



STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER

ANNUAL REPORT

FISCAL YEAR 2023



THE HONORABLE
LAURA M. MONTOYA
NEW MEXICO STATE TREASURER



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The New Mexico State Treasurer’s Office Annual Financial Report for the Fiscal Year ended June 30, 2023, provides a synopsis of STO’s Achievements. An electronic version of this report is available at nmsto.gov.



STATE OF NEW MEXICO
OFFICE OF THE TREASURER

LAURA M. MONTOYA
State Treasurer



MALAQUIAS "JR" RAEL
Deputy State Treasurer

January 1, 2024

The Honorable Michelle Lujan Grisham, Governor of New Mexico
Members of the New Mexico State Legislature
New Mexico State Board of Finance
Citizens of the State of New Mexico

Fellow New Mexicans,

The State Treasurer's Office respectfully submits the Annual Report for the Fiscal Year ending June 30, 2023. The report includes financial statements and other pertinent information regarding the agency's operations and accomplishments, which include \$372 million in earnings for FY2023.

Since taking the oath of office on January 1, 2023, we have made significant strides increasing collaboration, building partnerships and mitigating risk. Our mission to bridge the gap of inequity was advanced by in-state and national roundtables, the promotion of financial literacy, and the expansion of our disability investment program.

We built relationships among local governments and strengthened participation in the Local Government Investment Pool (LGIP) Short-Term Fund which had its largest increase since its inception. In addition, we have established the Local Government Investment Pool Medium-Term Fund, creating a new partnership with the State Investment Council (SIC).

We updated the State Treasurer's Investment Policy, assisted in updating the Interest Rate Policy, and worked with several agencies, banks, and state-wide offices to mitigate risk and ensure compliance with state statutes and STO policies.

I express my gratitude to the State Treasurer's Office team. My success as State Treasurer is contingent on the diligence and dedication of my team and our relationships throughout the Land of Enchantment. It is an honor to serve the citizens of New Mexico as your State Treasurer. I look forward to continuing to grow our portfolio, build trust among our stakeholders, and work together to bridge the gap of inequity with safety always at the forefront.

Respectfully Submitted,

THE HONORABLE LAURA M. MONTOYA
New Mexico State Treasurer

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FISCAL YEAR 2023: HIGHLIGHTS



Managed Assets
\$17 Billion
 \$14.5 billion for FY 22



Agencies Served
140



LGIP Assets
\$1.5 Billion
 \$1.375 billion for FY 22



Total Bank Accounts
1,040

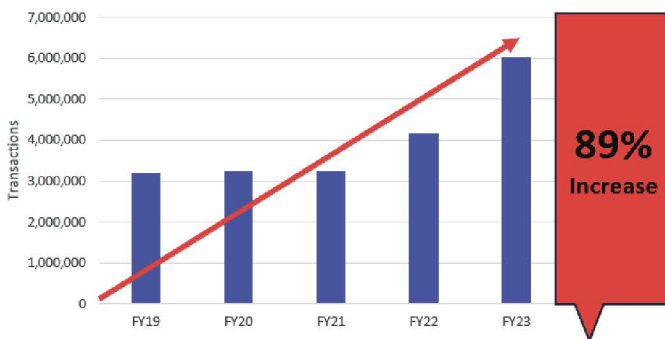


SGFIP Earnings
\$290.5 Million
 \$54 million for FY 22

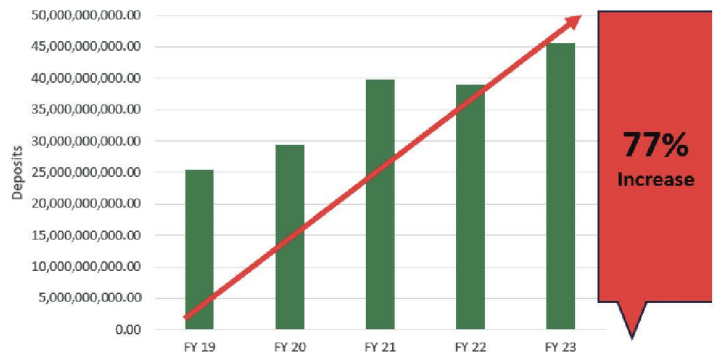


Trade Volume
\$26.3 Billion
 A \$16 billion increase from FY 22 through FY 23

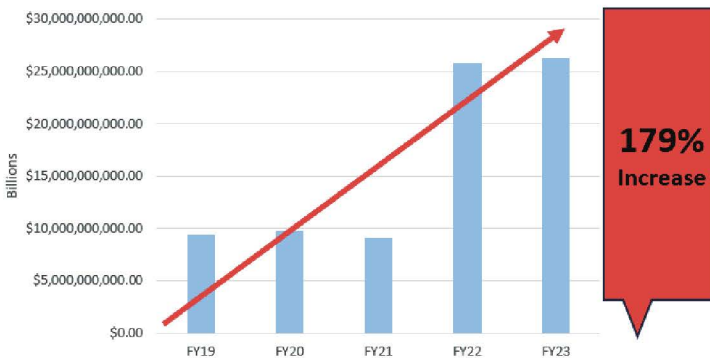
AP Transactions



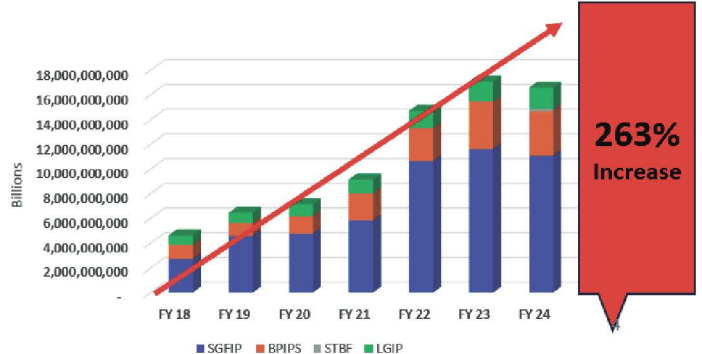
Agency Bank Deposits



Trade Volume



Assets Under Management



FISCAL YEAR 2023: BY THE NUMBERS



\$17 Billion
In Assets Under Management

Local Government Investment Pool (LGIP)

\$1.5 Billion
In Assets

123

Local Government Participants

243

Accounts

5

Investment Pools

- General Fund
- Taxable Bond Proceeds Investment pool
- Tax-Exempt Bond Proceeds Investment Pool
- Local Government Investment Pool
- Severance Tax Bonding Fund

\$290 Million
Earned on Investments

29

Hard-Working
STO
Employees

17th

Consecutive Fiscal
Year

LGIP rated AAAM by S&P

1

Finding in
FY2023
Independent
audit

FY2023: \$9,487.00

FY2022: \$6,986.55

FY2021: \$6,898.39

FY2020: \$5,495.80

Average **STABLE**
account balances

\$12.7 Million



1,337

Assets Under Management

STABLE Accounts

BIOGRAPHY OF THE STATE TREASURER



LAURA M. MONTOYA STATE TREASURER

Treasurer Laura M. Montoya was sworn into office on January 1, 2023, as the first female New Mexico State Treasurer and the first elected Latina State Treasurer in this country's history.

Treasurer Montoya has served New Mexico for more than two decades at the federal, state, tribal and local government. Montoya served under US Senator Jeff Bingaman as a Constituent Services Representative, in several capacities at the New Mexico Legislature, served under the leadership of Treasurer Douglas M. Brown and assisted with the transition to Treasurer James B. Lewis.

Treasurer Montoya is charged with managing a nearly \$18 billion portfolio and sits on 15 boards, councils, commissions, and subcommittees as part of her constitutional authority and responsibility.

Treasurer Montoya earned her bachelor's degree in Political Science and Psychology with a minor in Sociology and her master's degree in Public Affairs from New Mexico Highlands University. Treasurer Montoya was the elected, two-term Sandoval County Treasurer prior to becoming State Treasurer. With her leadership, internal controls and policies were developed that earned several clean audits and a 99.37% tax collection rate for the ten years charged to the Treasurer. Montoya served as the Legislative Chairwoman for eight years. In that capacity, the Treasurers Affiliate worked on the passage of over 20 pieces of legislation that removed tax loopholes; effected efficiency of tax collections; equitability of property taxes;

assisted our Veterans, Seniors, and New Mexicans with disabilities; and expanded the permissibility of investments in New Mexico for Class A counties and municipalities within Class A Counties.

With that same passion of service, Treasurer Montoya has worked to build and uplift her team, improve internal controls and checks-and-balances, as well as partner with state agencies, banks, investors, and others to advance the work the Treasurer's Office does. We assist schools with their Technology notes, push the advancement of financial literacy as a graduation requirement, rebrand the State Treasurer's Achieving a Better Life Experience (STABLE) and work with the legislature to align state law with federal law to assist more New Mexicans with disabilities, continue to teach finance and treasury classes to county and city employees and elected officials as well as union members, present on National panels and build the Local Government Investment Pool (LGIP) to assist counties, cities, schools, water associations and tribal entities.

Laura was born, raised, and educated in Northern New Mexico. Treasurer is the daughter of Councilman Michael L. Montoya and Geralyn B. Montoya of Las Vegas, NM.

BIOGRAPHY OF THE DEPUTY STATE TREASURER



MALAQUIAS "JR" RAEL DEPUTY STATE TREASURER

Deputy State Treasurer Malaquias "JR" Rael was appointed by Treasurer Montoya and sworn in on January 1, 2023. As Deputy, Mr. Rael is responsible for carrying out the day-to-day agency duties and oversees budget & finance, cash management, investment, operations, and programs and outreach divisions to ensure successful implementation of statutes, policies, programs, outreach, and special initiatives. He is also responsible for developing and strengthening partnerships with state agencies, banks, and local governments that conduct business with the Treasurer's office.

Prior to serving in the Treasurer's office, Mr. Rael served as the Chief Administrative Officer for the New

Mexico Office of the Attorney General where he managed the day-to-day operations, as well as audit, fiscal, and risk management. Additionally, he managed policy priorities, legislative mandates and developed strategy and programming for community stakeholders in natural resource management, education and data privacy matters, opioid awareness and abatement, and alignment with complex litigation outcomes.

Mr. Rael earned his Bachelor of Business Administration from the University of New Mexico. Mr. Rael is a native New Mexican originally from the Village of Questa in Northern New Mexico. JR is the son of Malaquias and Danette Rael and is married to Dr. Sandra Montes.

BUDGET AND FINANCE DIVISION



The Budget and Finance Division manages the operating budget, accounts payable, procurement, professional contracts, fixed-asset inventory, and all financial accounting and reporting activities for the State Treasurer's Office. The Budget and Finance Division is also responsible for recording, reconciling, and disbursing investment interest earned and paying state debts. The Division also assists in the preparation of the State Treasurer's annual financial statements and oversees the annual financial audit in compliance with state laws and regulations, as well as accounting standards that govern its activities.

Chief Financial Officer

The Budget and Finance Division Director serves as the Chief Financial Officer (CFO) for the State Treasurer's Office. The CFO provides technical and professional advice on the day-to-day administrative and financial operations of the Office. The CFO is responsible for establishing strong budgetary and financial controls, policy development, and accountability to ensure fiscal integrity, regulatory compliance, and cost-efficient operations. The CFO is responsible for ensuring that financial transactions and reporting activities are in compliance with Generally Accepted Accounting Principles (GAAP), the Governmental Accounting Standards Board (GASB), and the Financial Accounting Standard Board (FASB) requirements.

Annual Financial Audit: The CFO is responsible for facilitating annual independent financial audits, overseeing the audit activities, preparing Management Discussion and Analysis (MD&A), notes to the financial statements, schedules, and other supporting documents for the State Treasurer's Office. The CFO is accountable for ensuring corrective measures are taken for the audit findings and for responding to any findings. The CFO is the agency's primary contact for the Independent Public Accountant (IPA), who performs professional audit services for the Office. The CFO is responsible for procuring IPA services for annual audits pursuant to Section 12-6-3 NMSA 1978, renewing or entering a new audit contract, submitting the contract to the Office of State Auditor (OSA) for approval, and ensuring the auditor rotation requirements are met. The CFO ensures the annual financial audit is completed and submitted to the State Auditor's Office by the required deadline.

Operating Budget: The Division formulates and implements annual operating budget requirements for each division in coordination with key personnel within the State Treasurer's Office, and in compliance with the budget authorized by the Legislature and approved by the Governor. The Division prepares the proposed operating budget request for the upcoming fiscal year and submits it to the State Budget Division for approval. Throughout the fiscal year, the Division controls and monitors the budget and cash flow relating to disbursements, and submits monthly status reports to the State Treasurer to ensure the office operates within the budget appropriation.

Bond Activities: The Division coordinates with the State Board of Finance to manage and account for the state's bond proceeds that are generated for project costs. The staff is responsible for recording all transactions related to bond financing, including issues, draw requests from bond proceeds for capital projects, and monthly operating transfers to debt service funds from the county property tax revenue remittance that are submitted by the Board of Finance. The Office makes all scheduled debt service payments to the designated paying agents on general obligation, severance tax, and supplemental severance tax bonds. The Division is responsible for making payments to attorneys and consultants related to bond financing activities, and tracks investment income to ensure compliance with arbitrage rebates and yield restriction rules in accordance with IRS regulations.

Reconciliations & Distributions: The Division is responsible for several monthly and yearly investment reconciliations and treasury transaction postings to the General Ledger. It includes reconciliations of investment portfolios and earned income between custodian bank JP Morgan and the State Treasurer's system of record, Broadridge Investment Accounting (BIA), and reports monthly to the State Treasurer's Investment Council (STIC). It prepares monthly Schedules of Investments, Statements of Financial Positions, and monthly earned income distribution schedules for General Fund Liquidity and Core Funds. It is charged with the responsibility of calculating interest on the daily cash balance for the interest-bearing funds of the State. The Division is also accountable for transferring administrative fees collected from the Local Government Investment Pool (LGIP) to the General Fund. A cash flow schedule is prepared for the various

BUDGET AND FINANCE DIVISION



earned income distributions for the month and posted to the State Investment Trust Fund. The Division reconciles and makes “true-up” entries to adjust balances in the SHARE system for investment assets, earned income, realized/unrealized gains, and losses based on the JPM monthly statements. The staff also reconciles payroll transactions to ensure activities for each pay period are recorded accurately.

Procurements & Payments: The Division is responsible for accounts payable, travel reimbursements, and receiving and processing invoices for goods and services, and contracts rendered in compliance with the Model Accounting Practices (MAP) manual issued by the New Mexico Department of Finance and Administration. The Division procures goods and services in compliance with the State Procurement Code, establishes purchase orders for external suppliers, and ensures that payments to vendors are charged to the budget period in which the expenditure was incurred.

The Division manages contracts for the Office., ensuring that encumbrances are recorded as soon as a commitment is made by the Office and confirms that sufficient unexpended budget authority exists for the purchase. It ensures requests for proposals (RFPs) and service contracts are prepared in compliance with statutes, rules, and policies.

Gaming Revenue: The Division receives gaming revenue sharing and regulatory fee payments that are generated by the tribal casino gaming operations in the State. The staff reconciles the receipts with the New Mexico Gaming Control Board and sends acknowledgments to the gaming entities. The Office is responsible for disbursing revenue generated from the tribal gaming operations from the State Investment Trust Fund to the State General Fund.

Significant Milestones & Accomplishments for FY2023

- Transitioned the newly elected Treasurer and administration to orient with STO budget, contracts under management, outstanding RFPs, dates or deadlines to initiate new RFPs, review of monthly expenses, and preparation for annual audit and budget process.
- Hired a Budget & Finance Division Director and designated her as the Chief Finance Officer (CFO) based on her qualifications, years of audit, budget, and investment experience, as well as her Certified Public Accountant (CPA) licensure.
- Implemented the requirements of the Governmental Accounting Standards Board's (GASB) 96 standards for Subscription-Based Information Technology Arrangements (SBITA) that became effective for the FY 2023 audit.
- Submitted the Independent Audit Report to the State Auditors' Office by the required date.
- Initiated conversion of physical warrant payments to paperless all-electronic disbursements.

Initiatives for FY2024

- Complete conversion of physical warrant payments and move toward paperless all-electronic (ACH) disbursements.
- Continue to improve procurement procedures for purchases of goods and services to ensure adherence to the State Purchasing Code and develop procedures to ensure that all vendors get paid within thirty (30) days.
- Conduct cross-training of the employees throughout the year to increase team productivity for duties to be completed.
- Develop regular meetings and checkpoints to build and improve relationships among staff and to increase and develop knowledge of the office activities.
- Narrow the variance of investment portfolios between JPM statements and Broadridge Investment Accounting (BIA) and eliminate timing differences and varied recognition methods.
- Ensure month-end closing processes are seamless, error-free, and effortless.

CASH MANAGEMENT DIVISION



The Cash Management Division provides treasury banking services to the State through the fiscal agent contract and relationship. These services include cash forecasting and liquidity management to ensure that payments issued by the Department of Finance and Administration and other agencies are funded on a timely basis. Cash Management also oversees depository activity by all agencies and ensures that public funds held by financial institutions are collateralized appropriately. Additionally, functional responsibilities have been realigned within STO to provide greater separation for investment transaction settlement and investment compliance.

The position of State Cash Manager was established within the State Treasurer's Office in 1993 pursuant to NMSA 1978, 8-6-3.1 and its duties include: issue regulations to enforce the Federal Cash Management Improvement Act of 1990; monitor State agencies' cash activity and the balances on hand in financial institutions; monitor deposits and cash balances on hand to enable projection of short-term and long-term cash available for investment; and prepare a monthly written report to the State Treasurer's Investment Council and the State Board of Finance of the State fund balances in financial institutions.

Cash Management Functional Areas Banking Resources Bureau

The Banking Resources Bureau monitors all balances and activity related to State funds in financial institutions. Specific activities of this bureau include development of regulations related to approximately 300 bank accounts, with approval, analysis, and authorization of these State agency bank accounts. The bureau validates deposits and withdrawals into and out of the State's fiscal agent accounts, including all adjustments to the accounts such as returned checks, stop payments, and other miscellaneous transactions posting to the accounts. The bureau compares fiscal agent bank accounts' activity to transactions in the State's enterprise accounting system (SHARE) daily. The bureau is also responsible for all Banking and Treasury Module configuration in the SHARE system, and for releasing vendor payments processed through SHARE as ACH transactions. Monthly reports are obtained from State agencies detailing funds from any source in the agency's custody. The bureau authorizes State agency requests for depository bank

accounts outside the fiscal agent bank; reports account balances in each financial institution to the State Board of Finance, verifies compliance with established bank account guidelines and reports any deviations to the agency and the State Board of Finance; and enforces laws and regulations that apply to financial institutions receiving State funds. This bureau also reviews the monthly fiscal agent account analysis for compliance with the agreement and to identify and prevent unauthorized use.

Cash Flow

The Cash Management Division is responsible for projection of the State's short-term and long-term cash balance needs, utilizing an internally developed model. STO uses historical trends, together with information related to significant receipts and disbursements, as the primary input to the model. The division coordinates with State agencies that have the largest inflows and outflows of funds to anticipate changes in the amount and timing that could impact the cash position of the State Treasurer's Office. The cash flow model is updated monthly (or more frequently, if necessary) and a written report is issued to the State Treasurer's Investment Committee and the State Board of Finance.

The Cash Management Division also performs daily cash positioning. Cash positioning is the process of determining the State's cash needs on an intraday basis to meet its obligations. Funds that are not required to meet the State's immediate cash needs are invested by the investment division to provide additional earnings. Cash positioning is a very critical function because errors can result in overdrafts or returned items at the fiscal agent bank. The Cash Management Division will continue to research and work with the State's fiscal agent, other banking institutions, and other professional organizations in implementing modern cash management products to further best practices and accelerate receipts for more effective cash management, and thereby maximize funds available for investment.

CASH MANAGEMENT DIVISION



Cash Management Improvement Act

The CMIA Coordinator is responsible for compliance with the Cash Management Improvement Act of 1990 (CMIA). Congress established the CMIA to ensure efficiency, effectiveness, and equity in the transfer of funds between state and Federal governments. CMIA addresses key Federal funding issues, such as funds drawn in advance of need or late grant of awards from the Federal government. Major CMIA provisions require that:

- Federal agencies make timely fund disbursements and grant awards to states.
- State and Federal agencies must minimize the time between the transfer of Federal funds to states and the presentment of states' checks, warrants, or settlement of electronic fund transfer payments for program purposes.
- With minor exceptions, that states earn interest from the Federal government for the time the state advances its own funds for program purposes prior to Federal reimbursement.

The CMIA Coordinator performs annual compliance reviews of State agencies that receive Federal funds exceeding an established threshold and for compliance with the CMIA and regulations outlined in the U.S. Treasury/State Agreement (TSA). This agreement, negotiated between New Mexico and the Federal government, identifies the funding techniques utilized for covered programs.

Audits begin at the end of the fiscal year and must be completed by mid- December. The Cash Management Division submits an annual report to the U.S. Treasury detailing State and/or Federal government interest liability and any costs associated with the monitoring and reporting of CMIA compliance.

Collateral Management/Investment Compliance

The Collateral Manager ensures that adequate protection of State monies is maintained in all State agency deposit accounts at all times. This is accomplished by requiring all qualified financial institutions to pledge collateral to secure public deposits. Risk assess-

ment reports are analyzed to determine data accuracy, the institution's financial condition, and the percentage of collateral required. The pledged collateral is constantly monitored and must comply with all State requirements and custodial agreements. Both proposed and current pledged collateral are continuously evaluated for compliance with all applicable statutes, policies, and depository and custodial agreements. Pledged securities are monitored to assure that acceptable, valid, and marketable instruments secure public funds at all times. Custodial banks are monitored to evaluate their strength and stability. The Collateral Manager provides monthly reports to the State Treasurer's Investment Committee regarding compliance by all financial institutions and plays a key role in the Division's cash-forecasting activities. The Collateral Manager also reviews investment trade documentation for adherence to the State Treasurer's Investment Policies and Investment Division procedures.

Investment Transactions Bureau

The movement of funds and recording of investment activity into the Treasurer's sub-ledger accounting system and the custody system are performed in the bureau, now aligned under the Cash Management Division. The bureau verifies all trade activity from trade documentation and enters the data into the sub-ledger accounting systems, SHARE and the QED Broadridge Investment Accounting, and the custody system. The bureau also manages the overnight repurchase process. The bureau provides administrative management of the Local Government Investment Pool (LGIP), whereby they correspond with participants on a daily basis. Several reconciliation processes take place regularly, including a weekly reconciliation submission to the Standard & Poor's rating agency for the LGIP.

CASH MANAGEMENT DIVISION



Significant Milestones & Accomplishments for FY2023

- STO supported and guided agency banking services with the fiscal agent bank providing treasury expertise of enhance operations and improve customer service. Initiatives included the successful implementation of a debit card program for unemployment and child support payments, and the successful issuance of several rounds of tax rebate payment by warrant and electronic check.
- STO provided ACH 2.0 training for all ACH Originating Agencies to ensure they are complying with all National Automated Clearing House (NACHA) rules and banking regulations.
- STO conducted a survey of all agency ACH origination activities. From the survey STO will maintain a data base of all ACH company IDs and agency contacts.
- Cash Management staff attended the Association of Financial Professionals annual conference and identified several Cash Management systems that will automate and centralize the collection of banking, investment and cashflow data to create cash forecasting models to accommodate current and future cash management and investment needs. STO will issue an RFP for a Cash Management System if funding is approved by the Legislature and will implement the new system in FY 2024.
- STO completed an RFP for an Investment Account System and selected Broadridge (QED) to a new multi-year contract. STO will be upgrading to their new Hydrogen platform which will improve our operational efficiency and reduce risk.

Initiatives for FY2024

- Provide expertise and guide all agency banking services with the fiscal agent bank to utilize cash management electronic collection and payment services to increase agency efficiency and improve customer service.
- In collaboration with DFA and the Fiscal Agent Bank (Wells Fargo) provide ongoing training for agency ACH origination activities to ensure compliance with National Automated Clearing House (NACHA) rules and banking regulations.
- Implement a Cash Management system that will automate and centralize the collection of banking, investment and cashflow data to create cash forecasting models to accommodate current and future cash management and investment needs. STO will issue an RFP for a Cash Management System if funding is approved by the Legislature and will implement the new system in FY 2024.
- Work with DFA and DoIT to enhance STO internal controls over agency negative agency fund balances.

INVESTMENT DIVISION



The Investment Division is responsible for investing cash held in the custody of the State Treasurer that is not immediately needed for government operations or to fund capital projects. The managed funds are temporary in nature, originating from three major sources: revenue collected by the State awaiting disbursement, legislative appropriations, and proceeds from bond issues invested short-term until disbursed for legislatively authorized capital projects.

Investments are restricted to the highest-quality securities as determined by the major rating agencies with maturities not to exceed five years. The State Treasurer's Chief Investment Officer and internal investment team discuss, agree upon, and recommend the security types and terms prior to purchase; secure and distribute post-trade documentation; facilitate trade settlement initiation; and report the executed portfolio activity monthly to the State Treasurer's Investment Council (STIC) and the State Board of Finance (BoF).

The State Treasurer's Office contracts with an independent investment advisor who provides advisory services to the State Treasurer and staff.

The State Treasurer's Investment Council

The State Treasurer's Investment Council (STIC) is an advisory council that meets monthly to review the investment portfolios for statutory compliance, quality and risk assessment review, diversification, maturity, duration, and performance. The STIC also reviews portfolio controls and collateral adequacy and recommends investment procedural changes. Periodically, the committee recommends changes to the State Treasurer's Investment Policy. STIC is a five-member advisory council consisting of the Treasurer, the State Cash Manager, the State Board of Finance Director, one member appointed by the Treasurer, and one member appointed by the SBOF.

Investment Strategy

During FY2023, the division earned approximately \$372 million. At the end of FY2023, the five portfolios totaled approximately \$17 billion. All funds are invested in a manner that conforms to Federal, State, and other legal requirements. The division is charged with observing the following priorities in making investment decisions, in the

order described:

Safety—The first priority must be accorded to the preservation and protection of the principal of the funds to be invested.

Maintenance of Liquidity Needs—The second level of priority must be accorded to maintaining sufficient availability of cash, or the capacity to obtain it without sacrificing principal loss, to satisfy the reasonably anticipated, continuing operational requirements of the specific fund invested.

Maximum Return on Investments—The third priority must be accorded to maximizing investment return, consistent with the higher priorities accorded to the safety and liquidity of principal.

Investment Division Organization Investment Portfolio Management

The State Treasurer's Office makes statutorily defined investments that may be subject to further limitations or restrictions by the State Treasurer's Investment Policy, which provides guiding principles for all investment decisions. All portfolios are invested by qualified and experienced in-house portfolio managers. The internal investment advisory team discusses, agrees upon, and recommends the security types and terms prior to purchase and reports the executed portfolio activity to the STIC monthly. The division, with the assistance of the investment advisor, develops benchmarks against which the portfolios' performance can be measured. The portfolio managers invest the available cash based upon the intended uses into one of the pools described below.



Investment Funds Managed by the State Treasurer's Office

The General Fund Investment Pool

The General Fund Investment Pool consists of three main components:

General Fund Liquidity Portfolio—Immediate cash needs of the State are met with the General Fund Liquidity Portfolio. The Liquidity Portfolio is expected to have minimal liquidity risk and all investments in this portfolio are constrained to less than one year.

General Fund Core Portfolio—The Core Portfolio is comprised of balances that are not necessary to meet the short-term cash-flow needs of the State. Accordingly, it may be invested over a longer term than the Liquidity Portfolio. Investments are constrained to maturities of five years or less.

General Fund Tax and Revenue Anticipation Notes (TRAN) Portfolio—The TRAN portfolio may temporarily hold proceeds of short-term Tax and Revenue Anticipation Notes, which are periodically issued and sold by the State Treasurer pursuant to NMSA 1978, Section 6-12A-5. There was no TRAns issued in FY2023.

The State Treasurer's Office makes a portion of the General Fund money available for investment in Certificates of Deposit (CDs) with New Mexico banks and credit unions to foster the economy of their communities. The passage of House Bill 471, the "Linked Deposit Program," during the 2007 legislative session expanded the CD program to allow the Treasurer to place time deposits with qualifying financial institutions (those serving economically disadvantaged rural communities) at favorable rates.

During FY2023 the General Fund reported \$290.5 million in earnings. At fiscal year end, the General Fund Investment Pool had an unrealized gain of \$61.5 million

based on mark-to-market. Most investments are held to maturity.

The Bond Proceeds Investment Pools

The State Treasurer is responsible for investing bond proceeds from the issuance of State bonds sold by the State Board of Finance for capital projects, which include general obligation bonds, severance tax bonds, and supplemental severance tax bonds. These bonds are long-term obligations issued by the State of New Mexico to fund various infrastructure projects on behalf of all New Mexicans. Bond proceed monies are managed according to whether the issued bonds were tax-exempt or taxable.

- 1. The Tax-Exempt Bond Proceeds Investment Pool (Tax-Exempt BPIP)** holds proceeds from tax-exempt general obligation and severance tax bonds issued by the State Board of Finance until they are expended on capital projects.
- 2. The Taxable Bond Proceeds Investment Pool (Taxable BPIP)** holds proceeds from taxable severance tax bonds issued by the State Board of Finance until expended on capital projects. During FY2023 the bond proceeds pools reported \$65.5 million in earnings. At fiscal year end, the bond proceeds pools had \$6.6 million in unrealized gains, based on mark-to-market. Most investments are held to maturity.

The BPIPs facilitate the tracking of investment earnings and project draws to assure compliance with arbitrage restrictions and rebate requirements in accordance with the Federal Tax Reform Act of 1986.

Local Government Investment Pool (LGIP)

The LGIP is a fund created pursuant to NMSA 1978 6-10-10.1 to allow municipal, city, county, tribal, and quasi-governmental bodies to voluntarily remit money to the State Treasurer to receive professional money management on a pooled basis. The LGIP is rated "AAA" by Standard & Poor's, the highest principal stability credit rating awarded by Standard & Poor's and has been reaffirmed annually since August 2007. The State Treasurer has expanded a statewide outreach program to inform eligible entities about the benefits of investing in the LGIP in concert with the New Mexico Municipal

INVESTMENT DIVISION



League and New Mexico Counties. Quarterly newsletters have been established to inform LGIP participants of fund performance, investment strategies, and economic conditions. Participants receive monthly investment statements.

During FY2023 the Local Government Investment Pool reported \$52.3 million in earnings.

The Severance Tax Bonding Fund Pool

The Severance Tax Bonding Fund holds severance tax receipts pledged for debt service on severance tax bonds. Excess receipts can then be spent on permitted uses or transferred to the Severance Tax Permanent Fund held by the State Investment Council. During FY2023 the Severance Tax Bonding Fund reported \$31.1 million in earnings.

Overnight Repurchase Pool

The Repurchase Pool acts as a repository for cash balances from the portfolios managed by the State Treasurer, the Educational Retirement Board, the State Investment Council, and the Public Employees Retirement Association.

Significant Milestones & Accomplishments for FY2023

- Maximized investment returns through duration and security selection, while maintaining adequate liquidity to meet required cash flows.
- Outperformed portfolio benchmarks in a challenging interest rate environment.
- Established the LGIP Medium-Term Fund to provide local governments and qualifying entities future access to a longer maturity investment option.
- Reviewed the Treasurer's Investment Policies and portfolio benchmarks.
- Successfully acquired new LGIP participants through continued outreach.
- Improved the credit process and increased the

approved list of issuers.

Initiatives for 2024

- Continue to expand the LGIP to local governments and Native communities throughout New Mexico.
- Establish competitive investment performance for the LGIP Medium-Term Fund vs. appropriate benchmark.
- Provide educational outreach for the LGIP Medium-Term Fund to existing participants and prospects, allowing for prudent investment decisions.
- Research new software that may be useful in the enhancement of investment performance and market surveillance as well as better connectivity between cash management and investments.
- Annually review the Treasurer's Investment Policy and portfolio benchmarks.
- Increase the approved list of creditworthy repurchase agreement counterparties for diversification purposes.
- Research new fixed-income sectors that may offer yield enhancement and diversification.

OPERATIONS DIVISION



The Operations Division is responsible for facilities management and security, agency vehicle maintenance, mail processing, and inter-agency deliveries. It also provides Information Technology (IT) and daily office operations support to the State Treasurer's Office. The Division responds to internal employee needs and works with external agencies and stakeholders.

Information Technology Bureau

The IT Bureau operates, maintains, and monitors the State Treasurer's Office IT systems. The bureau evaluates business processes and plans for automating functions where possible. The bureau maintains the agency servers, computers, local area network, investment systems, accounting system, and telecommunications for the office. The bureau also maintains the disaster recovery network and manages the security systems and information systems (software and hardware). The bureau is responsible for cybersecurity and the maintenance of the State Treasurer's Office Disaster Recovery and Business Continuity Plan. The State Treasurer's Office maintains a disaster recovery site (hot site) at an off-site location in New Mexico. The bureau continuously reviews and evaluates the hardware and software to determine future technology needs to ensure that the State Treasurer's Office can continue operations with minimal downtime and maximum efficiency.

Forfeiture Program

During the 2015 Legislative session, the New Mexico Forfeiture Act (NMSA 1978 § 31-27-1 to 31-27-11 [2015]) was amended. The purposes are to make uniform standards and procedures for the process; protect people's constitutional rights; deter criminal activity by reducing its economic incentives; and ensure that only criminal forfeiture is allowed. The Forfeiture Act requires forfeited property that is not currency and any abandoned property to be delivered to the State Treasurer for disposition at a public auction. Forfeited currency and all proceeds from the sale of forfeited or abandoned property must be deposited in the general fund. An annual report must be prepared by each law enforcement agency and submitted to the Department of Public Safety within 60 days following the conclusion of each fiscal year regarding seizures and forfeitures conducted pursuant to applicable State law and Federal forfeiture law. This program

is in its infancy and needs legislative funding.

Loss Prevention and Control Program

The Loss Prevention and Control Program complies with the State Loss Prevention and Control Program rule (1.6.4 NMAC) to assure that loss prevention and control is: an integral part of the job (and the required training of each agency worker); a line-management responsibility of high priority (evaluated on the execution of this responsibility); an agency commitment (demonstrated by the appointment of knowledgeable and experienced loss-control personnel); and a priority (compliance with workplace safety and employment-related civil rights rules and regulations). All divisions within the State Treasurer's Office are covered by this program.

OPERATIONS DIVISION



Significant Milestones & Accomplishments for FY2023

- Continued to maintain IT systems at a level to achieve clean cybersecurity audits. Continued supporting 28 users with virtual private network (VPN).
- Implement any recommended upgrades in software and infrastructure (if necessary).
- Continued to use IT to reduce business costs throughout the agency, including via transformed processes to support effective teleworking.
- Supported Special Programs as needed, particularly with the growth in the number of STABLE account holders.
- Continue successful completion of IT security audits.

Loss Prevention and Control Program

- Continued to stay in compliance with the requirement NMAC 1.6.4.
- Required STO staff to sign forms for equipment received (cellphones, laptops, jetpacks, etc.)
- Assured STO's commitment to make loss prevention and control an integral part of the job and the required training of every agency worker, with workplace safety and employment-related civil rights.

Initiatives for 2024

- Implement any recommended databases and software.
- Maintain compliance with the requirement NMAC 1.6.4 to prevent loss.
- Continue security audits.
- Move our back up server to its own controlled setting in a secured site.
- Support Special Programs as needed.
- Implement an internal audit and tracking of all electronic devices in compliance with best practices.
- Complete the records retention process to remove outdated STO files.
- Update STO's website to be more interactive and provide information for all stakeholders.

PROGRAMS, OUTREACH, AND LEGISLATIVE AFFAIRS DIVISION



The Programs, Outreach and Legislative Affairs Division is a new division that oversees Financial Literacy, the State Treasurer’s Achieving a Better Life Experience (NM STABLE) Program, Women Empowerment and Work and \$ave Program.

Financial Literacy

Since Taking office in 2023, Treasurer Montoya has undertaken several initiatives aimed at improving the financial literacy of New Mexico’s citizens. Education is the key to improving individuals’ financial success. Historically, STO programs have focused on students, financial empowerment of women, seniors, and youth in foster care. In 2023, STO’s primary financial literacy focus was building partnerships with other state agencies and financial institutions to provide financial literacy resources, providing education to state employees and participants in the New Mexico STABLE program, and the Financial Empowerment of Women program. This training included but was not limited to the following:

- Budgeting
- Debt Reduction
- Earning
- Retirement Investing
- Saving
- Wealth Accumulation

New Mexico STABLE

The Federal “Achieving a Better Life Experience” (ABLE) Act was adopted in 2014 and was enacted in the 2016 New Mexico Legislative session as the “Accounts for Persons with Disabilities Act.”

Due to a lack of appropriated funding from the legislature, in 2017 STO entered a no-cost partnership with Ohio’s STABLE Program to create and administer a program that is newly “branded” as New Mexico STABLE. We are members of a consortium of 12 other states. STO has opened over 1,697 New Mexico STABLE accounts, surpassing the number of accounts in several other states’ ABLE programs.

The “NM State Treasurer’s Achieving a Better Life Experience” (NM STABLE) allows qualifying people with physical and intellectual disabilities to establish tax-free savings accounts to put aside money to cover expenses related to their disability—including assistive technology,

personal assistance services, housing, and health-care—without losing their eligibility for public assistance. Individuals with disabilities with an onset before age 26 are eligible for the accounts and could contribute as much as \$17,000 per year, and an additional \$13,590 through the ABLE to Work provision, with a cap of \$100,000 in the account at one time. New Mexico STABLE accounts are administered as a 529A account and participants may choose from a variety of investment options, like 529 college savings accounts or Roth IRAs. Participants can withdraw and spend money as needed for qualified disability expenses that assist the individual in increasing and/or maintaining health, independence, and/or quality of life.

New Mexico Work and \$ave (Retirement Program)

In 2020, House Bill 44 created the New Mexico Work and Save Act which administratively attached the Work and Save Board to STO. The New Mexico Work and Save Board is delegated the authority to design and launch a state-facilitated private sector retirement plan know as New Mexico Work and \$ave. The plan is comprised of two programs, the Retirement Plan Marketplace and the IRA Program:

- The IRA Program is a voluntary payroll-deduction retirement savings program for private-sector and nonprofit employees, including the self-employed. Contributions from an employee’s pay are deducted by their employer and remitted directly to the Work and \$ave Program Administrator. The Program Administrator credits the contributions to the employee’s Roth IRA account. Accounts are portable and follow the employee as they change jobs. (To begin by July 1, 2024.)
- The Retirement Plan Marketplace is a web-based “retail” Retirement Savings Plan Marketplace designed to connect employers and their employees with financial service providers offering affordable, simplified, and Board-approved retirement plans for employers to offer in the workplace. (To begin by July 1, 2024)

PROGRAMS, OUTREACH, AND LEGISLATIVE AFFAIRS DIVISION



Significant Milestones & Accomplishments for FY2023

NM STABLE Program

- As of June 30, 2023, there were 1,254 active NM STABLE accounts.
- Account holders annual Account Maintenance Fee is reduced from \$39 per year to \$27 per year, beginning January 1, 2024.
- Continued to collaborate with partner agencies and community service providers to inform consumers.
- Maintained a partnership with the Public Education Department and various school districts to provide NM STABLE information for staff and students and presented at scheduled transition fairs.
- Continued tracking and reporting the number of active NM STABLE accounts, average account balances, and returns on investment. NM STABLE accounts have an average balance of \$9,487.00 with \$12.7 million in assets under management.
- Continued monitoring of accounts, providing support and guidance to account holders to ensure a quick response time for all participants, families, community members, statewide agencies, public and charter schools, and non-profits.
- Maintained and nurtured strong partnerships with New Mexico's non-profit organizations, public and charter schools, statewide agencies, and business leaders.

Initiatives for 2024

Financial Literacy Program

- Work with the legislature to introduce legislation to make financial literacy a requirement for graduation.
- Rollout NM Enrich Financial Wellness platform, an online financial literacy education tool created to personalize solutions to achieve specific financial goals and increase knowledge of basic financial theories and practices.
- With the New Mexico Public Education Department, help support our public schools and communities with financial literacy programs including NM STABLE.
- Partner with local financial institutions to disseminate information and provide curriculum and classes that encourage financial literacy.
- Add and update links to financial resources on the STO website.
- Empower women in the State of New Mexico through continuous outreach and resources necessary to be financially independent.
- Partner with other state agencies to improve the financial wellness of state employees by providing financial literacy resources.
- Continue our partnership with Jump\$tart/MoneySmart New Mexico to provide financial resources to the State's youth and senior populations.

Continued on next page.



Initiatives for 2024 (Cont.)

NM STABLE Program

- Update name and logo from ABLE New Mexico to New Mexico State Treasurer's Achieving a Better Life Experience (NM STABLE) to increase brand recognition and align with the national STABLE account program.
- Introduce legislation that aligns NM law with federal law, raising the age of onset of disability from age 26 to age 46, beginning January 1, 2026, expanding eligibility for the NM STABLE program to be more inclusive of disabled Veterans and individuals who become disabled later in life; Providing for an exemption for NM STABLE accounts and balances from Medicaid recovery so that New Mexicans with disabilities can save, invest, and plan for the future with the same confidence as anyone else.
- Collaborate with agencies, advocacy groups, and community service providers to inform eligible individuals about New Mexico STABLE.
- Provide the high-level customer service to account owners and those considering opening a New Mexico STABLE account.
- Work with the Ohio STABLE program to update our state's website to include a Spanish enrollment portal for Spanish speakers.
- Collaborate with the New Mexico Children, Youth, and Families Department, develop pathways for New Mexico's foster care children and youth to have an account for their financial wellness.
- In conjunction with other New Mexico universities' schools of social work, develop opportunities for masters-level students to complete field practicum hours within the NM STABLE program for leadership and professional growth.
- Seek new accounts by plotting the number of current,

active accounts by county to target outreach efforts within communities where there are no accounts.

Work and \$ave Program

- Provide administrative assistance to the Work and \$ave board as needed.
- Assist as needed with legislation.
- Assist in promotion of Work and \$ave through outreach.

STATE TREASURER

STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

Honorable Michelle Lujan Grisham,
Governor and President, State Board of Finance and
Honorable Laura M. Montoya, State Treasurer
New Mexico Office of the State Treasurer and
Honorable Joseph M. Maestas P.E., State Auditor
New Mexico Office of the State Auditor
Santa Fe, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparison for the General Fund of the State of New Mexico Office of the State Treasurer (the Office), a Department of the State of New Mexico, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico Office of the State Treasurer, as of June 30, 2023, and the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Office of the State Treasurer 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 Matters

Reporting Entity

As discussed in Note 1 the financial statements of the State of New Mexico Office of the State Treasurer are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of the Office that is attributable to the transactions of the Office. They do not purport to, and do not present fairly the financial position of State of New Mexico as of June 30, 2023, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Office adopted new accounting guidance for subscription based information technology arrangements (SBITAs). The guidance requires the Office to recognize a right-to-use subscription asset and corresponding subscription liability for all SBITAs with terms greater than twelve months. The adoption of the new accounting standard resulted in a restatement of beginning balances of right-to-use subscription assets and accumulated amortization related to the recognition of right-to-use subscription assets and the related balance of subscription liabilities. Our opinions are not modified with respect to this matter.

Restatement

As discussed in Note 18 to the financial statements, the Office restated the beginning net position of the External Investment Pool Fund by \$73,645,280, which aligns the beginning balance with the ending reported balance in the released fiscal year 2022 State of New Mexico ACFR for this fund and is consistent with the allocation for the external portion for the related external pool participants. 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.

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 the State of New Mexico Office of the State Treasurer's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's basic financial statements. The schedules in the Supplementary Information second within the Table of Contents are required by 2.2.2 NMAC and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules in the Supplementary Information Section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Except for the schedule of investment pool net position (unaudited), schedule of changes in investment pool net position (unaudited) and the schedule of asset management costs (unaudited), such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules in the Supplementary information section required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of investment pool net position (unaudited), schedule of changes in investment pool net position (unaudited) and the schedule of asset management costs (unaudited) have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Official Roster 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 October 30, 2023, on our consideration of the State of New Mexico Office of the State Treasurer'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 Office of the State Treasurer'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 Office of the State Treasurer's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP
Albuquerque, New Mexico
October 30, 2023

FINANCIAL STATEMENTS



STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER STATEMENT OF NET POSITION JUNE 30, 2023

	Governmental Activities
ASSETS	
Investment in State General Fund Investment Pool	\$ 594,095,792
Due from Other Agencies	397,415,204
Gaming Suspense Receivables	20,377,653
Capital Assets, Net of Accumulated Depreciation and Amortization	<u>1,210,279</u>
Total Assets	1,013,098,928
LIABILITIES	
Accounts Payable	654,306
Receipts Held in Suspense	3,118,834
Accrued Payroll and Payroll Taxes	60,729
Due to State General Fund	20,377,653
Compensated Absences Due Within One Year	216,194
Lease Liability:	
Due Within One Year	227,173
Due After One Year	446,846
Subscription Liability:	
Due Within One Year	125,787
Due After One Year	<u>424,579</u>
Total Liabilities	25,652,101
NET POSITION	
Net Investment in Capital Assets	(14,106)
Restricted for:	
Debt Service	987,202,731
Special Appropriation for Work and Save Program Implementation	474,396
Unrestricted	<u>(216,194)</u>
Total Net Position	<u>\$987,446,827</u>

FINANCIAL STATEMENTS



STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2023

	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	Net (Expenses) Revenue and Changes in <u>Net Position</u>
			<u>Primary Government</u>
PRIMARY GOVERNMENT			
Governmental Activities:			
General Government	\$ 6,710,128	2,083	\$ (6,708,045)
Total Governmental Activities	<u>\$ 6,710,128</u>	<u>\$ 2,083</u>	\$ (6,708,045)
GENERAL REVENUES			
State Property Tax Levy			141,584,164
Severance Taxes			2,329,126,578
Interest Income - Debt Service			113,895,998
Other State Funds			390,000
Miscellaneous Revenue			<u>60</u>
Total General Revenues			2,584,996,800
TRANSFER FROM (TO) STATE AGENCIES			
State General Fund Appropriations			4,067,600
State General Fund Compensation Appropriation			204,700
Reversions to State General Fund FY23			(126,515)
Other State Agencies			<u>(2,669,084,845)</u>
Total Transfer from (to) State Agencies			<u>(2,664,939,060)</u>
Total General Revenues and Transfers			<u>(79,942,260)</u>
CHANGE IN NET POSITION			(86,650,305)
Net Position - Beginning of Year			<u>1,074,097,132</u>
NET POSITION - END OF YEAR			<u>\$ 987,446,827</u>

FINANCIAL STATEMENTS



STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2023

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>General Obligation Bond Fund (Various Funds)</u>	<u>Severance Tax Bond Fund (Various Funds)</u>	<u>Total Governmental Funds</u>
ASSETS				
Investment in State General Fund				
Investment Pool	\$ 3,803,977	\$ 154,810,058	\$ 435,481,757	\$ 594,095,792
Due from other Agencies	-	14,062,268	383,352,936	397,415,204
Gaming Suspense Receivables	<u>20,377,653</u>	<u>-</u>	<u>-</u>	<u>20,377,653</u>
Total Assets	<u>\$ 24,181,630</u>	<u>\$ 168,872,326</u>	<u>\$ 818,834,693</u>	<u>\$ 1,011,888,649</u>
LIABILITIES AND FUND				
BALANCES LIABILITIES				
Accounts Payable	\$ 150,018	\$ 500	\$ 503,788	\$ 654,306
Receipts Held in Suspense	3,118,834	-	-	3,118,834
Accrued Payroll and Payroll Taxes	60,729	-	-	60,729
Due to State General Fund	<u>20,377,653</u>	<u>-</u>	<u>-</u>	<u>20,377,653</u>
Total Liabilities	23,707,234	500	503,788	24,211,522
FUND BALANCES				
Restricted for:				
Debt Service	-	168,871,826	818,330,905	987,202,731
Special Appropriation for Work and Save Program Implementation	474,396	-	-	474,396
Unassigned	-	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>474,396</u>	<u>168,871,826</u>	<u>818,330,905</u>	<u>987,677,127</u>
Total Liabilities and Fund Balances	<u>\$ 24,181,630</u>	<u>\$ 168,872,326</u>	<u>\$ 818,834,693</u>	<u>\$ 1,011,888,649</u>

FINANCIAL STATEMENTS



STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Total Fund Balance – Governmental Funds
(Balance Sheet – Governmental Funds) \$ 987,677,127

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position

Capital Assets	2,121,975
Right-to-Use Lease Assets	1,117,969
Subscription Assets	663,333
Accumulated Depreciation, Capital Assets	(2,112,978)
Accumulated Amortizations, Right-to Use Assets	<u>(580,020)</u>
Total Capital Assets, Net	1,210,279

Certain other liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position. Liabilities at year end consist of:

Compensated Absences Payable	(216,194)
Lease Liability	(674,019)
Subscription Liability	<u>(550,366)</u>
Total Liabilities, Net	<u>(1,440,579)</u>

Net Position of Governmental Activities (Statement of Net Position)	<u>\$ 987,446,827</u>
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FINANCIAL STATEMENTS



**STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Major Funds.</u> General Obligation Bond Fund (Various Funds)	Severance Tax Bond Fund (Various Funds)	Total Governmental Funds
REVENUES				
	\$			
Severance Taxes	-	\$ -	\$ 2,329,126,578	\$ 2,329,126,578
State Property Tax Levy	-	141,584,168	-	141,584,164
Other State Funds	390,000	-	-	390,000
Interest Income – Debt Service	-	27,465,721	86,430,277	113,895,998
Federal Funds	2,083	-	-	2,083
Miscellaneous Revenues	<u>60</u>	<u>-</u>	<u>-</u>	<u>60</u>
Total Revenues	392,143	169,049,885	2,415,556,855	2,584,998,883
EXPENDITURES				
Current:				
Personnel Services and Employee Benefits	3,187,642	-	-	3,187,642
Operating Costs:				
Contractual Services	443,541	-	-	443,541
Other Administrative Expenditures	846,693	-	-	846,693
Other Charges	-	<u>472,405</u>	<u>1,481,342</u>	<u>1,953,747</u>
Total Expenditures	<u>4,477,876</u>	<u>472,405</u>	<u>1,481,342</u>	<u>6,431,623</u>
NET REVENUES (EXPENSES)	(4,085,733)	168,577,480	2,414,075,513	2,578,567,260
OTHER FINANCING SOURCES (USES)				
State General Fund Appropriations	4,067,600	-	-	4,067,600
Compensation Appropriation	204,700	-	-	204,700
Lease Financing Proceeds	27,113	-	-	27,113
Reversions to State General Fund FY23	(126,515)	-	-	(126,515)
Transfer (to) from Other State Agencies	<u>(12,769)</u>	<u>(114,542,465)</u>	<u>(2,554,529,611)</u>	<u>(2,669,084,845)</u>
Total Other Financing Sources (Uses)	<u>4,160,129</u>	<u>(114,542,465)</u>	<u>(2,554,529,611)</u>	<u>(2,664,911,947)</u>
NET CHANGE IN FUND BALANCES	74,396	54,035,015	(140,454,098)	<u>(86,344,687)</u>
Fund Balances – Beginning of Year	<u>400,000</u>	<u>114,836,811</u>	<u>958,785,003</u>	<u>1,074,021,814</u>
FUND BALANCES – END OF YEAR	<u>\$ 474,396</u>	<u>\$ 168,871,826</u>	<u>\$ 818,330,905</u>	<u>\$ 987,677,127</u>

FINANCIAL STATEMENTS



STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances – Total Governmental Funds
(statement of revenues, expenditures, and changes in fund balances) \$ (86,344,687)

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

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

Right-to-Use Leased Asset Addition	27,113
Depreciation Expense	(293,186)
Amortization Expense	<u>(358,151)</u>

Depreciation and Amortization Expense in Excess of Capital Outlay	(624,224)
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Governmental Funds report lease principal payments as expenditures. However, in the statement of activities, the lease liability is reduced over the amortization period of the lease and reported as reduction of lease liability debt. In the current period, these amounts are:

	337,215
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Amounts reported for governmental activities in the statement of activities are different because the following other financing sources are not reported in the governmental funds:

Other Financing Sources – Lease Financing Proceeds	(27,113)
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Increase in Compensated Absences	<u>8,504</u>
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Change in Net Position of Governmental Activities	<u>\$ (86,650,305)</u>
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FINANCIAL STATEMENTS



**STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2023**

	General Fund (18200)			Variance with Final Budget – Positive (Negative)
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	
	<u>Original</u>	<u>Final</u>		
REVENUES				
State General Fund Appropriations	\$ 4,067,600	\$ 4,067,600	\$ 4,067,600	\$ -
Other Financing Sources	-	-	27,113	27,113
Compensation Appropriation	204,700	204,700	204,700	-
Federal Grants	2,000	2,000	2,083	83
Other State Funds	402,769	402,769	390,000	(12,769)
Miscellaneous Revenue	-	-	60	60
Total Revenues	4,677,069	4,677,069	4,691,556	14,487
EXPENDITURES				
Personnel Services and Benefits	3,449,600	3,311,100	3,187,642	123,458
Contractual Services	497,500	497,500	443,541	53,959
Other Operating Costs	717,200	855,700	846,693	9,007
Transfer to Other State Agencies	12,769	12,769	12,769	-
Total Expenditures	4,677,069	4,677,069	4,490,645	186,424
NET REVENUES (EXPENSES)	\$ -	\$ -	200,911	\$ 200,911
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance				
Unbudgeted Reversions to State General Fund			(126,515)	
NET CHANGE IN FUND BALANCES (GAAP BASIS)			\$ 74,396*	

FINANCIAL STATEMENTS



STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER STATEMENT OF FIDUCIARY NET POSITION CUSTODIAL FUNDS JUNE 30, 2023

Net Change in Fund Balances – Total Governmental Funds
(statement of revenues, expenditures, and changes in fund balances) \$ (86,344,687)

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

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

Right-to-Use Leased Asset Addition	27,113
Depreciation Expense	(293,186)
Amortization Expense	<u>(358,151)</u>

Depreciation and Amortization Expense in Excess of Capital Outlay	(624,224)
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Governmental Funds report lease principal payments as expenditures. However, in the statement of activities, the lease liability is reduced over the amortization period of the lease and reported as reduction of lease liability debt. In the current period, these amounts are:

	337,215
--	---------

Amounts reported for governmental activities in the statement of activities are different because the following other financing sources are not reported in the governmental funds:

Other Financing Sources – Lease Financing Proceeds	(27,113)
--	----------

Increase in Compensated Absences	<u>8,504</u>
----------------------------------	--------------

Change in Net Position of Governmental Activities	<u>\$ (86,650,305)</u>
---	------------------------

FINANCIAL STATEMENTS



**STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER
STATEMENT OF FIDUCIARY NET POSITION CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2023**

	External Investment Pool Funds (Local Government Investment Pool Trust Fund)
ADDITIONS	
Interest Income on Investments	\$ 27,713,347
Realized Gains (Losses) on Investments	106,237
Unrealized Gains (Losses) on Investments	622,615
Investment Amortization/Accretion	18,207,074
Total Investment Income	46,649,273
Deposits	37,057,104,597
Total Additions	37,103,753,870
DEDUCTIONS	
Management Fees	(606,620)
Withdrawals	(36,884,241,673)
Total Deductions	(36,884,848,293)
CHANGE IN FIDUCIARY NET POSITION	218,905,577
Fiduciary Net Position, Held in Trust for Pool Participants - Beginning of Year, As Previously Reported	1,124,149,946
Restatement - Allocation Adjustment	73,645,280
Fiduciary Net Position, Held in Trust for Pool Participants - Beginning of Year, As Restated	1,197,795,226
FIDUCIARY NET POSITION, Held in Trust for Pool Participants – End of Year	1,416,700,806

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STATE TREASURER

STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER

CASH FLOW PORTFOLIOS

EXTERNAL AND INTERNAL
INVESTMENT POOLS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

Honorable Michelle Lujan Grisham,
Governor and President, State Board of Finance and
Honorable Laura M. Montoya, State Treasurer
New Mexico Office of the State Treasurer and
Honorable Joseph M. Maestas P.E., State Auditor
New Mexico Office of the State Auditor
Santa Fe, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Local Government Investment Pool, the Consolidated Investment Pool, and the General Fund Investment Pool of the State of New Mexico (the Pools), administered by the Office of the State Treasurer (Office), a Department of the State of New Mexico, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Pools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Local Government Investment Pool, the Consolidated Investment Pool, and the General Fund Investment Pool of the State of New Mexico, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, 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 Local Government Investment Pool, the Consolidated Investment Pool, and the General Fund Investment Pool 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 Matters

Reporting Entity

As discussed in Note 1, the financial statements of the Pools, both external (local) and internal (state) investment pools managed by the State of New Mexico Office of the State Treasurer are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, and each major fund of the Office that is attributable to the transactions of the Pools. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2023, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurances about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not an absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Local Government Investment Pool, the Consolidated Investment Pool, and the General Fund Investment Pool 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.

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

For the year ended June 30, 2023, management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pools' basic financial statements. The schedules in the Supplementary Information section within the Table of Contents are required by 2.2.2 NMAC and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules in the Supplementary Information section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Except for the schedule of asset management costs (unaudited), such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules in the Supplementary Information section required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of asset management costs (unaudited) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Official Roster 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 October 30, 2023, on our consideration of the Local Government Investment Pool, the Consolidated Investment Pool, and the General Fund Investment Pool 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 Pool'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 Pool's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Albuquerque, New Mexico

October 30, 2023

FINANCIAL STATEMENTS



**STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER CASH FLOW PORTFOLIOS
EXTERNAL AND INTERNAL INVESTMENT POOLS
STATEMENT OF NET POSITION
JUNE 30, 2023**

	LGIP Short-Term Investment Pool (External)	Investment Pools Consolidated Investment Pool (Internal) BPIP #1 and #2	General Fund Investment Pool (Internal)	Total
ASSETS				
Cash and Investments:				
Fiscal Agent Bank Account	\$ -	\$ -	\$ 46,098,830	\$ 46,098,830
Cash in Banks	292,801,970	36,753	852,368,612	1,145,207,335
Miscellaneous Cash	228,500,000	10,000,000	682,000,000	920,500,000
Money Market Deposit Bank Account	50,070,417	-	550,774,584	600,845,001
Money Market Mutual Funds	-	353,153,916	426,801,081	779,954,997
Repurchase Agreements	351,000,000	-	738,666,929	1,089,666,929
Bank Acceptances	-	-	-	-
Certificates of Deposit	-	2,600,000	-	2,600,000
Commercial Paper	-	116,795,426	784,125,515	900,920,941
Corporate Bonds	-	511,010,307	1,093,568,904	1,604,579,211
Demand Notes	-	4,800,000	287,270,000	292,070,000
Government Bonds	520,001,174	2,282,127,899	5,206,662,942	8,008,792,015
Supranationals	14,939,925	83,968,407	188,272,493	287,180,825
Municipal Bonds	-	2,828,298	62,671,279	65,499,577
Mutual Funds	-	281,333,274	827,576,035	1,108,909,309
Discounted Notes and Treasury Bills - Zero Coupon	211,935,617	150,097,224	717,952,683	1,079,985,524
Interfund Investments	(321,202)	-	321,202	-
Total Cash and Investments	1,668,927,900	3,798,751,504	12,465,131,090	17,932,810,495
Accrued Interest Receivable	4,001,478	19,087,655	44,676,707	67,765,840
Total Assets	1,672,929,378	3,817,839,159	12,509,807,797	18,000,576,335
LIABILITIES				
Due to Broker	59,002,500	62,534,857	318,980,860	440,518,217
Total Liabilities	59,002,500	62,534,857	318,980,860	440,518,217
NET POSITION - HELD IN TRUST	\$ 1,613,926,878	\$ 3,755,304,302	\$ 12,190,826,937	\$ 17,560,058,118

FINANCIAL STATEMENTS



**STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER CASH FLOW PORTFOLIOS
EXTERNAL AND INTERNAL INVESTMENT POOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	LGIP Short-Term Investment Pool (External)	Investment Pools Consolidated Investment Pool (Internal) BPIP #1 and #2	General Fund Investment Pool (Internal)	Total
ADDITIONS				
Interest Income on Investments	\$ 31,570,587	\$ 46,176,866	\$ 216,704,866	\$ 294,452,319
Realized Gains (Losses) on Investments	121,024	13,478	136,210	270,712
Unrealized Gains (Losses) on Investments	709,273	(6,555,627)	(61,499,988)	(67,346,342)
Investment Amortization/Accretion	20,741,198	19,341,524	109,885,098	149,967,820
Total Investment Income	<u>53,142,082</u>	<u>58,976,241</u>	<u>265,226,186</u>	<u>377,344,509</u>
Deposits	42,214,841,885	2,003,280,768	96,933,878,853	141,152,001,506
Total Additions	<u>42,267,983,967</u>	<u>2,062,257,009</u>	<u>97,199,105,039</u>	<u>141,159,346,015</u>
DEDUCTIONS				
Management Fees	(691,053)	-	691,053	-
Custodial Fees	-	-	-	-
Other Investment Costs	-	-	-	-
Withdrawals	(42,029,259,491)	(913,125,395)	(95,835,789,302)	(138,778,174,187)
Total Deductions	<u>(42,029,950,544)</u>	<u>(913,125,395)</u>	<u>(95,835,098,249)</u>	<u>(138,778,174,187)</u>
CHANGE IN NET POSITION	238,033,423	1,149,131,614	1,364,006,790	2,751,171,828
Net Position - Held in Trust for Pool Participants, June 30, 2022	<u>1,375,893,455</u>	<u>2,606,172,688</u>	<u>10,826,820,147</u>	<u>14,808,886,290</u>
NET POSITION – HELD IN TRUST FOR POOL PARTICIPANTS, June 30, 2023	<u>\$ 1,613,926,878</u>	<u>\$ 3,755,304,302</u>	<u>\$ 12,190,826,937</u>	<u>\$ 17,560,058,118</u>

STATUTORY AUTHORITY



- The Office of the State Treasurer was created under Article V, Section 1 of the New Mexico Constitution. The duties and responsibilities of the State Treasurer are primarily defined by Chapter 6 and 8 of the New Mexico Statutory Code. These and other provisions: a) require the Treasurer to act as the State's banker to receive, keep and account for State funds collected and disbursed, and b) define the State Treasurer's banking, cash management, and investment roles. The principal statutory provisions related to the State Treasurer's prudent management of the State's financial resources and investment authority are listed below.
- NMSA 1978, Sections 8-6-1 through 8-6-7 specify administrative and procedural requirements and define certain duties of the State Treasurer. In particular, Section 8-6-3 provides that, among other responsibilities, the State Treasurer shall "receive and keep all monies of the State, except when otherwise specially provided" as well as "disburse the public money upon warrants drawn according to law." This section also requires that the State Treasurer shall "keep a just, true, and comprehensive account of all monies received and disbursed."
- NMSA 1978, Section 6-1-13 provides that no State agency may open a new deposit accounts or deposit money in an existing deposit account without authorization from the State Treasurer. The State Treasurer may prescribe conditions and reports appropriate to any such accounts.
- NMSA 1978, Section 6-8-6 places the State Permanent Fund in the custody of the State Treasurer; and provides that the State Permanent Fund, or any part of the fund, shall at all times be available to the State Investment Officer for investment in accordance with State law.
- NMSA 1978, Section 6-10-10 in part permits the State Treasurer to deposit funds in certain financial institutions and to invest, in certain allowable securities and contracts, money not immediately required for the operation of State government.
- NMSA 1978, Section 6-10-10.1 creates the Local Government Investment Pool ("LGIP") within the State Treasurer's Office. The LGIP serves as an optional short-term or medium-term investment opportunity for local governments, Native American tribes, nations, pueblos, and other government and quasi-government bodies created pursuant to New Mexico statute; and provides for the investment of the fund, either separately or consolidated with other funds, by the State Treasurer.
- NMSA 1978, Sections 6-10-24.1, 6-10-25, 6-10-26, and 6-10-29 place conditions on the deposit and investment of State funds in New Mexico financial institutions; provide for reports from the State Treasurer concerning money on deposit in State depositories, including the amount required for operation of State government and the amount available for investment; and require depositories to submit an itemized monthly statement concerning the deposits to the State Treasurer.
- NMSA 1978, Section 6-10-24.2 establishes the linked deposit program, which allows the State Treasurer to invest up to 14% of State deposits, not to exceed \$49 million, in certain financial institutions located in financially at-risk rural communities; places conditions on the deposit of State funds in these financial institutions; and authorizes the State Treasurer to accept a rate of interest not more than 1% below the market rate.
- NMSA 1978, Section 6-10-28 allows the State Treasurer to invest the proceeds of general obligation and State revenue bonds.

STATE TREASURER'S OFFICE STAFF



Laura M. Montoya - State Treasurer Malaquias “JR” Rael - Deputy Treasurer

Executive Team

Mary Blanco
Executive Assistant

Jerri Mares
Programs & Outreach Director

Christine Anaya
Special Projects Coordinator

John Kreienkamp
General Council

Katrina Smedley
Human Resource Specialist

Cash Management Division

Steve Marsico
State Cash Manager

Dominic Chavez
General Manager

Hannah Chavez
Investment Transaction Supervisor

Arsenio Garduno
Collateral Manager

Vanessa Mariscal
Accountant & Auditor

Ashly Quintana
Accountant & Auditor-O

Michael Romero
Accountant & Auditor-A

Maria Schoeppner
Accountant & Auditor-O

Joseph Vasquez
Transaction Coordinator

Operations Division

Brent Johnson
IT Technology Officer

Paul Madrid
IT Systems Administrator

Budget and Finance Division

Lizzy Ratnaraj
Chief Financial Officer

Marie Andermann
Accountant & Auditor-A

Alisha Dominic
Financial Coordinator-A

Investment Division

Vikki Hanges
Chief Investment Officer

Anna Murphy
Portfolio Manager

Frank Nichol
Assistant Portfolio Manager

STATE TREASURER'S OFFICE HISTORY



In 1851, the Legislative Assembly of the Territory of New Mexico passed an act that created the Office of the Territorial Treasurer and defined the powers and duties of the Treasurer.

With Statehood in 1912, Article V Section I of the New Mexico State Constitution created the Office of the State Treasurer and recognized the State Treasurer as an elected official within the executive department of State government. While the Governor is the chief executive officer, under New Mexico's pluralistic form of executive branch of government, the other elected members of the executive branch—the Lieutenant Governor, the Secretary of State, the State Treasurer, the Attorney General, the State Auditor, and the Commissioner of Public Lands—all share the responsibility for administering State government. The State Treasurer serves as the elected chief banking officer of the State and is entrusted with keeping, investing, and disbursing all State money, unless otherwise provided by law. In addition, the State Treasurer is charged with a variety of other duties directed toward ensuring prudent management of the State's financial resources as set forth in various sections of the statutes.

NEW MEXICO STATE TREASURERS

Owen N. Marron	1912-1916	Joseph B. Grant	1963-1966
H.L. Hall	1917-1918	H.E. Thomas, Jr.	1967-1968
Charles U. Strong	1919-1920	Merrill B. Johns	1968-1969
O.A. Matson	1921-1922	Jesse D. Kornegay	1969-1974
John W. Corbin	1923-1924	Edward M. Murphy	1975-1978
Warren R. Graham, Sr.	1925-1928	Jan Alan Hartke	1979-1982
Emerson Watts	1929-1930	Earl E. Hartley	1983-1985
Warren R. Graham, Sr.	1931-1932	James B. Lewis	1985-1990
Clinton P. Anderson	1933-1934	David W. King	1991-1994
James J. Connelly	1935-1938	Michael A. Montoya	1995-2002
Rex French	1939-1942	Robert E. Vigil	2003-2005
Guy Shepard	1943-1946	Douglas M. Brown	2005-2006
H.R. Rodgers	1947-1950	James B. Lewis	2006-2014
R.H. Grissom	1951-1954	Tom Eichenberg	2015-2022
Joseph B. Grant	1955-1958	Laura M. Montoya	2023-Present
Joe Callaway	1959-1962		

BOARDS AND COMMISSIONS



Treasurer Montoya serves as a member of 13 State financial and investment boards and commissions. Fiduciary responsibilities include \$17 Billion (ERB), \$12 Billion (MFA), \$17 Billion (PERA) \$1.7 Million (RETA) \$100 Million (RHCA) \$54 Billion (SIC) and \$17 Billion (STO). Below is a list of those boards, councils, and commissions.

Capitol Buildings Planning Commission (CBPC) is responsible for long-range planning and review of State properties and the development of an overall master plan.

Educational Assistance Foundation (EAF) is a non-profit corporation, created pursuant to the State Educational Assistance Act, that provides financial assistance to qualified post-secondary students. The purpose of the Foundation is to improve the educational opportunities of residents of New Mexico through educational assistance programs.

Educational Retirement Board (ERB) provides retirement benefits for teachers and other school employees from public school districts, institutions of higher education, and educational agencies. The Board is the trustee of the Educational Retirement Fund.

Martin Luther King, Jr. Commission (MLK) promotes cultural awareness and human rights to all people of New Mexico through Dr. King's life philosophy and six principles of nonviolent social action.

Mortgage Finance Authority (MFA) is a quasi-public entity, financing housing and related services for low- to moderate-income and underserved families. The Mortgage Finance Authority provides affordable housing finance programs, including assistance for the homeless, apartment development, and home ownership.

Public Employees Retirement Association (PERA) oversees the principal retirement and disability benefits programs of State, county, and municipal employees, including municipal police and firefighters. The Board serves as trustee for the association. Its mission is to preserve, protect, and administer the trust to meet its current and future obligations and provide quality services to association members.

Opportunity Enterprise Review Board (OERB) oversees the Opportunity Enterprise Revolving Fund, which was created by the New Mexico Legislature in 2022 to increase economic activity in the state. The fund provides financing for new or existing commercial facilities to attract businesses to New Mexico communities and allow existing businesses to expand their operations. Economic

goals are determined by the Board in collaboration with the Economic Development Department and may include job creation and provision of needed services and goods to diverse communities across the state.

Renewable Energy Transmission Authority (RETA) has the authority to issue and sell revenue bonds and use the proceeds to finance eligible energy transmission and storage facilities, and to acquire and operate facilities through leases.

Retiree Health Care Authority (RHCA) was created in 1990 to provide comprehensive and affordable group health insurance to eligible retirees of certain public service employers in New Mexico, to their spouses and dependents, and to surviving spouses and dependents.

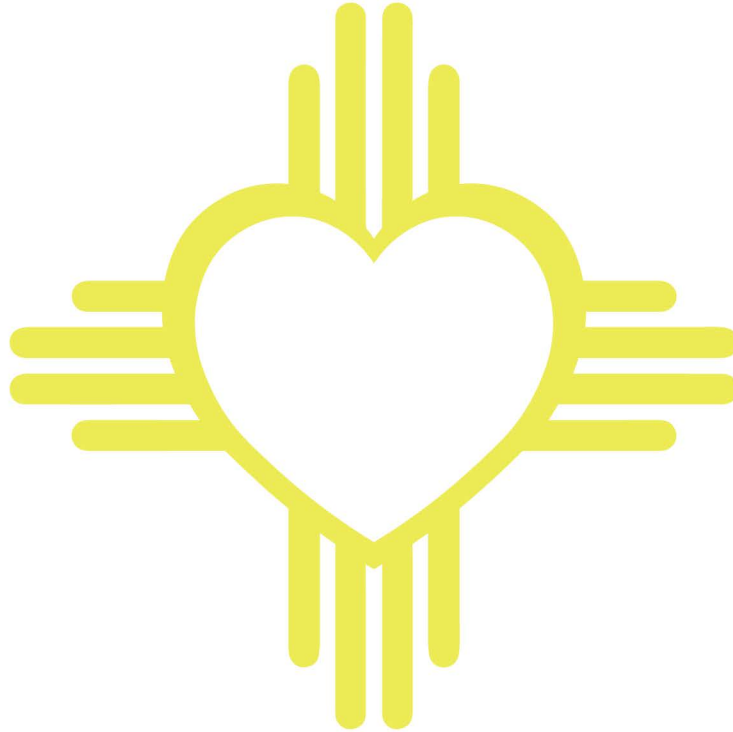
Small Business Investment Corporation (SBIC) is charged with creating new job opportunities and supporting new or expanding businesses in the State. The SBIC makes more capital available to small businesses through investing in alternative and micro lenders as well as venture capital funds.

State Board of Finance (SBOF) has general supervision of the fiscal affairs of the State. It is charged with the safekeeping of all money and securities belonging to or in the custody of the State and has the authority to issue general obligation bonds and severance tax revenue bonds.

State Investment Council (SIC) administers and manages New Mexico's three permanent trust funds: the Land Grant Permanent Fund, the Severance Tax Permanent Fund, and the Tobacco Settlement Permanent Fund. Additionally, the State Investment Council manages long-term investment funds for multiple state and local government entities.

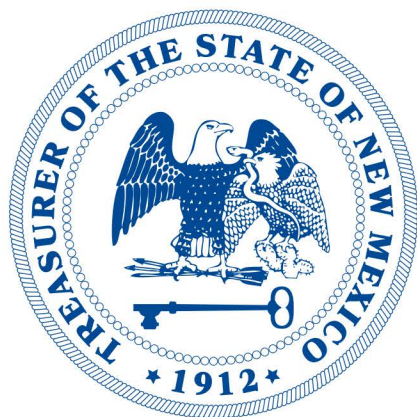
State Treasurer's Investment Council (STIC). STIC is a five-member advisory council consisting of the Treasurer, the State Cash Manager, the State Board of Finance Director, one member appointed by the Treasurer, and one member appointed by the SBOF.

ACKNOWLEDGEMENTS



The preparation of this report would not have been possible without the efficient and dedicated services of the team at the Office of the State Treasurer who provided information, suggestions, and support for this publication.

Special appreciation to our partner agencies that we work with day in and day out to serve New Mexico.



NEW MEXICO STATE TREASURER'S OFFICE

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SANTA FE, NEW MEXICO 87502

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2055 SOUTH PACHECO STREET,
SUITES 100 AND 200,
SANTA FE, NEW MEXICO 87505

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