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AN ACT

RELATING TO PUBLIC AUDITS; REQUIRING THE EDUCATIONAL RETIREMENT BOARD, THE OFFICE OF THE STATE TREASURER, THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION AND THE STATE INVESTMENT COUNCIL TO SUBMIT ADDITIONAL FINANCIAL INFORMATION TO THE STATE AUDITOR IN CONJUNCTION WITH THOSE AGENCIES' ANNUAL FINANCIAL AUDITS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. ADDITIONAL REPORTS AND DISCLOSURES TO STATE AUDITOR.--Each of the educational retirement board, the office of the state treasurer, the public employees retirement association and the state investment council shall submit, in conjunction with the annual financial audit report each of those agencies is required to submit to the state auditor, the following information for the time period examined in the agency's audit:

A. a discussion and analysis of the agency's audited financial statements;

B. a statement of the changes in the agency's fiduciary net position that discloses:

(1) the net appreciation or depreciation in fair value of agency investments;

(2) interest and dividends earned on agency investments;

1 (3) income from bond swaps that is not
2 otherwise reported by the agency;

3 (4) any other income resulting from the
4 agency's investment activity; and

5 (5) all expenses related to the agency's
6 investment activity, including management fees, custody fees,
7 consultant fees, performance-measurement fees and internal
8 investment activity expenses;

9 C. a schedule of internal investment activity that
10 shows all expenses related to the agency's internal
11 investment activity, including expenses for:

12 (1) salaries and fringe benefits paid or
13 given to agency personnel;

14 (2) professional services, including
15 actuarial, legal, auditing, banking and consulting services;

16 (3) communication, including telephones and
17 other communication devices, the maintenance and operation of
18 those devices, printing, postage and mailing supplies;

19 (4) facilities and the maintenance and
20 operation of facilities, including leases, utilities and
21 depreciation of facilities; and vehicles and the maintenance
22 and operation of vehicles;

23 (5) computer equipment, software and
24 supplies, including depreciation of computer equipment,
25 maintenance agreements, equipment rental and loss on the sale

1 of equipment;

2 (6) education, meetings and travel,
3 including tuition reimbursement, professional development,
4 travel for the professional development of agency staff and
5 board members and travel for conducting due diligence on
6 potential investments; and

7 (7) general administration, including
8 advertising, research and information services, insurance,
9 membership dues, business continuity, office supplies and
10 subscriptions to periodicals and publications;

11 D. a schedule of administrative expenses that
12 shows all expenses related to general administration of the
13 agency, including expenses for:

14 (1) salaries and fringe benefits paid or
15 given to agency personnel;

16 (2) professional services, including
17 actuarial, legal, auditing, banking and consulting services;

18 (3) communication, including telephones and
19 other communication devices and the maintenance and operation
20 of those devices, printing, postage and mailing supplies;

21 (4) facilities and the maintenance and
22 operation of facilities, including leases, utilities and
23 depreciation of facilities; and vehicles and the maintenance
24 and operation of vehicles;

25 (5) computer equipment, software and

1 supplies, including depreciation of computer equipment,
2 maintenance agreements, equipment rental and loss on the sale
3 of equipment;

4 (6) education, meetings and travel,
5 including tuition reimbursement, professional development,
6 travel for the professional development of agency staff and
7 board members and travel for conducting due diligence on
8 potential investments; and

9 (7) general administration, including
10 advertising, research and information services, insurance,
11 membership dues, business continuity, office supplies and
12 subscriptions to periodicals and publications;

13 E. a schedule of professional and consultant fees
14 that shows all investment-related services used by the agency
15 and, for each service, the nature of the service and the
16 amount paid for the service;

17 F. a schedule of investment managers that shows:

18 (1) all investment managers used by the
19 agency for public small-cap, mid-cap and large-cap equities,
20 public international equities, core fixed income and real
21 estate investment trusts and, for each manager, the asset
22 class for which the manager is contracted and the amount paid
23 to the manager; and

24 (2) for each other asset class, the
25 aggregate amount of fees paid to managers of the class;

1 G. a schedule of base management fees and
2 performance fees that shows:

3 (1) base management fees and performance
4 fees on an aggregate basis for each asset class of
5 investments on budget;

6 (2) base management fees and performance
7 fees on an aggregate basis for each asset class of
8 investments off budget;

9 (3) overall investment performance gross of
10 fees;

11 (4) overall investment performance net of
12 fees;

13 (5) investment performance gross of fees for
14 each asset class;

15 (6) investment performance net of fees for
16 each asset class; and

17 (7) unfunded commitments for each asset
18 class; and

19 H. a schedule of commissions paid that shows all
20 agency-paid commissions equal to or greater than five percent
21 of the total amount of commissions paid by the agency and that
22 shows, for each commission, the name of the firm that
23 received, and the amount of, the commission; as used in this
24 subsection, "commission" means brokerage fees for the exchange
25 of equity securities.