	750	750	750	750	750	750
Net Investment Income	8,713	6,597	4,377	(3,579)	17,950	(1,057)	4,318	4,512	6,682	206
Benefit Payments	(2,991)	(2,949)	(2,910)	(2,847)	(2,758)	(2,626)	(2,457)	(2,319)	(2,031)	(1,835)
Administrative Expenses	(86)	(81)	(76)	(77)	(60)	(67)	(63)	(58)	(52)	(47)
Other	1	1	1	-	-	-	1	1	1	51
Net Change in Plan Net Position	6,387	4,318	2,142	(5,753)	15,882	(3,000)	2,549	2,886	5,350	(875)
Plan Net Position - Beginning	85,425	81,107	78,965	84,718	68,836	71,836	69,287	66,399	61,049	62,103
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	(179)
Plan Net Position - Beginning, Restated	85,425	81,107	78,965	84,718	68,836	71,836	69,287	66,399	61,049	61,924
Plan Net Position - Ending (b)	91,812	85,425	81,107	78,965	84,718	68,836	71,836	69,287	66,399	61,049
Net Pension Liability - Ending (a)-(b)	$ (38,010)	$ (32,298)	$ (28,174)	$ (26,122)	$ (31,591)	$ (16,931)	$ (19,276)	$ (18,485)	$ (17,896)	$ (12,113)

STATE OF NEW MEXICO
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
EDUCATIONAL EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	$ 579,601	$ 514,612	$ 456,425	$ 431,266	$ 916,076	$ 388,501	$ 523,132	$ 494,876	$ 357,631	$ 356,874
Interest	1,807,285	1,713,568	1,646,035	1,610,271	1,288,041	1,501,193	1,396,376	1,375,676	1,424,586	1,367,647
Benefit Changes	-	-	-	-	-	-	(4,381,849)	-	-	-
Difference Between Expected and Actual Experience	341,069	889,215	242,880	(196,600)	685,735	177,584	(112,652)	(184,090)	(207,789)	42,492
Changes of Assumptions	-	(329,582)	-	-	(11,462,883)	11,316,076	-	659,788	4,371,800	-
Benefit Payments	(1,515,310)	(1,447,687)	(1,371,674)	(1,321,515)	(1,263,064)	(1,220,261)	(1,164,645)	(1,107,441)	(1,052,675)	(1,012,731)
Net Change in Total Pension Liability	1,212,645	1,340,126	973,666	523,422	(9,836,096)	12,163,093	(3,739,638)	1,238,809	4,893,553	754,282
Total Pension Liability - Beginning	26,286,206	24,946,080	23,972,414	23,448,992	33,285,087	21,121,996	24,861,634	23,622,825	18,729,272	17,974,989
Total Pension Liability - Ending (a)	27,498,851	26,286,206	24,946,080	23,972,414	23,448,992	33,285,087	21,121,996	24,861,634	23,622,825	18,729,272
Plan Net Position:										
Contributions - Employer	802,437	770,384	662,750	511,944	452,872	451,556	406,549	388,724	395,844	396,989
Contributions - Member	456,696	437,997	395,815	347,917	330,067	329,725	303,442	287,324	292,809	295,946
Net Investment Income	1,733,874	1,489,846	1,036,752	(336,188)	3,834,540	(75,980)	1,037,882	900,132	1,350,389	364,571
Benefit Payments	(1,515,310)	(1,447,687)	(1,371,674)	(1,321,515)	(1,263,064)	(1,220,261)	(1,164,645)	(1,107,441)	(1,052,675)	(1,012,731)
Administrative Expenses	(15,059)	(14,124)	(12,551)	(12,982)	(12,088)	(10,878)	(9,326)	(9,908)	(9,848)	(9,661)
Other	-	-	-	-	-	343	487	2,116	-	-
Net Change in Plan Net Position	1,462,638	1,236,416	711,092	(810,824)	3,342,327	(525,494)	574,390	460,947	976,519	35,115
Plan Net Position - Beginning	17,498,210	16,261,794	15,550,702	16,361,526	13,019,199	13,544,692	12,970,303	12,509,357	11,532,839	11,497,724
Prior Period Adjustments	(497)	-	-	-	-	-	-	-	-	-
Plan Net Position - Beginning, Restated	17,497,713	16,261,794	15,550,702	16,361,526	13,019,199	13,544,693	12,970,303	12,509,357	11,532,839	11,497,724
Plan Net Position - Ending (b)	18,960,351	17,498,210	16,261,794	15,550,702	16,361,526	13,019,199	13,544,692	12,970,303	12,509,357	11,532,839
Net Pension Liability - Ending (a)-(b)	$ 8,538,500	$ 8,787,996	$ 8,684,286	$ 8,421,712	$ 7,087,466	$ 20,265,891	$ 7,577,302	$ 11,891,331	$ 11,113,468	$ 7,196,433

STATE OF NEW MEXICO
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
LAST SEVEN YEARS*
(IN THOUSANDS)

	Fiscal Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	$ 74,114	$ 76,343	$ 91,535	$ 155,315	$ 171,993	$ 123,905	$ 156,598	$ 188,372
Interest	236,115	190,979	190,483	163,469	147,283	169,239	208,666	199,584
Benefit Changes	(43,365)	(13,122)	-	-	802	6,624	14,004	-
Difference Between Expected and Actual Experience	(178,597)	(30,798)	(179,638)	(36,122)	57,770	(150,535)	(754,197)	(145,524)
Changes of Assumptions	105,327	206,617	(430,050)	(1,125,436)	(894,202)	989,793	(535,457)	(225,363)
Claims and Premiums	(137,952)	(112,915)	(89,966)	(99,777)	(102,376)	(109,584)	(96,487)	(122,199)
Net Change in Total OPEB Liability	55,642	317,104	(417,636)	(942,551)	(618,731)	1,029,442	(1,006,873)	(105,130)
Total OPEB Liability - Beginning	3,366,767	3,049,663	3,467,299	4,409,850	5,028,581	3,999,139	5,006,012	5,111,142
Total OPEB Liability - Ending (a)	3,422,409	3,366,767	3,049,663	3,467,299	4,409,850	5,028,581	3,999,139	5,006,012
Plan Net Position:								
Contributions - Employer	135,613	238,504	231,793	231,293	96,585	96,504	88,516	85,402
Contributions - Member	236,681	127,361	114,542	101,585	225,347	226,384	216,528	210,650
Net Investment Income	170,948	115,267	71,822	(49,544)	217,737	10,837	41,663	49,758
Claims and Premiums	(356,345)	(328,749)	(335,094)	(323,816)	(315,956)	(316,936)	(296,417)	(321,480)
Administrative Expenses	(4,438)	(4,473)	(4,002)	(3,467)	(3,404)	(3,687)	(4,148)	(3,672)
Other	101,386	87,330	111,971	80,144	69,519	59,821	52,949	57,530
Net Change in Plan Net Position	283,845	235,240	191,032	36,195	289,828	72,923	99,093	78,188
Plan Net Position - Beginning	1,581,968	1,346,728	1,155,696	1,119,501	829,673	756,750	657,657	579,469
Plan Net Position - Ending (b)	1,865,813	1,581,968	1,346,728	1,155,696	1,119,501	829,673	756,750	657,657
Net OPEB Liability - Ending (a)-(b)	$ 1,556,596	$ 1,784,799	$ 1,702,935	$ 2,311,603	$ 3,290,349	$ 4,198,908	$ 3,242,389	$ 4,348,355

* Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

STATE OF NEW MEXICO
SCHEDULE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability	$ 27,584,873	$ 26,323,061	$ 24,676,915	$ 23,581,568	$ 23,061,128	$ 22,140,637	$ 21,989,225	$ 21,382,639	$ 20,068,143	$ 19,986,038
Plan Net Position	18,630,231	17,372,001	16,598,830	16,354,647	17,813,948	14,691,984	15,507,546	15,210,483	14,798,918	13,826,658
Net Pension Liability	$ 8,954,642	$ 8,951,060	$ 8,078,085	$ 7,226,921	$ 5,247,180	$ 7,448,653	$ 6,481,679	$ 6,172,156	$ 5,269,225	$ 6,159,380
Percentage of Plan Net Position to Total Pension Liability	67.54%	66.00%	67.26%	69.35%	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%
Covered Payroll	$ 3,417,143	$ 2,887,875	$ 2,537,115	$ 2,460,174	$ 2,482,249	$ 2,339,923	$ 2,287,712	$ 2,265,036	$ 2,193,889	$ 2,326,943
Net Pension Liability as a Percentage of Covered Payroll	262.05%	309.95%	318.40%	293.76%	211.39%	318.33%	283.33%	272.50%	240.18%	264.70%

STATE OF NEW MEXICO
SCHEDULE OF NET PENSION LIABILITY
JUDICIAL RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability	$ 244,070	$ 237,123	$ 222,541	$ 203,842	$ 173,894	$ 223,409	$ 205,435	$ 175,810	$ 176,291	$ 191,555
Plan Net Position	123,542	116,500	112,661	111,600	101,227	84,871	91,760	91,331	89,616	84,932
Net Pension Liability	$ 120,528	$ 120,623	$ 109,880	$ 92,242	$ 72,667	$ 138,538	$ 113,675	$ 84,479	$ 86,675	$ 106,623
Percentage of Plan Net Position to Total Pension Liability	50.62%	49.13%	50.62%	54.75%	58.21%	37.99%	44.67%	51.95%	50.83%	44.34%
Covered Payroll	$ 28,766	$ 22,364	$ 21,443	$ 17,681	$ 16,985	$ 16,090	$ 16,292	$ 15,126	$ 15,493	$ 15,612
Net Pension Liability as a Percentage of Covered Payroll	418.99%	539.36%	512.43%	521.70%	427.83%	861.00%	697.74%	558.50%	559.45%	682.95%

STATE OF NEW MEXICO
SCHEDULE OF NET PENSION LIABILITY
MAGISTRATE RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability	$ 66,287	$ 73,994	$ 73,201	$ 75,440	$ 59,529	$ 58,618	$ 77,431	$ 69,090	$ 65,628	$ 74,519
Plan Net Position	34,702	33,184	32,481	32,399	35,165	29,071	31,798	32,093	32,225	31,038
Net Pension Liability	$ 31,585	$ 40,810	$ 40,720	$ 43,041	$ 24,364	$ 29,547	$ 45,633	$ 36,997	$ 33,403	$ 43,481
Percentage of Plan Net Position to Total Pension Liability	52.35%	44.85%	44.37%	42.95%	59.07%	49.59%	41.07%	46.45%	49.10%	41.65%
Covered Payroll	$ 8,447	$ 6,550	$ 7,212	$ 6,289	$ 6,092	$ 6,025	$ 6,025	$ 5,638	$ 5,633	$ 5,243
Net Pension Liability as a Percentage of Covered Payroll	373.92%	623.05%	564.61%	684.39%	399.93%	490.39%	757.37%	656.17%	592.97%	829.29%

STATE OF NEW MEXICO
SCHEDULE OF NET PENSION LIABILITY
VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability	$ 53,802	$ 53,126	$ 52,932	$ 52,842	$ 53,126	$ 51,905	$ 52,561	$ 50,802	$ 48,503	$ 48,936
Plan Net Position	91,812	85,426	81,108	78,966	84,718	68,837	71,836	69,287	66,401	61,050
Net Pension Liability	$ (38,010)	$ (32,300)	$ (28,176)	$ (26,123)	$ (31,591)	$ (16,932)	$ (19,275)	$ (18,485)	$ (17,898)	$ (12,114)
Percentage of Plan Net Position to Total Pension Liability	170.65%	160.80%	153.23%	149.44%	159.47%	132.62%	136.67%	136.39%	136.90%	124.76%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

STATE OF NEW MEXICO
SCHEDULE OF NET PENSION LIABILITY
EDUCATIONAL EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability	$ 27,498,451	$ 26,286,206	$ 24,946,080	$ 23,972,414	$ 23,448,992	$ 33,285,087	$ 21,121,994	$ 24,861,632	$ 23,622,824	$ 18,729,271
Plan Net Position	18,960,351	17,498,210	16,261,794	15,550,702	16,361,526	13,019,197	13,544,692	12,970,301	12,509,356	11,532,838
Net Pension Liability	$ 8,538,100	$ 8,787,996	$ 8,684,286	$ 8,421,712	$ 7,087,466	$ 20,265,890	$ 7,577,302	$ 11,891,331	$ 11,113,468	$ 7,196,433
Percentage of Plan Net Position to Total Pension Liability	68.95%	66.57%	65.19%	64.87%	69.77%	39.11%	64.13%	52.17%	52.95%	61.58%
Covered Payroll	$ 4,160,894	$ 3,992,086	$ 3,645,973	$ 3,214,178	$ 3,057,979	$ 3,048,404	$ 2,797,686	$ 2,678,215	$ 2,728,362	$ 2,740,527
Net Pension Liability as a Percentage of Covered Payroll	205.20%	220.14%	238.19%	262.02%	231.77%	664.80%	270.84%	444.00%	407.33%	262.59%

STATE OF NEW MEXICO
SCHEDULE OF NET OPEB LIABILITY
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
LAST EIGHT YEARS*
(IN THOUSANDS)

	Fiscal Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability	$ 3,422,409	$ 3,366,767	$ 3,049,663	$ 3,467,299	$ 4,409,850	$ 5,028,581	$ 3,999,138	$ 5,006,012
Plan Net Position	1,865,813	1,581,968	1,346,728	1,155,696	1,119,501	829,673	756,749	657,657
Net OPEB Liability	$ 1,556,596	$ 1,784,799	$ 1,702,935	$ 2,311,603	$ 3,290,349	$ 4,198,908	$ 3,242,389	$ 4,348,355
Percentage of Plan Net Position to Total OPEB Liability	54.52%	46.99%	44.16%	33.33%	25.39%	16.50%	18.92%	13.14%
Covered Payroll	$ 6,246,365	$ 5,609,137	$ 4,952,013	$ 4,745,116	$ 4,614,244	$ 4,298,116	$ 4,172,929	$ 4,290,617
Net OPEB Liability as a Percentage of Covered Payroll	24.92%	31.82%	34.39%	48.72%	71.31%	97.69%	77.70%	101.35%

* Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

STATE OF NEW MEXICO
SCHEDULE OF NET OPEB LIABILITY
THE UNIVERSITY OF NEW MEXICO
LAST EIGHT YEARS*
(IN THOUSANDS)

	Fiscal Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	$ 5,186	$ 2,128	$ 2,180	$ 1,742	$ 1,891	$ 3,267	$ 3,501	$ 3,526
Interest	22,594	11,753	11,248	9,366	892	10,640	10,007	9,469
Differences Between Expected and Actual Experience	(14,977)	(26,284)	-	23,091	-	(38,575)	-	-
Changes of Assumptions	16,658	36,580	(3,057)	4,104	(6,534)	7,729	(7,105)	(6,444)
Benefit Payments	(13,321)	(5,372)	(5,415)	(5,444)	(5,296)	5,298	(4,913)	(4,841)
Net Change in Total OPEB Liability	16,140	18,805	4,956	32,859	(1,018)	(22,236)	1,490	1,710
Total OPEB Liability - Beginning	189,655	170,850	165,894	133,035	134,053	156,289	154,799	153,089
Total OPEB Liability- Ending (a)	205,795	189,655	170,850	165,894	133,035	134,053	156,289	154,799
Plan Fiduciary Net Position:								
Contributions - Employer	17,151	7,302	7,383	7,490	7,460	7,513	7,322	7,467
Contributions - Member	3,830	1,930	1,967	2,047	2,164	2,215	2,408	2,625
Net investment Income	18,136	5,364	(10,734)	11,408	1,854	2,111	2,080	1,615
Benefit Payments	(13,321)	(5,372)	(5,415)	(5,444)	(5,296)	(5,298)	(4,913)	(4,841)
Administrative Expense	5	(7)	(6)	(9)	(3)	(5)	(5)	-
Net Change in Plan Fiduciary Net Position	25,801	9,217	(6,805)	15,492	6,179	6,536	6,892	6,866
Plan Fiduciary Net Position - Beginning	61,424	52,207	59,012	43,520	37,341	30,805	23,913	17,045
Plan Fiduciary Net Position- Ending (b)	87,225	61,424	52,207	59,012	43,520	37,341	30,805	23,913
University's Net OPEB Liability - Ending (a)-(b)	$ 118,570	$ 118,643	$ 118,643	$ 106,882	$ 89,515	$ 96,712	$ 125,484	$ 130,886
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	42.38%	32.39%	30.56%	35.57%	32.71%	27.86%	19.71%	15.45%
Covered-Employee Payroll	$ 259,428	$ 257,325	$ 262,303	$ 272,863	$ 288,544	$ 295,345	$ 321,166	$ 350,452
University's net OPEB Liability as a Percentage of Covered-Employee Payroll	45.70%	46.11%	45.23%	39.17%	31.02%	32.75%	39.07%	37.35%

Notes to the Schedule:

Benefit Changes: None

Differences Between Expected and Actual Experience : There is no change in the Total OPEB Liability form June 30, 2021 to June 30, 2022 due to differences in expected and actual experience. The $26,283,900 decrease in liability from June 30, 2022 to June 30, 2023 is due to changes in the census, claims, and premiums experience.

Changes in Assumptions : The $3,057,100 decrease in the liability from June 30, 2021 to June 30, 2022 is due to the increase in the assumed discount rate from 6.80% to 6.90% as of the respective measurement dates. The $36,580,100 increase in the liability from June 30, 2022 to June 30, 2023 is due to the decrease in the assumed discount rate from 6.90% to 5.85% as of the respective measurement dates, as well as updates to the trend and mortality assumptions.

* Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

STATE OF NEW MEXICO
SCHEDULE OF NET OPEB LIABILITY
NEW MEXICO STATE UNIVERSITY
LAST SEVEN YEARS*
(IN THOUSANDS)

	Fiscal Year Ending June 30,						
	2025	2024	2023	2022	2021	2020	2019
Total OPEB Liability:							
Service Cost	$ 3,851	$ 4,104	$ 3,955	$ 6,726	$ 6,497	$ 5,787	$ 5,127
Interest	5,527	4,827	4,627	3,802	3,745	5,208	5,268
Current Recognized Deferred Outflows/(Inflows):							
Difference Between Expected and Actual Experience	-	(5,184)	-	(20,103)	-	(13,724)	-
Changes in Assumptions or Other Inputs	(20,070)	10,288	(1,882)	(27,754)	1,340	28,160	7,135
Benefit Payments	(5,773)	(5,031)	(5,561)	(4,845)	(5,718)	(5,274)	(5,758)
Net Change in Total OPEB Liability	(16,465)	9,004	1,139	(42,174)	5,864	20,157	11,772
Total OPEB Liability - Beginning	139,662	130,658	129,519	171,693	165,829	145,672	133,899
Total OPEB Liability - Ending	$ 123,197	$ 139,662	$ 130,658	$ 129,519	$ 171,693	$ 165,829	$ 145,672
Covered-Employee Payroll	$ 114,008	$ 111,227	$ 119,786	$ 116,865	$ 135,947	$ 131,987	$ 153,961
University's Net OPEB Liability as a Percentage of Covered-Employee Payroll	108%	126%	109%	111%	126%	126%	95%

* Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

STATE OF NEW MEXICO
SCHEDULE OF NET OPEB LIABILITY
NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY
LAST EIGHT YEARS*
(IN THOUSANDS)

	Fiscal Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	$ 3,272	$ 3,561	$ 5,036	$ 2,993	$ 2,182	$ 1,999	$ 2,317	$ 2,697
Interest Cost	2,017	2,013	1,488	1,377	1,388	1,518	1,377	1,225
Differences Between Expected and Actual Experience	-	(6,434)	-	12,357	-	(5,898)	-	-
Changes of Assumptions	(2,595)	1,032	(15,164)	7,720	6,895	2,050	(1,486)	(3,354)
Benefit Payments	(1,649)	(1,615)	(1,545)	(1,477)	(1,273)	(61)	(649)	(1,490)
Net Change in Total OPEB Liability	1,045	(1,443)	(10,185)	22,970	9,192	(392)	1,559	(922)
Total OPEB Liability- Beginning	52,665	54,108	64,293	41,323	32,131	32,523	30,964	31,886
Total OPEB Liability- Ending (a)	53,710	52,665	54,108	64,293	41,323	32,131	32,523	30,964
Plan Fiduciary Net Position:								
Contributions - Employer	819	755	803	689	705	2,239	3,997	4,998
Contributions - Member	829	813	780	735	650	1,632	3,386	3,706
Net Investment Income	344	117	(294)	715	85	149	173	208
Benefit Payments	(1,649)	(1,615)	(1,544)	(1,477)	(1,273)	(61)	(649)	(1,490)
Administrative Expense	(161)	(149)	(126)	(97)	(88)	(306)	(359)	(378)
Other	195	224	(280)	147	6	(3,714)	(5,899)	(6,132)
Net Change in Plan Fiduciary Net Position	377	145	(661)	712	85	(61)	649	912
Plan Fiduciary Net Position - Beginning	4,524	4,379	5,040	4,328	4,243	4,304	3,655	2,743
Plan Fiduciary Net Position - Ending (b)	4,901	4,524	4,379	5,040	4,328	4,243	4,304	3,655
University's Net OPEB Liability - Ending (a)-(b)	$ 48,809	$ 48,141	$ 49,729	$ 59,253	$ 36,995	$ 27,888	$ 28,219	$ 27,309
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.1%	8.6%	8.1%	7.8%	10.5%	13.2%	13.2%	11.8%
Covered-Employee Payroll	$ 57,587	$ 56,944	$ 50,301	$ 48,653	$ 30,619	$ 29,916	$ 28,337	$ 28,142
University's Net OPEB Liability as a Percentage of Covered-Employee Payroll	85%	85%	99%	122%	121%	93%	100%	97%

Notes to the Schedule:

Benefits Changes: None

Changes in Assumptions: The $9,542,577 decrease in the liability from June 30, 2022 to June 30, 2023 is due mainly to the increase in the assumed discount rate, changes to the mortality table and trend rates.

* Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

STATE OF NEW MEXICO
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutory Required Contributions	$ 767,435	$ 657,561	$ 599,244	$ 531,398	$ 379,185	$ 368,425	$ 339,676	$ 319,499	$ 332,473	$ 324,752
Actual Employer Contributions	583,060	521,674	454,462	395,408	379,185	368,425	339,676	319,499	332,473	324,752
Annual Contribution Deficiency	$ 184,375	$ 135,887	$ 144,782	$ 135,990	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 2,339,923	$ 2,887,875	$ 2,537,115	$ 2,460,174	$ 2,482,249	$ 2,339,923	$ 2,287,712	$ 2,265,036	$ 2,193,889	$ 2,326,943
Annual Contribution as a Percentage of Covered Payroll	24.92%	18.06%	17.91%	16.07%	15.28%	15.75%	14.85%	14.11%	15.15%	13.96%

STATE OF NEW MEXICO
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
JUDICIAL RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutory Required Contributions	$ 9,455	$ 7,463	$ 7,186	$ 7,205	$ 5,858	$ 6,045	$ 5,881	$ 4,908	$ 4,975	$ 4,816
Actual Employer Contributions	7,603	6,694	6,352	25,619	5,626	4,683	4,731	4,723	4,524	4,237
Annual Contribution Deficiency (Excess)	$ 1,852	$ 769	$ 834	$ (18,414)	$ 232	$ 1,362	$ 1,150	$ 185	$ 451	$ 579
Covered Payroll	$ 28,766	$ 22,364	$ 21,443	$ 17,681	$ 16,985	$ 16,090	$ 16,292	$ 15,126	$ 15,493	$ 15,612
Annual Contribution as a Percentage of Covered Payroll	26.43%	29.93%	29.62%	144.90%	33.12%	29.11%	29.04%	31.22%	29.20%	27.14%

STATE OF NEW MEXICO
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
MAGISTRATE RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutory Required Contributions	$ 2,907	$ 2,530	$ 2,724	$ 2,396	$ 2,306	$ 1,923	$ 1,862	$ 1,588	$ 1,576	$ 1,463
Actual Employer Contributions	2,715	2,619	2,538	2,385	2,348	1,293	1,236	1,232	1,282	1,280
Annual Contribution Deficiency (Excess)	$ 192	$ (89)	$ 186	$ 11	$ (42)	$ 630	$ 626	$ 356	$ 294	$ 183
Covered Payroll	$ 8,447	$ 6,550	$ 7,212	$ 6,289	$ 6,092	$ 6,025	$ 6,025	$ 5,638	$ 5,633	$ 5,243
Annual Contribution as a Percentage of Covered Payroll	32.13%	39.97%	35.18%	37.91%	38.53%	21.45%	20.52%	21.85%	22.76%	24.42%

STATE OF NEW MEXICO
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutory Required Contributions	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750
Actual Employer Contributions	750	750	750	750	750	750	750	750	750	750
Annual Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual Contribution as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

STATE OF NEW MEXICO
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutory Required Contributions	$ 708,070	$ 732,010	$ 690,316	$ 627,461	$ 656,732	$ 586,452	$ 587,331	$ 546,593	$ 477,840	$ 465,341
Actual Employer Contributions	802,437	770,384	662,750	511,944	452,872	451,556	406,549	388,724	395,844	396,989
Annual Contribution Deficiency (Excess)	$ (94,367)	$ (38,374)	$ 27,566	$ 115,517	$ 203,860	$ 134,895	$ 180,782	$ 157,869	$ 81,996	$ 68,352
Covered Payroll	$ 4,160,894	$ 3,992,086	$ 3,645,973	$ 3,214,178	$ 3,057,979	$ 3,048,404	$ 2,797,686	$ 2,678,215	$ 2,728,362	$ 2,740,527
Annual Contribution as a Percentage of Covered Payroll	19.29%	19.30%	18.18%	15.93%	14.81%	14.81%	14.53%	14.51%	14.51%	14.49%

STATE OF NEW MEXICO
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
LAST EIGHT YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,							
	2024	2023	2023	2022	2021	2020	2019	2018
Statutory Required Contributions	$ 135,613	$ 127,361	$ 114,542	$ 101,585	$ 96,585	$ 96,504	$ 88,516	$ 85,402
Actual Employer Contributions	135,613	127,361	114,542	101,585	96,585	96,504	88,516	85,402
Annual Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 6,246,365	$ 5,609,137	$ 4,952,013	$ 4,745,116	$ 4,614,244	$ 4,298,116	$ 4,172,929	$ 4,290,617
Annual Contribution as a Percentage of Covered Payroll	2.17%	2.27%	2.31%	2.14%	2.09%	2.25%	2.12%	1.99%

* Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

STATE OF NEW MEXICO
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
THE UNIVERSITY OF NEW MEXICO
LAST EIGHT YEARS*
(IN THOUSANDS)

	Fiscal Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	$ 9,817	$ 7,333	$ 7,302	$ 7,383	$ 7,490	$ 7,459	$ 7,513	$ 7,322
Contributions in Relation to the Actuarially Determined Contribution	9,817	7,333	7,302	7,383	7,490	7,459	7,513	7,322
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 251,220	$ 259,428	$ 257,325	$ 262,303	$ 272,863	$ 288,544	$ 295,345	$ 321,166
Contributions as a Percentage of Payroll	3.91%	2.83%	2.84%	2.81%	2.74%	2.59%	2.54%	2.28%

Notes to Schedule:

Valuation Date	1-Jan-25
Methods and Assumptions used to Determine Contribution Rates:	
Actuarial Cost Method	Entry age normal – level % of salary
Asset Valuation Method	Market value of assets
Healthcare Cost Trend Rates	Medical Pre-Medicare: 7.8% initially, reduced by decrements to a rate of 4.5% after nine years Medical Post-Medicare: 8.25% initially, reduced by decrements to a rate of 4.5% after nine years Dental: 4.0%
Salary Increases	2.0%
Investment Rate of Return	6.0%, net of OPEB plan investment expense, including inflation
Retirement Age	63
Mortality	PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using scale MP-2021.

* Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

STATE OF NEW MEXICO
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY
LAST EIGHT YEARS*
(IN THOUSANDS)

	Fiscal Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	$ 854	$ 819	$ 755	$ 803	$ 689	$ 705	$ 2,239	$ 3,997
Contributions in Relation to the Actuarially Determined Contribution	854	819	755	803	689	705	2,239	3,997
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 57,587	$ 56,944	$ 50,301	$ 48,653	$ 31,793	$ 30,619	$ 14,433	$ 28,337
Contributions as a Percentage of Payroll	1.5%	1.4%	1.5%	1.7%	2.2%	2.3%	15.5%	14.1%

Notes to Schedule:

Valuation Date	July 1, 2024
Methods and Assumptions used to Determine Contribution Rates:	
Actuarial Cost Method	Entry age normal – level % of salary
Asset Valuation Method	Market value of assets
Inflation	3.0%
Healthcare Cost Trend Rates	Medical Pre-Medicare: 7500% initially, reduced by decrements to a rate of 4.5% after nine years Medical Post-Medicare: 6.255% initially, reduce by decrements to a rate of 4.50% after nine years Pharmacy: 12.00% initially, reduced by decrement to a rate of 4.50% after nine years Dental and Vision: 3.0%
Salary Increases	3.0%
Investment Rate of Return	5.25%
Retirement Age	64
Mortality	PUB-2010 "General" Classification head count-weighted mortality Table with fully generation mortality improvement projections from the central year using Scale MP-2021

* Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

STATE OF NEW MEXICO
SCHEDULE OF INVESTMENT RETURNS - PENSION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expenses	9.49%	8.04%	3.62%	-3.11%	25.36%	-2.70%	5.60%	6.50%	10.60%	0.70%

STATE OF NEW MEXICO
SCHEDULE OF INVESTMENT RETURNS - PENSION
EDUCATIONAL EMPLOYEE RETIREMENT SYSTEM
LAST TEN YEARS
(IN THOUSANDS)

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expenses	9.88%	8.64%	5.62%	1.00%	28.76%	-0.97%	7.29%	8.38%	11.91%	2.68%

STATE OF NEW MEXICO
SCHEDULE OF INVESTMENT RETURNS - OPEB
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
LAST EIGHT YEARS*
(IN THOUSANDS)

	Fiscal Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Annual Money-Weighted Rate of Return, Net of Investment Expenses	10.58%	11.47%	5.99%	-0.86%	22.59%	1.43%	6.53%	9.06%

* Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

STATE OF NEW MEXICO
SCHEDULE OF INVESTMENT RETURNS - OPEB
THE UNIVERSITY NEW MEXICO
LAST EIGHT YEARS*
(IN THOUSANDS)

	Fiscal Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Annual Money-Weighted Rate of Return, Net of Investment Expense	14.60%	11.32%	9.83%	-17.43%	26.04%	4.55%	6.18%	6.77%

*Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

STATE OF NEW MEXICO
SCHEDULE OF INVESTMENT RETURNS - OPEB
NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY
LAST EIGHT YEARS*
(IN THOUSANDS)

	Fiscal Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Annual Money-Weighted Rate of Return, Net of Investment Expense	16.13%	10.89%	8.05%	-11.83%	36.75%	3.70%	7.10%	9.40%

*Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

STATE OF NEW MEXICO
SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS
ALL RETIREMENT SYSTEMS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	PERS	JRS	MRS	VFRS	EERS
Valuation Date	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay, Open	Level Percent of Payroll, Open	Level Dollar, Open	Closed 30 Year Period, Amortization. Level Percent of Payroll
Amortization Period	25 Years	25 Years	25 Years	25 Years	Closed 30 Years
Asset Valuation Method					5-Year Smoothed Market
Actuarial Assumptions:					
Investment Rate of Return	7.25%	7.25%	7.25%	7.25%	7%
Payroll Growth	3.00%	3.00%	3.00%	N/A	-
Projected Salary Increases	3.25%-11.50%, except for Legislative division which is N/A	3.25 %	3.25 %	N/A	2.30% Inflation, Plus .70% Prod, Inc.
Includes Inflation At	2.50%	2.50%	2.50%	2.50%	2.30 %
Mortality Assumption	PUB-2010 Mortality Table	PUB-2010 Mortality Table	PUB-2010 Mortality Table	PUB-2010 Mortality Table	2020 GRS Southwest Region Teacher Mortality Table
Discount Rate	7.25%	6.22%	7.25%	7.25%	7.00%
Municipal Bond Rate	-	5.20%	-	-	-

Notes to Schedule:

All percentages are stated at an annual rate.

STATE OF NEW MEXICO
SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry age normal, level of percent of pay, calculated on individual employee basis
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation	2.30% for ERB and 2.50% for PERA
Projected Payroll Increases	3.00% to 13.00% based on years of service, including inflation
Investment Rate of Return	7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Discount Rate	7.00%
Healthcare Cost Trend Rate	8.00% graded down to 4.50% over 14 years for Non-Medicare medical plan costs and 8.50% graded down to 4.50% over 12 years for Medicare medical plan costs. Actual premium increase for the first year, then 8.25% graded down the 4.50% over 15 years

The Following Presents Required Supplementary Information for the Employer Reporting of Pension and OPEB Amounts

STATE OF NEW MEXICO
SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN YEARS
(IN THOUSANDS)

	Measurement Date									
PERA - State-Funded Divisions	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
State Proportion of the Net Pension Liability	56.11%	50.70%	53.83%	57.10%	51.17%	51.29%	52.74%	52.52%	51.25%	52.70%
State Proportionate Share of the Net Pension Liability	$ 4,532,648	$ 4,095,436	$ 3,890,088	$ 2,996,326	$ 3,811,182	$ 3,324,673	$ 3,255,419	$ 2,767,431	$ 3,156,785	$ 2,243,965
State Covered Payroll **	$ 1,527,136	$ 1,326,233	$ 1,151,862	$ 1,135,523	$ 1,111,517	$ 1,024,186	$ 987,851	$ 1,030,651	$ 1,192,558	$ 1,184,830
State Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	296.81%	308.80%	337.72%	263.87%	342.88%	324.62%	329.55%	268.51%	264.71%	189.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.00%	67.26%	69.35%	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
LAST TEN YEARS
(IN THOUSANDS)

PERA - Judicial Fund	Measurement Date									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
State Proportion of the Net Pension Liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
State Proportionate Share of the Net Pension Liability	$ 120,623	$ 109,880	$ 92,243	$ 72,669	$ 138,539	$ 113,675	$ 84,479	$ 86,675	$ 106,623	$ 48,050
State Covered Payroll **	$ 28,766	$ 22,364	$ 21,443	$ 17,681	$ 16,985	$ 16,090	$ 15,126	$ 15,493	$ 15,612	$ 15,084
State Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	419.32%	491.33%	430.18%	411.00%	815.65%	706.49%	558.50%	559.45%	682.95%	318.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	49.13%	50.62%	54.75%	58.21%	37.99%	44.67%	51.95%	50.83%	44.34%	64.94%

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
LAST TEN YEARS
(IN THOUSANDS)

PERA - Magistrate Fund	Measurement Date									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
State Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
State Proportionate Share of the Net Pension Liability	$ 40,809	$ 40,719	$ 43,041	$ 24,365	$ 29,547	$ 45,634	$ 36,998	$ 33,403	$ 43,481	$ 30,349
State Covered Payroll **	$ 8,447	$ 6,550	$ 7,212	$ 6,290	$ 6,092	$ 6,025	$ 5,638	$ 5,633	$ 5,243	$ 5,066
State Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	483.12%	621.66%	596.80%	387.36%	485.01%	757.41%	656.23%	592.99%	829.29%	599.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44.85%	44.37%	42.95%	59.07%	49.59%	41.07%	46.45%	49.10%	41.65%	52.23%

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
LAST TEN YEARS
(IN THOUSANDS)

PERA - Volunteer Firefighters Fund	Measurement Date									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30	June 30, 2015
State Proportion of the Net Pension Liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		100.00%
State Proportionate Share of the Net Pension Liability	$ (32,300)	$ (28,176)	$ (26,125)	$ (31,593)	$ (16,932)	$ (19,276)	$ (18,485)	$ (17,898)	$	(17,625)
State Covered Payroll **	*	*	*	*	*	*	*	*	*	*
State Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/	N/A

* There is no covered payroll. The State Legislature provides a contribution of $750 thousand per year.

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
LAST TEN YEARS
(IN THOUSANDS)

ERB - State Agencies	Measurement Date June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
State Proportion of the Net Pension Liability	0.23%	0.23%	0.26%	0.26%	0.27%	0.29%	0.29%	0.27%	0.30%	0.34%
State Proportionate Share of the Net Pension Liability	$ 19,972	$ 20,171	$ 22,714	$ 18,663	$ 54,568	$ 22,005	$ 34,028	$ 30,486	$ 21,580	$ 22,015
State Covered Payroll *	$ 12,634	$ 11,485	$ 10,284	$ 8,924	$ 8,438	$ 8,601	$ 8,489	$ 8,000	$ 8,561	$ 9,662
State Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.09%	175.63%	220.87%	209.13%	646.68%	255.85%	400.85%	381.08%	252.07%	227.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.95%	66.57%	65.19%	64.87%	69.77%	39.11%	64.13%	52.17%	52.95%	61.58%

* Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

ERB - Educational Institutions	Measurement Date June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
State Proportion of the Net Pension Liability	25.37%	25.63%	26.29%	26.98%	26.80%	27.87%	28.73%	28.80%	28.65%	28.85%
State Proportionate Share of the Net Pension Liability	$ 2,267,138	$ 2,225,358	$ 2,214,431	$ 1,912,469	$ 5,431,257	$ 2,111,751	$ 3,416,362	$ 3,200,504	$ 2,061,616	$ 1,868,432
State Covered Payroll *	$ 1,406,812	$ 1,316,759	$ 1,110,066	$ 892,224	$ 855,428	$ 856,014	$ 814,496	$ 802,777	$ 818,187	$ 819,993
State Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	161.15%	169.00%	199.49%	214.35%	634.92%	246.70%	419.44%	398.68%	251.42%	#REF!
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.57%	65.19%	64.87%	69.77%	39.11%	64.13%	52.17%	52.95%	61.58%	63.97%

* Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST SEVEN YEARS*
(IN THOUSANDS)

Retiree Health Care - State-Funded Divisions	Measurement Date						
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
State Proportion of the Net OPEB Liability	22.98%	23.80%	23.88%	24.12%	24.03%	24.22%	24.13%
State Proportionate Share of the Net OPEB Liability	$ 429,939	$ 405,285	$ 552,044	$ 793,748	$ 1,008,906	$ 785,609	$ 1,049,291
State Covered Payroll **	$ 1,708,500	$ 1,362,500	$ 1,258,400	$ 1,190,400	$ 1,149,050	$ 1,035,350	$ 1,030,100
State Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	25.16%	29.75%	43.87%	66.68%	87.80%	75.88%	101.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.99%	44.16%	33.33%	25.39%	16.50%	18.92%	13.14%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE OF NEW MEXICO'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (CONTINUED)
LAST SEVEN YEARS*
(IN THOUSANDS)

	Measurement Date						
Retiree Health Care - Educational Institutions	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
State Proportion of the Net OPEB Liability	2.58%	2.63%	2.75%	2.75%	2.67%	2.73%	2.86%
State Proportionate Share of the Net OPEB Liability	$ 46,126	$ 44,823	$ 63,643	$ 90,524	$ 112,118	$ 88,554	$ 124,460
State Covered Payroll **	$ 178,100	$ 153,000	$ 137,600	$ 129,350	$ 127,700	$ 122,700	$ 128,727
State Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	25.90%	29.30%	46.25%	69.98%	87.80%	72.17%	96.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.99%	44.16%	33.33%	16.50%	16.50%	18.92%	13.14%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

The Following Presents Required Supplementary Information for the State as Employer

STATE OF NEW MEXICO
SCHEDULE OF THE STATE'S CONTRIBUTIONS
LAST TEN YEARS
(IN THOUSANDS)

PERA - State-Funded Divisions	Fiscal Year Ended June 30, 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 321,188	$ 290,027	$ 251,754	$ 221,400	$ 209,237	$ 200,231	$ 181,674	$ 174,957	$ 184,801	$ 171,144
Contributions in Relation to Contractually Required Contributions	321,188	290,027	251,754	221,400	209,237	200,231	181,674	174,957	184,801	171,144
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State Covered Payroll **	$ 1,687,978	$ 1,527,136	$ 1,326,233	$ 1,151,862	$ 1,135,523	$ 1,111,517	$ 1,024,186	$ 987,851	$ 1,030,651	$ 1,192,558
Contributions as a Percentage of Covered Payroll	19.03%	18.99%	18.98%	19.22%	18.43%	18.01%	17.74%	17.71%	17.93%	14.35%

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)
LAST TEN YEARS
(IN THOUSANDS)

PERA - Judicial Fund	Fiscal Year Ended June 30, 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 9,455	$ 7,463	$ 7,186	$ 7,205	$ 5,858	$ 6,045	$ 5,881	$ 4,908	$ 4,975	$ 4,816
Contributions in Relation to Contractually Required Contributions	7,603	6,694	6,352	25,619	5,626	4,683	4,731	4,723	4,524	4,237
Contribution Deficiency (Excess)	$ 1,852	$ 769	$ 834	$ (18,414)	$ 232	$ 1,362	$ 1,150	$ 185	$ 451	$ 579
State Covered Payroll **	$ 28,766	$ 22,364	$ 21,443	$ 17,681	$ 16,985	$ 16,090	$ 16,292	$ 15,126	$ 15,493	$ 15,612
Contributions as a Percentage of Covered Payroll	26.44%	29.94%	29.63%	144.91%	33.13%	29.11%	29.04%	31.23%	29.20%	27.14%

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)
LAST TEN YEARS
(IN THOUSANDS)

PERA - Magistrate Fund	Fiscal Year Ended June 30, 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 2,907	$ 2,530	$ 2,724	$ 2,396	$ 2,306	$ 1,923	$ 1,862	$ 1,588	$ 1,576	$ 1,463
Contributions in Relation to Contractually Required Contributions	2,715	2,619	2,538	2,385	2,348	1,293	1,236	1,232	1,282	1,280
Contribution Deficiency (Excess)	$ 192	$ (89)	$ 186	$ 11	$ (42)	$ 630	$ 626	$ 356	$ 294	$ 183
State Covered Payroll **	$ 8,447	$ 6,550	$ 7,212	$ 6,290	$ 6,092	$ 6,025	$ 6,025	$ 5,638	$ 5,633	$ 5,243
Contributions as a Percentage of Covered Payroll	32.14%	39.98%	35.19%	37.92%	38.54%	21.45%	20.51%	21.85%	22.76%	24.42%

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)
LAST TEN YEARS
(IN THOUSANDS)

PERA - Volunteer Firefighters Fund	Fiscal Year Ended June 30, 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Determined Contribution	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750
Contributions in Relation to Statutorily Determined Contributions	750	750	750	750	750	750	750	750	750	750
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State Covered Payroll	*	*	*	*	*	*	*	*	*	*
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* There is no covered payroll. The State Legislature provides a contribution of $750 thousand per year.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)
LAST TEN YEARS
(IN THOUSANDS)

ERB - State Agencies	Fiscal Year Ended June 30, 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 1,914	$ 1,740	$ 1,558	$ 1,352	$ 1,194	$ 1,217	$ 1,180	$ 1,112	$ 1,190	$ 1,343
Contributions in Relation to Contractually Required Contributions	1,914	1,740	1,558	1,352	1,194	1,217	1,180	1,112	1,190	1,343
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State Covered Payroll **	$ 12,634	$ 11,485	$ 10,284	$ 8,924	$ 8,438	$ 8,601	$ 8,489	$ 8,000	$ 8,561	$ 9,662
Contributions as a Percentage of Covered Payroll	15.15%	15.15%	15.15%	15.15%	14.15%	14.15%	13.90%	13.90%	13.90%	13.90%

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

ERB - Educational Institutions	Fiscal Year Ended June 30, 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 213,132	$ 199,489	$ 168,175	$ 135,172	$ 121,043	$ 121,126	$ 113,215	$ 111,586	$ 113,728	$ 113,979
Contributions in Relation to Contractually Required Contributions	213,132	199,489	168,175	135,172	121,043	121,126	113,215	111,586	113,728	113,979
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Educational Institutions' Covered Payroll **	$ 1,406,812	$ 1,316,759	$ 1,110,066	$ 892,224	$ 855,428	$ 856,014	$ 814,496	$ 802,777	$ 818,187	$ 819,993
Contributions as a Percentage of Covered Payroll	15.15%	15.15%	15.15%	15.15%	14.15%	14.15%	13.90%	13.90%	13.90%	13.90%

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)
LAST SEVEN YEARS*
(IN THOUSANDS)

Retiree Health Care - State-Funded Divisions	Fiscal Year Ended June 30, 2025	2024	2023	2022	2021	2020	2019
Contractually Required Contribution	$ 34,170	$ 30,727	$ 27,250	$ 25,168	$ 23,808	$ 22,981	$ 20,707
Contributions in Relation to Contractually Required Contributions	34,170	30,727	27,250	25,168	23,808	22,981	20,707
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State Covered Payroll **	$ 1,708,500	$ 1,536,350	$ 1,362,500	$ 1,258,400	$ 1,190,400	$ 1,149,050	$ 1,035,350
Contributions as a Percentage of Covered Payroll	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

STATE OF NEW MEXICO
SCHEDULE OF THE STATE'S CONTRIBUTIONS (CONTINUED)
LAST SEVEN YEARS*
(IN THOUSANDS)

Retiree Health Care - Educational Institutions	Fiscal Year Ended June 30, 2025	2024	2023	2022	2021	2020	2019
Contractually Required Contribution	$ 3,562	$ 3,276	$ 3,060	$ 2,752	$ 2,587	$ 2,554	$ 2,454
Contributions in Relation to Contractually Required Contributions	3,562	3,276	3,060	2,752	2,587	2,554	2,454
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State Covered Payroll **	$ 178,100	$ 163,800	$ 153,000	$ 137,600	$ 129,350	$ 127,700	$ 122,700
Contributions as a Percentage of Covered Payroll	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State will only present information for those years for which information is available.

** Covered payroll is presented for the prior fiscal year to match the measurement date of the pension liability.

OTHER SUPPLEMENTARY INFORMATION

Debt Service Fund

Debt Service Fund accounts are used to account for the accumulation of resources for and the payment of principal and interest on general long-term obligations and other contractual obligations.

Capital Projects Fund

The Capital Projects Fund accounts for funds appropriated by the State Legislature for capital outlay, including severance tax and general obligation bond proceeds and State General Appropriation capital outlay funds.

Children's Trust Fund

The Children's Trust Fund is a permanent fund used to account for funds received through general fund appropriations and other fees for service. The funds are invested, and the investment proceeds can be utilized by other funds for programs for children as described in the Children's Trust Fund Act, NMSA 1978 chapter 24, article 19.

STATE OF NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025
(IN THOUSANDS)

	Debt Service Fund	Capital Projects Fund	Children's Trust Fund	Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 17,698	$ -	$ -	$ 17,698
Investment in the State General Fund Investment Pool	719,828	6,203,560	188	6,923,576
Due from Other Funds	336,386	8,903	-	345,289
Due from Component Units	-	107	-	107
Receivables, Net	26,666	34,217	4	60,887
Investments	-	-	12,095	12,095
Total Assets	$ 1,100,578	$ 6,246,787	$ 12,287	$ 7,359,652
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 623	$ 170,043	$ -	$ 170,666
Accrued Liabilities	-	127	-	127
Due to Other Funds	229	65,008	-	65,237
Due to Educational Institutions Fund	-	-	-	-
Due to Component Units	-	-	-	-
Intergovernmental Payables	-	105,514	-	105,514
Funds Held For Others	-	321	-	321
Other Obligations	1	4,238	-	4,239
Unearned Revenue	-	43,920	-	43,920
Total Liabilities	853	389,171	-	390,024
DEFERRED INFLOWS OF RESOURCES				
Leases	-	39	-	39
Unavailable Revenues	-	1	-	1
Total Deferred Inflows of Resources	-	40	-	40
FUND BALANCES				
Nonspendable	-	-	2,000	2,000
Restricted	1,100,468	5,897,657	7,786	7,005,911
Committed	-	20	2,500	2,520
Unassigned (Deficit)	(743)	(40,101)	1	(40,843)
Total Fund Balances	1,099,725	5,857,576	12,287	6,969,588
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,100,578	$ 6,246,787	$ 12,287	$ 7,359,652

STATE OF NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Debt Service Fund	Capital Projects Fund	Children's Trust Fund	Nonmajor Governmental Funds
REVENUES				
Taxes:				
General and Selective Taxes	$ 2,233,408	$ 7,636	$ -	$ 2,241,044
Total Taxes	2,233,408	7,636	-	2,241,044
Other Revenues:				
Federal Revenue	-	110,546	-	110,546
Investment Income	200,004	1,396	1,260	202,660
Rentals and Royalties	-	22	-	22
Charges for Services	-	278	-	278
Licenses, Fees, and Permits	2,334	-	88	2,422
Assessments	-	11	-	11
Miscellaneous and Other	-	10,451	-	10,451
Total Revenues	2,435,746	130,340	1,348	2,567,434
EXPENDITURES				
Current:				
Culture, Recreation, and Natural Resources	-	98,014	-	98,014
Education	-	371,432	-	371,432
General Control	1,036	336,742	-	337,778
Health and Human Services	-	179,976	-	179,976
Highway and Transportation	709	375,714	-	376,423
Judicial	-	17,995	-	17,995
Public Safety	-	7,144	-	7,144
Regulation and Licensing	-	24,002	-	24,002
Capital Outlay	-	387,425	-	387,425
Debt Service:				
Principal	271,900	-	-	271,900
Interest and Other Charges	75,590	-	-	75,590
Total Expenditures	349,235	1,798,444	-	2,147,679
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2,086,511	(1,668,104)	1,348	419,755
OTHER FINANCING SOURCES (USES)				
Bonds Issued	124,308	446,060	-	570,368
Bond Premium	-	30,814	-	30,814
Payment to Refunding Bond Escrow Agent	(123,455)	-	-	(123,455)
Transfers In	226,546	2,306,331	-	2,532,877
Transfers Out	(2,254,105)	(262,991)	-	(2,517,096)
Total Other Financing Sources (Uses)	(2,026,706)	2,520,214	-	493,508
NET CHANGE IN FUND BALANCES	59,805	852,110	1,348	913,263
Fund Balance - Beginning	1,039,920	4,999,553	10,939	6,050,412
Restatement (See Note 9)	-	5,913	-	5,913
Fund Balance - Beginning, as Restated	1,039,920	5,005,466	10,939	6,056,325
FUND BALANCES - ENDING	$ 1,099,725	$ 5,857,576	$ 12,287	$ 6,969,588

Enterprise Funds

Enterprise funds report the activities for which fees are charged to external users for goods and services. Enterprise Funds are presented beginning on page 263.

Internal Service Funds

Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public. Internal Service Funds are presented beginning on page 274.

Unemployment Insurance Fund

The Unemployment Insurance Fund accounts for funds used for unemployment compensation. This fund does not account for other than unemployment compensation (i.e., workers' compensation, employment security labor market statistics, administration of the employment compensation program, etc.) Although this fund does not mathematically qualify to be a major fund, the State has chosen to present it as such due to its prior significance.

Industries for the Blind

The New Mexico Commission for the Blind's mission is to encourage and enable the State's blind citizens to achieve vocational, economic, and social equality. This proprietary fund is used to provide career training and other assistance for New Mexico's blind citizens and entails the operations of the Albuquerque Training Center.

Corrections Industries Revolving Fund

This fund is used to account for certain activities of the Corrections Industries Division of the Department of Corrections. These activities include the manufacture of furniture and textiles, production of agricultural crops, and data entry services.

Environment Department

This fund is used to account for revolving loans for wastewater and drinking water facilities.

New Mexico Magazine

New Mexico Magazine is a program of the Department of Tourism. The fund accounts for the publishing and distribution of the monthly New Mexico Magazine.

New Mexico Public Schools Insurance Authority (NMPSIA)

NMPSIA is a self-insurance pool that provides various benefits and risk coverage to participating public schools, school board members, and public school employees, plus retired board members and employees. Coverage provided includes property, casualty, workers' compensation, health, life, and disability.

State Infrastructure Bank

The State Infrastructure Bank is a proprietary fund administered by the Department of Transportation. The fund is used to account for loans made for road projects.

Miners' Colfax Medical Center

Miners' Colfax Medical Center is a State owned medical facility in Raton, New Mexico. The current organization is a result of a merger between the Miners' Hospital and Northern Colfax County Hospital. Miners' Colfax operates a 25-bed acute care hospital; a 37-bed extended care facility, and various outpatient clinics in Raton, New Mexico. Miners' Colfax has programs that serve both miners and nonminers.

State Fair Commission

This fund administers the operations of the annual New Mexico State Fair and the use of the Fairgrounds facilities during the year

Department of Cultural Affairs

This fund administers the enterprise operations of the Department of Cultural Affairs.

Education Trust Board

The Education Trust Board of New Mexico operates as a self-sustaining entity which is administratively connected to the NM Department of Higher Education. This fund administers New Mexico's Section 529 College Savings Plans under rules promulgated by the Board. The financial statements of the two savings plans are presented as a private purpose fiduciary trust fund.

STATE OF NEW MEXICO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2025
(IN THOUSANDS)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority	State Infrastructure Bank
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ 14,896	$ -
Investment in the State General Fund Investment Pool	251	3,826	233,638	1,650	690	15,045
Investment in the Local Government Investment Pool	-	-	-	-	87,997	-
Prepaid Expenses and Other Assets	-	-	-	55	256	-
Receivables, Net	953	1,932	16,639	179	52,007	786
Investments	-	-	-	-	-	-
Inventories	-	555	-	22	-	-
Total Current Assets	1,204	6,313	250,277	1,906	155,846	15,831
Noncurrent Assets:						
Long Term Receivables	-	-	210,869	-	-	8,151
Investments	-	-	-	-	29,864	-
Nondepreciable Capital Assets	-	-	-	-	384	-
Capital Assets, Net	3	1,322	-	81	4	-
Total Noncurrent Assets	3	1,322	210,869	81	30,252	8,151
Total Assets	1,207	7,635	461,146	1,987	186,098	23,982
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - OPEB	8	91	-	60	77	-
Deferred Outflows - Pension	48	544	-	342	446	-
Total Deferred Outflows	56	635	-	402	523	-

STATE OF NEW MEXICO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
JUNE 30, 2025
(IN THOUSANDS)

	Unemployment Insurance Fund	Miners' Colfax Medical Center	State Fair Commission	Department of Cultural Affairs	Education Trust Board	Total
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 425,293	$ 194	$ 1,569	$ -	$ -	$ 441,952
Investment in the State General Fund Investment Pool	-	7,040	446	748	994	264,328
Investment in the Local Government Investment Pool	-	-	-	-	10,517	98,514
Prepaid Expenses and Other Assets	-	-	-	-	(1)	310
Receivables, Net	125,137	9,525	2,361	-	149	209,668
Investments	-	(1)	-	-	-	(1)
Inventories	-	627	-	-	-	1,204
Total Current Assets	550,430	17,385	4,376	748	11,659	1,015,975
Noncurrent Assets:						
Long Term Receivables	-	-	56,665	-	-	275,685
Investments	-	1,009	-	-	-	30,873
Nondepreciable Capital Assets	-	16	900	-	-	1,300
Capital Assets, Net	-	17,865	40,045	27	121	59,468
Total Noncurrent Assets	-	18,890	97,610	27	121	367,326
Total Assets	550,430	36,275	101,986	775	11,780	1,383,301
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - OPEB	-	1,111	183	-	28	1,558
Deferred Outflows - Pension	-	6,357	1,059	-	165	8,961
Total Deferred Outflows	-	7,468	1,242	-	193	10,519

STATE OF NEW MEXICO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
JUNE 30, 2025
(IN THOUSANDS)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority	State Infrastructure Bank
LIABILITIES						
Current Liabilities:						
Deficiency in SGFIP	$ -	$ -	$ -	$ -	$ -	$ -
Accounts Payable	939	667	-	161	306	-
Accrued Liabilities	4	37	-	25	39	-
Unearned Revenue	-	-	-	770	122	-
Due to Other Funds	-	-	-	-	1	-
Due to Higher Education	-	-	-	-	-	-
Funds Held for Others	-	-	-	-	(1)	-
Other Liabilities	-	-	-	535	2,038	-
Bonds Payable - Current Portion	-	-	-	-	-	-
Other Long-Term Liabilities - Current Portion	2	83	-	63	49,887	-
Total Current Liabilities	945	787	-	1,554	52,392	-
Noncurrent Liabilities:						
Bonds Payable	-	-	-	-	-	-
Net Pension Liability	284	3,197	-	2,008	2,624	-
Net OPEB Liability	27	295	-	194	250	-
Other Long-Term Liabilities	2	36	-	28	113,506	-
Total Noncurrent Liabilities	313	3,528	-	2,230	116,380	-
Total Liabilities	1,258	4,315	-	3,784	168,772	-
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pension	2	24	-	19	24	-
Deferred Inflows - OPEB	21	225	-	146	190	-
Deferred Inflows - Lease	-	954	-	-	-	-
Total Deferred Inflows	23	1,203	-	165	214	-
NET POSITION						
Net Investment in Capital Assets	-	1,322	-	79	386	-
Restricted for:						
Loans	-	-	461,146	-	-	23,981
Unemployment and Insurance	-	-	-	-	-	-
Other Purposes	261	4,537	-	-	29,031	-
Unrestricted (Deficit)	(279)	(3,107)	-	(1,639)	(11,782)	1
Total Net Position	$ (18)	$ 2,752	$ 461,146	$ (1,560)	$ 17,635	$ 23,982

STATE OF NEW MEXICO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
JUNE 30, 2025
(IN THOUSANDS)

	Unemployment Insurance Fund	Miners' Colfax Medical Center	State Fair Commission	Department of Cultural Affairs	Education Trust Board	Total
LIABILITIES						
Current Liabilities:						
Deficiency in SGFIP	$ 7,087	$ -	$ -	$ -	$ -	$ 7,087
Accounts Payable	1,347	1,849	390	8	464	6,131
Accrued Liabilities	7,934	518	81	-	12	8,650
Unearned Revenue	35,571	-	1,497	-	-	37,960
Due to Other Funds	-	-	20	-	-	21
Due to Higher Education	-	-	-	-	-	-
Funds Held for Others	202	8	96	-	-	305
Other Liabilities	1	32	1	-	-	2,607
Bonds Payable - Current Portion	-	1	1	-	-	2
Other Long-Term Liabilities - Current Portion	-	1,767	405	-	90	52,297
Total Current Liabilities	52,142	4,175	2,491	8	566	115,060
Noncurrent Liabilities:						
Bonds Payable	-	-	-	-	-	-
Net Pension Liability	-	37,407	6,229	-	979	52,728
Net OPEB Liability	-	3,610	595	-	94	5,065
Other Long-Term Liabilities	-	1,719	174	-	112	115,577
Total Noncurrent Liabilities	-	42,736	6,998	-	1,185	173,370
Total Liabilities	52,142	46,911	9,489	8	1,751	288,430
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pension	-	335	56	-	9	469
Deferred Inflows - OPEB	-	2,742	452	-	71	3,847
Deferred Inflows - Lease	-	-	58,977	-	-	59,931
Total Deferred Inflows	-	3,077	59,485	-	80	64,247
NET POSITION						
Net Investment in Capital Assets	-	16,650	40,945	26	(15)	59,393
Restricted for:						
Loans	-	-	-	-	-	485,127
Unemployment and Insurance	498,297	-	-	-	-	498,297
Other Purposes	-	1,008	458	-	11,116	46,411
Unrestricted (Deficit)	(9)	(23,903)	(7,149)	741	(959)	(48,085)
Total Net Position	$ 498,288	$ (6,245)	$ 34,254	$ 767	$ 10,142	$ 1,041,143

STATE OF NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority	State Infrastructure Bank
OPERATING REVENUES						
Charges for Services	$ 10,134	$ 4,614	$ -	$ 4,747	$ 538,701	$ -
Unemployment Insurance	-	-	-	-	-	-
Federal Revenue	-	-	-	-	-	-
Loan and Other Income	-	-	650	-	-	89
Other Operating Revenues	-	11	-	500	238	-
Total Operating Revenues	10,134	4,625	650	5,247	538,939	89
OPERATING EXPENSES						
Benefits, Claims, and Premiums	-	-	-	-	14,965	-
General and Administrative Expenses	131	1,727	5,740	5,393	593,514	-
Depreciation Expense	2	116	-	4	5	-
Other Operating Expenses	10,012	575	-	20	-	-
Total Operating Expenses	10,145	2,418	5,740	5,417	608,484	-
OPERATING INCOME (LOSS)	(11)	2,207	(5,090)	(170)	(69,545)	89
NONOPERATING REVENUES (EXPENSES)						
Interest and Investment Income	-	115	8,824	-	6,835	572
Interest Expense	-	-	-	-	-	-
Gain/(Loss) on Sale of Capital Assets	4	-	-	-	-	-
Government Grants and Contracts	-	-	11,465	496	-	-
Other Revenue (Expenses)	46	-	434	-	-	-
Total Nonoperating Revenues (Expenses)	50	115	20,723	496	6,835	572
INCOME (LOSS) BEFORE TRANSFERS	39	2,322	15,633	326	(62,710)	661
TRANSFERS						
Transfers In	-	-	5,000	-	93,863	-
Transfers Out	-	-	(1,531)	-	(1)	-
Total Transfers	-	-	3,469	-	93,862	-
CHANGE IN NET POSITION	39	2,322	19,102	326	31,152	661
Net Position - Beginning, As Originally Reported	(57)	65	442,044	(1,849)	(13,460)	23,321
Restatement (See Note 9)	-	365	-	(37)	(57)	-
Net Position - Beginning, as Restated	(57)	430	442,044	(1,886)	(13,517)	23,321
NET POSITION - ENDING	$ (18)	$ 2,752	$ 461,146	$ (1,560)	$ 17,635	$ 23,982

STATE OF NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Unemployment Insurance Fund	Miners' Colfax Medical Center	State Fair Commission	Department of Cultural Affairs	Education Trust Board	Total
OPERATING REVENUES						
Charges for Services	$ 432	$ 31,077	$ 15,403	$ 34	$ 2,662	$ 607,804
Unemployment Insurance	198,376	-	-	-	-	198,376
Federal Revenue	-	-	-	-	-	-
Loan and Other Income	-	-	-	-	-	739
Other Operating Revenues	1,597	262	285	-	-	2,893
Total Operating Revenues	200,405	31,339	15,688	34	2,662	809,812
OPERATING EXPENSES						
Benefits, Claims, and Premiums	333,650	-	-	-	-	348,615
General and Administrative Expenses	-	32,740	16,923	18	2,847	659,033
Depreciation Expense	-	2,570	2,277	42	40	5,056
Other Operating Expenses	-	-	1	-	5	10,613
Total Operating Expenses	333,650	35,310	19,201	60	2,892	1,023,317
OPERATING INCOME (LOSS)	(133,245)	(3,971)	(3,513)	(26)	(230)	(213,505)
NONOPERATING REVENUES (EXPENSES)						
Interest and Investment Income	13,322	230	602	-	561	31,061
Interest Expense	-	(106)	-	-	(5)	(111)
Gain/(Loss) on Sale of Capital Assets	-	-	-	-	-	4
Government Grants and Contracts	32,555	1,085	-	-	-	45,601
Other Revenue (Expenses)	-	-	-	-	-	480
Total Nonoperating Revenues (Expenses)	45,877	1,209	602	-	556	77,035
INCOME (LOSS) BEFORE TRANSFERS	(87,368)	(2,762)	(2,911)	(26)	326	(136,470)
TRANSFERS						
Transfers In	-	18,863	5,181	-	-	122,907
Transfers Out	-	(542)	-	-	-	(2,074)
Total Transfers	-	18,321	5,181	-	-	120,833
CHANGE IN NET POSITION	(87,368)	15,559	2,270	(26)	326	(15,637)
Net Position - Beginning, As Originally Reported	585,656	(20,755)	32,311	793	9,843	1,057,912
Restatement (See Note 9)	-	(1,049)	(327)	-	(27)	(1,132)
Net Position - Beginning, as Restated	585,656	(21,804)	31,984	793	9,816	1,056,780
NET POSITION - ENDING	$ 498,288	$ (6,245)	$ 34,254	$ 767	$ 10,142	$ 1,041,143

STATE OF NEW MEXICO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority	State Infrastructure Bank
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from:						
Fees for Service	$ -	$ -	$ -	$ -	$ -	$ -
Sale of Products	9,304	4,561	-	6,359	509,776	-
Gifts, Grants, and Contracts	-	-	11,030	-	-	-
Loan and Note Repayments	-	-	15,383	-	-	-
Unemployment Insurance	-	-	-	-	-	-
Other Sources	-	-	1,364	-	-	879
Cash Payments to or for:						
Suppliers	(9,858)	(655)	-	(6,419)	(28,647)	-
Employees	(144)	(1,685)	-	(1,080)	-	-
Unemployment Benefits	-	-	-	-	-	-
Other Payments	-	(1,290)	(40,723)	(1,156)	(560,683)	-
Net Cash Provided (Used) by Operating Activities	(698)	931	(12,946)	(2,296)	(79,554)	879
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers In	-	-	5,000	-	93,863	-
Transfers Out	-	-	(1,531)	-	(1)	-
Gifts for Other Than Capital Purposes	-	-	-	-	-	-
Intergovernmental Receipts	-	-	-	-	-	-
Other - Capital Asset Transfer In	-	-	-	-	-	-
Other Noncapital Financing	146	1,019	11,668	1,156	861	-
Net Cash Provided by Noncapital Financing Activities	146	1,019	15,137	1,156	94,723	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of Capital Assets	-	(808)	-	(81)	(147)	-
Capital Debt Service Payments - Principal	-	-	-	(1)	-	-
Other Capital Financing	-	-	-	-	(1)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(808)	-	(82)	(148)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts of Interest and Dividends of Investments	-	485	8,824	-	(694)	572
NET INCREASE (DECREASE) IN CASH	(552)	1,627	11,015	(1,222)	14,327	1,451
Cash and Cash Equivalents - Beginning of Year	803	2,199	222,623	2,872	1,259	13,594
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 251	$ 3,826	$ 233,638	$ 1,650	$ 15,586	$ 15,045
CASH AND CASH EQUIVALENTS						
Unrestricted	$ -	$ -	$ -	$ -	$ 14,896	$ -
Investment in State Gen. Fund Investment Pool	251	3,826	233,638	1,650	690	15,045
Total Cash and Cash Equivalents	$ 251	$ 3,826	$ 233,638	$ 1,650	$ 15,586	$ 15,045

STATE OF NEW MEXICO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Unemployment Insurance Fund	Miners' Colfax Medical Center	State Fair Commission	Dept. of Cultural Affairs	Education Trust Board	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from:						
Fees for Service	$ -	$ -	$ -	$ -	$ -	$ -
Sale of Products	-	22,277	15,699	34	-	568,010
Gifts, Grants, and Contracts	-	1,356	-	-	2,649	15,035
Loan and Note Repayments	-	-	-	-	-	15,383
Unemployment Insurance	287,903	-	-	-	-	287,903
Other Sources	2	6,032	2,272	-	-	10,549
Cash Payments to or for:						
Suppliers	-	-	(19,758)	(10)	(2,402)	(67,749)
Employees	-	(22,680)	-	-	(490)	(26,079)
Unemployment Benefits	(329,407)	-	-	-	-	(329,407)
Other Payments	-	(29,345)	(2,050)	-	(332)	(635,579)
Net Cash Provided (Used) by Operating Activities	(41,502)	(22,360)	(3,837)	24	(575)	(161,934)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers In	-	18,863	5,181	-	-	122,907
Transfers Out	-	(542)	-	-	-	(2,074)
Gifts for Other Than Capital Purposes	-	-	-	-	-	-
Intergovernmental Receipts	-	(3,800)	(5,181)	-	-	(8,981)
Other - Capital Asset Transfer In	-	-	-	-	-	-
Other Noncapital Financing	32,553	13,620	2,050	-	332	63,405
Net Cash Provided by Noncapital Financing Activities	32,553	28,141	2,050	-	332	175,257
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of Capital Assets	-	3,600	(5,194)	-	-	(2,630)
Capital Debt Service Payments - Principal	-	-	-	-	-	(1)
Other Capital Financing	-	(4,339)	5,175	-	(45)	790
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(739)	(19)	-	(45)	(1,841)
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts of Interest and Dividends of Investments	13,322	231	602	-	643	23,985
NET INCREASE (DECREASE) IN CASH	4,373	5,273	(1,204)	24	355	35,467
Cash and Cash Equivalents - Beginning of Year	413,833	1,961	3,219	724	639	663,726
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 418,206	$ 7,234	$ 2,015	$ 748	$ 994	$ 699,193
CASH AND CASH EQUIVALENTS						
Unrestricted	$ 425,293	$ 194	$ 1,569	$ -	$ -	$ 441,952
Investment in State Gen. Fund Investment Pool	-	7,040	446	748	994	264,328
Total Cash and Cash Equivalents	$ 418,206	$ 7,234	$ 2,015	$ 748	$ 994	$ 699,193

STATE OF NEW MEXICO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Industries for the Blind	Corrections Industries Revolving Fund	Environment Department	New Mexico Magazine	New Mexico Public Schools Insurance Authority	State Infrastructure Bank
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	$ (11)	$ 2,207	$ (5,090)	$ (170)	$ (69,545)	$ 89
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	-	115	-	4	4	-
Change in Net Pension Liability	(8)	(569)	-	114	407	-
Change in Net OPEB Liability	(56)	(655)	-	(383)	(473)	-
Change in Deferred Outflows of Resources	1	94	-	(29)	(86)	-
Change in Deferred Inflows of Resources	(58)	(695)	-	(389)	(472)	-
Bad Debt Expense	-	-	-	-	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:						
Receivables - Due from Other Funds	(734)	310	(7,856)	648	(29,182)	791
Inventories	-	(380)	-	36	-	-
Prepaid Items and Other Assets	-	-	-	(39)	14,965	-
Accounts Payable and Accrued Liabilities - Due to Other Funds	168	504	-	(2,111)	4,755	(1)
Loss Adjustments	-	-	-	-	-	-
Unearned Revenue	-	-	-	23	73	-
Net Cash Provided (Used) by Operating Activities	$ (698)	$ 931	$ (12,946)	$ (2,296)	$ (79,554)	$ 879

STATE OF NEW MEXICO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Unemployment Insurance Fund	Miners' Colfax Medical Center	State Fair Commission	Dept. of Cultural Affairs	Education Trust Board	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	$ (133,245)	$ (3,971)	$ (3,513)	$ (26)	$ (230)	$ (213,505)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	-	2,570	1,950	42	40	4,725
Change in Net Pension Liability	-	(3,999)	116	-	(54)	(3,993)
Change in Net OPEB Liability	-	(7,741)	(1,206)	-	(197)	(10,711)
Change in Deferred Outflows of Resources	-	619	(43)	-	7	563
Change in Deferred Inflows of Resources	-	(8,090)	(3,516)	-	(204)	(13,424)
Bad Debt Expense	-	921	-	-	-	921
Net Changes in Assets and Liabilities Related to Operating Activities:						
Receivables - Due from Other Funds	87,499	(3,527)	2,265	8	(14)	50,208
Inventories	-	(4)	-	-	-	(348)
Prepaid Items and Other Assets	-	-	-	-	-	14,926
Accounts Payable and Accrued Liabilities - Due to Other Funds	4,244	824	(147)	-	69	8,305
Loss Adjustments	-	-	-	-	-	-
Unearned Revenue	-	38	257	-	8	399
Net Cash Provided (Used) by Operating Activities	$ (41,502)	$ (22,360)	$ (3,837)	$ 24	$ (575)	$ (161,934)

Fleet Operations

This fund accounts for the operations of the Transportation Motor Pool and the State Aircraft Pool, which provide ground and air transportation services to all state agencies on a fee basis.

Risk Management

This fund provides insurance coverage for all state agencies. Areas covered include public liability, workers compensation, group health and life, unemployment compensation, surety bond, and property insurance. Agencies are charged a premium based on several factors, including history and number of employees.

Printing and Records

This fund accounts for the provision of printing services of all kinds to state agencies according to an approved fee schedule. The fund also includes services for the retention and storage of public records for all state agencies, which pay an assessment based on size and usage.

Communications Services

This fund provides voice and data telecommunications services to all state agencies, which are assessed an annual fee based on size and prior usage.

Information Processing

This fund provides automated data processing services for all state agencies, which are assessed an annual fee based on size and prior usage.

STATE OF NEW MEXICO
COMBINING STATEMENT OF NET POSITION
NONMAJOR INTERNAL SERVICE FUNDS
JUNE 30, 2025
(IN THOUSANDS)

	Fleet Operations	Risk Management	Printing and Records	Communication Services	Information Processing	Eliminations	Total
ASSETS							
Current Assets:							
Investment in the State General Fund Investment Pool	$ 3,539	$ 176,877	$ 5,435	$ 10,121	$ 53,512	$ -	$ 249,484
Due from Other Funds	-	-	-	-	11,826	(11,826)	-
Receivables, Net	31	19,269	14	7,670	1	-	26,985
Total Current Assets	3,570	196,146	5,449	17,791	65,339	(11,826)	276,469
Noncurrent Assets:							
Nondepreciable Capital Assets	-	-	-	29,936	-	-	29,936
Capital Assets, Net	22,142	630	1,481	46,644	8,646	-	79,543
Total Noncurrent Assets	22,142	630	1,481	76,580	8,646	-	109,479
Total Assets	25,712	196,776	6,930	94,371	73,985	(11,826)	385,948
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows - OPEB	117	267	332	806	131	-	1,653
Deferred Outflows - Pension	695	1,821	1,870	4,802	119	-	9,307
Total Deferred Outflows	812	2,088	2,202	5,608	250	-	10,960
LIABILITIES							
Current Liabilities:							
Accounts Payable	1,374	51,848	427	1,278	2,285	-	57,212
Accrued Liabilities	94	141	134	370	6	-	745
Unearned Revenue	-	-	1	-	-	-	1
Due to Other Funds	-	7,661	-	11,826	-	(11,826)	7,661
Funds Held for Others	1	(1)	-	-	-	-	-
Other Liabilities	1	2	-	-	-	-	3
Other Liabilities	1,617	256,712	623	3,284	20	-	262,256
Total Current Liabilities	3,087	316,363	1,185	16,758	2,311	(11,826)	327,878
Noncurrent Liabilities:							
Net Pension Liability	4,092	10,714	11,005	28,257	699	-	54,767
Net OPEB Liability	378	867	1,081	2,619	425	-	5,370
Other Liabilities	1,371	260,747	850	6,035	9	-	269,012
Total Noncurrent Liabilities	5,841	272,328	12,936	36,911	1,133	-	329,149
Total Liabilities	8,928	588,691	14,121	53,669	3,444	(11,826)	657,027
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows - Pension	37	95	99	253	6	-	490
Deferred Inflows - OPEB	288	659	821	1,989	322	-	4,079
Total Deferred Inflows	325	754	920	2,242	328	-	4,569
NET POSITION							
Net Investment in Capital Assets	19,455	(6)	642	68,914	8,643	-	97,648
Restricted for Other Purposes	-	2,623	-	2,658	63,017	-	68,298
Unrestricted (Deficit)	(2,184)	(393,198)	(6,551)	(27,504)	(1,197)	-	(430,634)
Total Net Position	$ 17,271	$ (390,581)	$ (5,909)	$ 44,068	$ 70,463	$ -	$ (264,688)

STATE OF NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Fleet Operations	Risk Management	Printing and Records	Communication Services	Information Processing	Eliminations	Total
OPERATING REVENUES							
Charges for Services	$ 9,800	$ 561,421	$ 3,553	$ 57,560	$ 9,258	$ -	$ 641,592
Federal Revenues	-	-	-	-	-	-	-
Total Operating Revenues	9,852	561,421	3,553	57,560	9,258	-	641,644
OPERATING EXPENSES							
General and Administrative Expenses	5,437	718,978	8,906	44,171	18,542	-	796,034
Depreciation Expense	9,024	90	412	15,288	3,682	-	28,496
Other Operating Expenses	373	15,220	(4,394)	1,192	(5,563)	-	6,828
Total Operating Expenses	14,834	734,288	4,924	60,651	16,661	-	831,358
OPERATING LOSS	(4,982)	(172,867)	(1,371)	(3,091)	(7,403)	-	(189,714)
NONOPERATING REVENUES (EXPENSES)							
Interest and Investment Income	(3)	6,159	(8)	-	1,566	-	7,714
Interest Expense	(27)	(5)	(38)	(155)	-	-	(225)
Gain (Loss) on Sale of Capital Assets	136	-	314	-	-	-	450
Nonoperating Revenues (Expenses)	34	2,995	73	8	3	-	3,113
Total Nonoperating Revenues (Expenses)	140	9,149	341	(147)	1,569	-	11,052
LOSS BEFORE TRANSFERS	(4,842)	(163,718)	(1,030)	(3,238)	(5,834)	-	(178,662)
TRANSFERS							
Transfers In	7,425	170,998	6,351	11,523	12,141	(16,837)	191,601
Transfers Out	(2,921)	(8,531)	(401)	(12,971)	(5,053)	16,837	(13,040)
Total Transfers	4,504	162,467	5,950	(1,448)	7,088	-	178,561
CHANGE IN NET POSITION	(338)	(1,251)	4,920	(4,686)	1,254	-	(101)
Net Position - Beginning	17,678	(389,158)	(10,563)	49,244	69,410	-	(263,389)
Restatement (Note 9)	(69)	(172)	(266)	(490)	(201)	-	(1,198)
Net Position - Beginning, as Restated	17,609	(389,330)	(10,829)	48,754	69,209	-	(264,587)
NET POSITION - ENDING	$ 17,271	$ (390,581)	$ (5,909)	$ 44,068	$ 70,463	$ -	$ (264,688)

STATE OF NEW MEXICO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Fleet Operations	Risk Management	Printing and Records	Communication Services	Information Processing	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash Received from:							
Fees for Service	$ 8,457	$ 512,584	$ -	$ -	$ -	$ -	$ 521,041
Other Sources	115	67	374	47,800	7,792	-	56,148
Cash Payments to or for:							
Suppliers	(2,252)	(85,518)	(3,070)	(33,171)	(12,304)	-	(136,315)
Employees	(2,297)	(5,034)	(5,990)	(14,873)	(2,321)	-	(30,515)
Claims	-	(539,709)	-	-	-	-	(539,709)
Net Cash Provided (Used) by Operating Activities	4,023	(117,610)	(8,686)	(244)	(6,833)	-	(129,350)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers In	3,428	170,998	6,351	11,523	12,141	(16,837)	187,604
Transfers Out	(2,922)	(8,531)	(401)	(12,971)	(5,053)	16,837	(13,041)
Other Noncapital Financing	1,430	13,877	2,690	(1,362)	6,524	-	23,159
Net Cash Provided (Used) by Noncapital Financing Activities	1,936	176,344	8,640	(2,810)	13,612	-	197,722
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from Sale of Capital Assets	31	-	-	-	-	-	31
Capital Debt Service Payments - Principal	(3,622)	(86)	-	-	-	-	(3,708)
Capital Debt Service Payments - Interest	(27)	(3)	-	-	-	-	(30)
Other Capital Financing	(2,609)	-	665	10,789	(5,052)	-	3,793
Acquisition of Capital Assets	-	-	-	(13,818)	-	-	(13,818)
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,227)	(89)	665	(3,029)	(5,052)	-	(13,732)
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts of Interest and Dividends of Investments	1	6,159	-	-	1,565	-	7,725
NET INCREASE (DECREASE) IN CASH	(267)	64,804	619	(6,083)	3,292	-	62,365
Cash and Cash Equivalents - Beginning	3,806	112,073	4,816	16,204	50,220	-	187,119
CASH AND CASH EQUIVALENTS - ENDING	$ 3,539	$ 176,877	$ 5,435	$ 10,121	$ 53,512	$ -	$ 249,484
CASH AND CASH EQUIVALENTS							
Investment in the State General Fund Investment Pool	$ 3,539	$ 176,877	$ 5,435	$ 10,121	$ 53,512	$ -	$ 249,484

STATE OF NEW MEXICO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Fleet Operations	Risk Management	Printing and Records	Communication Services	Information Processing	Eliminations	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating Loss	$ (4,982)	$ (172,867)	$ (1,371)	$ (3,091)	$ (7,403)	$ -	$ (189,714)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:							
Depreciation	9,024	90	431	15,287	3,679	-	28,511
Change in Net Pension Liability	643	1,032	(3,423)	2,966	(5,557)	-	(4,339)
Change in Net OPEB Liability	(719)	(1,834)	(2,537)	(5,032)	(1,160)	-	(11,282)
Change in Deferred Outflows of Resources	(133)	(194)	617	(671)	998	-	617
Change in Deferred Inflows of Resources	(720)	(1,894)	(2,723)	(5,080)	(1,303)	-	(11,720)
Net Changes in Assets and Liabilities Related to Operating Activities:							
Receivables - Due from Other Funds	2	14,963	160	(905)	3,784	-	18,004
Insurance Claims Payable	-	38,513	-	-	-	-	38,513
Accounts Payable and Accrued Liabilities - Due to Other Funds	908	4,581	160	(3,718)	129	-	2,060
Net Cash Provided (Used) by Operating Activities	$ 4,023	$ (117,610)	$ (8,686)	$ (244)	$ (6,833)	$ -	$ (129,350)
NONCASH CAPITAL FINANCING TRANSACTIONS							
Transfers In of Capital Assets	$ 3,997	$ -	$ -	$ -	$ -	$ -	$ 3,997
Transfers Out of Capital Assets	$ 1	$ -	$ -	$ -	$ -	$ -	$ 1
Lease Inception	$ 256	$ 377	$ 588	$ -	$ -	$ -	$ 1,221
Loss on Early Termination	$ (3)	$ -	$ -	$ -	$ -	$ -	$ (3)

Public Employees Retirement Association - (PERA)

PERA is a qualified, defined benefit, government retirement plan established by the State of New Mexico to provide pension benefits for all State, County, and Municipal employees, police, firefighters, judges, magistrates, and legislators. PERA is comprised of four separate systems which offer an array of retirement benefit plans to state, county, and municipal employees, police, firefighters, judges, magistrates, and legislators.

Educational Employees' Retirement System (EERS)

EERS is a qualified, defined benefit, governmental retirement plan established and administered by the State of New Mexico to provide pension benefits for all state certified employees, teachers, and other employees of the State educational institutions, junior colleges, and technical vocational institutes.

New Mexico Retiree Health Care Authority (RHCA)

RHCA is a cost-sharing, multiemployer defined benefit postemployment healthcare plan that provides comprehensive core group health insurance for persons who have retired from public service with entities in the State of New Mexico.

Deferred Compensation Plan (IRC 457)

The State of New Mexico offers its employees a deferred compensation plan (the Plan) under Chapters 10-7A-1 to 10-7A-12, NMSA 1978, the "Deferred Compensation Act," is in accordance with IRC Section 457. The Plan permits employees to defer a portion of their income until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Public Employee's Retiree Association is the trustee of the Plan; however, the Plan is administered by a third-party administrator acting under contract with PERA.

University of New Mexico Retiree Welfare Benefit Trust

The University of New Mexico Retiree Welfare Benefit Trust (VEBA Trust) is a voluntary employees' beneficiary association (VEBA) trust that is tax-exempt under Section 501(c)(9) of the IRC and is presented as a fiduciary fund in the University's financial statements. The VEBA Trust was established to provide a funding vehicle to which participants and the University contribute to prefund, in part, the cost of other postemployment benefits (OPEB) for eligible retirees of the University.

STATE OF NEW MEXICO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
JUNE 30, 2025
(IN THOUSANDS)

	Public Employees Retirement	Educational Employees Retirement System	New Mexico Retiree Health Care Authority	Deferred Compensation (IRC 457) Plan	UNM Retiree Welfare Benefit Trust	Total
ASSETS						
Cash and Short-Term Investments	$ 451,279	$ 253,171	$ -	$ -	$ 87,221	$ 791,671
Investment in State General Fund Investment Pool	45,494	12,946	55,927	13	-	114,380
Investments:						
Investment Pools at SIC	-	-	1,820,872	-	-	1,820,872
International Securities	2,108,336	-	-	-	-	2,108,336
Corporate Equity Securities	3,866,307	-	-	-	-	3,866,307
Corporate and Municipal Bonds	-	1,023,049	-	-	-	1,023,049
Partnerships and Other Investments	12,422,407	17,483,180	-	-	-	29,905,587
Securities Lending Collateral Investments	731,434	-	-	-	-	731,434
Deferred Compensation Plan Investments	-	-	-	917,466	-	917,466
Receivables:						
Brokers	100,919	8,878	-	-	-	109,797
Accrued Interest and Other	-	12,716	-	-	-	12,716
Accounts Receivable	27,096	151,318	22,295	-	2	200,711
Other State Agencies	-	-	-	-	-	-
Component Units	-	-	-	-	-	-
Participant Loans	-	-	93	10,699	-	10,792
Long-Term Receivables	-	-	439	-	-	439
Capital Assets, Net	10,913	25,907	1,072	-	-	37,892
Total Assets	19,764,185	18,971,165	1,900,698	928,178	87,223	41,651,449
LIABILITIES						
Accounts Payable	3,382	3,786	11,996	-	-	19,164
Accrued Liabilities	255	231	59	3	-	548
Due to Brokers	140,919	831	-	-	-	141,750
Unearned Revenue	-	-	337	-	-	337
Deposits Held in Trust	4,490	-	-	-	-	4,490
Other Liabilities	731,344	2,788	-	-	-	734,132
Long-Term Liabilities	3,504	3,178	22,575	29	-	29,286
Total Liabilities	883,894	10,814	34,967	32	-	929,707
NET POSITION						
Restricted for:						
Pension Benefits	18,880,291	18,960,351	-	-	87,223	37,927,865
Other Employee Benefits	-	-	1,865,731	-	-	1,865,731
Defined Contribution	-	-	-	928,146	-	928,146
Net Position	$ 18,880,291	$ 18,960,351	$ 1,865,731	$ 928,146	$ 87,223	$ 40,721,742

STATE OF NEW MEXICO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE TRUST FUNDS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Public Employees Retirement	Educational Employees Retirement System	New Mexico Retiree Health Care Authority	Deferred Compensation (IRC 457) Plan	UNM Retiree Welfare Benefit Trust	Eliminations	Total
ADDITIONS							
Contributions:							
Employee Contributions	$ 482,440	$ 456,572	$ 168,874	$ 56,830	$ 1,884	$ -	$ 1,166,600
Employer Contributions	589,392	802,437	203,420	-	1,884	-	1,597,133
Other	45	1,407	-	-	-	(45)	1,407
Total Contributions	1,071,877	1,260,416	372,294	56,830	3,768	(45)	2,765,140
Investment Income:							
Net Increase in Fair Value of Investments	-	-	43	-	10,887	-	10,930
Interest and Dividends	1,858,985	1,966,009	170,948	95,825	-	-	4,091,767
Subtotal	1,858,985	1,966,009	170,991	95,825	10,887	-	4,102,697
Less: Investment Expense	69,249	234,384	-	-	-	-	303,633
Net Investment Income	1,789,736	1,731,625	170,991	95,825	10,887	-	3,799,064
Other Additions:							
Other Operating Revenues	6,714	965	101,343	112	-	-	109,134
Total Other Additions	6,714	965	101,343	112	-	-	109,134
Total Additions	2,868,327	2,993,006	644,628	152,767	14,655	(45)	6,673,338
DEDUCTIONS							
Benefits and Claims	1,515,472	1,437,062	-	73,366	-	-	3,025,900
Refunds	60,945	78,248	331	-	-	-	139,524
General and Administrative Expenses	17,303	13,999	359,992	2,486	7	-	393,787
Other Operating Expenses	925	1,059	461	-	-	(45)	2,400
Total Deductions	1,594,645	1,530,368	360,784	75,852	7	(45)	3,561,611
CHANGE IN NET POSITION	1,273,682	1,462,638	283,844	76,915	14,648	-	3,111,727
Net Position - Beginning	17,607,114	17,498,213	1,581,965	851,245	72,575	-	37,611,112
Restatement (Note 9)	(505)	(500)	(78)	(14)	-	-	(1,097)
Net Position - Beginning, as Restated	17,606,609	17,497,713	1,581,887	851,231	72,575	-	37,610,015
NET POSITION - ENDING	$ 18,880,291	$ 18,960,351	$ 1,865,731	$ 928,146	$ 87,223	$ -	$ 40,721,742

State Investment Council

The State Investment Council (the Council) is responsible for the investment activities of certain State of New Mexico Trust Funds. Pursuant to New Mexico law, the Council created the following investment pools: Large Capitalization Active, Large Capitalization Index, Core Bonds, Structured Credit, Mid\Small Capitalization, Non-U.S. Equity Securities, Non-U.S. Emerging Markets, and Absolute Bonds. The investment pools provide long-term investment opportunities for state agencies and designated institutions that have funds available for a long-term investment program that will extend for more than one year. Only the portion of the fund that is not owned by the State is presented as an External Trust Fund. Other portions of the fund that are owned by State entities are presented in both the Governmental Funds and Proprietary Funds as assets of those respective entities.

State Treasurer

The Office of the State Treasurer holds and invests monies for other state agencies and local governments through the Local Government Investment Pool. Only the portion of the fund that is not owned by the State is presented as an External Trust Fund. Other portions of the fund that are owned by the State are presented in both the Governmental Funds and Proprietary Funds as assets of those respective entities.

STATE OF NEW MEXICO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
EXTERNAL INVESTMENTS TRUST FUNDS
JUNE 30, 2025
(IN THOUSANDS)

	State Investment Council	State Treasurer	Total
ASSETS			
Cash and Cash Equivalents	$ 6,026	$ -	$ 6,026
Investment in Local Government Investment Pool	-	-	-
Investments	178,378	1,980,843	2,159,221
Receivables	5,798	7,636	13,434
Total Assets	190,202	1,988,479	2,178,681
LIABILITIES			
Other Liabilities	4,100	39,805	43,905
Total Liabilities	4,100	39,805	43,905
NET POSITION			
Held in Trust for External Investment Pool Participants	186,102	1,948,674	2,134,776
Net Position	$ 186,102	$ 1,948,674	$ 2,134,776

STATE OF NEW MEXICO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
EXTERNAL INVESTMENTS TRUST FUNDS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	State Investment Council	State Treasurer	Total
ADDITIONS			
Pool Participant Deposits	$ 6,600	$ 943,592	$ 950,192
Investment Income (Loss):			
Net Increase in Fair Value of Investments	20,741	41,196	61,937
Interest and Dividends	-	-	-
Total Additions	27,341	984,788	1,012,129
DEDUCTIONS			
General and Administrative Expenses	-	-	-
Distributions	6,444	731,034	737,478
Total Deductions	6,444	731,034	737,478
CHANGE IN NET POSITION	20,897	253,754	274,651
Net Position - Beginning	165,205	1,694,920	1,860,125
NET POSITION - ENDING	$ 186,102	$ 1,948,674	$ 2,134,776

Scholarship Fund

This grouping includes scholarship trust funds administered by the Higher Education Department and the Public Education Department.

Higher Education Savings Fund

The 529 Higher Education Savings Plan is a variable return college savings program that enables individuals to save and invest in order to fund future higher education expenses of a child or beneficiary. The program is designed to be a qualified tuition program under Section 529 of the IRC of 1986, as amended, and is maintained by the Education Trust Board.

Bartlett Trust Fund

The Cultural Affairs Department is the administrator of a trust fund which was privately endowed for the benefit of the Museum of International Folk Art.

Office of Superintendent of Insurance

This fund is comprised of two funds:

a) Patient's Compensation Fund – This is a medical malpractice insurance risk – assuming fund mandated by the Medical Malpractice Act.
b) Trust Fund for Policyholders and Creditors of insurance companies which have entered into receivership.

STATE OF NEW MEXICO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2025
(IN THOUSANDS)

	Scholarship	Higher Education Savings	Bartlett Trust	Office of State Insurance	Total
ASSETS					
Cash and Cash Equivalents	$ 20	$ 6,911	$ -	$ 21,437	$ 28,368
Investment in State General Fund Investment Pool	54	-	125	325,068	325,247
Investments:					
Investment Pools	-	2,415,411	-	681,432	3,096,843
Receivables:					
Accrued Interest and Other	-	-	-	3,074	3,074
Total Assets	74	2,422,322	125	1,031,011	3,453,532
LIABILITIES					
Accounts Payable	-	-	-	2,345	2,345
Accrued Liabilities	-	1,427	-	-	1,427
Unearned Revenue	-	-	-	60,493	60,493
Other Liabilities	-	107	-	336,331	336,438
Total Liabilities	-	1,534	-	399,169	400,703
NET POSITION					
Held in Trust for Other Purposes	74	2,420,788	125	631,842	3,052,829
Net Position	$ 74	$ 2,420,788	$ 125	$ 631,842	$ 3,052,829

STATE OF NEW MEXICO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Scholarship	Higher Education Savings	Bartlett Trust	Office of State Insurance	Total
ADDITIONS					
Member Contributions	$ -	$ 180,013	$ -	$ 129,265	$ 309,278
Total Contributions	-	180,013	-	129,265	309,278
Investment Income (Loss):					
Net Increase (Decrease) in Fair Value of Investments	2	234,132	5	37,379	271,518
Subtotal	2	234,132	5	37,379	271,518
Less: Investment Expense	-	2,016	-	4	2,020
Net Investment Income (Loss)	2	232,116	5	37,375	269,498
Other Additions:					
Other Operating Revenues	-	-	-	130,993	130,993
Total Other Additions	-	-	-	130,993	130,993
Total Additions	2	412,129	5	297,633	709,769
DEDUCTIONS					
Distributions	-	330,511	-	138,167	468,678
General and Administrative Expenses	-	7,723	-	123,735	131,458
Total Deductions	-	338,234	-	261,902	600,136
CHANGE IN NET POSITION	2	73,895	5	35,731	109,633
Net Position - Beginning	72	2,346,893	120	596,111	2,943,196
NET POSITION - ENDING	$ 74	$ 2,420,788	$ 125	$ 631,842	$ 3,052,829

Nonmajor Component Units

There were 16 nonmajor component units at June 30, 2025. They are as follows: UNM Alumni Association; UNM Lobo Club; New Mexico Tech Foundation; New Mexico Highlands University (NMHU) Foundation; Western New Mexico University Foundation; Eastern New Mexico University (ENMU) Foundation; ENMU Roswell Foundation; ENMU Ruidoso Foundation; Northern New Mexico College Foundation; New Mexico Military Institute Foundation; New Mexico School for the Visually Impaired Foundation; Cumbres & Toltec Scenic Railroad Commission; New Mexico Renewable Transmission Authority; the New Mexico Small Business Investment Corporation; State-chartered Charter Schools; and New Mexico Hospital Equipment Loan Council.

STATE OF NEW MEXICO
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
JUNE 30, 2025
(IN THOUSANDS)

	UNM Alumni Association	UNM Lobo Club	New Mexico Tech Foundation	New Mexico Highlands University Foundation	Western New Mexico University Foundation	Eastern New Mexico University Foundation	ENMU - Roswell Foundation	ENMU - Ruidoso Foundation	Northern New Mexico College Foundation
ASSETS									
Current Assets:									
Cash and Cash Equivalents	$ 465	$ 8,302	$ 863	$ 799	$ 748	$ 142	$ 3	$ 150	$ 62
Investment in Local Government Investment Pool	-	-	-	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	-	195	-	-	1,115	-	-	-	950
Investments	12,011	-	28,353	-	-	-	-	-	-
Due from Primary Government	-	-	-	-	-	-	-	-	-
Receivables, Net	46	107	86	553	-	-	-	-	30
Other Current Assets	-	-	42	-	-	-	-	-	-
Prepaid Expenses	-	6	-	39	68	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Total Current Assets	12,522	8,610	29,344	1,391	1,931	142	3	150	1,042
Noncurrent Assets:									
Restricted Cash and Cash Equivalents	-	-	-	1,128	-	-	-	-	-
Restricted Investments	-	-	-	-	-	-	-	-	11,261
Loans Receivable, Net	-	-	-	-	-	-	-	-	-
Investments	-	-	15,397	25,605	39,390	40,220	24,709	573	-
Other Noncurrent Assets	-	-	255	-	-	-	-	-	-
Nondepreciable Capital Assets	-	-	568	6,532	554	-	-	-	-
Other Capital Assets, Net	-	-	600	-	5	158	-	-	-
Total Noncurrent Assets	-	-	16,820	33,265	39,949	40,378	24,709	573	11,261
Total Assets	12,522	8,610	46,164	34,656	41,880	40,520	24,712	723	12,303
DEFERRED OUTFLOWS OF RESOURCES									
Deferred Charge on Refunding	-	-	-	-	-	-	-	-	-
Deferred Outflows - OPEB	-	-	-	-	-	-	-	-	-
Deferred Outflows - Pension	-	-	-	-	-	-	-	-	-
Total Deferred Outflows	-	-	-	-	-	-	-	-	-

STATE OF NEW MEXICO
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS (CONTINUED)
JUNE 30, 2025
(IN THOUSANDS)

	New Mexico Military Institute Foundation	New Mexico School for Visually Impaired Foundation	Cumbres & Toltec Scenic RR Commission	New Mexico Renewable Transmission Authority	New Mexico Small Business Investment Corp.	Charter Schools	New Mexico Hospital Equipment Loan Council	Total Nonmajor Component Units
ASSETS								
Current Assets:								
Cash and Cash Equivalents	$ 67	$ 9	$ 2,748	$ 144	$ 28	$ 145,138	$ 250	$ 159,918
Investment in Local Government Investment Pool	-	-	-	1,822	52,575	-	-	54,397
Restricted Cash and Cash Equivalents	4,285	-	-	-	-	8,766	-	15,311
Investments	-	-	-	-	26,159	2,887	-	69,410
Due from Primary Government	-	-	-	-	-	11,074	-	11,074
Receivables, Net	-	-	1,665	975	365	4,787	31	8,645
Other Current Assets	1	-	-	-	-	-	-	43
Prepaid Expenses	-	-	124	3	6	984	-	1,230
Inventory	-	-	148	-	-	-	-	148
Total Current Assets	4,353	9	4,687	2,944	79,133	173,636	281	320,178
Noncurrent Assets:								
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	1,128
Restricted Investments	-	-	-	-	-	-	-	11,261
Loans Receivable, Net	-	-	-	9,383	108,670	-	-	118,053
Investments	89,124	274	-	-	1,552	-	2,807	239,651
Other Noncurrent Assets	-	-	-	-	712	697	-	1,664
Nondepreciable Capital Assets	-	-	2,177	-	-	53,275	-	63,106
Other Capital Assets, Net	2	-	21,054	40	-	259,130	-	280,989
Total Noncurrent Assets	89,126	274	23,231	9,423	110,934	313,102	2,807	715,852
Total Assets	93,479	283	27,918	12,367	190,067	486,738	3,088	1,036,030
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Charge on Refunding	-	-	-	-	-	286	-	286
Deferred Outflows - OPEB	-	-	-	-	-	38,017	-	38,017
Deferred Outflows - Pension	-	-	-	-	-	104,569	-	104,569
Total Deferred Outflows	-	-	-	-	-	142,872	-	142,872

STATE OF NEW MEXICO
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS (CONTINUED)
JUNE 30, 2025
(IN THOUSANDS)

	UNM Alumni Association	UNM Lobo Club	New Mexico Tech Foundation	New Mexico Highlands University Foundation	Western New Mexico University Foundation	Eastern New Mexico University Foundation	ENMU - Roswell Foundation	ENMU - Ruidoso Foundation	Northern New Mexico College Foundation
LIABILITIES									
Current Liabilities:									
Accounts Payable	$ 103	$ 26	$ 35	$ 279	$ 7	$ 641	$ -	$ 10	$ -
Accrued Liabilities	-	173	-	-	-	-	-	-	-
Unearned Revenue	-	705	-	-	-	-	-	-	-
Due to Primary Government	-	3,725	59	-	474	-	-	-	473
Due to Other Component Unit	-	-	-	-	-	-	-	-	-
Funds Held for Others	-	-	-	-	598	-	-	-	-
Other Liabilities	-	-	-	-	242	-	-	-	-
Bonds Payable - Current Portion	-	-	-	-	-	-	-	-	-
Other Long-Term Liabilities - Current Portion	-	-	-	369	-	-	-	-	-
Total Current Liabilities	103	4,629	94	648	1,321	641	-	10	473
Noncurrent Liabilities:									
Bonds Payable	-	-	-	-	-	-	-	-	-
Due to Primary Government	-	-	-	12,780	-	-	-	-	-
Net Pension Liability	-	-	-	-	-	-	-	-	-
Net OPEB Liability	-	-	-	-	-	-	-	-	-
Other Long-Term Liabilities	-	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	12,780	-	-	-	-	-
Total Liabilities	103	4,629	94	13,428	1,321	641	-	10	473
DEFERRED INFLOWS OF RESOURCES									
Deferred Inflows - Pension	-	-	-	-	-	-	-	-	-
Deferred Inflows - OPEB	-	-	-	-	-	-	-	-	-
Deferred Inflows - Leases	-	-	-	-	-	-	-	-	-
Deferred Inflows - Other	-	-	69	-	-	-	-	-	-
Total Deferred Inflows	-	-	69	-	-	-	-	-	-
NET POSITION									
Net Investment in Capital Assets	-	-	1,167	6,163	317	-	-	-	-
Restricted:									
Nonexpendable	-	-	15,688	7,101	39,631	23,223	2,222	353	12,240
Expendable:									
Other Purposes	-	195	6,712	4,864	612	12,775	5,927	301	-
Unrestricted Net Position (Deficit)	12,419	3,786	22,434	3,100	(1)	3,881	16,563	59	(410)
Total Net Position (Deficit)	$ 12,419	$ 3,981	$ 46,001	$ 21,228	$ 40,559	$ 39,879	$ 24,712	$ 713	$ 11,830

STATE OF NEW MEXICO
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS (CONTINUED)
JUNE 30, 2025
(IN THOUSANDS)

	New Mexico Military Institute Foundation	New Mexico School for Visually Impaired Foundation	Cumbres & Toltec Scenic RR Commission	New Mexico Renewable Transmission Authority	New Mexico Small Business Investment Corp.	Charter Schools	New Mexico Hospital Equipment Loan Council	Total Nonmajor Component Units
LIABILITIES								
Current Liabilities:								
Accounts Payable	$ 190	$ -	$ 640	$ 83	$ 29	$ 7,014	$ 25	$ 9,082
Accrued Liabilities	-	-	125	-	-	18,610	-	18,908
Unearned Revenue	56	-	1,314	-	-	282	-	2,357
Due to Primary Government	628	-	-	-	3,480	57	-	8,896
Due to Other Component Unit	-	-	-	-	-	-	-	-
Funds Held for Others	-	-	-	-	-	-	-	598
Other Liabilities	-	-	-	5	5,609	1,162	-	7,018
Bonds Payable - Current Portion	-	-	-	-	-	28,244	-	28,244
Other Long-Term Liabilities - Current Portion	26	-	157	40	-	4,881	-	5,473
Total Current Liabilities	900	-	2,236	128	9,118	60,250	25	80,576
Noncurrent Liabilities:								
Bonds Payable	-	-	-	-	-	219,653	-	219,653
Due to Primary Government	-	-	-	-	-	-	-	12,780
Net Pension Liability	-	-	-	-	-	342,346	-	342,346
Net OPEB Liability	-	-	-	-	-	46,350	-	46,350
Other Long-Term Liabilities	-	-	4	-	-	3,560	-	3,564
Total Noncurrent Liabilities	-	-	4	-	-	611,909	-	624,693
Total Liabilities	900	-	2,240	128	9,118	672,159	25	705,269
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows - Pension	-	-	-	-	-	38,701	-	38,701
Deferred Inflows - OPEB	-	-	-	-	-	41,223	-	41,223
Deferred Inflows - Leases	-	-	-	-	-	-	-	-
Deferred Inflows - Other	397	-	1,949	-	-	625	-	3,040
Total Deferred Inflows	397	-	1,949	-	-	80,549	-	82,964
NET POSITION								
Net Investment in Capital Assets	-	-	23,223	11	-	70,954	-	101,835
Restricted:								
Nonexpendable	65,374	-	-	-	180,951	-	-	346,783
Expendable:								
Other Purposes	-	253	-	12,227	-	63,181	-	107,047
Unrestricted Net Position (Deficit)	26,808	30	506	1	(2)	(257,233)	3,063	(164,996)
Total Net Position (Deficit)	$ 92,182	$ 283	$ 23,729	$ 12,239	$ 180,949	$ (123,098)	$ 3,063	$ 390,669

STATE OF NEW MEXICO
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	UNM Alumni Association	UNM Lobo Club	New Mexico Tech Foundation	New Mexico Highlands University Foundation	Western New Mexico University Foundation	Eastern New Mexico University Foundation	ENMU - Roswell Foundation	ENMU - Ruidoso Foundation	Northern New Mexico College Foundation
REVENUES									
Program Revenues:									
Charges for Services	$ 170	$ 610	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Grants and Contributions	9	6,844	-	1,318	10,695	187	21	92	1,107
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-
Total Program Revenues	179	7,454	-	1,318	10,695	187	21	92	1,107
EXPENSES	1,003	7,076	3,534	1,755	1,155	2,439	2,192	211	683
REVENUES OVER (UNDER) EXPENSES	(824)	378	(3,534)	(437)	9,540	(2,252)	(2,171)	(119)	424
OTHER REVENUES AND EXPENSES									
Payment from State of New Mexico	-	-	-	-	-	-	-	-	-
Payment to State of New Mexico	-	-	-	-	-	-	-	-	-
Other	494	-	1,351	410	-	6,185	159	90	-
Investment Income	1,161	230	4,534	1,012	2,160	2,781	4,535	51	973
Total Other Revenues and Expenses	1,655	230	5,885	1,422	2,160	8,966	4,694	141	973
CHANGE IN NET POSITION	831	608	2,351	985	11,700	6,714	2,523	22	1,397
Net Position - Beginning	11,588	3,373	43,650	20,243	28,859	33,165	22,189	691	10,433
Restatement (Note 9)	-	-	-	-	-	-	-	-	-
Net Position - Beginning, as Restated	11,588	3,373	43,650	20,243	28,859	33,165	22,189	691	10,433
NET POSITION - ENDING (DEFICIT)	$ 12,419	$ 3,981	$ 46,001	$ 21,228	$ 40,559	$ 39,879	$ 24,712	$ 713	$ 11,830

STATE OF NEW MEXICO
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS(CONTINUED)
YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	New Mexico Military Institute Foundation	New Mexico School for Visually Impaired Foundation	Cumbres & Toltec Scenic RR Commission	New Mexico Renewable Transmission Authority	New Mexico Small Business Investment Corp.	Charter Schools	New Mexico Hospital Equipment Loan Council	Total Nonmajor Component Units
REVENUES								
Program Revenues:								
Charges for Services	$ -	$ -	$ 5,364	$ 722	$ -	$ 2,235	$ 106	$ 9,207
Operating Grants and Contributions	1,633	66	609	-	-	61,796	-	84,377
Capital Grants and Contributions	-	-	3,736	-	-	25,752	-	29,488
Total Program Revenues	1,633	66	9,709	722	-	89,783	106	123,072
EXPENSES	3,036	57	8,593	1,589	475	369,842	114	403,754
REVENUES OVER (UNDER) EXPENSES	(1,403)	9	1,116	(867)	(475)	(280,059)	(8)	(280,682)
OTHER REVENUES AND EXPENSES								
Payment from State of New Mexico	-	-	-	-	28,349	297,315	-	325,664
Payment to State of New Mexico	-	-	-	-	(3,480)	-	-	(3,480)
Other	8	-	38	-	-	27,863	(7)	36,591
Investment Income	8,113	-	5	405	4,147	-	163	30,270
Total Other Revenues and Expenses	8,121	-	43	405	29,016	325,178	156	389,045
CHANGE IN NET POSITION	6,718	9	1,159	(462)	28,541	45,119	148	108,363
Net Position - Beginning	85,464	274	22,570	12,701	152,408	(160,312)	2,915	290,211
Restatement (Note 9)	-	-	-	-	-	(7,905)	-	(7,905)
Net Position - Beginning, as Restated	85,464	274	22,570	12,701	152,408	(168,217)	2,915	282,306
NET POSITION - ENDING (DEFICIT)	$ 92,182	$ 283	$ 23,729	$ 12,239	$ 180,949	$ (123,098)	$ 3,063	$ 390,669

STATISTICAL SECTION

STATISTICAL SECTION INFORMATION

The Statistical Section provides additional historical context and detail to aid in using the information in the financial statements, notes to the financial statements and required supplementary information for the primary government of the State of New Mexico in understanding and assessing the State's overall financial health.

Financial Trends Information

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

Schedule A-1	Net Position by Component	299
Schedule A-2	Changes in Net Position	301
Schedule A-3	Fund Balances, Governmental Funds	307
Schedule A-4	Changes in Fund Balances, Governmental Funds	309

Revenue Capacity Information

These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

Schedule B-1	Schedule of Revenues, State General Fund	311
Schedule B-2	Revenue Base	315
Schedule B-3	Revenue Payers by Industry – Taxable Sales, Services, and Use Tax Purchases	317
Schedule B-4	Revenue Payers – Personal Income Tax	318
Schedule B-5	Personal Income Tax Rates	319

Debt Capacity Information

These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

Schedule C-1	Ratios of Outstanding Debt by Type	320
Schedule C-2	Long-Term Liabilities	322
Schedule C-3	Legal Debt Margin	324
Schedule C-4	Statutory Debt Limit – Severance Tax Bonds	326
Schedule C-5	Pledged Revenue Bond Coverage	328

Demographics and Economic Information

These schedules contain demographic and economic indicators to help the reader to understand the environment within which the State's financial activities take place.

Schedule D-1	Demographic and Economic Indicators	331
Schedule D-2	Principal Employers	332
Schedule D-3	Composition of Labor Force	333
Schedule D-4	Public Higher Education Enrollment	335

Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Schedule E-1	Full-Time Equivalent State Employees by Function	337
Schedule E-2	Operating Indicators by Function	339
Schedule E-3	Capital Assets Statistics by Function	344

STATISTICAL SECTION INFORMATION

Other Information

These graphs and schedules offer a historical view of expenditures in constant dollars.

Schedule F-1	Expenditures – Historical and Constant Dollars	346
Schedule F-2	Per Capita Expenditures – Historical and Constant Dollars	347

Sources: Unless otherwise noted, the information in the following schedules is derived from the State of New Mexico Annual Financial Report.

Note: The statements which comprise the Statistical Section have not been audited.

STATE OF NEW MEXICO
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2025	2024	2023	2022	2021
Governmental Activities:					
Net Investment in Capital Assets	$ 8,158,582	$ 7,590,996	$ 6,998,390	$ 6,533,650	$ 6,212,235
Restricted	73,688,095	63,615,298	53,960,311	42,996,897	37,944,662
Unrestricted	(3,414,012)	(3,746,933)	(3,536,668)	(3,860,356)	(4,103,700)
Total Governmental Activities Net Position	$ 78,432,665	$ 67,459,361	$ 57,422,033	$ 45,670,191	$ 40,053,197
Business-Type Activities:					
Net Investment in Capital Assets	$ 2,648,565	$ 2,396,173	$ 2,238,573	$ 2,031,156	$ 1,845,399
Restricted	1,920,199	1,814,948	1,648,971	1,576,707	1,519,236
Unrestricted	(718,521)	(1,137,073)	(1,953,436)	(2,014,143)	(1,891,399)
Total Business-Type Activities Net Position	$ 3,850,243	$ 3,074,048	$ 1,934,108	$ 1,593,720	$ 1,473,236
Primary Government:					
Net Investment in Capital Assets	$ 10,807,147	$ 9,987,169	$ 9,236,963	$ 8,564,806	$ 8,057,634
Restricted	75,608,294	65,430,246	55,609,282	44,573,604	39,463,898
Unrestricted	(4,132,533)	(4,884,006)	(5,490,104)	(5,874,499)	(5,995,099)
Total Primary Government Net Position	$ 82,282,908	$ 70,533,409	$ 59,356,141	$ 47,263,911	$ 41,526,433

* Implementation of GASB 68 - Effective FY15

STATE OF NEW MEXICO
NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental Activities:					
Net Investment in Capital Assets	$ 5,971,617	$ 5,826,283	$ 5,866,806	$ 5,904,225	$ 5,930,820
Restricted	30,024,134	27,579,790	25,740,851	23,268,593	18,311,421
Unrestricted	(4,658,434)	(3,216,115)	(4,690,920)	(3,311,309)	(326,978)
Total Governmental Activities Net Position	$ 31,337,317	$ 30,189,958	$ 26,916,737	$ 25,861,508	$ 23,915,263
Business-Type Activities:					
Net Investment in Capital Assets	$ 1,808,184	$ 1,770,690	$ 1,755,991	$ 1,742,099	$ 1,654,692
Restricted	1,113,160	1,386,077	1,319,357	1,251,369	1,317,251
Unrestricted	(970,769)	(1,905,986)	(1,547,653)	(846,457)	(975,829)
Total Business-Type Activities Net Position	$ 1,950,575	$ 1,250,781	$ 1,527,695	$ 2,147,011	$ 1,996,114
Primary Government:					
Net Investment in Capital Assets	$ 7,779,801	$ 7,596,973	$ 7,622,797	$ 7,646,323	$ 7,585,511
Restricted	31,137,294	28,965,865	27,060,209	24,519,962	19,628,672
Unrestricted	(5,629,204)	(5,122,101)	(6,238,579)	(4,157,768)	(1,302,806)
Total Primary Government Net Position	$ 33,287,891	$ 31,440,739	$ 28,444,427	$ 28,008,517	$ 25,911,377

STATE OF NEW MEXICO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2025	2024	2023	2022	2021
PROGRAM EXPENSES					
Governmental Activities:					
General Control	$ 2,279,525	$ 2,322,896	$ 1,913,234	$ 1,146,779	$ 2,091,970
Culture, Recreation, and Natural Resources	571,305	731,495	259,482	326,191	260,481
Highway and Transportation	1,851,434	1,099,613	1,003,382	920,656	871,871
Judicial	447,012	429,703	385,550	358,032	313,217
Legislative	26,519	38,748	35,330	26,873	24,595
Public Safety	1,188,409	912,554	755,849	632,544	519,118
Regulation and Licensing	293,826	332,214	316,661	165,869	434,683
Health and Human Services	13,752,453	13,075,258	12,914,840	12,410,828	10,784,332
Education	5,968,592	6,044,528	5,236,537	4,654,985	3,989,681
Interest	56,004	72,896	63,668	135,183	132,809
Special Items:					
Reduction of Receivable, Internal Service Fund	-	-	-	-	-
Total Governmental Activities Expenses	26,435,079	25,059,904	22,884,532	20,777,940	19,422,757
Business-Type Activities:					
Educational Institutions	4,430,383	3,954,505	4,244,860	4,012,425	4,881,052
Public Schools Insurance	608,484	530,541	442,918	439,580	404,049
Environmental Loans	5,740	1,384	4,452	5,466	2,638
Miners' Colfax Medical Center	35,310	36,736	45,316	41,055	32,893
Unemployment Insurance	333,650	223,018	175,949	425,382	2,716,542
State Fair	19,201	17,535	16,204	14,598	8,691
Other Business-Type Activities	20,932	25,916	24,939	20,122	16,479
Special Items	-	-	-	-	-
Total Business-Type Activities Expenses	5,453,700	4,789,634	4,954,637	4,958,628	8,062,344
Total Primary Government Expenses	$ 31,888,780	$ 29,849,539	$ 27,839,170	$ 25,736,568	$ 27,485,101

STATE OF NEW MEXICO
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2020	2019	2018	2017 as Restated	2016
PROGRAM EXPENSES					
Governmental Activities:					
General Control	$ 946,145	$ 949,925	$ 1,244,170	$ 1,722,398	$ 1,706,181
Culture, Recreation, and Natural Resources	294,254	263,383	247,368	247,510	239,104
Highway and Transportation	952,604	876,159	805,736	824,522	987,512
Judicial	367,458	341,818	306,806	304,097	315,829
Legislative	26,741	28,024	24,068	26,834	23,184
Public Safety	593,994	548,909	534,228	552,421	498,391
Regulation and Licensing	207,749	194,956	175,084	124,269	118,405
Health and Human Services	9,447,582	7,864,173	7,982,533	8,008,413	8,008,413
Education	3,929,465	3,483,071	3,167,364	3,286,148	3,554,909
Interest	112,126	130,183	123,439	115,594	123,083
Special Items:					
Reduction of Receivable, Internal Service Fund	-	-	-	-	-
Total Governmental Activities Expenses	16,878,118	14,680,601	14,610,795	15,212,206	15,575,011
Business-Type Activities:					
Educational Institutions	2,802,996	3,844,396	3,645,245	3,383,288	3,126,892
Public Schools Insurance	397,157	370,389	354,996	383,282	395,579
Environmental Loans	1,387	2,726	1,526	1,949	2,266
Miners' Colfax Medical Center	40,490	37,506	34,807	33,180	31,295
Unemployment Insurance	1,547,564	137,995	166,040	178,334	195,506
State Fair	15,007	15,919	16,357	16,124	14,841
Other Business-Type Activities	19,248	22,845	20,536	18,869	16,524
Special Items	-	-	-	-	866
Total Business-Type Activities Expenses	4,823,850	4,431,776	4,239,508	4,015,026	3,783,769
Total Primary Government Expenses	$ 21,701,968	$ 19,112,378	$ 18,850,302	$ 19,227,232	$ 19,358,780

STATE OF NEW MEXICO
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2025	2024	2023	2022	2021
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services:					
General Control	$ 2,969,112	$ 3,340,947	$ 3,633,122	$ 2,608,228	$ 1,170,449
Culture, Recreation, and Natural Resources	2,624,330	2,592,067	2,793,054	2,461,709	1,297,090
Highway and Transportation	18,947	117,607	119,232	117,602	116,341
Judicial	8,747	16,653	15,220	13,584	12,505
Public Safety	10,082	10,159	9,888	9,434	8,273
Regulation and Licensing	53,698	59,659	64,970	94,658	80,805
Health and Human Services	976,164	268,446	251,447	226,341	219,276
Education	11,227	10,269	8,529	11,515	7,383
Operating Grants and Contributions	11,276,433	11,193,969	12,445,085	11,394,256	10,609,948
Capital Grants and Contributions	605,248	583,575	482,551	484,294	480,552
Total Governmental Activities Program Revenues	18,553,988	18,193,351	19,823,098	17,421,621	14,002,622
Business-Type Activities:					
Charges for Services:					
Educational Institutions	2,481,571	2,547,041	1,947,792	2,019,164	1,976,449
Public Schools Insurance	538,939	484,978	438,435	413,906	403,369
Environmental Loans	650	8,803	5,162	1,566	2,088
Miners' Colfax Medical Center	31,339	29,654	27,627	26,917	17,859
Unemployment Insurance	200,405	191,876	146,972	113,048	780,811
State Fair	15,688	13,939	13,666	8,773	390
Other Business-Type Activities	22,791	21,929	19,631	18,425	17,184
Operating Grants and Contributions	476,240	620,393	608,117	1,157,358	2,908,576
Capital Grants and Contributions	153,561	30,411	57,753	12,869	31,836
Total Business-Type Activities Program Revenues	3,921,184	3,949,024	3,265,155	3,772,026	6,138,562
Total Primary Government Program Revenues	$ 22,475,172	$ 22,142,375	$ 23,088,253	$ 21,193,647	$ 20,141,184
NET REVENUE (EXPENSE)					
Governmental Activities	$ (7,881,091)	$ (6,866,553)	$ (3,061,434)	$ (3,356,319)	$ (5,420,135)
Business-Type Activities	(1,532,516)	(840,610)	(1,689,482)	(1,186,602)	(1,923,782)
Total Primary Government Net Expense	$ (9,413,607)	$ (7,707,163)	$ (4,750,916)	$ (4,542,921)	$ (7,343,917)

STATE OF NEW MEXICO
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2020	2019	2018	2017 as Restated	2016
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services:					
General Control	$ 2,227,030	$ 2,795,908	$ 1,958,862	$ 1,581,393	$ 1,457,352
Culture, Recreation, and Natural Resources	66,086	57,330	70,071	64,956	63,474
Highway and Transportation	108,044	115,639	111,792	109,835	110,754
Judicial	15,655	17,873	17,706	17,011	15,620
Public Safety	11,753	44,304	12,641	9,326	9,345
Regulation and Licensing	44,733	41,915	41,178	34,304	35,218
Health and Human Services	199,137	167,077	173,479	159,894	147,373
Education	6,464	6,474	6,862	7,346	7,362
Operating Grants and Contributions	7,750,233	6,453,390	6,850,440	6,595,050	6,855,527
Capital Grants and Contributions	462,264	376,591	-	-	-
Total Governmental Activities Program Revenues	10,891,399	10,076,501	9,243,031	8,579,115	8,702,025
Business-Type Activities:					
Charges for Services:					
Educational Institutions	1,768,685	1,732,441	1,665,364	1,642,869	1,521,460
Public Schools Insurance	393,010	375,555	373,489	378,957	363,949
Environmental Loans	-	-	-	-	-
Miners' Colfax Medical Center	13,001	16,875	22,031	21,396	26,672
Unemployment Insurance	121,004	189	243	235	361
State Fair	10,239	12,182	11,469	11,722	11,928
Other Business-Type Activities	18,814	22,099	20,666	17,280	13,954
Operating Grants and Contributions	1,919,974	663,285	697,032	896,071	595,057
Capital Grants and Contributions	7,751	22,997	12,437	11,607	6,906
Total Business-Type Activities Program Revenues	4,252,478	2,845,623	2,802,731	2,980,137	2,540,287
Total Primary Government Program Revenues	$ 15,143,877	$ 12,922,124	$ 12,045,762	$ 11,559,252	$ 11,242,312
NET REVENUE (EXPENSE)					
Governmental Activities	$ (5,986,719)	$ (4,693,509)	$ (5,367,765)	$ (6,633,091)	$ (6,872,986)
Business-Type Activities	(571,372)	(1,586,154)	(1,436,776)	(1,034,889)	(1,243,482)
Total Primary Government Net Expense	$ (6,558,091)	$ (6,279,663)	$ (6,804,541)	$ (7,667,980)	$ (8,116,468)

STATE OF NEW MEXICO
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2025	2024	2023	2022	2021
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental Activities:					
Taxes:					
Individual Income Tax	$ 2,141,572	$ 2,046,878	$ 1,621,993	$ 1,424,390	$ 1,837,492
Corporate Income Tax	801,615	640,784	440,208	335,978	147,434
Gross Receipts Taxes	4,597,790	4,147,401	4,224,494	3,640,515	3,000,606
Business Privilege	5,950,947	6,144,466	6,360,453	5,757,836	3,069,393
Unemployment Insurance	-	-	-	-	-
Other Taxes	27,910	122,019	70,450	48,333	15,087
Investment Income	6,547,314	4,490,045	2,873,705	(1,531,190)	6,671,245
Capital Gain	-	-	-	(35)	139
Nonoperating Investment Income and Other	-	-	-	-	-
Other Financing Sources Related to Leases	-	-	-	201	-
Other Revenue	448,416	811,771	612,743	267,488	298,326
Special Item - Potential Loss SGFIP	-	-	-	-	-
Special Item - Indian Water Rights Settlement	-	-	-	-	-
Special Item - AZ Water Settlement	-	-	-	-	-
Transfers	(1,608,223)	(1,499,482)	(1,390,769)	(907,838)	(914,694)
Total Governmental Activities	18,907,341	16,903,882	14,813,277	9,035,678	14,125,028
Business-Type Activities:					
Taxes:					
Other Taxes	-	-	-	-	-
Investment Income (Loss)	155,389	79,535	98,625	(62,068)	125,456
Special Item Loss of Discontinuance	-	-	-	(88,267)	(7,482)
Nonoperating Investment Income and Other	-	-	-	-	-
Other Financing Sources Related to Leases	-	-	-	41	-
Other Revenue	571,155	339,765	540,319	566,280	415,326
Transfers	1,608,223	1,499,482	1,390,769	907,838	914,694
Total Business-Type Activities	2,334,767	1,918,782	2,029,713	1,323,824	1,447,994
Total Primary Government	$ 21,242,108	$ 18,822,664	$ 16,842,990	$ 10,359,502	$ 15,573,022
CHANGE IN NET POSITION					
Governmental Activities	$ 11,026,250	$ 10,037,329	$ 11,751,843	$ 5,679,360	$ 8,704,893
Business-Type Activities	802,251	1,078,172	340,231	137,222	(475,788)
Total Primary Government	$ 11,828,501	$ 11,115,501	$ 12,092,074	$ 5,816,581	$ 8,229,105

STATE OF NEW MEXICO
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2020	2019	2018	2017 as Restated	2016
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental Activities:					
Taxes:					
Individual Income Tax	$ 1,715,499	$ 1,713,643	$ 1,581,590	$ 1,418,070	$ 1,320,154
Corporate Income Tax	63,000	179,781	(67,093)	76,274	118,502
Gross Receipts Taxes	3,115,214	2,869,466	2,541,586	2,168,168	2,109,889
Business Privilege	2,530,032	2,531,119	2,212,070	1,863,055	1,622,513
Unemployment Insurance	-	18,510	14,529	7,200	18,970
Other Taxes	35,080	4,849	7,154	3,545	7,055
Investment Income	316,768	1,407,043	1,949,319	2,548,331	909,846
Capital Gain	7,703	7,792	404	-	-
Nonoperating Investment Income and Other	-	-	155	68	34
Other Financing Sources Related to Leases	-	-	-	-	-
Other Revenue	298,789	201,773	234,541	629,959	629,959
Special Item - Potential Loss SGFIP	-	-	-	-	-
Special Item - Indian Water Rights Settlement	(15)	-	-	-	(12,436)
Special Item - AZ Water Settlement	-	-	-	9,040	9,040
Transfers	(940,448)	(843,055)	(727,311)	(1,084,495)	(1,084,495)
Total Governmental Activities	7,141,622	8,090,920	7,746,944	7,639,216	5,649,032
Business-Type Activities:					
Taxes:					
Other Taxes	-	126,103	167,975	205,143	342,488
Investment Income (Loss)	22,741	23,776	14,276	13,742	9,838
Special Item Loss of Discontinuance	-	-	-	-	-
Nonoperating Investment Income and Other	34,408	50,206	27,865	47,929	21,465
Other Financing Sources Related to Leases	-	-	-	-	-
Other Revenue	275,299	258,532	260,061	123,959	242,772
Transfers	940,448	843,055	727,311	831,243	831,243
Total Business-Type Activities	1,272,896	1,301,673	1,197,489	1,222,016	1,447,806
Total Primary Government	$ 8,414,517	$ 9,392,593	$ 8,944,432	$ 8,861,232	$ 7,096,838
CHANGE IN NET POSITION					
Governmental Activities	$ 1,154,903	$ 3,397,411	$ 2,379,179	$ 1,006,124	$ (1,223,955)
Business-Type Activities	701,524	(284,481)	(239,287)	187,127	204,324
Total Primary Government	$ 1,856,427	$ 3,112,929	$ 2,139,893	$ 1,193,253	$ (1,019,629)

STATE OF NEW MEXICO
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2025	2024	2023	2022	2021
General Fund:					
Nonspendable	$ 201,052	$ 64,075	$ 55,345	$ 52,590	$ 52,580
Restricted	20,263,959	17,308,336	13,913,099	8,791,420	4,556,671
Committed	145,700	219,306	93,045	37,390	48,062
Assigned	234,252	169,007	145,357	158,751	25,065
Unassigned	1,003,543	443,535	598,490	427,031	356,122
Total General Fund	$ 21,848,506	$ 18,204,259	$ 14,805,336	$ 9,467,182	$ 5,038,500
All Other Governmental Funds:					
Post-GASB 54 Implementation:					
Nonspendable	$ 2,000	$ 2,000	$ 2,000	$ -	$ -
Restricted	55,184,432	47,902,492	41,949,338	36,103,646	34,773,091
Committed	2,520	2,520	2,520	20	20
Assigned	-	-	-	-	-
Unassigned (Deficit)	(40,844)	(16,555)	(44,372)	(33,657)	(21,357)
Total All Other Governmental Funds	$ 55,148,108	$ 47,890,458	$ 41,909,487	$ 36,070,010	$ 34,751,754
All Governmental Funds:					
Post-GASB 54 Implementation:					
Nonspendable	$ 203,052	$ 66,075	$ 57,345	$ 52,590	$ 52,580
Restricted	75,448,391	65,210,828	55,862,437	44,895,066	39,329,762
Committed	148,220	221,826	95,565	37,410	48,082
Assigned	234,252	169,007	145,357	158,751	25,065
Unassigned (Deficit)	962,699	426,980	554,118	393,375	334,765
Total All Governmental Funds	$ 76,996,614	$ 66,094,717	$ 56,714,823	$ 45,537,192	$ 39,790,255

* Implementation of GASB 54 - Effective FY10

STATE OF NEW MEXICO
FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2020	2019	2018	2017	2016
General Fund:					
Nonspendable	$ 46,026	$ 47,309	$ 61,378	$ 59,626	$ 64,166
Restricted	3,389,316	1,389,540	1,159,544	835,483	890,206
Committed	45,460	35,352	38,294	388,030	250,021
Assigned	12,923	15,472	11,572	9,088	9,989
Unassigned	532,328	1,607,072	882,313	4,895	(120,451)
Total General Fund	$ 4,026,053	$ 3,094,745	$ 2,153,101	$ 1,297,122	$ 1,093,931
All Other Governmental Funds:					
Post-GASB 54 Implementation:					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	26,933,416	26,689,046	24,609,102	22,503,741	20,783,582
Committed	-	-	514	1,959	11,315
Assigned	41	150	-	-	-
Unassigned (Deficit)	(6,817)	(3)	9,553	(3,329)	(9,342)
Total All Other Governmental Funds	$ 26,926,640	$ 26,689,193	$ 24,619,169	$ 22,502,371	$ 20,785,555
All Governmental Funds:					
Post-GASB 54 Implementation:					
Nonspendable	$ 46,026	$ 47,309	$ 61,378	$ 59,626	$ 64,166
Restricted	30,322,732	28,078,586	25,768,646	23,339,224	21,673,788
Committed	45,460	35,352	38,808	389,989	261,336
Assigned	12,964	15,622	11,572	9,088	9,989
Unassigned (Deficit)	525,513	1,607,069	891,866	1,566	(129,793)
Total All Governmental Funds	$ 30,952,693	$ 29,783,938	$ 26,772,270	$ 23,799,493	$ 21,879,486

STATE OF NEW MEXICO
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2025	2024	2023	2022	2021
REVENUES					
Taxes	$ 13,500,383	$ 13,092,599	$ 12,697,561	$ 11,163,043	$ 8,020,634
Federal	11,967,152	11,747,878	12,502,598	11,913,097	11,028,954
Interest and Other Investment Income (Loss)	6,539,600	4,484,509	2,873,705	(1,531,551)	6,671,007
Rentals and Royalties	5,362,116	5,353,935	5,936,951	4,671,215	2,064,447
Charges for Services	201,008	223,685	209,754	193,778	177,892
Licenses, Fees, and Permits	414,951	419,525	366,838	348,939	338,765
Assessments *	304,547	55,507	52,420	47,430	43,215
Other Revenues	454,548	798,153	614,101	251,044	285,083
Total Revenues	38,744,305	36,175,791	35,253,928	27,056,995	28,629,997
EXPENDITURES					
Current:					
Culture, Recreation, and Natural Resources	552,464	725,548	252,798	321,970	263,873
Education	5,972,434	6,046,229	5,238,143	4,441,370	3,995,767
General Control	1,236,367	1,278,570	1,161,992	828,625	1,546,468
Heath and Human Services	13,762,158	13,114,581	12,952,559	12,395,672	10,880,703
Highways and Transportation	1,531,727	812,994	739,070	585,769	519,970
Judicial	513,625	436,783	393,753	372,489	345,789
Legislative	55,760	38,180	34,604	28,171	26,532
Public Safety	1,177,652	914,254	761,757	646,520	557,020
Regulation and Licensing	287,051	331,806	321,085	165,249	437,354
Capital Outlay	1,016,156	958,735	872,681	792,061	649,771
Debt Service:					
Principal	424,814	2,017,301	1,461,940	858,409	730,374
Interest	118,326	137,487	126,590	119,189	94,305
Total Expenditures	26,648,534	26,812,468	24,316,972	21,555,494	20,047,926
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,095,771	9,363,323	10,936,956	5,501,501	8,582,071
OTHER FINANCING SOURCES (USES)					
Bonds Issued	570,368	1,505,715	1,539,199	964,189	974,808
Bond Premium	30,814	-	59,060	100,393	130,009
Refunding Bond Issue	-	-	-	51,777	107,346
Proceeds from the Sale of Capital Assets	4,839	4,999	1,926	3,307	1,057
Operating Transfers In	8,339,707	12,552,125	5,878,981	5,292,395	3,095,754
Operating Transfers Out	(10,121,310)	(14,135,705)	(7,326,274)	(6,206,988)	(4,016,147)
Payment to Refunded Bond Escrow Agent	-	-	-	(51,981)	(113,803)
Miscellaneous Other Financing Sources (Uses)	73,890	89,438	87,120	111,735	-
Total Other Financing Sources (Uses)	(1,101,692)	16,572	240,012	264,827	179,024
SPECIAL ITEM					
Reduction of Loss Contingency	-	-	-	-	-
Native American Water Rights Settlement	-	-	-	-	-
Arizona Water Settlement	-	-	-	-	-
Total Special Items	-	-	-	-	-
Total other Financing Sources (Uses) and Special Items	(1,101,692)	16,572	240,012	264,827	179,024
NET CHANGE IN FUND BALANCES	$ 10,994,079	$ 9,379,895	$ 11,176,968	$ 5,766,328	$ 8,761,095
Debt Service as a Percentage of Noncapital Expenditures	2.1%	8.3%	6.8%	4.7%	4.3%

STATE OF NEW MEXICO
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2020	2019	2018	2017 as Restated	2016
REVENUES					
Taxes	$ 7,402,984	$ 7,096,167	$ 6,401,737	$ 5,472,102	$ 5,197,084
Federal	8,207,807	6,734,473	6,848,354	6,595,840	6,856,707
Interest and Other Investment Income (Loss)	311,027	1,402,273	1,948,254	2,540,517	912,262
Rentals and Royalties	1,871,338	2,246,843	1,403,151	1,002,692	888,424
Charges for Services	165,893	168,392	173,087	164,565	119,509
Licenses, Fees, and Permits	310,474	318,456	319,293	294,482	307,532
Assessments *	46,289	14,983	12,803	13,820	14,389
Other Revenues	321,663	388,654	257,393	781,248	633,628
Total Revenues	18,637,475	18,370,240	17,364,072	16,865,266	14,929,535
EXPENDITURES					
Current:					
Culture, Recreation, and Natural Resources	271,368	243,938	228,675	230,478	223,328
Education	3,926,195	3,480,930	3,166,486	3,285,298	3,554,249
General Control	414,139	467,422	550,302	981,271	1,600,674
Heath and Human Services	9,408,746	7,855,655	7,975,718	7,737,341	7,996,609
Highways and Transportation	556,756	503,931	420,625	448,401	740,977
Judicial	347,330	325,644	300,587	298,224	306,727
Legislative	25,855	27,331	23,992	26,725	23,022
Public Safety	574,944	540,565	515,112	535,834	482,558
Regulation and Licensing	200,198	188,274	169,142	116,252	111,747
Capital Outlay	543,938	487,503	405,338	352,204	118,018
Debt Service:					
Principal	892,163	567,644	382,549	298,168	282,120
Interest	114,062	120,424	190,182	123,810	109,886
Total Expenditures	17,275,695	14,809,261	14,328,708	14,434,007	15,549,915
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,361,780	3,560,979	3,035,364	2,431,259	(620,380)
OTHER FINANCING SOURCES (USES)					
Bonds Issued	701,709	310,118	539,370	45,815	474,018
Bond Premium	17,947	7,170	154,128	5,463	82,239
Refunding Bond Issue	-	-	420,096	-	181,395
Proceeds from the Sale of Capital Assets	1,836	1,577	1,751	1,226	1,803
Operating Transfers In	1,502,549	2,172,675	8,604,858	8,030,490	7,182,543
Operating Transfers Out	(2,449,323)	(3,019,190)	(9,336,219)	(8,739,680)	(7,918,883)
Payment to Refunded Bond Escrow Agent	-	-	(450,865)	-	(208,143)
Miscellaneous Other Financing Sources (Uses)	-	-	-	-	-
Total Other Financing Sources (Uses)	(225,282)	(527,650)	(66,881)	(656,687)	(205,028)
SPECIAL ITEM					
Reduction of Loss Contingency	-	-	-	-	-
Native American Water Rights Settlement	-	-	-	-	(12,436)
Arizona Water Settlement	-	-	-	-	(9,040)
Total Special Items	-	-	-	-	(21,476)
Total other Financing Sources (Uses) and Special Items	(225,282)	(527,650)	(66,881)	(656,687)	(226,504)
NET CHANGE IN FUND BALANCES	$ 1,136,498	$ 3,033,329	$ 2,968,483	$ 1,774,572	$ (846,884)
Debt Service as a Percentage of Noncapital Expenditures	4.8%	4.8%	4.1%	3.0%	2.5%

STATE OF NEW MEXICO
SCHEDULE OF REVENUES, STATE GENERAL FUND
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2025	2024	2023 as Restated	2022 as Restated	2021 as Restated
REVENUES					
Taxes and License Fees:					
General and Selective Sales Taxes:					
Gross Receipts	$ 4,298,116	$ 4,048,573	$ 3,954,164	$ 3,424,014	$ 2,799,239
Compensating	85,294	83,157	93,866	63,139	63,893
Tobacco (Luxury)	69,754	71,109	81,140	82,813	90,529
Alcoholic Beverage	23,821	24,026	24,485	25,023	24,575
Insurance	453,917	369,989	390,850	320,850	292,664
Fire Protection	-	-	-	-	-
Racing	-	-	-	-	-
Private Car	-	-		999	762
Motor Vehicle and Other Excise Tax	174,133	167,257	164,724	155,261	174,061
Gaming Tax	67,865	67,722	72,062	68,365	24,655
Leased Vehicles Gross Receipts and Surcharge	4,189	3,951	3,709	3,286	3,099
Gasoline Tax	663	5,570	739	2,547	851
Telecommunications Relay Surcharge	(28)	50	13	95	203
Boat Excise Tax	404	417	368	360	441
Total General and Selective Sales Tax	5,178,128	4,841,821	4,786,120	4,146,752	3,474,972
Income Taxes:					
Gross Withholding	91,384	122,656	183,429	198,996	159,802
Final Settlements	2,049,249	2,034,742	1,507,614	1,194,645	1,643,503
Less:					
Transfer - Retiree Health Care	-	-	-	-	-
Transfer - PIT Suspense and Others	-	-	-	-	-
Net Personal Income Taxes	2,140,633	2,157,398	1,691,043	1,393,641	1,803,304
Corporate Taxes	782,470	627,150	439,140	343,853	149,666
Estate Taxes	-	-	-	-	-
Fiduciary Taxes	2,453	35,815	-	34,979	3,107
Total Income Taxes	2,925,555	2,820,362	2,130,182	1,772,471	1,956,077
Severance Taxes:					
Oil and Gas School Tax	1,832,590	1,810,562	1,987,797	1,865,805	763,113
7% Oil Conservation	102,905	106,204	109,966	99,655	39,597
Resources Excise	8,468	7,865	9,200	8,716	6,751
Natural Gas Processors	29,039	53,519	35,120	10,195	10,504
Total Severance Taxes	1,973,002	1,978,150	2,142,083	1,984,370	819,965
Total Taxes	10,076,685	9,640,333	9,058,385	7,903,594	6,251,014
License Fees:					
Manufactured Housing	-	-	-	-	-
Trade and Professions License	9,590	11,122	26,128	-	-
Corporate Filing	5,520	5,315	4,400	5,103	4,278
Alcoholic Beverages and Gaming	-	-	456	-	-
Financial Institutions	-	-	-	-	-
Corporate Special	-	-	-	-	-
Construction Industries	-	-	(1)	(1)	-
Gaming License and Permit Fees	433	300	1,087	345	299
Securities Receipts	-	-	-	-	-
Public Utilities	16,314	15,773	17,051	15,545	17,067
Pipeline Fees	420	407	202	306	164
Motor Vehicles Miscellaneous Fees	-	-	-	(1,115)	368
MVD Penalty Assessments	1,265	448	556	3,600	3,323
Total License Fees	33,544	33,367	49,881	23,785	25,499
Total Taxes and License Fees	10,110,229	9,673,700	9,108,266	7,927,379	7,929,094

STATE OF NEW MEXICO
SCHEDULE OF REVENUES, STATE GENERAL FUND (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2020 as Restated	2019 as Restated	2018 as Restated	2017 as Restated	2016
REVENUES					
Taxes and License Fees:					
General and Selective Sales Taxes:					
Gross Receipts	$ 2,942,128	$ 2,669,415	$ 2,381,082	$ 2,013,548	$ 1,975,416
Compensating	63,578	78,380	56,102	48,529	46,882
Tobacco (Luxury)	88,809	75,424	78,368	77,887	79,819
Alcoholic Beverage	24,610	25,295	23,811	7,376	6,732
Insurance	259,170	216,347	213,597	227,464	207,904
Fire Protection	-	-	1,020	-	15,069
Racing	-	765	1,084	1,096	1,130
Private Car	552	931	860	663	703
Motor Vehicle and Other Excise Tax	137,769	152,523	154,008	145,238	150,395
Gaming Tax	46,005	64,886	62,054	59,523	63,050
Leased Vehicles Gross Receipts and Surcharge	4,711	5,727	5,528	5,489	5,536
Gasoline Tax	596	971	358	(380)	867
Telecommunications Relay Surcharge	113	66	58	59	69
Boat Excise Tax	290	282	347	325	195
Total General and Selective Sales Tax	3,568,332	3,291,012	2,978,277	2,586,817	2,553,767
Income Taxes:					
Gross Withholding	100,329	166,318	923,665	872,299	1,200,151
Final Settlements	1,577,189	1,500,831	614,620	504,741	508,566
Less:					
Transfer - Retiree Health Care	-	-	(26,507)	-	(29,519)
Transfer - PIT Suspense and Others	-	-	-	-	(359,043)
Net Personal Income Taxes	1,677,518	1,667,149	1,511,778	1,377,040	1,320,155
Corporate Taxes	63,198	22,808	106,601	70,156	118,502
Estate Taxes	-	-	-	-	1
Fiduciary Taxes	14,343	4,865	7,180	3,635	7,053
Total Income Taxes	1,755,060	1,694,822	1,625,559	1,450,831	1,445,711
Severance Taxes:					
Oil and Gas School Tax	388,671	555,356	450,787	304,262	236,818
7% Oil Conservation	29,510	28,702	22,885	17,368	11,375
Resources Excise	7,148	7,834	8,569	9,649	11,203
Natural Gas Processors	14,764	15,125	10,841	10,307	20,354
Total Severance Taxes	440,093	607,017	493,082	341,586	279,750
Total Taxes	5,763,485	5,592,851	5,096,918	4,379,234	4,279,228
License Fees:					
Manufactured Housing	70	462	432	419	375
Trade and Professions License	23,457	-	-	-	-
Corporate Filing	4,176	3,881	4,042	3,437	3,327
Alcoholic Beverages and Gaming	-	4,960	4,075	4,186	4,028
Financial Institutions	3,396	3,747	3,564	3,480	3,455
Corporate Special	-	-	-	2,984	2,955
Construction Industries	4,890	4,909	5,543	4,700	6,092
Gaming License and Permit Fees	313	373	6,365	577	353
Securities Receipts	2,531	22,340	22,267	22,399	22,016
Public Utilities	11,464	14,493	14,538	11,021	12,040
Pipeline Fees	170	242	207	137	153
Motor Vehicles Miscellaneous Fees	228	596	401	-	20
MVD Penalty Assessments	3,771	4,484	4,632	4,271	4,009
Total License Fees	54,464	60,487	66,066	57,611	58,823
Total Taxes and License Fees	6,305,477	5,823,972	5,658,917	5,154,529	4,438,057

STATE OF NEW MEXICO
SCHEDULE OF REVENUES, STATE GENERAL FUND (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2025	2024	2023 as Restated	2022 as Restated	2021 as Restated
OTHER REVENUE SOURCES					
Investment Income:					
State Land Grant Permanent Fund Income	$ -	$ -	$ -	$ -	$ -
Earnings on State Balances	408,969	390,495	181,378	(118,318)	5,348
Severance Tax Permanent Fund Earnings	-	-	-	-	-
Total Interest Earnings	408,969	390,495	181,378	(118,318)	5,348
Rents and Royalties:					
Federal Mineral Leasing	2,786,403	2,824,709	3,192,349	2,256,717	811,496
Land Office	-	-	-	-	-
Tribal Revenue Sharing	85,304	83,597	78,163	71,434	48,166
Total Rents and Royalties	2,871,707	2,908,306	3,270,512	2,328,151	859,662
Miscellaneous Receipts and Fees:					
Environment Department Filing Fees	17,116	30,912	996	5,370	1,847
Administrative Fees	-	-	-	-	2,728
Media Lease Payments	-	-	-	-	-
Fines and Forfeitures	3,550	2,744	2,879	2,717	2,528
Birth and Death Certificates	-	-	-	1,203	1,232
District Judge Receipts	5,020	1,077	978	812	893
Notary Public Fees	4,371	932	923	(168)	653
Legislative Receipts	-	-	-	-	591
Workmen's Compensation Fees	616	388	660	578	751
Health Care Quality Surcharge	(58)	351		36	78
Law Enforcement Protection	-	-	-	-	-
Small County Assistance	-	-	-	-	-
Supreme Court Fees	-	-	-	-	-
Unclaimed Property	67,626	37,931	36,587	27,111	29,481
Restitution Payments	2,369	4,262	(403)	291	251
Total Miscellaneous Receipts and Fees	100,610	78,597	42,620	37,949	41,034
Other Revenues:					
Miscellaneous Nonrecurring	-	22	30	22	482
Transfers - Reversions	-	-	-	-	-
Total Other Revenues	-	22	30	22	482
Total Other Revenue Sources	3,381,286	3,377,420	3,494,540	2,247,804	2,251,347
Total Revenues	$ 13,491,514	$ 13,051,119	$ 12,602,805	$ 10,175,182	$ 10,178,725

Source: General Fund Financial Audit (30600) - Schedule of Revenue by Source
Department of Finance and Administration General Fund Report

Alcohol is down due to sending a portion to the lottery scholarship fund

STATE OF NEW MEXICO
SCHEDULE OF REVENUES, STATE GENERAL FUND (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2020 as Restated	2019 as Restated	2018 as Restated	2017 as Restated	2016
OTHER REVENUE SOURCES					
Investment Income:					
State Land Grant Permanent Fund Income	$ -	$ -	$ -	$ -	$ 555,103
Earnings on State Balances	91,751	86,880	5,945	(3,230)	25,224
Severance Tax Permanent Fund Earnings	-	-	-	-	193,510
Total Interest Earnings	91,751	86,880	5,945	(3,230)	773,837
Rents and Royalties:					
Federal Mineral Leasing	817,116	1,146,800	564,232	435,692	47,817
Land Office	69,858	132,454	111,845	71,490	390,005
Tribal Revenue Sharing	51,677	78,430	68,092	62,717	64,413
Total Rents and Royalties	938,651	1,357,684	744,169	569,899	502,235
Miscellaneous Receipts and Fees:					
Environment Department Filing Fees	677	1,082	1,260	747	1,241
Administrative Fees	-	-	-	-	-
Media Lease Payments	-	-	-	22	18
Fines and Forfeitures	3,107	3,563	3,932	4,241	4,514
Birth and Death Certificates	1,192	1,175	1,260	1,184	1,043
District Judge Receipts	1,010	1,095	1,146	1,096	947
Notary Public Fees	46	683	658	743	984
Legislative Receipts	9	22	13	26	14
Workmen's Compensation Fees	884	699	390	7	3
Health Care Quality Surcharge	1,096	-	-	-	-
Law Enforcement Protection	-	-	-	-	15,297
Small County Assistance	-	-	-	-	11
Supreme Court Fees	-	1	1	1	1
Unclaimed Property	15,565	28,089	20,113	23,030	19,789
Restitution Payments	204	91	42	176	201
Total Miscellaneous Receipts and Fees	23,790	36,499	28,815	31,273	44,063
Other Revenues:					
Miscellaneous Nonrecurring	219	138	173	970	39,616
Transfers - Reversions	-	-	-	366,208	56,367
Total Other Revenues	219	138	173	367,178	95,983
Total Other Revenue Sources	889,020	1,067,039	1,473,552	1,148,565	706,714
Total Revenues	$ 8,818,114	$ 7,372,516	$ 7,297,524	$ 6,807,482	$ 5,861,243

STATE OF NEW MEXICO
REVENUE BASE
LAST TEN CALENDAR YEARS
(IN THOUSANDS)

	Fiscal Year				
	2025	2024	2023	2022	2021
Taxable Gross Receipts (in Thousands):					
Agriculture, Forestry, and Fishing	$ 222,900	$ 222,213	$ 124,523	$ 251,871	$ 124,832
Mining	8,938,850	11,600,049	11,073,103	7,969,653	3,883,084
Construction	10,446,601	12,739,548	11,100,617	9,027,400	6,612,931
Manufacturing	2,984,963	3,695,215	3,147,379	3,649,339	1,549,363
Transportation	1,248,363	1,641,185	1,537,645	1,499,545	846,609
Communications and Utilities	2,555,491	3,035,958	3,235,541	4,589,831	3,723,750
Wholesale Trade	3,617,597	4,526,408	4,507,202	2,290,375	2,211,281
Retail Trade	15,336,418	20,289,023	19,520,364	17,011,431	11,334,814
Finance, Insurance, and Real Estate	443,905	3,264,226	2,945,664	2,511,559	1,677,853
Services and Other	5,772,620	7,289,089	6,488,255	27,328,590	19,425,400
Public Administration	80,984	101,573	52,116	27,645	535,586
Total Taxable Gross Receipts	$ 51,648,692	$ 68,404,487	$ 63,732,409	$ 76,157,239	$ 51,925,503
State Gross Receipts Tax Rate	5.1%	5.1%	5.1%	5.1%	5.1%
Personal Income by Industry (in Millions):					
Federal Civilian	$ 4,020	$ 4,020	$ 3,750	$ 4,103	$ 3,605
Federal Military	1,853	1,853	1,708	1,836	1,556
State and Local Government	12,176	12,176	11,454	13,522	10,572
Farm Earnings	1,062	1,062	884	1,527	1,227
Forestry, Fishing, and Related Activities	182	182	159	181	176
Mining	3,853	3,853	2,962	4,109	2,104
Utilities	548	548	559	842	566
Construction	4,895	4,895	3,926	4,132	3,981
Manufacturing	2,688	2,688	2,466	3,123	2,212
Wholesale Trade	1,881	1,881	1,744	1,856	1,533
Retail	4,490	4,490	4,361	5,632	4,048
Transportation and Warehousing	2,396	2,396	2,151	2,632	1,821
Information	1,074	1,074	1,056	1,863	875
Financial, Insurance, Real Estate, Rental, and Leasing	4,528	4,528	4,334	3,696	3,325
Services	20,164	20,164	332	24,562	22,874
Other[1]	51,020	51,020	58,985	47,233	41,089
Total Personal Income	$ 116,830	$ 116,830	$ 100,831	$ 120,849	$ 101,564
Highest Income Tax Rate	4.9%	4.9%	4.9%	4.9%	4.9%

STATE OF NEW MEXICO
REVENUE BASE (CONTINUED)
LAST TEN CALENDAR YEARS
(IN THOUSANDS)

	Fiscal Year				
	2020	2019	2018	2017	2016
Taxable Gross Receipts (in Thousands):					
Agriculture, Forestry, and Fishing	$ 175,237	$ 126,252	$ 126,940	$ 111,430	$ 106,156
Mining	7,310,833	6,815,136	4,834,724	2,213,846	2,328,158
Construction	10,989,995	8,027,002	7,428,957	6,312,982	6,537,914
Manufacturing	2,306,998	2,084,012	1,617,171	1,315,416	1,607,798
Transportation	1,187,865	1,175,605	836,920	571,482	668,207
Communications and Utilities	6,120,717	5,384,324	5,161,295	4,673,015	5,281,589
Wholesale Trade	3,648,654	3,529,917	2,698,455	1,786,231	2,030,984
Retail Trade	16,425,084	14,780,421	13,041,456	11,045,865	12,063,308
Finance, Insurance, and Real Estate	2,582,843	2,338,187	2,032,733	1,559,574	1,613,419
Services and Other	30,267,240	26,756,441	22,338,845	17,675,223	19,824,081
Public Administration	883,472	901,867	425,736	587,747	665,833
Total Taxable Gross Receipts	$ 81,898,938	$ 71,919,164	$ 60,543,232	$ 47,852,811	$ 52,727,447
State Gross Receipts Tax Rate	5.1%	5.1%	5.1%	5.1%	5.1%
Personal Income by Industry (in Millions):					
Federal Civilian	$ 3,397	$ 3,335	$ 3,373	$ 3,220	$ 3,103
Federal Military	1,459	1,398	1,323	1,321	1,265
State and Local Government	10,470	9,976	9,596	9,379	9,836
Farm Earnings	1,036	767	793	889	664
Forestry, Fishing, and Related Activities	170	169	163	170	142
Mining	2,656	3,013	2,638	2,532	2,393
Utilities	522	511	490	490	533
Construction	4,001	3,659	3,474	3,368	3,146
Manufacturing	2,210	1,868	1,717	1,372	1,606
Wholesale Trade	1,569	1,538	1,456	1,517	1,491
Retail	3,669	3,599	3,549	3,667	3,670
Transportation and Warehousing	1,858	1,713	1,578	1,550	1,503
Information	829	914	845	812	859
Financial, Insurance, Real Estate, Rental, and Leasing	3,094	2,855	2,721	2,732	2,652
Services	21,959	21,462	20,359	19,782	19,465
Other[1]	35,532	32,843	30,596	27,992	28,063
Total Personal Income	$ 94,431	$ 89,620	$ 84,671	$ 80,793	$ 80,391
Highest Income Tax Rate	4.9%	4.9%	4.9%	4.9%	4.9%

STATE OF NEW MEXICO
REVENUE PAYERS BY INDUSTRY – TAXABLE SALES, SERVICES, AND USE TAX PURCHASES
MOST CURRENT CALENDAR YEAR AND HISTORICAL COMPARISON
(IN THOUSANDS)

	Fiscal Year 2025				Calendar Year 2017			
	Number of Outlets	Percent of Total	Taxable Gross Receipts	Percent of Total	Number of Outlets	Percent of Total	Taxable Gross Receipts	Percent of Total
Agriculture, Forestry, and Fishing	8,194	0.4%	$ 222,213	0.3%	4,086	0.4%	$ 54,047	0.1%
Mining	18,066	1.0%	11,600,049	17.1%	9,752	1.0%	2,998,455	7.7%
Construction	124,938	6.6%	12,739,548	18.8%	101,298	10.6%	4,257,409	10.9%
Manufacturing	242,832	12.8%	3,695,216	5.5%	42,542	4.4%	1,607,519	4.1%
Transportation	24,668	1.3%	1,641,185	2.4%	13,402	1.4%	543,996	1.4%
Communications and Utilities	11,047	0.6%	5,108,219	7.5%	7,309	0.8%	1,908,054	4.9%
Wholesale Trade	264,479	14.0%	4,526,408	6.7%	53,838	5.6%	1,790,115	4.6%
Retail Trade	964,805	50.9%	20,289,023	29.8%	198,243	20.7%	9,268,342	23.7%
Finance, Insurance, and Real Estate	26,415	1.4%	556,420	0.8%	46,800	4.9%	1,106,612	2.8%
Services and Other	207,162	10.9%	7,289,089	10.7%	479,048	50.1%	15,112,166	38.7%
Public Administration	2,952	0.2%	101,573	0.1%	1,922	0.2%	378,243	1.0%
Total Number of Outlets and Total Taxable Gross Revenues	1,895,558	100.1%	$ 67,768,943	99.7%	958,240	100.1%	$ 39,024,958	99.9%
State Gross Receipts Tax Rate	5.1%				5.1%			

Source: 2015 New Mexico Department of Taxation and Revenue, Monthly RP-80 Reports: Gross Receipts by Geographic Area and 6-digit NAICS Code
Source: 2023 New Mexico Department of Taxation and Revenue, Quarterly RP-80 Reports: Gross Receipts by Geographic Area and 6-digit NAICS Code

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

STATE OF NEW MEXICO
REVENUE PAYERS – PERSONAL INCOME TAX
MOST CURRENT CALENDAR YEAR AND HISTORICAL COMPARISON
(DOLLARS, EXCEPT FOR INCOME LEVEL, IN THOUSANDS)

	2012				2022*			
Income Level	Number of Returns	Percent of Total	Personal Income Tax	Percent of Total	Number of Returns	Percent of Total	Personal Income Tax	Percent of Total
$200,000 and Higher	19,740	2.2%	$ 1,867,483	40.9%	12,497	7.8%	$ 6,740,698	40.9%
$100,000 - $199,999	77,390	8.5%	1,162,986	25.4%	25,887	16.0%	3,567,047	21.7%
$75,000 - $99,999	67,740	7.5%	515,691	11.3%	15,181	9.4%	1,315,619	8.0%
$50,000 - $74,999	112,210	12.4%	536,639	11.7%	23,805	14.8%	1,466,486	8.9%
$49,999 and Lower	628,280	69.4%	488,835	10.7%	83,965	52.0%	3,375,052	20.5%
Total	905,360	100.0%	$ 4,571,634	100.0%	161,335	100.0%	$ 16,464,902	100%

* At the time of the preparation of the 2025 New Mexico State Annual Financial Report, the 2023, 2024 and 2025 tax year was unavailable.

Source: United States Department of the Treasury, Internal Revenue Service.

STATE OF NEW MEXICO
PERSONAL INCOME TAX RATES
LAST TEN FISCAL YEARS

Year	Top Tax Rate	Top Income Tax Rate is Applied to Taxable Income in Excess of: Single	Married Filing Jointly	Head of Household	Average Effective Rate, As Restated
2025	4.9%	$ 210,000	$ 157,500	$ 315,000	N/A
2024	4.9%	210,000	157,500	315,000	N/A
2023	4.9%	210,000	157,500	315,000	N/A
2022	4.9%	210,000	157,500	315,000	N/A
2021	4.9%	210,000	157,500	315,000	N/A
2020	4.9%	16,000	24,000	24,000	N/A
2019	4.9%	16,000	24,000	24,000	N/A
2018	4.9%	16,000	24,000	24,000	N/A
2017	4.9%	16,000	24,000	24,000	N/A
2016	4.9%	16,000	24,000	24,000	N/A

Source: New Mexico Department of Taxation and Revenue

STATE OF NEW MEXICO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2025	2024	2023	2022	2021 as Restated
Governmental Activities:					
General Obligation	$ 558,775	$ 447,170	$ 541,270	$ 414,365	$ 505,295
Severance Tax Bonds	1,159,855	1,091,095	1,268,165	1,110,570	964,035
Revenue Bonds	634,959	737,705	892,555	1,053,950	958,018
Bond Premium, Discount, Net *	217,042	243,886	196,781	318,871	292,066
Lease Liabilities**	529,797	536,710	529,058	436,734	-
Total Governmental Activities	3,100,428	3,056,566	3,427,829	3,334,490	2,719,414
Business-Type Activities*:					
General Obligation	16,770	18,275	720	1,260	2,130
Revenue Bonds	574,078	605,283	706,907	736,312	788,814
Bond Premium, Discount, Net*	21,546	23,944	-	23,788	28,564
Lease Liabilities**	37,379	55,587	-	54,106	173
Total Primary Government	633,003	684,814	706,907	814,207	817,551
Total Debt	$ 3,733,431	$ 3,741,380	$ 4,134,736	$ 4,148,697	$ 3,536,965
New Mexico Personal Income	$ 123,207,200	$ 123,207,200	$ 103,237,501	$ 103,237,501	$ 102,375,900
Debt as a Percentage of Personal Income	3.0%	3.0%	4.0%	4.0%	3.5%
New Mexico Population	2,130	2,130	2,113	2,113	2,116
General Obligation Debt Per Capita	$ 262	$ 210	$ 256	$ 196	$ 239
Total Long-Term Debt Per Capita	$ 1,753	$ 1,757	$ 1,956	$ 1,963	$ 1,672

Note: Total Printing Gov. is incorrect
This Line S/B Total BTA

STATE OF NEW MEXICO
RATIOS OF OUTSTANDING DEBT BY TYPE (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2020 as Restated	2019 as Restated	2018 as Restated	2017 as Restated	2016 as Restated
Governmental Activities:					
General Obligation	$ 421,700	$ 350,925	$ 260,760	$ 260,760	$ 389,270
Severance Tax Bonds	680,245	814,370	876,115	876,115	641,415
Revenue Bonds	1,094,670	1,221,323	1,367,542	1,367,542	1,558,689
Bond Premium, Discount, Net *	223,793	257,989	237,638	237,638	257,935
Lease Liabilities**	-	-	-	-	-
Total Governmental Activities	2,420,407	2,644,607	2,742,055	2,742,055	2,847,309
Business-Type Activities*:					
General Obligation	-	-	-	-	-
Revenue Bonds	823,419	865,272	869,404	869,404	763,824
Bond Premium, Discount, Net*	39,278	41,791	46,147	43,961	42,649
Lease Liabilities**	546	938	1,054	1,054	1,502
Total Primary Government	863,243	908,001	916,605	914,419	807,975
Total Debt	$ 3,283,651	$ 3,552,608	$ 3,658,660	$ 3,656,474	$ 3,655,284
New Mexico Personal Income	$ 101,386,400	$ 86,328,400	$ 81,483,543	$ 81,483,543	$ 79,104,093
Debt as a Percentage of Personal Income	3.2%	4.1%	4.5%	4.5%	4.6%
New Mexico Population	2,101	2,095	2,088	2,088	2,080
General Obligation Debt Per Capita	$ 201	$ 167	$ 125	$ 125	$ 187
Total Long-Term Debt Per Capita	$ 1,563	$ 1,675	$ 1,752	$ 1,751	$ 1,757

STATE OF NEW MEXICO
LONG TERM LIABILITIES
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2025	2024	2023	2022	2021
Governmental Activities:					
General Obligation Bonds	$ 558,775	$ 447,170	$ 541,270	$ 414,365	$ 505,295
Severance Tax Bonds	1,159,855	1,091,095	1,268,165	1,110,570	964,035
Revenue Bonds	634,959	737,705	908,875	1,053,950	958,018
Bond Premium, Discount, Net *	217,042	243,886	309,549	318,871	292,066
Notes Payable	-	-	-	-	-
Deferred Loss on Refunding, Net *	-	-	-	-	-
Claims and Judgments	516,519	478,005	235,940	206,032	167,336
Hedging Derivatives - Interest Rate Swaps	-	-	-	-	-
Native American Water Settlement Liability **	18,253	23,753	46,757	51,291	70,543
Contingent Liabilities	42,285	29,792	-	20,900	-
Compensated Absences	208,369	110,423	101,383	97,508	94,674
Pollution Remediation Obligation	65,684	58,336	53,733	41,608	41,067
Net Pension Liability	4,627,961	4,177,698	3,960,251	3,043,770	3,953,370
Net OPEB Liability	424,872	399,639	543,772	782,224	994,857
Reserve for Losses	-	-	-	-	-
Lease Liabilities	529,797	536,710	529,020	436,734	-
Other Liabilities	67,157	51,948	17,090	550,945	648,370
Total Governmental Activities	9,071,529	8,386,161	8,515,806	8,128,768	8,689,631
Business-Type Activities:					
Revenue Bonds	590,848	623,558	672,469	736,314	788,814
Bond Premium, Discount, Net *	21,546	23,944	27,257	23,785	28,568
Compensated Absences	168,762	116,897	112,446	107,556	113,414
Reserve for Losses	146,580	131,615	110,900	104,813	107,531
Notes Payable	6,965	9,550	11,993	8,235	9,325
Insurance Claims Payable	16,686	12,193	8,151	11,651	5,662
Net OPEB Obligation	335,996	366,503	370,945	397,667	424,370
Derivative Instruments - Interest Rate Swaps	475	563	1,059	2,129	6,001
Student Loans	8,988	7,691	8,421	9,433	11,371
Environmental Cleanup	5,434	5,434	5,434	5,434	5,434
Net Pension Liability	2,353,228	2,313,867	2,301,724	1,982,851	5,511,724
Lease Liabilities	37,379	55,587	66,109	54,106	173
Other Liabilities	474,703	409,306	322,564	207,474	198,810
Total Business-Type Activities	4,167,588	4,076,706	4,019,470	3,651,448	7,211,197
Total Primary Government Long-Term Liabilities	$ 13,239,117	$ 12,462,867	$ 12,535,276	$ 11,780,216	$ 15,900,828

Notes to Schedule:

Details regarding the liabilities listed above can be found in Note 8, Changes in Long-term Liabilities, in the financial statements.
*In prior years, bond premium, discount, and loss on refunding was not stated separately.

STATE OF NEW MEXICO
LONG TERM LIABILITIES (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2020	2019	2018 As Restated	2017	2016 As Restated
Governmental Activities:					
General Obligation Bonds	$ 421,700	$ 350,925	$ 260,760	$ 326,755	$ 429,764
Severance Tax Bonds	680,245	814,370	876,115	955,045	641,415
Revenue Bonds	1,094,669	1,221,323	1,367,542	1,281,950	1,423,069
Bond Premium, Discount, Net *	223,794	257,988	200,994	279,305	217,441
Notes Payable	-	1,250	-	14,000	5,755
Deferred Loss on Refunding, Net *	-	-	-	-	100,167
Claims and Judgments	152,392	166,593	180,149	195,471	100,461
Hedging Derivatives - Interest Rate Swaps	-	-	84,090	119,015	100,167
Native American Water Settlement Liability **	91,543	69,706	60,850	62,100	287,910
Contingent Liabilities	22	29,516	3,678	20,051	-
Compensated Absences	83,605	68,795	63,982	64,051	58,112
Pollution Remediation Obligation	41,666	27,457	42,651	44,278	287,910
Net Pension Liability	3,429,456	3,341,570	3,264,743	2,299,659	1,843,467
Net OPEB Liability	774,289	1,035,068	-	-	-
Reserve for Losses	-	-	-	-	-
Lease Liabilities	-	-	51,690	53,045	53,199
Other Liabilities	578,826	451,647	-	-	52,307
Total Governmental Activities	7,572,207	7,836,208	6,457,243	5,714,725	5,601,144
Business-Type Activities:					
Revenue Bonds	823,419	865,272	899,736	653,372	695,552
Bond Premium, Discount, Net *	39,279	41,791	43,960	42,649	31,519
Compensated Absences	99,083	87,588	86,356	84,906	20,853
Reserve for Losses	101,940	98,169	89,501	87,453	-
Notes Payable	13,506	11,285	12,985	14,051	-
Insurance Claims Payable	9,953	-	-	-	-
Net OPEB Obligation	385,030	432,298	67,969	61,333	-
Derivative Instruments - Interest Rate Swaps	8,375	7,186	8,604	13,350	-
Student Loans	12,069	15,060	15,726	18,592	-
Environmental Cleanup	5,434	5,434	5,434	5,434	-
Net Pension Liability	2,188,285	3,485,718	2,125,341	1,913,152	-
Lease Liabilities	546	938	1,054	1,308	1,023
Other Liabilities	174,049	56,714	11,076	-	56,579
Total Business-Type Activities	3,860,969	5,107,453	3,367,742	2,895,600	805,526
Total Primary Government Long-Term Liabilities	$ 11,433,175	$ 12,943,661	$ 9,824,984	$ 8,610,325	$ 6,406,670

STATE OF NEW MEXICO
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2025	2024	2023	2022	2021
Net Taxable Value of Property Subject to Taxation	$ 134,094,781	$ 108,183,361	$ 88,517,562	$ 88,883,819	$ 70,313,555
Statutory Debt Limit	1.0%	1.0%	1.0%	1.0%	1.0%
Debt Limit Amount	1,340,948	1,081,834	885,176	888,838	703,136
General Obligation Bonds	390,059	309,913	541,220	414,365	505,295
Total General Debt Outstanding	390,059	309,913	541,220	414,365	505,295
Legal Debt Margin	$ 950,889	$ 771,921	$ 343,956	$ 474,473	$ 197,841
Legal Debt Margin as a Percentage of the Debt Limit	70.9%	71.4%	38.9%	53.4%	28.1%

Note to Schedule:

The Constitution of the State of New Mexico, Article IX, Section 8, limits the State's outstanding general debt to a maximum of one percent of the net taxable value of all property subject to taxation within the State. The legal debt margin is the remaining borrowing authority available and is calculated by subtracting the bonded debt outstanding from the legal debt limit as calculated per Constitutional requirements.

Source: Note information regarding general bonded debt outstanding can be located within the State of New Mexico's annual financial report per fiscal year. Property value data was provided by the Department of Finance and Administration, Local Government Division, Financial and Property Tax Data by County and Municipality. Per capita information is based upon population data located in the Demographics and Economic Statistics schedule.

STATE OF NEW MEXICO
LEGAL DEBT MARGIN (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2020	2019	2018	2017 As Restated	2016
Net Taxable Value of Property Subject to Taxation	$ 70,648,048	$ 66,919,238	$ 60,698,949	$ 57,451,756	$ 56,625,171
Statutory Debt Limit	1.0%	1.0%	1.0%	1.0%	1.0%
Debt Limit Amount	706,480	669,192	606,989	574,518	566,252
General Obligation Bonds	260,760	326,755	389,270	311,270	372,700
Total General Debt Outstanding	260,760	326,755	389,270	311,270	372,700
Legal Debt Margin	$ 445,720	$ 342,437	$ 217,719	$ 263,248	$ 193,552
Legal Debt Margin as a Percentage of the Debt Limit	63.1%	51.2%	35.9%	45.8%	34.2%

STATE OF NEW MEXICO
STATUTORY DEBT LIMIT
SEVERANCE TAX BONDS
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2025	2024	2023	2022	2021
Annual Deposits into Severance Tax Bonding Fund	$ 2,061,104	$ 2,236,814	$ 2,410,670	$ 2,153,990	$ 870,761
50.0% of Annual Deposits	1,030,552	1,118,407	1,205,335	1,076,995	435,381
Statutory Debt Limit Amount	1,030,552	1,118,407	1,205,335	1,076,995	435,381
Senior Bond Servicing Amount *	207,512	226,530	226,530	208,274	428,500
Statutory Debt Margin Amount	$ 823,040	$ 891,877	$ 978,805	$ 868,721	$ 6,881
Statutory Debt Margin as a Percentage of Debt Limit	79.9%	79.7%	81.2%	80.7%	1.6%

Notes to Schedule:

The State Board of Finance is prohibited by the Severance Tax Bonding Act from issuing Senior Severance Tax Bonds unless the aggregate amount of total Senior Severance Tax Bonds outstanding, including the bonds to be issued, can be serviced with not more than 50 percent of the annual deposits into the Bonding Fund, as determined by the deposits during the fiscal year preceding the issuance of the bonds.

* Does not include payment on refunded bonds, which are paid from escrowed securities, payments on short-term debt issued by the State Treasurer and paid in the same year issued, or payments on Supplemental Bond Series.

Sources: New Mexico Office of the State Treasurer audited financial statements.
New Mexico Board of Finance, Severance Tax Bonds, Bond Series 2012A Official Statement.

STATE OF NEW MEXICO
STATUTORY DEBT LIMIT
SEVERANCE TAX BONDS (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year				
	2020	2019	2018	2017	2016
Annual Deposits into Severance Tax Bonding Fund	$ 646,300	$ 672,441	$ 511,115	$ 342,317	$ 254,966
50.0% of Annual Deposits	323,150	336,221	255,558	171,159	127,483
Statutory Debt Limit Amount	323,150	336,221	255,558	171,159	127,483
Senior Bond Servicing Amount *	146,965	129,737	142,160	144,766	16,489
Statutory Debt Margin Amount	$ 176,185	$ 206,484	$ 113,398	$ 26,393	$ 110,994
Statutory Debt Margin as a Percentage of Debt Limit	54.5%	61.4%	44.4%	15.4%	87.1%

STATE OF NEW MEXICO
PLEDGED REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(IN THOUSANDS)

Fiscal Year	Pledged Revenues Received	Annual Debt Service Principal	Annual Debt Service Interest	Coverage
Severance Tax Bonds (Including Supplemental Subordinate Liens):				
2025	$ 2,070,440	$ 176,867	$ 28,045	10.1
2024	2,087,057	187,316	58,814	8.5
2023	2,410,670	135,715	44,914	13.3
2022	2,153,990	158,544	44,179	10.6
2021	870,761	128,115	28,612	5.6
2020	646,300	134,125	34,255	3.8
2019	672,441	129,300	37,224	4.0
2018	511,115	124,745	36,780	3.2
2017	342,317	124,745	39,485	2.1
2016	254,966	118,345	15,257	1.9
2015	426,331	-	18,301	23.3
Highway Infrastructure Bonds:				
2025	$ 564,474	$ 82,095	$ 28,726	5.1
2024	171,236	156,860	37,138	61.6
2023	996,818	133,329	41,195	5.7
2022	1,066,719	162,596	37,307	5.3
2021	944,216	10,740	42,845	17.6
2020	923,500	107,110	48,116	5.9
2019	837,915	103,290	51,541	5.4
2018	914,621	96,925	52,907	6.1
2017	848,903	93,655	63,798	5.4
2016	791,378	68,640	64,753	5.9
2015	385,211	84,080	68,080	2.5
Energy and Minerals Bonds:				
2025	$ -	$ -	$ -	0.0
2024	-	-	-	0.0
2023	597	128	3	4.6
2022	7,648	539	42	13.2
2021	6,237	476	62	11.6
2020	6,200	457	80	11.5
2019	1,077	439	96	2.0
2018	10,136	422	120	18.7
2017	9,462	2,819	198	3.1
2016	8,970	2,008	347	3.8
2015	8,763	1,967	439	3.6

N/A Data not available.

Sources:
- NM Department of Transportation audited financial statements
- NM Office of the State Treasurer audited financial statements
- NM State Fair Commission (Expo) audited financial statements
- NM Energy, Minerals and Natural Resources audited financial statements
- NM Miner's Colfax Medical Center audited financial statements
- NM Spaceport Authority audited financial statements
- NM Department of Cultural Affairs audited financial statements
- UNM - Health Science is included in Educational in 2020.
- UNM audited financial statements
- NMSU audited financial statements
- ENMU audited financial statements
- WNMU audited financial statements
- NMMI audited financial statements
- NMHU audited financial statements
- NMTU audited financial statements

STATE OF NEW MEXICO
PLEDGED REVENUE BOND COVERAGE (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)

Fiscal Year	Pledged Revenues Received	Annual Debt Service Principal	Annual Debt Service Interest	Coverage
Cultural Affairs Bonds and Loan:				
2025	$ -	$ -	$ -	0.0
2024	509	-	-	0.0
2023	895	574	13	1.5
2022	865	557	26	1.5
2021	862	550	38	1.5
2020	868	581	50	1.4
2019	916	568	60	1.5
2018	892	558	65	1.4
2017	1,010	699	70	1.3
2016	821	331	128	1.8
2015	835	320	139	1.8
Miners' Colfax Medical Center Bonds:				
2025	$ 6,019	$ 3,600	$ 90	1.6
2024	4,740	1,170	174	3.5
2023	7,577	1,110	149	6.0
2022	2,533	3,933	176	0.6
2021	7,616	1,060	203	6.0
2020	1,500	1,030	229	1.2
2019	2,954	1,008	252	2.3
2018	6,722	980	282	5.3
2017	6,317	955	315	5.0
2016	6,651	935	337	5.2
2015	5,759	910	277	4.9
	5,752	835	423	4.6
State Fair (EXPO) Bonds:				
2025	$ -	$ -	$ -	0.0
2024	-	-	-	0.0
2023	-	-	-	0.0
2022	-	-	-	0.0
2021	-	-	-	0.0
2020	-	-	-	0.0
2019	-	-	-	0.0
2018	-	-	-	0.0
2017	448	689	12	0.6
2016	1,070	687	36	1.5
Spaceport Authority Bonds:				
2025	$ 12,057	$ 4,445	$ 176	2.6
2024	11,389	4,421	200	2.5
2023	10,777	4,399	222	2.3
2022	10,826	4,313	225	2.4
2021	13,595	3,565	2,083	2.4
2020	5,000	3,425	2,224	0.9
2019	4,216	3,280	2,367	0.7
2018	7,053	3,145	2,502	1.2
Debt not issued in prior years.				

STATE OF NEW MEXICO
PLEDGED REVENUE BOND COVERAGE (CONTINUED)
LAST TEN FISCAL YEARS
(IN THOUSANDS)

Fiscal Year	Pledged Revenues Received	Annual Debt Service Principal	Annual Debt Service Interest	Coverage
Bernalillo County Metropolitan Court:				
2025	$ 5,130	$ 3,750	$ 188	1.3
2024	5,382	3,570	366	1.4
2023	3,381	3,795	536	0.8
2022	2,533	3,933	698	0.5
2021	1,970	3,070	851	0.5
2020	3,922	2,925	997	1.0
Reported on NMFA in Prior Years				
Educational Institutions:				
2025	$ 7,587	$ 967,367	$ 344,891	0.0
2024	-	-	-	0.0
2023	640,000	52,688	22,490	8.5
2022	632,049	48,123	26,320	8.5
2021	632,049	48,802	33,247	7.7
2020	2,907,000	44,793	36,528	35.7
Reported on NMFA in Prior Years				
University of New Mexico Health Sciences:				
2025	$ -	$ -	$ -	
2024	-	-	-	
2023	-	-	-	0.0
2022	-	2,920	-	0.0
2021	-	2,919	735	0.0
2020	-	-	-	0.0
Reported on UNM in Prior Years				
General Services Department:				
2025	$ 8,156	$ 6,624	$ 5,402	0.7
2024	12,140	6,319	5,694	1.0
2023	11,726	5,639	6,084	1.0
2022	464,109	11,394	6,338	26.2
2021	6,809	4,549	6,560	0.6
2018	16,100	5,019	7,139	1.3

STATE OF NEW MEXICO
DEMOGRAPHIC AND ECONOMIC INDICTORS
LAST TEN FISCAL YEARS

Year	Population	Personal Income	Per Capita Personal Income	Median Age	* Percent High School Grad or Higher (Pop=25 Yrs & >)	Public School Enrollment
2025	2,115,270	$ 132,350,900,000	$ 57,652	38.6	87.9	320,000
2024	2,130,256	123,207,200,000	55,343	39.4	86.8	309,093
2023	2,114,371	116,432,000,000	55,067	38.3	87.1	316,660
2022	2,113,344	103,237,501,000	48,850	38.1	86.8	322,989
2021	2,115,877	102,375,900,000	48,385	37.8	85.6	318,621
2020	2,100,566	101,386,400,000	48,266	38.1	86.0	333,020
2019	2,095,428	86,328,400,000	41,198	37.3	85.0	335,829
2018	2,095,428	86,328,400,000	41,198	37.3	85.0	335,829
2017	2,088,070	83,127,300,000	39,811	37.2	84.6	338,370
2016	2,081,015	80,758,305,000	38,807	37.4	84.2	339,613

Notes to Schedule:

Personal Income, Per capita Personal Income and median Age data are as of 2023 data. 23 population data represents estimates based on the 2023 census. 2017 is Restated

Statistics were revised to indicate the percentage of individuals that have attained educational levels instead of the average educational level as was done in prior years.

* Education level and years of schooling has been replaced with Percent High School Graduate or Higher

Sources: Population, Per Capita Personal Income - New Mexico Bureau of Business and Economic Research, University of New Mexico School Enrollment - New Mexico Department of Finance and Administration, Office of Education and Accountability Personal Income - Department of Commerce Bureau of Economic Analysis, Education - Census.gov B15002 American Fact Finder, PEPASR6H GeographyNMYR2012Population Estimates, bea.gov. www.ped.state.nm.us

STATE OF NEW MEXICO
PRINCIPAL EMPLOYERS
MOST CURRENT CALENDAR YEAR AND HISTORICAL COMPARISON

	Calendar Year 2024*			Calendar Year 2018**		
Entity Name	Number of Employees	Rank	Percent of All Employees	Number of Employees	Rank	Percent of All Employees
State of New Mexico (Total Offices, Departments, etc.)	31,100	1	3.4%	18,359	2	2.1%
Federal Government	28,900	2	3.2%	21,766	1	2.5%
Sandia National Laboratories	15,100	3	1.7%	12,206	4	1.4%
Walmart Corporate	14,725	4	1.6%	14,725	3	1.7%
Los Alamos National Laboratories	14,150	5	1.6%	14,150	8	1.6%
UNM University	11,900	6	1.3%	11,875	6	1.4%
Presbyterian Healthcare	11,600	7	1.3%	11,178	5	1.3%
Albuquerque Public Schools	1,887	8	0.2%	10,297	7	1.2%
City of Albuquerque	5,800	9	0.6%	5,800	9	0.7%
McDonalds	4,675	10	0.5%	N/A	NA	N/A
Total Employees of Principal Employers	139,837		15.5%	120,356		13.8%

Notes to Schedule:

Number of employees is based on a calendar year average.
Rankings are based on the employers identified, there may be larger employers not identified from sources available.
Some data sources only included locations that had in excess of 100 employees.
* Used 2022, data for 2023 was not available.
** Used 2017, data for 2014-2016 was not available.

Source: NM Partnership - New Mexico Largest Employers

STATE OF NEW MEXICO
COMPOSITION OF LABOR FORCE
LAST TEN CALENDAR YEARS

	Calendar Year				
	2025	2024	2023	2022	2021
Nonagricultural Jobs:					
Government	190,900	190,800	190,800	184,800	173,800
Mining	23,700	23,700	24,100	21,000	18,800
Construction	53,900	54,600	53,200	52,600	51,100
Manufacturing	28,800	30,200	30,700	29,400	29,600
Trade, Transportation and Utilities	146,000	145,800	146,500	139,900	139,000
Information	10,700	8,800	10,400	9,800	8,200
Financial Activity	35,600	35,500	33,500	32,500	33,800
Professional and Business Services	122,200	122,600	113,600	116,400	113,100
Education and Health Services	148,300	145,400	149,500	146,900	137,100
Leisure and Hospitality	99,900	106,200	99,100	99,300	94,600
Other Services	28,100	30,200	28,200	27,600	28,400
Total Nonagricultural Jobs	888,100	893,800	879,600	860,200	827,500
Civilian Labor Force	991,000	974,627	969,463	938,167	969,048
Total Employed	948,400	935,535	930,977	901,310	913,408
Unemployed	42,700	39,092	38,486	36,857	55,640
Unemployment Rate	4.1%	4.0%	4.0%	3.9%	4.8%
Seasonally Adjusted Rate	4.1%	4.0%	4.0%	3.7%	5.8%

Source: New Mexico Department of Workforce Solutions, U.S. Department of Labor Statistics 2023 Data unavailable

STATE OF NEW MEXICO
COMPOSITION OF LABOR FORCE (CONTINUED)
LAST TEN CALENDAR YEARS

	Calendar Year				
	2020	2019	2018	2017	2016 as Restated
Nonagricultural Jobs:					
Government	186,300	190,300	183,600	186,500	188,900
Mining	18,600	26,300	20,300	20,800	19,800
Construction	49,500	52,200	46,900	45,700	43,400
Manufacturing	26,300	27,700	26,900	26,400	26,900
Trade, Transportation and Utilities	135,400	140,900	136,300	136,600	138,700
Information	9,900	11,300	11,100	12,300	13,000
Financial Activity	32,300	36,000	34,700	34,000	33,500
Professional and Business Services	107,800	109,900	103,200	104,300	101,300
Education and Health Services	135,600	144,000	140,200	139,000	138,200
Leisure and Hospitality	67,600	99,800	94,700	96,400	95,500
Other Services	25,900	27,900	27,600	28,600	28,500
Total Nonagricultural Jobs	795,200	866,300	825,500	830,600	827,700
Civilian Labor Force	960,100	966,624	949,047	929,567	928,732
Total Employed	877,700	920,787	904,196	872,382	866,704
Unemployed	82,400	45,837	44,851	57,185	62,028
Unemployment Rate	8.6%	4.7%	4.8%	6.2%	6.7%
Seasonally Adjusted Rate	8.6%	4.7%	4.7%	6.4%	6.7%

STATE OF NEW MEXICO
PUBLIC HIGHER EDUCATION ENROLLMENT
LAST TEN ACADEMIC YEARS

	Academic Year				
	2023-24*	2022-23	2021-22	2020-21	2019-20
Eastern New Mexico University	5,863	4,849	4,490	4,958	5,519
New Mexico Highlands University	2,743	2,842	2,804	2,161	2,169
New Mexico Institute of Mining and Technology	1,624	2,000	1,734	1,482	1,517
New Mexico State University	15,471	26,514	27,854	17,518	18,458
Northern New Mexico College	1,424	1,904	1,453	761	768
University of New Mexico	23,406	33,410	34,368	21,273	22,568
Western New Mexico University	3,587	3,910	3,074	1,872	1,974
Total All Four-Year Institutions	54,118	75,429	75,777	50,025	52,973
Central New Mexico Community College [1]	19,404	27,684	18,563	10,600	11,612
Clovis Community College	2,581	3,245	3,408	1,291	1,461
Luna Community College	743	1,121	1,128	420	526
Mesalands Community College	563	1,286	1,198	280	346
New Mexico Junior College	2,237	2,385	2,500	1,352	1,591
New Mexico Military Institute	463	543	570	471	459
Northern New Mexico College	1,424	N/A	N/A	N/A	N/A
San Juan College	6,452	8,098	7,866	3,216	3,914
Santa Fe Community College	4,492	4,831	4,027	1,716	2,175
Total All Two-Year Institutions	38,359	49,193	39,260	19,346	22,084
Total All Institutions	92,477	124,622	115,037	69,371	75,057

[1] Albuquerque Technical Vocational Institute's name changed to Central New Mexico Community College

Source: Information can be found at http://hed.state.nm.us/data-reports/data-reports-1/annual-projects Annual Report

As of 2022 the numbers reported are by total head counts not FTE . Branches must be included in totals.

*2024 - 25 information not available

STATE OF NEW MEXICO
PUBLIC HIGHER EDUCATION ENROLLMENT (CONTINUED)
LAST TEN ACADEMIC YEARS

	Academic Year				
	2018-19	2017-18	2016-17	2015-16	2014-15
Eastern New Mexico University	4,791	5,573	5,891	5,936	6,327
New Mexico Highlands University	2,350	2,348	2,438	2,653	2,626
New Mexico Institute of Mining and Technology	1,614	1,612	1,666	1,817	1,805
New Mexico State University	18,592	18,398	19,324	19,876	20,630
Northern New Mexico College	804	799	786	707	870
University of New Mexico	22,812	23,430	25,483	28,489	28,277
Western New Mexico University	1,990	2,072	2,045	2,169	2,222
Total All Four-Year Institutions	52,953	54,232	57,633	61,647	62,757
Central New Mexico Community College	12,000	12,156	12,716	13,684	14,653
Clovis Community College	1,509	1,477	1,495	1,500	1,548
Luna Community College	513	505	614	709	757
Mesalands Community College	413	388	404	469	428
New Mexico Junior College	1,464	1,696	1,593	1,651	1,698
New Mexico Military Institute	487	487	492	511	550
Northern New Mexico College	N/A	N/A	N/A	N/A	N/A
San Juan College	3,873	3,672	3,538	4,409	4,619
Santa Fe Community College	2,229	2,252	2,391	2,648	2,899
Total All Two-Year Institutions	22,488	22,633	23,243	25,581	27,152
Total All Institutions	75,441	76,865	80,876	87,228	89,909

STATE OF NEW MEXICO
FULL TIME EQUIVALENT STATE EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2025	2024	2023	2022	2021
General Government:					
Government Operations	1,293.0	1,470.8	1,467.8	1,416.0	1,353.1
Taxation and Revenue	1,043.5	1,041.5	1,058.0	1,063.0	1,054.2
Human Services and Youth Corrections	3,201.0	3,418.5	3,284.0	3,289.0	4,109.8
Adult Corrections	1,846.0	2,521.0	2,451.0	2,498.0	2,492.0
Public Safety	1,454.0	2,684.6	1,681.2	1,561.0	1,539.4
State Courts	3,698.9	4,399.4	4,195.8	4,009.0	3,574.4
Health and Environment:					
Department of Health	2,604.0	3,823.0	3,909.0	4,003.0	3,992.0
Department of Environment	527.7	698.7	661.7	689.0	653.0
Miners Colfax Community Hospital	197.0	258.0	288.0	293.0	290.5
Employment and Family Services	1,743.3	2,225.5	2,235.6	2,166.0	2,222.8
Natural Resources	1,360.0	1,171.2	1,570.0	1,492.0	1,404.9
Cultural Affairs	466.0	1,070.6	568.0	502.0	485.8
Business, Labor and Agriculture	823.0	980.0	920.0	879.0	842.0
Education	278.2	360.0	358.7	411.0	394.5
Transportation	2,259.0	2,664.0	2,660.0	2,676.0	2,615.5
Total Full-Time Equivalent State Employees	22,794.6	28,786.8	27,308.8	26,947.0	27,023.9
Change	-26.3%	5.1%	1.3%	-0.3%	3.7%

Source: Report of the Legislative Finance Committee to the 56th Legislature Second Session, January 2025, Vol. 2

STATE OF NEW MEXICO
FULL TIME EQUIVALENT STATE EMPLOYEES BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS

	Fiscal Year				
	2020	2019 As Restated	2018	2017	2016
General Government:					
Government Operations	1,380.0	1,336.5	1,334.0	1,355.0	1,190.0
Taxation and Revenue	1,072.8	1,066.8	1,078.0	1,088.0	1,096.0
Human Services and Youth Corrections	4,089.8	4,105.8	3,909.0	4,320.0	4,540.0
Adult Corrections	2,621.0	2,453.0	2,443.0	2,409.0	2,447.0
Public Safety	1,607.3	1,547.3	1,535.0	1,545.0	1,499.7
State Courts	3,542.6	3,473.4	3,389.0	3,375.0	3,587.4
Health and Environment:					
Department of Health	3,769.5	3,551.5	3,536.0	3,792.0	3,780.0
Department of Environment	634.5	635.5	638.0	637.0	660.5
Miners Colfax Community Hospital	258.0	260.0	258.0	224.0	224.0
Employment and Family Services	1,405.8	1,418.3	1,643.0	1,435.0	623.5
Natural Resources	1,361.5	1,375.5	1,366.0	1,389.0	1,005.8
Cultural Affairs	509.3	487.9	494.0	509.0	508.8
Business, Labor and Agriculture	878.4	864.4	860.0	900.0	1,809.5
Education	387.2	384.2	378.0	397.0	348.3
Transportation	2,506.5	2,506.5	2,503.0	2,488.0	2,487.5
Total Full-Time Equivalent State Employees	26,024.2	25,466.6	25,364.0	25,863.0	25,808.0
Change	2.1%	0.4%	-2.0%	0.2%	100.0%

STATE OF NEW MEXICO
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2025	2024	2023	2022	2021
General Government:					
Operations:					
Public Employees' Retirement Fund's National Performance Ranking Percentile (Ten-Year Annualized) [8 11 24 39 43 50]	50th	50th	50th	50th	50th
Taxation:					
% of Electronically Filed Personal Income Tax Returns [9 14 15 19 23 37 44, 47]	90%	90%	90%	90%	82%
% of Motor Vehicle Registrations Issued (with Liability Insurance) [14 15 19 23 37 44 47]	92%	92%	91%	91%	92%
Amount of Delinquent Property Tax Collected and Distributed to Counties in millions [8 10 14 15 19 23 37 44 47]	$10.0	$10.0	$13.9	$12.0	$11.0
Regulation:					
# of Vehicular Port Traffic at New Mexico Ports [10 14 15 18 26 38 45 48]	2,100,000	2,100,000	1,206,104	1,988,283	766,671
Number of registered nurse licenses active on June 30 [10 15 18 25 40 46 49]	32,864	32,864	32,864	31,132	14,500
Tri-Annual Physician Licenses Issued [10 14 15 18 27 38 45 48]	4,600	4,600	5,911	5,269	3,000
Biennial Physician Assistant Licenses Issued [10 15 18 27 38 45 48]	550	550	598	621	225
Public Safety:					
Inspection/Audit Hours by State Fire Marshall and Pipeline Safety Bureau [10 14 15 19 28 41 45 48]	10,822	10,822	9,000	10,822	37,919
# of Traffic Fatalities [9 14 15 18 23 37 44 47]	400	400	444	464	395
# of Driving While Intoxicated Fatalities [9 14 15 18 23 37 44 47]	140	140	119	133	169
# of Driving While Intoxicated Arrests [9 14 15 18 23 37 44 47]	3,000	3,000	2,588	2,809	2,479
Education:					
Public:					
# of High School Graduates *(4 year)* [1 29 42]	20,520	20,520	19,483	32,058	26,096
Student Dropout Rate for Grades 9 - 12 [2 30 42 52]	8.5%	8.5%	6.8%	4.4%	4.4%
Public School Capital Outlay Allocation ($ Millions) [4]	15.7	15.7	15.7	15.7	136
Higher:					
Graduation Rate of Bachelor Degree Students (Period of Six Years for Completion) [8 10 14 15 38 45 48]	48%	48%	49%	48%	40%
% of First Time Freshman Lottery Scholarship Recipients at Four-Year Institutions Who Complete Within Six Years [8 10 14 15 21]	77%	77%	72%	73%	73%
Health and Human Services:					
% of Children Receiving Services in Medicaid Managed Care [10 14 15 23 38 44 47]	72%	72%	69%	70%	70%
% of Child Support Collected of Support Owed [9 14 15 18 23 38 45 48]	60%	60%	58%	58%	57%
# of Homeless Veterans Provided Shelter [8 10 14 15 21 31]	182	182	71	173	173
% of Children Adopted within 24 Months of Entry into Foster Care [8 10 14 15 23 37 44 48 *(Split into two time periods for 2020)*]	42%	42%	31%	38%	35%
% of Abused Children with Repeat Maltreatment [9 14 15 23 38 45 48]	9%	9%	13%	14%	8%
% of Preschoolers Fully Immunized [9 14 15 18 45 48]	66%	66%	69%	66%	76%
# of Operating School-Based Health Centers [13 14 15 32]	95	95	78	91	82
Average Patient Length of Stay for Acute Care Facility (Miners' Colfax Hospital) [18 21 26 45 48]	5	5	3	5	4

STATE OF NEW MEXICO
OPERATING INDICATORS BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS

	Fiscal Year				
	2020	2019 as Restated	2018 as Restated	2017 as Restated	2016 as Restated
General Government:					
Operations:					
Public Employees' Retirement Fund's National Performance Ranking Percentile (Ten-Year Annualized) [8 11 24 39 43 50]	40th	39th	39th	39th	30th
Taxation:					
% of Electronically Filed Personal Income Tax Returns [9 14 15 19 23 37 44, 47]	90%	88%	87%	86%	85%
% of Motor Vehicle Registrations Issued (with Liability Insurance) [14 15 19 23 37 44 47]	91%	90%	90%	90%	92%
Amount of Delinquent Property Tax Collected and Distributed to Counties in millions [8 10 14 15 19 23 37 44 47]	$10.4	$12.9	$14.6	$11.5	$11.6
Regulation:					
# of Vehicular Port Traffic at New Mexico Ports [10 14 15 18 26 38 45 48]	937,119	1,548,500	1,597,023	1,571,366	1,589,396
Number of registered nurse licenses active on June 30 [10 15 18 25 40 46 49]	18,918	24,711	19,340	16,872	16,251
Tri-Annual Physician Licenses Issued [10 14 15 18 27 38 45 48]	4,303	4,086	4,059	4,116	3,744
Biennial Physician Assistant Licenses Issued [10 15 18 27 38 45 48]	629	556	487	455	451
Public Safety:					
Inspection/Audit Hours by State Fire Marshall and Pipeline Safety Bureau [10 14 15 19 28 41 45 48]	NA	NA	19,500	16,590	10,408
# of Traffic Fatalities [9 14 15 18 23 37 44 47]	418	417	369	383	366
# of Driving While Intoxicated Fatalities [9 14 15 18 23 37 44 47]	142	157	143	163	149
# of Driving While Intoxicated Arrests [9 14 15 18 23 37 44 47]	1,647	2,171	2,574	N/A	N/A
Education:					
Public:					
# of High School Graduates *(4 year)* [1 29 42]	25,995	26,092	26,288	26,587	25,926
Student Dropout Rate for Grades 9 - 12 [2 30 42 52]	NA	NA	NA	3.8%	4.4%
Public School Capital Outlay Allocation ($ Millions) [4]	N/A	N/A	N/A	N/A	546
Higher:					
Graduation Rate of Bachelor Degree Students (Period of Six Years for Completion) [8 10 14 15 38 45 48]	56%	54%	50%	49%	48%
% of First Time Freshman Lottery Scholarship Recipients at Four-Year Institutions Who Complete Within Six Years [8 10 14 15 21]	N/A	N/A	N/A	N/A	75%
Health and Human Services:					
% of Children Receiving Services in Medicaid Managed Care [10 14 15 23 38 44 47]	73%	75%	72%	85%	85%
% of Child Support Collected of Support Owed [9 14 15 18 23 38 45 48]	59%	58%	57%	56%	56%
# of Homeless Veterans Provided Shelter [8 10 14 15 21 31]	N/A	N/A	N/A	503	491
% of Children Adopted within 24 Months of Entry into Foster Care [8 10 14 15 23 37 44 48 (Split into two time periods for 2020)]	36%	27%	28%	25%	23%
% of Abused Children with Repeat Maltreatment [9 14 15 23 38 45 48]	14%	17%	15%	15%	12%
% of Preschoolers Fully Immunized [9 14 15 18 45 48]	63%	64%	61%	72%	NA
# of Operating School-Based Health Centers [13 14 15 32]	79	73	73	70	72
Average Patient Length of Stay for Acute Care Facility (Miners' Colfax Hospital) [18 21 26 45 48]	4	5	5	5	3

STATE OF NEW MEXICO
OPERATING INDICATORS BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS

	Fiscal Year				
	2024	2024	2023	2022	2021
Corrections:					
Juvenile:					
% Juveniles Earning Education Credits While Incarcerated *8*	60%	60%	56%	56%	55%
% of Juveniles Who Complete Formal Probation *23 37 38 44 47*	85%	85%	93%	85%	90%
% of Juveniles Recommitted to a Youth Detention Facility *9 14 15 17 23 37 45 47*	20%	20%	13%	20%	12%
Adult:					
Turnover Rate of Correctional Officers *9 14 15 18 23 38 45 48*	28%	28%	32%	28%	11%
Success Rate Recidivism of Offenders Enrolled in After Release Program (36 months) *9 14 15 23 37 45 48*	36%	36%	30%	35%	37%
% of Prisoners Reincarcerated within 36 Months After Release 10 14 15 17 23 37 44 45 48	35%	35%	36%	37%	40%
Culture and Recreation:					
# of Visits to Visitor Information Centers (Millions) *8*	1.4	1.4	1.3	1.2	1.3
# of Unique Website Visitor Sessions (Millions) *8 23 45 48*	2.7	2.7	2	2	2
Circulation Rate for New Mexico Magazine *8 9 14 15 18 33 38 44 47*	80,000	80,000	100,000	80,000	94,221
Attendance to Museum Exhibitions, Performances, Films, Programs *8 10 14 15 34 38 45 48*	767,000	767,000	725,472	726,301	830,000
% of Public Hunting Licenses Drawn by New Mexico Resident Hunters *8 10 14 15 18 36 38 45 48*	84%	84%	84%	84%	80%
Fish Output from Hatchery System (in Pounds) *5 7 8 10 14 15 35 38 45 48*	660,000	660,000	640,000	672,642	592,247
# of Visitors to State Parks (Millions) *8 9 14 15 23 44 47*	4.7	4.7	5	5	4
Natural Resources, Environment:					
# of Inspections of Oil and Gas Wells and Associated Facilities *8 14 15 23 37 44 47*	31,000	31,000	29,522	31,154	35,147
% of Required Mine Inspection Conducted *8 14 15 23 37 45 48*	98%	98%	99%	100%	100%
% of Abandoned Uranium Mines with Current Site Assessments *8*	50%	50%	50%	50%	50%
% of Landfills Meeting Groundwater Monitoring Requirements 14 15 23 37 44 47	95%	95%	97%	95%	95%
# of Wildlife Habitat Acres Conserved or Enhanced 8 20 35	100,000	100,000	192,000	100,000	100,000
# of Threatened/Endangered Species Monitored/Involved in Recovery Process changed to % of Endangered Species in 2017 8 10 14 15 38 45 48	48%	48%	53%	45%	35%
Business, Labor, and Agriculture:					
% of Adults Who Entered Employment in 1st Quarter of Receiving Training Services (Changed in 2013 to Percent of Individuals Who Have Received Employment Services Retaining Employment After Six Months) *9 14 15 17 19 23 37 45 48*	61%	61%	61%	61%	72%
# of Rural Jobs Created *9 14 15 23 37 45 48*	1,500	1,500	996	1,766	1,542
# of Media Industry Worker Days *9 14 15 18 37 45 48*	450,000	450,000	553,630	143,000	143,046
Changed to "Direct Spending by Industry productions ($ Millions) 14 23 37 45 48	$580	$580	$794	$5,855	$674
Highways and Transportation:					
# of System wide Miles in Deficient Condition *9 14 15 23 37 45 48*	4,000	4,000	2,824	1,451	3,837
# of Traffic Fatalities per 100 Million Vehicle Miles Traveled *5 7 8 12 51*	1.46	1.46	1.77	1.75	1.43
# of Statewide Improved Pavement Surface Miles *5 6 9 14 15 23 37 45 48*	4,172	4,172	3,390	4,373	2,750

STATE OF NEW MEXICO
OPERATING INDICATORS BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS

	Fiscal Year				
	2020	2019 as Restated	2018 as Restated	2017 as Restated	2016 as Restated
Corrections:					
Juvenile:					
% Juveniles Earning Education Credits While Incarcerated *8*	NA	NA	NA	NA	NA
% of Juveniles Who Complete Formal Probation *23 37 38 44 47*	94%	86%	86%	83%	85%
% of Juveniles Recommitted to a Youth Detention Facility *9 14 15 17 23 37 45 47*	20%	20%	20%	7%	10%
Adult:					
Turnover Rate of Correctional Officers *9 14 15 18 23 38 45 48*	2%	25%	28%	2%	10%
Success Rate Recidivism of Offenders Enrolled in After Release Program (36 months) *9 14 15 23 37 45 48*	46%	46%	51%	50%	46%
% of Prisoners Reincarcerated within 36 Months After Release *10 14 15 17 23 37 44 45 48*	54%	54%	49%	50%	46%
Culture and Recreation:					
# of Visits to Visitor Information Centers (Millions) *8*	N/A	N/A	N/A	N/A	N/A
# of Unique Website Visitor Sessions (Millions) *8 23 45 48*	2.4	2.4	0.4	0.4	0.6
Circulation Rate for New Mexico Magazine *8 9 14 15 18 33 38 44 47*	70,000	70,000	70,000	70,000	75,000
Attendance to Museum Exhibitions, Performances, Films, Programs *8 10 14 15 34 38 45 48*	827,895	826,969	855,789	779,810	745,101
% of Public Hunting Licenses Drawn by New Mexico Resident Hunters *8 10 14 15 18 36 38 45 48*	88%	84%	84%	84%	84%
Fish Output from Hatchery System (in Pounds) *5 7 8 10 14 15 35 38 45 48*	666,738	670,851	646,175	681,103	638,594
# of Visitors to State Parks (Millions) *8 9 14 15 23 44 47*	4	5	5	5	5
Natural Resources, Environment:					
# of Inspections of Oil and Gas Wells and Associated Facilities *8 14 15 23 37 44 47*	36,852	31,043	42,880	37,648	49,624
% of Required Mine Inspection Conducted *8 14 15 23 37 45 48*	88%	88%	95%	97%	97%
% of Abandoned Uranium Mines with Current Site Assessments *8*	N/A	N/A	N/A	N/A	N/A
% of Landfills Meeting Groundwater Monitoring Requirements 14 15 23 37 44 47	97%	99%	96%	97%	100%
# of Wildlife Habitat Acres Conserved or Enhanced *8 20 35*	192,000	192,000	192,000	192,000	NA
# of Threatened/Endangered Species Monitored/Involved in Recovery Process changed to % of Endangered Species in 2017 *8 10 14 15 38 45 48*	51%	48%	41%	52%	N/A
Business, Labor, and Agriculture:					
% of Adults Who Entered Employment in 1st Quarter of Receiving Training Services (Changed in 2013 to Percent of Individuals Who Have Received Employment Services Retaining Employment After Six Months) *9 14 15 17 19 23 37 45 48*	69%	79%	79%	78%	80%
# of Rural Jobs Created *9 14 15 23 37 45 48*	460	1,376	2,414	775	641
# of Media Industry Worker Days *9 14 15 18 37 45 48*	102,376	319,814	259,961	448,304	260,307
Changed to "Direct Spending by Industry productions ($ Millions) 14 23 37 45 48	$257	$525	$234	$505	$387
Highways and Transportation:					
# of System wide Miles in Deficient Condition *9 14 15 23 37 45 48*	4,420	3,783	4,675	4,675	4,515
# of Traffic Fatalities per 100 Million Vehicle Miles Traveled *5 7 8 12 51*	1.53	1.30	1.43	1.16	1.18
# of Statewide Improved Pavement Surface Miles *5 6 9 14 15 23 37 45 48*	3,970	3,143	2,854	3,668	2,457

STATE OF NEW MEXICO
OPERATING INDICATORS BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS

Sources: Various departments of the State of New Mexico

[1] New Mexico Public Education Website - New Mexico High School Graduation - Graduation Rates

[2] New Mexico Dropout Report published by New Mexico Public Education Department

[4] New Mexico Public Schools Finance Authority

[8] Report of the Legislative Finance Committee to the Legislature Second Session, Vol. II
102, 103, 104, 105, 106, 108, 112, 113, 114, 122, 123, 172, 178, 187, 188, 194, 262, 287, 291, 303, 322, 323, 336, 338

[9] Report of the Legislative Finance Committee to the 51th Legislature Second Session, January 2014, Vol. I, Pg. 89, 98, 99, 100, 101, 105, 108, 112, 115, 116, 124, 125, 132, 133

[10] Report of the Legislative Finance Committee to the 51th Legislature Second Session, January 2014, Vol. II, Pg. 41, 59, 121, 150, 157, 159, 185, 230, 276, 278, 283, 330, 332

[11] Pension fund rankings by state-Crain's Chicago Bs, http://www.chicagobusiness.com/article/20130110/NEWS07/130109847/pension-fund-rankings-by-state-were-no-50

[12] New Mexico Transportation By The Numbers:
http://www.tripnet.org/docs/NM_Transportation_By_The_Numbe

[13] New Mexico Alliance for School-Based Health Care (NMASBHC): 'http://www.nmasbhc.org/index.html

[14] Report of the Legislative Finance Committee to the 52th Legislature Second Session, January 2015, Vol. I, Pg. 88, 90, 98, 99, 100, 101, 105, 108, 112, 113, 116, 117, 121, 122, 123, 129, 130; Vol II pg. 126, 134, 136, 149, 156, 158, 176, 184, 226, 285, 307, 324, 342, 344

[15] Report of the Legislative Finance Committee to the 52th Legislature Second Session, January 2016, Vol. II, Pg. 152, 327, 343, 356, 505

[17] Report of the Legislative Finance Committee to the 53rd Legislature First Session, January 2017, Vol. I, Pg. 91, 103, 116

[18] Report of the Legislative Finance Committee to the 53rd Legislature First Session, January 2017, Vol. II, Pg. 115, 143, 145, 215, 237, 243, 264, 277, 283, 293

[19] Report of the Legislative Finance Committee to the 50th Legislature First Session, January 2011, Vol. II, Pg. 157, 243

[21] Report of the Legislative Finance Committee to the 52nd Legislature First Session, January 2015, Vol. II, Pg. 261, 285, 343

[22] Mercatus Center - George Mason University, www.mercatus.org/statefiscalrankings

[23] Report of the Legislative Finance Committee to the 54rd Legislature First Session, January 2018, Vol. I, Pg. 36, 94-98, 100-101, 103-104, 114, 119-120, 122-124, 131-132

[24] Pension Fund Programs Worsen in 43 States, by Laurie Meisler, www.bloomberg.com/graphics/2017-state-pension-funding

[25] New Mexico Board of Nursing - Annual Governor's Report FY 2017, Pg 12

[26] Report of the Legislative Finance Committee to the 54rd Legislature First Session, January 2018, Vol. II, Pg. 121, 240

[27] New Mexico Medical Board - E-mailed

[28] New Mexico Public Regulation Commission - Annual Report FY 2017, Pg. 14, 16

[29] New Mexico Public Education Website - New Mexico High School Graduation - Graduation Rates $ Year Graduation Rate Cohort 2017

[30] New Mexico Public Education E-Mail - CFO

[31] New Mexico Veterans' Services Department Performance Measures Summary, Pg. 1

[32] New Mexico Alliance for School Based Health Care, www.nmasbhc.org/SBHC Locator

[33] New Mexico Magazine - E-Mail Circulation Manager

[34] New Mexico Department of Cultural Affairs - E-mail CIO

[35] New Mexico Department of Game and Fish Annual Report, Pg. 6, 9

[36] New Mexico Department of Game & Fish - Website, www.wildlife.state.nm.us/hunting/applications-and-draws-information

[37] Report of the Legislative Finance Committee to the 54th Legislature First Session, January 2019, Vol. I, Pg. 107, 109-110, 114, 127, 135-136, 145 147, 155, 156

[38] Report of the Legislative Finance Committee to the 54th Legislature First Session, January 2019, Vol. II, Pg. 118, 120, 136, 144, 146, 169, 177, 218, 222, 245, 275, 276, 286, 336

[39] Pension Fund Outlook Brightens in 41 States, by Danielle Moran, www.bloomberg.com/graphics/2018-state-pension-funding

[40] New Mexico Board of Nursing - Annual Report FY 2018, Pg 4

[41] New Mexico Public Regulation Commission - Annual Report FY 2018, Pg. 22+F45

[42] New Mexico Public Education Website - New Mexico High School Graduation - Graduation Rates $ Year Graduation Rate Cohort 2019

[43] Money - Is your money safe? These states are getting hit hardest by pension crisis. 10/15/2019.

[44] Report of the Legislative Finance Committee to the 54th Legislature Second Session, January 2020, Vol. I, Pg. 109-110, 121-122, 127, 134, 143, 148-149, 156-158

[45] Report of the Legislative Finance Committee to the 54th Legislature Second Session, January 2020, Vol. II, Pg. 122-123, 125-126, 129-130, 132, 144, 174, 182, 190, 238, 243, 261, 290-291, 302-303, 324-325.

[46] New Mexico Board of Nursing - Annual Report FY 2019, Pg 45-46

[47] Report of the Legislative Finance Committee to the 55th Legislature First Session, January 2021, Vol. I, Pg. 116, 121, 128, 144, 150-151, 153, 155-158, 166-167

[48] Report of the Legislative Finance Committee to the 55th Legislature First Session, January 2021, Vol. II, Pg. 124, 126, 132, 133, 145, 151, 153, 172, 181 188, 237, 242, 259, 266, 289, 300, 303, 326, 356

[49] New Mexico Board of Nursing - Annual Report FY 20120 Pg 29

[50] https://ipfiusa.org/wp-content/uploads/2019/08/Public-Pension-Performance_IPFI_August2019.pdf pg. 10-12

[51] https://www.iihs.org/topics/fatality-statistics/detail/state-by-state

[52] https://datacenter.kidscount.org/data/tables/7958-dropout-rates

Note: The State of New Mexico passed the Accountability in Government Act, NMSA 6-3A, in 1999. Efforts have been made in identifying and determining performance measurements since that time. Agencies began tracking and calculating these performance measurements beginning in fiscal year 2004. These operating indicators will continue to be tracked in the future in order to reach a ten year historical comparison.

N/A [1] Measure deleted in FY09 or a latter Fiscal Year and replaced by different criteria.

NA Information not available

STATE OF NEW MEXICO
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2025	2024	2023	2022	2021
General Government:					
Buildings	110	110	110	110	110
Vehicles	40	40	51	40	N/A
Public Safety:					
Buildings (not inc. POE'S)	29	29	29	29	29
Vehicles	920	920	823	920	846
Ports of Entry	8	8	13	8	8
Health and Human Services:					
Buildings - General Administrative	302	302	302	302	302
Buildings - Program					
Juvenile Reintegration Center	4	4	2	4	4
Medical Center/Hospital	55	55	55	55	55
Rehabilitation Facility	5	5	6	5	5
Veterans' Center	16	16	6	16	16
Vehicles	620	620	483	620	511
Corrections:					
Buildings	406	406	406	406	406
Vehicles	302	302	260	302	257
Culture and Recreation:					
Vehicles	60	60	60	60	60
Museums	14	14	15	14	14
Monuments	8	8	8	8	8
Natural Resources, Environment:					
Vehicles	261	261	194	261	196
State Parks	35	35	35	35	35
Wildlife Management Areas (Acres)	192,000	192,000	192,000	192,000	192,000
Fish Hatcheries	6	6	6	6	6
Education Vehicles:					
Vehicles	5	5	5	5	N/A
Highways and Transportation:					
Highway Lane Miles	29,521	12,272	12,272	12,272	12,272
Vehicles/Heavy Equipment	6,500	6,500	6,500	6,500	6,500

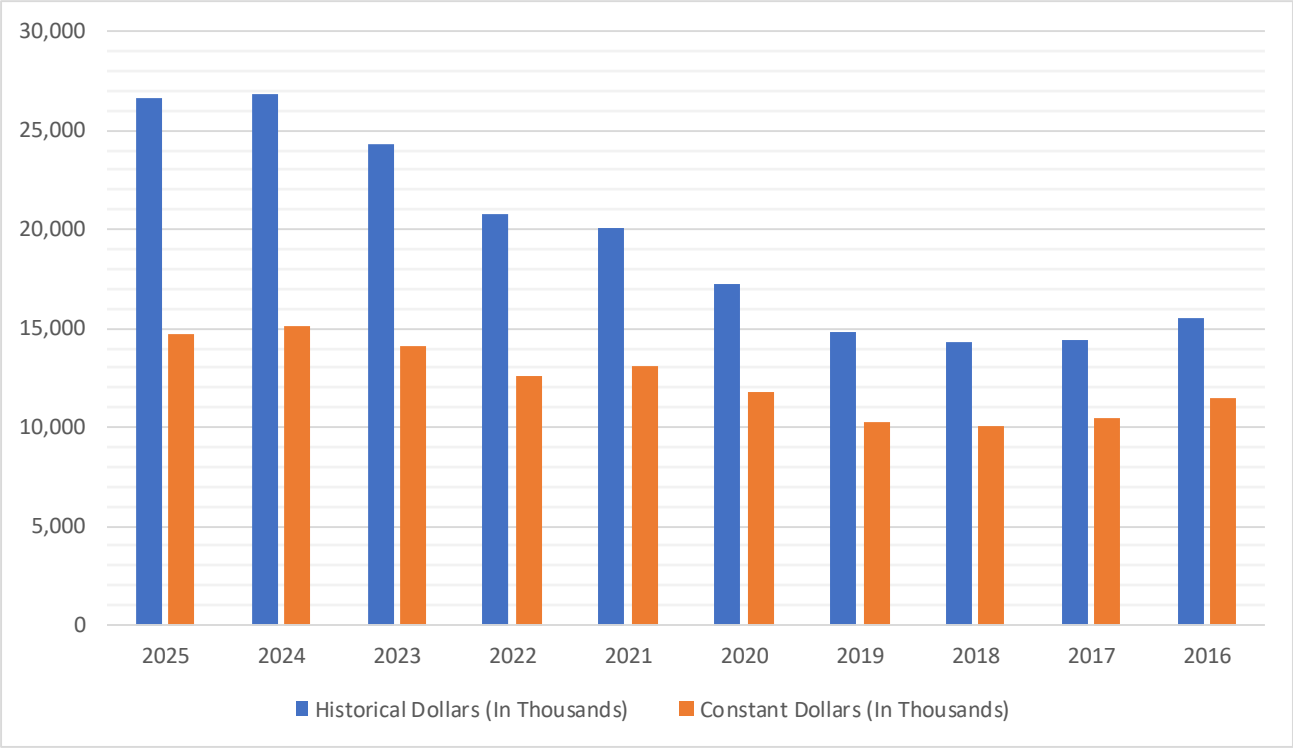
Sources: New Mexico General Services Department, Property Control Division and Public Information Office;
New Mexico Game and Fish Department, Administrative Services
New Mexico Energy and Minerals Department, Administrative Services Division;
New Mexico Department of Transportation, ; dot.state.nm.us/content/nmdot/en/Operations.html
Office of Employee Support and Development
New Mexico Health and Human Services Department, Administrative Services Division;
New Mexico Corrections Department, Administrative Services Division;
New Mexico Children, Youth and Families Department, Administrative Services Division;
New Mexico Department of Cultural Affairs, Administrative Services Division;
New Mexico Department of Public Safety, Administrative Services Division;
State of New Mexico Report of the Legislative Finance Committee to the Legislature Second Session, Vol. I

en.wikipedia.org/wiki/List_of_hospitals_in_New_Mexico
en.wikipedia.org/wiki/List_of_New_Mexico_state_parks
www.newmexicoculture.org; nmdvs.org/field-offices
www.sp.nm.gov/port-of-entry
Number of Juvenile Centers in New Mexico (Bing)
Number of rehabilitation facility in New Mexico (Bing)
http://www.nmhistoricsites.org/
http://www.emnrd.state.nm.us/SPD/FindaPark.html

STATE OF NEW MEXICO
CAPITAL ASSETS STATISTICS BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS

	Fiscal Year				
	2020	2019	2018	2017	2016
General Government:					
Buildings	110	110	110	110	110
Vehicles	N/A	N/A	N/A	N/A	N/A
Public Safety:					
Buildings (not inc. POE'S)	29	29	29	29	29
Vehicles	846	1,275	1,256	900	921
Ports of Entry	8	8	8	8	6
Health and Human Services:					
Buildings - General Administrative	302	302	34	34	4
Buildings - Program					
Juvenile Reintegration Center	4	4	4	4	3
Medical Center/Hospital	55	54	57	58	53
Rehabilitation Facility	5	5	5	5	7
Veterans' Center	16	16	16	16	1
Vehicles	511	871	871	400	426
Corrections:					
Buildings	406	406	330	330	330
Vehicles	257	439	347	320	355
Culture and Recreation:					
Vehicles	60	55	54	40	45
Museums	14	13	9	9	4
Monuments	8	8	7	7	6
Natural Resources, Environment:					
Vehicles	196	261	280	340	380
State Parks	35	35	35	35	35
Wildlife Management Areas (Acres)	192,000	192,000	192,000	192,000	171,241
Fish Hatcheries	6	6	6	6	6
Education Vehicles:					
Vehicles	N/A	N/A	N/A	N/A	N/A
Highways and Transportation:					
Highway Lane Miles	12,272	12,272	12,272	12,272	26,598
Vehicles/Heavy Equipment	6,500	6,500	6,500	6,500	6,417

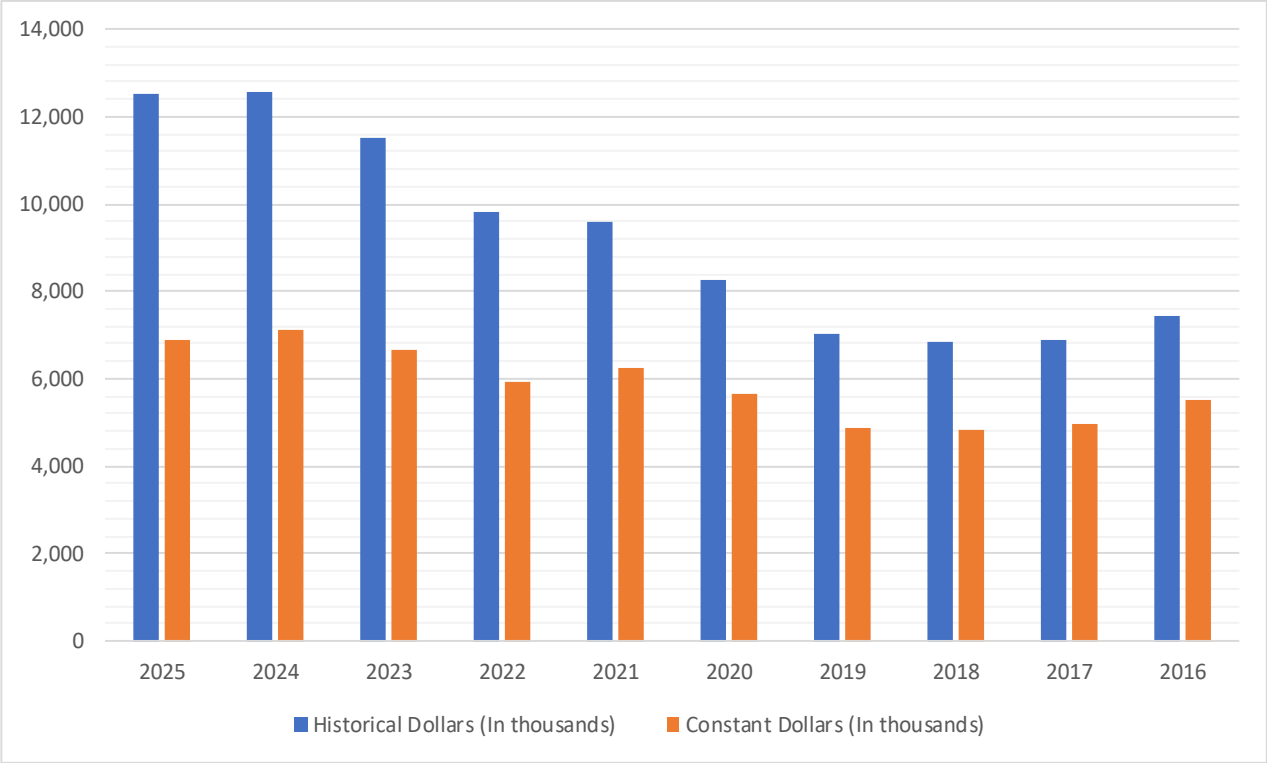
STATE OF NEW MEXICO
EXPENDITURES – HISTORICAL AND CONSTANT DOLLARS
ALL GOVERNMENT FUND TYPES
LAST TEN FISCAL YEARS



	Expenditures			
	Historical Dollars		Constant Dollars	
Fiscal Year	(in Millions)	Change	(in Millions)	Change
2025	$ 26,648	-0.6%	$ 14,659	-3.2%
2024	26,812	10.3%	15,138	7.1%
2023	24,317	17.0%	14,134	12.4%
2022	20,782	3.6%	12,576	-4.1%
2021	20,055	16.1%	13,107	10.9%
2020	17,276	16.7%	11,821	15.2%
2019	14,809	3.3%	10,259	1.5%
2018	14,329	-0.7%	10,106	-3.1%
2017	14,434	-7.2%	10,428	-9.1%
2016	15,550	9.0%	11,474	7.6%

2013 through 2019 are Restated

STATE OF NEW MEXICO
PER CAPITA EXPENDITURES
HISTORICAL AND CONSTANT DOLLARS
ALL GOVERNMENT FUND TYPES
LAST TEN FISCAL YEARS



	Expenditures			
	Historical Dollars		Constant Dollars	
Fiscal Year	(in Thousands)	Change	(in Thousands)	Change
2025	$ 12,510	8.8%	$ 6,881	2.9%
2024	12,587	9.4%	7,106	6.3%
2023	11,501	17.0%	6,685	12.3%
2022	9,834	2.7%	5,951	-4.9%
2021	9,571	16.1%	6,255	10.9%
2020	8,244	16.9%	5,642	15.5%
2019	7,050	3.1%	4,884	1.3%
2018	6,838	-0.7%	4,823	-3.1%
2017	6,888	-7.5%	4,977	-9.4%
2016	7,447	8.6%	5,495	11.9%

2013 through 2019 are Restated

OTHER REPORTS

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

The Honorable Michelle Lujan-Grisham, Governor of the State of New Mexico
Mr. Wayne Propst, Secretary of the New Mexico Department of Finance and Administration,
Mr. Mark Melhoff, Acting State Controller of the New Mexico Department of Finance and Administration, and
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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of State of New Mexico, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the State of New Mexico's basic financial statements, and have issued our report thereon dated March 6, 2026. Our report includes a reference to other auditors who audited the financial statements of certain components of the State, as described in our report on State of New Mexico's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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The Honorable Michelle Lujan-Grisham, Governor of the State of New Mexico
Mr. Wayne Propst, Secretary of the New Mexico Department of Finance and Administration,
Mr. Mark Melhoff, Acting State Controller of the New Mexico Department of Finance and Administration, and
MR. JOSEPH M. MAESTAS, PE, CFE NEW MEXICO STATE AUDITOR

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 State of New Mexico's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2025-001.

State of New Mexico's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the State of New Mexico's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. State of New Mexico's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, NM
March 6, 2026

STATE OF NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? _____ yes ____X____ no

   - Significant deficiency(ies) identified? _____ yes ____X____ none reported

3. Noncompliance material to financial statements noted? _____ yes ____X____ no

Section II – Financial Statement Findings

No such findings noted

Section III – Section 12-6-5 NMSA 1978 findings

2025-001 (2022-002) Financial Close and Reporting (Other Matter)

Condition: The State's controls over the preparation and consolidation of the ACFR are not consistently designed or executed to ensure timely internal review and complete reconciliation between accounting records and financial statement presentation, resulting in isolated instances of unsupported variances, incomplete roll forward reconciliation, and inconsistent classification of activity, which individually are not significant but collectively represent a deficiency in internal control over financial reporting.

Management's Progress for Repeat Finding: Management has continued to strengthen internal controls over financial reporting through increased standardization of reconciliation and review processes, refinement of ACFR preparation timelines, and formal updates to statewide accounting guidance. During the year, the Division enhanced written policies and procedures, including updates to MAPs and related accounting guidance, to promote consistent application of classification, rollforward, and reconciliation requirements across all components.

Additionally, management implemented more structured internal review checkpoints, improved documentation standards, and expanded communication with agencies to reinforce expectations regarding account analysis and financial statement presentation. While these enhancements represent meaningful progress toward improving consistency and precision in the ACFR preparation process, management recognizes that continued embedding and execution of these standardized controls is necessary to fully remediate the repeat finding.

The Division remains committed to further strengthening statewide accounting practices, improving training and oversight, and refining internal controls to ensure timely, accurate, and GAAP-compliant financial reporting in accordance with Sections 6-5-2 and 6-5-2.1 NMSA 1978.

Criteria: Section 6-5-2 NMSA 1978 requires the Division to maintain a centralized system of state accounts and establish accounting standards, policies, and procedures for all state agencies. Section 6-5-2.1 NMSA 1978 further requires the Division to conduct statewide accounting and financial reporting and to prepare the State's Annual Comprehensive Financial Report (ACFR) in accordance with generally accepted accounting principles.
To meet these requirements, internal controls over financial reporting must be designed and operating effectively to ensure that financial information is timely reviewed, fully reconciled, and appropriately classified so that amounts reported in the ACFR are accurate, complete, and properly presented in accordance with GAAP.

Cause: The deficiencies resulted from a combination of evolving ACFR preparation processes, compressed financial reporting timelines, and inconsistent execution of established reconciliation and review procedures across components. While the State has implemented enhanced policies, account structures, and review processes, these controls have not yet been consistently embedded or operating with sufficient precision to ensure complete reconciliation and appropriate financial statement classification prior to ACFR finalization.

Section III – Section 12-6-5 NMSA 1978 findings (Continued)

2025-001 (2022-002) Financial Close and Reporting (Other Matter) (Continued)

Effect: As a result, there is an increased risk that misstatements or misclassifications within the ACFR may not be prevented or timely detected by the State's internal controls over financial reporting, requiring correction during the audit process.

Recommendation: We recommend the State continue to strengthen and formalize internal controls over the preparation and consolidation of the ACFR by ensuring reconciliation, classification, and review procedures are consistently designed, documented, and executed across all components. Management should continue evaluating and refining the ACFR preparation timeline, reconciliation processes, and communication of policies and procedures to promote timely internal review and consistent financial statement presentation.

Views of Responsible Officials and Planned Corrective Action: Responsible officials concur with the finding and acknowledge the need to further strengthen and consistently execute internal controls over the preparation and consolidation of the ACFR. Management recognizes that continued refinement of reconciliation procedures, rollforward processes, and financial statement classification controls is necessary to ensure completeness, accuracy, and GAAP-compliant presentation across all reporting components.

The ACFR Bureau Chief, under the direction of the State Controller, will be responsible for implementation of the corrective actions. Management will further standardize and formalize ACFR preparation procedures through updates to MAPs, expanded written desk procedures, and enhanced documentation requirements for reconciliations and supervisory review sign-offs. Structured milestone deadlines will be embedded within the ACFR timeline to promote earlier internal review, timely issue resolution, and consistent statewide execution.

In addition, the Division will incorporate formalized technical review checkpoints focused on GAAP presentation, classification consistency, and full rollforward reconciliation prior to issuance. Specific emphasis will be placed on proactive implementation and training related to new and upcoming GASB pronouncements to ensure accounting and disclosure requirements are fully understood and consistently applied statewide. Targeted training sessions will be provided to ACFR staff and agency financial personnel, along with updated guidance materials reflecting GASB changes and evolving reporting standards.

Management will also expand ongoing monitoring procedures, including documented quality control reviews and periodic post-close evaluations to identify process improvements. These corrective actions are intended to further embed standardized controls, strengthen statewide financial reporting practices, and enhance precision in the ACFR preparation process.

The Division anticipates full implementation of these corrective actions by June 30, 2026.

STATE OF NEW MEXICO
STATUS OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

Financial Statement Findings

2024-001 (2022-002) – Internal Control over Financial Reporting – Repeated and Modified

Section 12-6-5 NMSA 1978 findings

2024-002 (2015-001) – Late Submission of Audit Report – Resolved

STATE OF NEW MEXICO
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2025

An exit conference was held with the State on March 5, 2026, via Microsoft Teams. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

STATE OF NEW MEXICO
Wayne Propst, Cabinet Secretary
Mark S Melhoff, Financial Control Division/Acting State Controller
Lisa Jennings, SFRAB Bureau Chief
Kusum Adhikari, SFRAB Deputy Bureau Chief
Audrey Beck, Central Payroll Bureau Chief

CLIFTONLARSONALLEN LLP
Matt Bone, Principal
Laura Beltran-Schmitz, Principal

PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements were prepared by CliftonLarsonAllen LLP with assistance provided by the State's personnel. The State is responsible for the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. The State has reviewed and approved the financial statements and notes to the financial statements.

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APPENDIX C

FORM OF ATTORNEY GENERAL'S NO LITIGATION LETTER

June [__], 2026

State Board of Finance
State of New Mexico
Parkway NE, Suite 200
Bataan Memorial Building, Ste. 181
Santa Fe, NM 87501

Taft Stettinius & Hollister LLP
6565 Americas Parkway NE, Suite 200
Albuquerque, NM 87110

Rodey, Dickason, Sloan, Akin & Robb, P.A.
201 3rd St. NW, Ste. 2200
Albuquerque, NM 87102

Kutak Rock LLP
2001 16th Street, Suite 1800
Denver CO 80202

Re: State of New Mexico Severance Tax Bonds, Series 2026A
in the Aggregate Principal Amount of $_____

Ladies and Gentlemen:

This opinion is being rendered in connection with the issuance and sale by the State of New Mexico (the "State") of its Severance Tax Bonds, Series 2026A, in the aggregate principal amount of $_____ (the "Bonds").

This office has been provided with copies of the resolution of the State Board of Finance (the "Board") adopted on May 19, 2026, amended [June 16], 2026 and as supplemented by a Final Terms Certificate approved in accordance with the terms of such resolution (the "Bond Resolution"), relating to the issuance and sale of the Bonds. We have examined the State's Severance Tax Act Chapter 66 of New Mexico Laws of 2024, Chapter 159 of New Mexico Laws of 2025, NMSA 1978, Section 7-27-10.1 (2026), NMSA 1978, Section 7-27-12.5 (2016), and NMSA 1978, Section 7-27-49 (2022) (as amended by Chapter 9 of New Mexico Laws of 2023) (the "Act") and such other laws of the State as we have deemed relevant.

It is our opinion, on the date hereof:

The State is validly organized and existing under the Constitution and laws of the State and has all requisite power and authority to conduct its business as presently conducted, to own its properties, and to execute, deliver and perform its obligations under the Bond, the Act, and the Bond Resolution.

To the best of our knowledge, and except as set forth below, there is no pending or threatened action, suit or proceeding at law or in equity before or by any judicial or administrative agency against or affecting the State wherein an unfavorable decision, ruling, or finding would materially and adversely affect: (i) any officers of the State in their respective capacities as such or the existence, organization or power of the State, insofar as these matters relate to these bonds; (ii) the sale, award, issuance and delivery of these bonds; (iii) the effectiveness of the legislation authorizing the issuance of these bonds; (iv) the transactions authorized by the State Board of Finance in its resolutions of May 19, 2026, (the "Bond Resolution") relating to the sale, award, issuance and delivery of these bonds; or (v) the validity or enforceability of the bonds or the Bond Resolution.

We have reviewed the Decision and Order filed on December 29, 2020, in the Eleventh Judicial District Court (McKinley County) in Cause No. D-1113-CV-9800014, *The Zuni Public School Dist., et al., v. The State of New Mexico, et al.* The December 29, 2020 order is a final, appealable judgment. It provides declaratory relief in the form of a finding that the State's Public School Capital Outlay Act, NMSA 1978, Sections 22-21-1 to -12 (1975, as amended through 2020) and Public School Capital Improvements Act, NMSA 1978, Sections 22-25-1 to -11 (1975, as amended through 2020) are unconstitutional; and enjoins the legislature to create and implement a statutory scheme consistent with Article XII, Section 1 of the New Mexico Constitution. Notably, the decision does not expressly or indirectly reference the State's Severance Tax Bonding Act, NMSA 1978, Sections 7-27-1 to -27 (1961, as amended through 2020). On January 28, 2021, the State Defendants filed a Motion for Post-Judgment Relief, to Amend and Reconsider Final Judgment, for Clarification of Order, and for Stay. On February 11, 2021, the State Defendants filed an Unopposed Expedited Motion for Limited Stay to be effective until a final order was issued. The motion was granted on February 12, 2021, when the Court issued an order expressly staying the Final Decision and Order for the purpose of permitting bonding activity and the release of proceeds to proceed uninterrupted. On June 18, 2021, the Court issued an Order Denying State Defendant's Post Judgment Motions. Subsequently, on June 25, 2021, the Court issued an Order Amending the Limited Stay of the Judgment and ordered that any appeal taken by the State Defendants would operate as an automatic stay of the Court's December 29, 2020 Final Decision and Order as well as the June 18, 2021 Order Denying the State Defendants' Post-Judgment Motions. The State thereafter filed its notice of appeal with the New Mexico Court of Appeals as Cause No. A-1-CA-39902 on July 19, 2021. Briefing was completed on December 19, 2022. On July 19, 2023, Plaintiff Gallup-McKinnley School District No. 1 submitted an opposed motion to Certify the Appeal to the New Mexico Supreme Court. The State timely filed a response in opposition to the Motion, but the Court of Appeals issued an Order of Certification to the New Mexico Supreme Court on August 7, 2023, pursuant to Rule 12-606 NMRA and NMSA 1978, Section 34-5-14(C). In its order, the Court of Appeals stated that the "issues in the appeal raise significant constitutional questions which are of great public import that should be determined by our Supreme Court." The Supreme Court accepted certification on November 28, 2023, as Cause No. S-1-SC-40050.

On December 2, 2024, the New Mexico Supreme Court ruled that the case was moot because of the Legislature's amendments to the capital outlay scheme that funds public school facilities and remanded the case to District Court for further proceedings, if any. On February 17, 2026, the 11th Judicial District Court dismissed the case for "lack of prosecution." On March 17, 2026, Plaintiffs filed a Motion to Reinstate the Case on grounds the legislative correction was insufficient. On April 1, 2026, the State filed a Response to Plaintiffs' Motion to Reinstate.

In addition, we are aware of a recent matter titled M*ario Atencio, et al. v. State of New Mexico et al.*, D-101-CV-2023-01038, filed in the First Judicial District Court (Santa Fe County) on May 10, 2023. The Complaint is titled as "Complaint to Enforce Constitutional Rights for A Healthful and Beautiful Environment and Protection of Natural Resources from Despoilment Due to Oil and Gas Pollution, and to Enforce the Rights of Frontline Communities, Indigenous Peoples and Youth to Life, Liberty, Property, Safety, Happiness, and Equal Protection in the Face of The State's Permitting of Oil and Gas Production and Pollution and For Declaratory and Injunctive Relief." The Complaint raises several constitutional challenges including alleged violations of Article XX, Section 21 of the New Mexico Constitution as well as the Equal Protection Clause and Due Process Clause of Article II, Sections 4 and 18 of the New Mexico Constitution in connection with the State's regulation and oversight of the oil and gas industry. Plaintiffs also allege violations of the New Mexico Civil Rights Act, NMSA 1978, Sections 41-4A-1 to -13 (2021). Notably, however, the Complaint does not raise a challenge to the State's Severance Tax Bonding Act. A motion by the State was partially granted and partially dismissed on June 10, 2024. On June 25, 2024, Defendants filed an Application for Interlocutory Appeal. On August 16, 2024, the New Mexico Court of Appeals granted the interlocutory appeal as Cause A-1-CA-42006 (consolidated with A-1-CA-42003, A-1-CA-42006). On June 3, 2025, the Court of Appeals issued a decision siding with the Defendants. The

Court of Appeals has remanded the case with instructions that the district court is to dismiss Plaintiffs' complaint. The Plaintiffs, however, filed a writ of certiorari to the New Mexico Supreme Court and the Court granted it on November 12, 2025 (Cause S-1-SC-40980) and ordered the parties to submit briefs in this matter. On January 23, 2026, Plaintiffs filed its brief in chief. The Motion to Reinstate has been set for hearing on June 29, 2026.

The Bond Resolution has been duly adopted by the Board in accordance with all applicable laws and has not been repealed or rescinded. The foregoing opinions are limited to matters involving the current federal laws of the United States and the current laws of the State, and we do not express any opinion as to the laws of any other jurisdiction.

This opinion has been furnished to you pursuant to your request and has been rendered to you on the condition that the opinions expressed herein may not be published or otherwise communicated by you to any party without our specific prior written approval in each instance

Sincerely,

Zachary Shandler
Assistant Attorney General

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

State Board of Finance
State of New Mexico

$_____
State of New Mexico
Severance Tax Bonds
SERIES 2026A

Ladies and Gentlemen:

We have acted as co-bond counsel to the New Mexico State Board of Finance (the "Board") in connection with the issuance and sale of the State of New Mexico Severance Tax Bonds, Series 2026A, in the aggregate principal amount of $_____ (the "Bonds") on May 19, 2026, being a series of bonds in registered form maturing on July 1, 20__ and serially thereafter on July 1 of each year through 20__.

In such capacity, we have examined the transcript of proceedings (the "Transcript") relating to the Bonds and have also examined the provisions of the Constitution and laws of the State of New Mexico (the "State") including the Severance Tax Bonding Act, NMSA 1978, Sections 7-27-1 to -27 (1961, as amended through 2026), pursuant to which the Bonds are issued, the resolutions authorizing the issuance and sale of the Bonds adopted on May 19, 2026, amended [June 16], 2026 and as supplemented by a Final Terms Certificate approved in accordance with the terms of such resolution (collectively, the "Bond Legislation"), and an executed Bond of the first maturity. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Bond Legislation. We have also made such further inquiries and investigations and have examined such law of the United States of America and such further documents and matters as we have considered necessary in rendering this opinion.

Regarding questions of fact material to our opinions, we have relied upon the Board's certified proceedings relating to the Bonds and upon other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Certain agreements, requirements and procedures contained or referred to in the Bond Legislation and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon with respect to any such change or action taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. Our

engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter.

Furthermore, we have assumed the continued accuracy of the representations and the continuing compliance with the covenants and agreements contained in the Bond Legislation. We call attention to the fact that the rights and obligations of the State and the Board pursuant to the Bonds and the Bond Legislation and their enforceability may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, receivership, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights generally, by the application of equitable principles, whether considered at law or in equity, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against the State and the Board. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the documents described herein. Finally, we undertake no responsibility for the accuracy, adequacy, completeness or fairness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds and express herein no opinion relating thereto. We express no opinion upon any State or federal tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds.

Based on our examination, we are of the opinion that, under the law existing on the date hereof:

1. The Bonds constitute valid and binding special limited obligations of the State in accordance with the terms and provisions thereof.

2. The Bonds are payable solely from, and such payment is secured by a pledge (but not an exclusive pledge) of, the money on deposit in the Severance Tax Bonding Fund, consisting of the net receipts from taxes levied upon certain natural resource products severed and saved from the soil of the State and such other moneys as the State Legislature may, in its sole discretion, from time to time determine to deposit in the Severance Tax Bonding Fund, certain interest earnings on moneys on deposit in the bond accounts and such proceeds of the Bonds as may from time to time be deposited in the Severance Tax Bonding Fund as a result of statutorily required reversions or otherwise, all in accordance with the Act, on a parity with any Senior Obligations outstanding or hereafter issued and superior to any Supplemental Obligations outstanding or hereafter issued. Except as described in this paragraph, we express no opinion regarding the priority of the pledge or lien of the Bonds on the moneys on deposit in the Severance Tax Bonding Fund. The owners of the Bonds have no right to have ad valorem taxes levied by the State for the payment of principal of or interest on the Bonds and the Bonds do not represent or constitute a debt or pledge of, or a charge against, the general credit of the State.

3. The Bond Legislation constitutes a valid and binding obligation of the Board and is enforceable in accordance with its terms.

We are opining only upon those matters set forth herein. This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. No attorney-client relationship has existed or exists between us and anyone other than the Board in connection with the issuance of the Bonds by virtue of this opinion letter. This opinion letter is delivered to you solely for your information and benefit in connection with the initial offering and public sale of the Bonds and may not be relied upon by you for any other purpose or relied upon by any other party without the prior written consent of this firm.

Very truly yours,

APPENDIX E

FORM OF OPINION OF TAX COUNSEL

State of New Mexico State Board of Finance
Sante Fe, New Mexico

$_____
STATE OF NEW MEXICO
SEVERANCE TAX BONDS
SERIES 2026A

Ladies and Gentlemen:

We have acted as Special Tax Counsel to the State of New Mexico (the "State") in connection with its issuance of its Severance Tax Bonds, Series 2026A (the "Bonds") under authority of the of NMSA 1978, Sections 7-27-1 to -27 (1961, as amended through 2026) (the "Severance Tax Bonding Act"), the Supplemental Public Securities Act, NMSA 1978, Sections 6-14-8 to -11 (1983, as amended through 2017) (the "Supplemental Act") and pursuant to a resolution of the Board adopted on May 19, 2026, amended [June 16], 2026 and as supplemented by a Final Terms Certificate approved in accordance with the terms of such resolution (collectively, the "Bond Resolution").

In such capacity, we have examined the State's certified proceedings, the Federal Tax Certificate of the State, the Agency Tax Certificates, between the State and the boards, commissions, departments, agencies, political subdivisions and other entities of the State being granted a portion of the proceeds of the Bonds (collectively, the "Agencies"), and such other documents and such law of the State of New Mexico and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the same meanings ascribed to such terms in the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the State's certified proceedings, representations of the Agencies and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as Special Tax Counsel that:

1. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b) of the Tax Code; however, to the extent such interest is included in calculating the "adjusted financial statement income" of "applicable corporations" (as defined in Sections 56A and 59(k), respectively, of the Tax Code), such interest is subject to the alternative minimum tax applicable to those corporations under Section 55(b) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the State's certified proceedings, the Agencies' certified proceedings and in certain other documents and certain other certifications furnished to us. The State and the Agencies have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

2. Under laws of the State in effect as of the date hereof, the Bonds and the income from the Bonds are exempt from all taxation by the State or any political subdivision of the State.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the State pursuant to the Bonds, the Severance Tax Bonding Act and the Bond Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In rendering the opinions set forth above, we are relying on the approving opinion of Rodey, Dickason, Sloan, Akin & Robb, P.A. as to the validity and enforceability of the Bonds.

In this opinion letter issued in our capacity as Special Tax Counsel, we are opining only upon those matters set forth herein, and we are not opining upon the adequacy, accuracy or completeness of the Official Statement dated June __, 2026, relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any federal or State tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the State Board of Finance (the "Board") of the State of New Mexico (the "State") on behalf of the State in connection with the issuance by the State of its $_____ State of New Mexico Severance Tax Bonds, Series 2026A (the "Bonds"). The Bonds are being issued pursuant to an Authorizing and Delegating Resolution adopted by the Board on May 19, 2026 and as supplemented by a Final Terms Certificate approved in accordance with the terms of such resolution (collectively, the "Resolution").

BACKGROUND

The Bonds are being issued to finance capital projects approved by the State Legislature and certified by State agencies.

In order to allow the underwriter of the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12, as amended), to the date hereof, the State is required to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds.

This Disclosure Undertaking is intended to satisfy the requirements of said Rule 15c2-12, as in effect on the date hereof.

STATE COVENANTS AND AGREEMENTS

Section 1. Definitions.

(a) "Annual Financial Information" means the financial information or operating data with respect to the State, delivered at least annually pursuant to Section 2(a) and 2(b) hereof, of the type set forth in the sections of the final Official Statement identified on Exhibit A hereto. Annual Financial Information includes Audited Financial Statements.

(b) "Audited Financial Statements" means the annual financial statements for the State, prepared in accordance with generally accepted accounting principles, as in effect from time to time, audited by a firm of certified public accountants.

(c) "Event Information" means the information delivered pursuant to Section 2(d) hereof.

(d) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1300 I Street NW, Suite 1000, Washington, DC, 20005, phone (202) 838-1500, fax (202) 898-1500.

(e) "National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following is the only National Repository:

Electronic Municipal Market Access ("EMMA")
c/o Municipal Securities Rulemaking Board
1300 I Street NW, Suite 1000
Washington, DC 20005
www.emma.msrb.org
Phone: (202) 838-1500

(f) "Official Statement" means the Official Statement dated June [11], 2026 delivered in connection with the original issue and sale of the Bonds.

(g) "Repository" means (i) EMMA and (ii) any SID.

(h) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as the same may be amended.

(i) "SEC" means the Securities and Exchange Commission.

(j) "SID" means any State Information Depository operated or designated by the State that receives information from all issuers within the State. As of the date of this Disclosure Undertaking, no SID exists for the State.

Section 2. Provision of Annual Information and Reporting of Event Information.

(a) Commencing with the Fiscal Year ending June 30, 2026 and annually while the Bonds remain outstanding, the State agrees to provide or cause to be provided the Annual Financial Information to each Repository annually.

(b) Such Annual Financial Information shall be provided not later than 210 days after the end of each fiscal year for the State (i.e., each June 30). If the Audited Financial Statements are not available by the time the other Annual Financial Information must be provided, unaudited financial statements shall be provided as part of the Annual Financial Information. If not provided as a part of the Annual Financial Information, the Audited Financial Statements will be provided when available.

(c) The State may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the State, which have been submitted to each Repository; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must also be available from the MSRB.

(d) At any time the Bonds are outstanding, the State shall provide, in a timely manner, not in excess of ten business days, to the MSRB and any SID notice of any of the following events with respect to the Bonds (provided that any event under clauses (ii), (vii), (viii), (x), (xiv) and (xv) will be provided only if material):

i. Principal and interest payment delinquencies;

ii. Non-payment related defaults;

iii. Unscheduled draws on debt service reserves reflecting financial difficulties;

iv. Unscheduled draws on credit enhancements reflecting financial difficulties;

v. Substitution of credit or liquidity providers, or their failure to perform;

vi. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;

vii. Modifications to rights of Bondholders;

viii. Bond calls, other than mandatory sinking fund redemption;

ix. Defeasances;

x. Release, substitution or sale of any property securing repayment of the securities;

xi. Rating changes;

xii. Bankruptcy, insolvency, receivership or similar event of the State;*

xiii. The consummation of a merger, consolidation or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

xiv. Appointment of a successor or additional trustee or the change of name of a trustee if material; and

xv. Incurrence of a Financial Obligation (as defined in Footnote 1 below) of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the State, any of which affect security holders, if material

xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the State, any of which reflect financial difficulties.

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* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

[1] "Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into, in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(e) At any time the Bonds are outstanding, the State shall provide, in a timely manner, to the MSRB and any SID notice of any failure of the State to timely provide the Annual Financial Information as specified in Sections 2(a) and 2(b) hereof.

Section 3. **Method of Transmission**. Subject to technical and economic feasibility, the State shall employ such methods of electronic or physical information transmission as is requested or recommended by the Repositories or the MSRB unless otherwise required by law.

Section 4. **Enforcement**. The obligations of the State hereunder shall be for the benefit of the owners (including the beneficial owners) of the Bonds. The owner or beneficial owner of any Bonds is authorized to take action to seek specific performance by court order to compel the State to comply with its obligations under this Disclosure Undertaking, which action shall be the exclusive remedy available to it or any other owners or beneficial owners of the Bonds. Any such action shall be brought only in a State court of competent jurisdiction in Santa Fe County, New Mexico. Breach of the obligations of the State hereunder shall not constitute an event of default under the Resolution and none of the rights and remedies provided by the Resolution shall be available to the owners (including the beneficial owners) of the Bonds.

Section 5. **Additional Information**. Nothing in this Disclosure Undertaking shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not Event Information, in addition to that which is required by this Disclosure Undertaking; provided that the State shall not be required to do so. If the State chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the State shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or Event Information filing.

Section 6. **Term**. This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earliest of (i) the date all principal and interest on the Bonds shall have been paid or legally defeased pursuant to the terms of the Resolution; (ii) the date that the State shall no longer constitute an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 7. **Amendments and Waivers**. Notwithstanding any other provision of this Disclosure Undertaking, the State may amend this Disclosure Undertaking from time to time, and any provision of this Disclosure Undertaking may be waived, without the consent of the owners or beneficial owners of the Bonds upon the State's receipt of an opinion of counsel experienced in federal securities laws to the effect that such amendment or waiver will not adversely affect compliance with the Rule. Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The State shall provide notice of any such amendment or waiver to each Repository.

Section 8. **Beneficiaries**. This Disclosure Undertaking shall inure solely to the benefit of the State and the owners (including beneficial owners) from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 9. **Governing Law**. This Disclosure Undertaking shall be governed by the laws of the State and applicable federal law, including the Rule.

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Undertaking as of June [__], 2026.

STATE BOARD OF FINANCE

By _____
President

EXHIBIT A
TO CONTINUING DISCLOSURE UNDERTAKING

Portions of the Official Statement
Containing the Type of Information
to be Included as Annual Financial Information

1. SEVERANCE TAX BONDING FUND AND DEBT SERVICE REQUIREMENTS

   Investments
   Issuance of Severance Tax Bonds
   State Capital Program
   Outstanding and Additional Senior Severance Tax Bonds
   Outstanding and Additional Supplemental Severance Tax Bonds
   Table entitled "Severance Tax Bonding Fund Receipts, Disbursements and Transfers"
   Table entitled "State of New Mexico Severance Tax Bonds - Projected Cash Receipts, Debt Service Requirements and Coverage" Fiscal Year and Scheduled Debt Service columns

2. SEVERANCE TAX REVENUE

   All

3. NATURAL GAS PRODUCTION AND SEVERANCE TAX REVENUE

   - Natural Gas Production (Data for chart entitled: "Natural Gas Subject to Taxation: Production, Revenues and Average Price")
   - Severance Taxes on Natural Gas

   All

4. OIL PRODUCTION AND SEVERANCE TAX REVENUE

   - Severance Taxes on Oil

   All

5. COAL PRODUCTION AND SEVERANCE TAX REVENUE

   - Severance Tax and Severance Tax Surtax Revenue on Coal

   All

6. OTHER MINERAL PRODUCTION AND SEVERANCE TAXES

   - Any statements therein relating to the severance tax collected and tax rates

7. OTHER TAXES OF NATURAL RESOURCES NOT PLEDGED

   All

8. APPENDIX A - GENERAL INFORMATION CONCERNING THE STATE OF NEW MEXICO

   All

9. STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER FINANCIAL STATEMENTS, (Audited)