



State of New Mexico  
Office of the State Treasurer

# ANNUAL REPORT

## Fiscal Year 2024



*The Honorable Laura M. Montoya*  
*State Treasurer*

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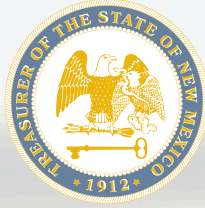


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*The New Mexico State Treasurer’s Office Annual Financial Report for the Fiscal Year ending June 30, 2024, provides a synopsis of STO’s achievements. An electronic version of this report is available at [nmsto.gov](http://nmsto.gov)*

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

**LAURA M. MONTOYA**  
STATE TREASURER



**JANICE Y. BARELA**  
DEPUTY STATE TREASURER

January 1, 2025

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, 2024. The report includes financial statements and other pertinent information regarding the agency's operations and accomplishments, which include \$670 million in earnings for FY2024 and a total of \$17 billion from all five portfolios.

As we close out FY2024, we reflect on an incredible year of action, innovation, and putting New Mexicans first. Our mission to bridge the gap of inequity was empowered and driven by the launch of various public-facing initiatives alongside internal efforts to provide responsible stewardship of public funds. As an office of 26 full-time employees, we are proud to have the highest investment return rate in the office's history.

We visited five school districts across New Mexico to promote financial literacy as a graduation requirement and hosted a Baby Bond Symposium, which included an esteemed group of local and national experts. We championed diversity, equity, inclusion and sustainability in fund management by advocating for updated investment policies and holding investors accountable. We worked with legislators, state agencies, organizations and the honorable Governor Michelle Lujan Grisham to strengthen the New Mexico State Treasurer's Achieving a Better Life Experience (NM STABLE) program, which is now ranked 4th in the nation (per capita) with \$15.3 million in total assets under management. In addition, we created the Local Government Investment Pool – Medium Term (LGIP MT) Investment Policy to collaborate with the State Investment Council on a 1 billion transfer.

I am deeply grateful to the dedicated team at the State Treasurer's Office. Their hard work and commitment underscore my success as Treasurer of New Mexico, and I continue to be honored to serve the people of the Land of Enchantment. I look forward to continuing our work to fulfill our objectives to maintain safety, liquidity, and yield, while bridging the gap of inequity and creating opportunities for New Mexico to prosper.

Respectfully Submitted,

**THE HONORABLE LAURA M. MONTOYA**  
**New Mexico State Treasurer**

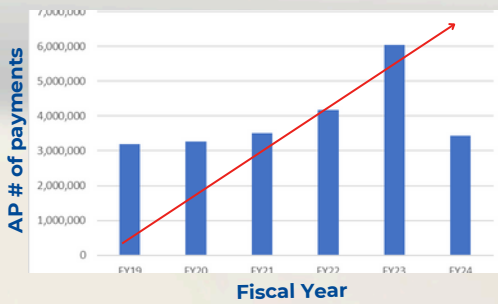
# FISCAL YEAR 2024: HIGHLIGHTS

## AGENCY BANK DEPOSITS



49%  
INCREASE  
↑

## AP TRANSACTIONS



77%  
DECREASE\*  
↓

\*Timing of  
tax rebates

## ASSETS UNDER MANAGEMENT



168%  
INCREASE  
↑

## TRADE VOLUME



222%  
INCREASE  
↑



**140 AGENCIES SERVED**



**\$1.95 BILLION IN  
LGIP ASSETS**

(\$1.5 Billion for FY23)



**\$17.3 BILLION IN  
MANAGED ASSETS**

(\$17 Billion for FY23)



**\$403 MILLION IN  
STATE GENERAL FUND  
INVESTMENT POOL  
(SGFIP) EARNINGS**

(\$290.5 Million for FY23)



**1,100 TOTAL BANK  
ACCOUNTS**



**\$30 BILLION IN  
TRADE VOLUME**

(\$26.3 Billion for FY23)



FISCAL YEAR 2024:  
**BY THE NUMBERS**

**\$17.3 Billion**  
In Assets Under Management

**Local Government Investment Pool (LGIP)**

**\$1.95 Billion**  
In Assets

**126**  
Local  
Government  
Participants

**251**  
Accounts

**5** **Investment Pools**

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

**\$403 Million**  
Earned On  
Investments

**26** Hard-working  
STO  
Employees

**18th**  
Consecutive Fiscal Year  
LGIP rated AAAM by S&P

**2** Findings in  
FY2024  
Independent  
Audit

FY2024: \$10,512.73

FY2023: \$8,743.98

FY2022: \$7,169.65

**Average NM STABLE  
Account Balances**

**\$15.3 Million**  
Assets Under Management



**1,503**  
NM STABLE Accounts



## **LAURA M. MONTOYA**

### **STATE TREASURER**

Raised and educated in Northern New Mexico, Laura M. Montoya broke barriers as the first female New Mexico State Treasurer and the first elected Latina State Treasurer in the United States. Treasurer Montoya is a skilled, steadfast advocate for New Mexicans, having served the Land of Enchantment for over two decades at the federal, state, tribal, and local levels with experience in banking, investments, and public policy.

Treasurer Montoya works tirelessly to address inequities through various initiatives, such as outreach for financial literacy, the New Mexico State Treasurer's Achieving a Better Life Experience (NM STABLE) program, Baby Bonds, and leading conversations on Diversity, Equity, and Inclusion (DEI) strategies, both in New Mexico and nationally. Treasurer Montoya's dedication ensures that sound financial policies and practices pave the way for a more equitable and prosperous future for New Mexico.

Currently, Treasurer Montoya manages a \$17 billion portfolio. In addition, she sits on 13 boards, councils and commissions that collectively manage over \$150 billion. Her fierce and savvy leadership continues to ignite positive change, uplifting community and advancing New Mexico forward. The Treasurer is proud to be the daughter of Councilman L. Michael and Geralyn Montoya of Las Vegas, NM.



## **JANICE Y. BARELA** DEPUTY STATE TREASURER

Deputy State Treasurer Janice Barela brings over 15 years of distinguished experience in public service, having held key leadership positions including Chief Deputy Treasurer, County Treasurer, Deputy County Manager, and County Manager. Appointed by State Treasurer Laura M. Montoya, Deputy Barela was sworn in August 2024.

Deputy Barela oversees the day-to-day operations of the State Treasurer's Office, managing the Budget & Finance, Cash Management, Investments, Operations, and Programs & Outreach Divisions. She ensures the effective implementation of statutes, policies, programs, and special initiatives, while also fostering strategic partnerships with state agencies, local governments, banks, and other stakeholders to advance the office's mission.

Deputy Barela represents Treasurer Montoya on several boards, councils, and commissions, including the Renewable Energy Transmission Authority (RETA) Board, the Capitol Buildings Planning Commission, and the Opportunity Enterprise & Housing Development Review Board.

Deputy Barela's professional qualifications include certification as a mediator by the University of New Mexico's Anderson School of Management. Additionally, she holds multiple designations from New Mexico State University, such as New Mexico Certified Treasury Official, Certified Public Finance Professional, Certified Public Supervisor, Certified Human Resource Professional, and Chief Procurement Officer.

A passionate advocate for rural New Mexico, Deputy Barela is deeply committed to addressing the unique challenges faced by rural communities. She is the proud wife of Ted Barela for 39 years, mother of three, and grandmother of six.



# BUDGET AND FINANCE DIVISION

**Overview:** 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.

# BUDGET AND FINANCE DIVISION

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 (JPM) 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 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 Division is responsible for disbursing revenue generated from the tribal gaming operations from the State Investment Trust Fund to the State General Fund.



# BUDGET AND FINANCE DIVISION

## Significant Milestones & Accomplishments for FY2024

- STO researched the market and completed two Request for Proposals (RFPs), resulting in the addition of Treasury Management Software and an upgrade to current Investment Accounting software to integrate our Investment Division with our Cash Management Division and the Investments custodial bank.
- STO completed a conversion of physical warrant payments and moved toward paperless all-electronic Automatic Clearing House (ACH) disbursements.

## Initiatives for FY2025

- Continue improving 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

**Overview:** 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 1,100 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 Bureau**

The Cash Flow Bureau 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 Bureau 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 Council and the State Board of Finance.

The Cash Flow Bureau 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

# CASH MANAGEMENT DIVISION

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 Bureau 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 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, the State earns 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 Bureau**

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 assessment 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 Council regarding compliance by all financial institutions and plays a key role in the Bureau's



# CASH MANAGEMENT DIVISION

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.

## **Significant Milestones & Accomplishments for FY2024**

- 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.

## **Initiatives for FY2025**

- 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 Department of Finance and Administration (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.
- Work with Department of Finance and Administration (DFA) and Department of Information and Technology (DoIT) to enhance STO internal controls over agency negative fund balances.

# INVESTMENT DIVISION

**Overview:** 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 Council 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 FY2024, the Division earned approximately \$670 million. At the end of FY2024, the five portfolios totaled approximately \$17.3 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



# INVESTMENT DIVISION

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 FY2024.

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 FY2024 the General Fund reported \$403.1 million in earnings. At fiscal year end, the General Fund Investment Pool had an unrealized gain of \$78.2 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.

- **The Tax-Exempt Bond Proceeds Investment Pool (Tax-Exempt BPPI)** 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.
- **The Taxable Bond Proceeds Investment Pool (Taxable BPPI)** holds proceeds from taxable severance tax bonds issued by the State Board of Finance until expended on capital projects. During FY2024 the bond proceeds pools reported \$137.6 million in earnings. At fiscal year end, the bond proceeds pools had \$31.1 million in unrealized gains, based on mark-to-market. Most investments are held to maturity.

# INVESTMENT DIVISION

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 "AAAm" 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 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 FY2024 the Local Government Investment Pool reported \$56.4 million in earnings.**

The LGIP Medium Term Investment Policy and the medium-term investments as a sub-fund of the Local Government Investment Pool (LGIP) were approved by the State Treasurer's Investment Council (STIC) and the State Board of Finance (BOF), creating a new Medium-Term sub-fund, specifically designed to invest State Investment Council (SIC) funds. This was a significant collaboration between the State Treasurer's Office, the State Investment Council, the Board of Finance, and the Department of Finance and Administration (DFA). The medium-term fund started receiving money in the last

quarter of fiscal year 24, with \$250 million each month until a total of \$750 million.

## **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 FY2024 the Severance Tax Bonding Fund reported \$34.9 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 FY2024**

- 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.

## **Initiatives for FY2025**

- 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

# INVESTMENT DIVISION

participants and prospects, allowing for prudent investment decisions.

- Integrate new accounting software to improve investment performance via enhanced cash flow projections and monitoring.
- Update the Treasurer's Investment Policy and portfolio benchmarks for advice and consent from State Treasurers Investment Council (STIC) and State Board of Finance (SBoF).
- 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

**Overview:** 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 tele communications 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.

## Significant Milestones & Accomplishments for FY2024

- Replacement of Security camera and door access systems
- Replacement of Firewalls with new equipment
- Data availability from any Treasury computer via VPN regardless of locale
- Two Factor authentication and High Security Audit score

## Initiatives for FY2025

- Maintain building security
- Increase IT Security in the face of Cyber Threats
- Perform web presence assessment with accessibility standard WCAG 2.1 AA
- Continued remote support from IT staff for all Treasury staff

# PROGRAMS & OUTREACH DIVISION

The Programs, Outreach and Legislative Affairs Division is a new division that oversees the Financial Literacy Program, the NM Enrich Financial Literacy Platform, the Work and Save Program, the State Treasurer's Achieving a Better Life Experience (NM STABLE) Program, the Financial Empowerment for Women Program, and the Baby Bonds initiative.

## Financial Literacy Program

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. Since 2023, the STO's primary financial literacy focus has been building partnerships with state agencies, non-profit organizations, and financial institutions to provide financial literacy resources and education to participants in the New Mexico STABLE program, the Financial Empowerment of Women program, and the Baby Bonds Initiative. This training includes but is not limited to the following:

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

Treasurer Montoya and STO are also coalition members to the Bank On NM Coalition, which is dedicated to helping improve the financial stability of households in New Mexico by ensuring availability of safe and affordable Bank On certified accounts, raising public awareness of these efforts and opportunities, and expanding access to financial education and other financial empowerment opportunities. In December 2023, according to the Albuquerque Journal, New Mexico ranks third on the top 10 worst states for banking access. New Mexico scored only 2.67 out of the possible 100 points.

STO is also a proud member of the Jump\$tart Coalition, a partnership of organizations, government agencies, financial institutions, and corporations working together to improve personal financial literacy among New Mexico's youth and young adults.

## NM Enrich Financial Literacy Platform

In January 2024, STO received a grant from Wells Fargo through the National Association of State Treasurers to operate a financial literacy platform to serve as a one-stop destination for personalized solutions to achieve financial goals. The NM Enrich Financial Literacy Platform was launched as a pilot initiative for New Mexico state employees and retirees. State employees and retirees can receive personalized content to enhance their money management, career, and student loan skills.

The NM Enrich Platform provided money management videos, courses, specialized calculators and downloadable worksheets to help participants with their budget, mortgage, and student loads. NM Enrich worked to make understanding where you are, and where you want to be, easy and approachable. The grant ended in December 2024.

## NM STABLE Program

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."

In 2017, due to a lack of appropriated funding from the legislature, 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. STO is a member of a consortium of 12 states. STO has opened over 1,900 New Mexico STABLE accounts, surpassing the number of accounts in several other states' ABLE programs.



# PROGRAMS & OUTREACH DIVISION

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 healthcare, 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.

In the 2024 New Mexico Legislative Session, House Bill 98 (HB98) was introduced and passed to align New Mexico 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.

House Bill 98 also provides exempted clawbacks on 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.

## **New Mexico Work and \$ave Program**

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

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.

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.

The New Mexico Work and \$ave Board requested legislative changes during the 2023 Legislative Session to amend its statute, FTEs, and General Fund appropriations to meet statutory deadlines for the program for FY24, but because of the lack of funds and a tabled Bill, the program has become stagnant and did not launch on July 1, 2024.

# PROGRAMS & OUTREACH DIVISION

## Financial Empowerment for Women Program

Since the turn of the century, educational attainment rates of females in the U.S. have surpassed that of males at all degree levels. However, women are still paid less than men for equal work. The gender-based wage gap has narrowed in recent years but according to the United State Census Bureau's 2019 American Community Survey, the national median earnings for civilians who worked full-time, year-round in the past 12 months was \$53,544 for men compared to \$43,394 for women.[ii] According to the United States Census Bureau, in 2022 the median earnings of women were less than those of men, in all degree fields.

According to the City of Albuquerque's Gender Pay Equity Initiative, women in New Mexico make 79 cents for every dollar paid to their male counterparts, resulting in a yearly gap of \$8,789, and women of color face even greater inequalities. African American women earn just 69 cents for every dollar paid to men, and Hispanic women being paid just 66 cents for every dollar paid to men in New Mexico. Nationwide, for Native American women the percentage is a lowly 60 cents.

The gender wage gap is real, and we must concentrate our efforts to close it. The State Treasurer's Office is committed to focusing on financial empowerment for women by developing and implementing programs and initiatives that give women the tools they need to succeed in the workplace and at home. Knowledge is power, but without being afforded the same opportunities and wages, intelligent hardworking women can be rendered powerless. Continuous access to information, providing free resources, and developing workshops and opportunities to learn strategies for financial success are ways in which STO can fulfill our commitment to the economic stability and prosperity of the

women of our state.

## New Mexico Baby Bonds Initiative

In 2024, New Mexico State Treasurer Laura M. Montoya supported a collaborative effort with NM House Speaker Javier Martinez, Abriendo Puertas/Opening Doors (AP-OD), Money Byrd, Partnership for Community Action (PCA), and Prosperity Works on a Baby Bonds pilot initiative, which will serve as a model for how Baby Bonds will be proposed during the 2025 Legislative Session.

A Baby Bond is a trust fund created to allow each baby to receive a pledge startup of capital that will grow over time and be of use after that baby turns 18 years old. Baby Bonds is an initiative that will bridge the gap of inequity and ensure that all children born in New Mexico have an opportunity to achieve financial independence. Baby Bonds will promote financial fitness for our youth so that they may build generational wealth.

Baby Bonds legislation will be drafted to create a government-funded trust account, which will incur interest and provide startup capital to every baby born in New Mexico after July 1st, 2025. At a certain age, these individuals will complete a financial literacy component. After the age of 18, Baby Bond recipients will have indirect access to the accumulated funds, which will allow them to pursue wealth-building opportunities, such as investing in higher education, owning a home, starting a business, or saving for retirement.

The initiative to launch Baby Bonds presents a unique opportunity that invests in New Mexicans so that they can invest back in our communities and our economy, all while reducing the reliance on government assistance. It's not only our children who will benefit from Baby



# PROGRAMS & OUTREACH DIVISION

Bonds either. When the recipients have that supplementary cash to spend on their own future, it gives some relief to their parents or grandparents who are raising them and might not have the capital to support their career goals.

## **Significant Milestones & Accomplishments for FY2024**

### **Financial Literacy Program**

- Began collaboration with Bank On NM Coalition as a coalition member. Bank On NM works to improve the financial stability of households in our community by advancing the awareness and availability of no-overdraft and low-fee checking accounts in New Mexico.
- Continued our collaboration with Jump \$tart New Mexico and participated in monthly calls to schedule future collaborative events.
- Visited and spoke with Mayfield High School and the Alamogordo School District in August 2024 on the importance of financial fitness and supporting financial literacy as a high school graduation requirement. Treasurer Montoya spoke with Superintendents, Principals and School Board Members along with elementary, middle and high school students.

### **NM Enrich Platform**

- Since the launch of the NM Enrich Platform in January 2024, there are 41 active accounts.

### **NM STABLE Program**

- Introduced and passed legislation ([House Bill 98](#)) 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.

- House Bill 98 also provides exempted clawbacks on 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.
- As of August 31, 2024, there were 1,906 total NM STABLE accounts with an Assets Under Management total of \$15,776,852.21 compared to 1,611 and an Assets Under Management total of \$11,348,873.25 in August 2023.
- On January 1, 2024, account holders annual Account Maintenance Fee reduced from \$39 per year to \$27 per year.
- 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 \$10,512.73.
- 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.

### **Financial Empowerment for Women Program**

- Treasurer Montoya served as a panelist and spoke at several women empowerment conferences and events including the Financial Literacy-Makes Cents Conference in September 2023,

# PROGRAMS & OUTREACH DIVISION

the Saxena White Women's Alliance-Los Angeles Luncheon in September 2024, and the Santa Fe Chamber of Commerce 9th Annual Women's Leadership Luncheon in November 2024.

## **Baby Bonds Initiative**

- On August 8th, STO partnered with NM House Speaker Javier Martinez, Abriendo Puertas/Opening Doors (AP-OD), Money Byrd, Partnership for Community Action (PCA), and Prosperity Works to launch a Baby Bond Pilot to provide 15 children with a Baby Bond to be used for future education expenses, home ownership and/or entrepreneurial expenses.
- Hosted the Baby Bond Symposium at the National Hispanic Cultural Center on October 17 & 18, 2024. Provided panel discussions and networking opportunities for participants to learn more about Baby Bonds. Expert and esteemed panelists included Dr. Darrick Hamilton (The New School), Connecticut State Treasurer Erick Russell, House Speaker Javier Martinez, Nichelle Gilbert (Partnership for Community Action), David Radcliffe (The New School), Uriah King (For the Long Term), Amit Khanduri (Georgia Resilience and Opportunity Fund) and Dr. White (University of New Mexico).
- Joining a handful of other states to pursue legislation at the state level in 2025.

## **Initiatives for FY2025**

### **Financial Literacy Program**

- Collaborate and educate New Mexico Superintendents and School Board members on the importance of implementing a financial literacy initiative for graduating seniors in high schools.
- Work with New Mexico Legislators to introduce legislation in 2025 to make financial literacy a graduation requirement in New Mexico High Schools.

- Travel and meet with Elementary, Middle School, and High School Students, Superintendents and School Board members across the State of New Mexico and provide them with financial fitness education and resources.
- 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, including Bank On NM resources.
- Collaborate with Bank On NM as a coalition member to advance the awareness and availability of no-overdraft and low-fee checking accounts in New Mexico.
- Develop and launch a new STO website to include financial resources.
- Partner with other state agencies to improve the financial wellness of state employees by providing financial literacy resources, including NM Enrich.
- Continue our partnership with Jump\$tart/MoneySmart New Mexico to provide financial resources to the State's youth and senior populations.
- Develop and implement a communications plan, which will include a social media and events calendar to promote STO financial literacy initiatives.
- Collaborate with NMCAN to provide financial literacy resources for New Mexico foster care youth.
- Support the New Mexico Health Care Authority to provide financial literacy resources to individuals with disabilities and their guardians/caregivers.

# PROGRAMS & OUTREACH DIVISION

## NM Enrich Platform

- Continue to advertise and offer the NM Enrich Financial Wellness platform to State Employees and Retirees.
- Assess the cost and sustainability of the platform to determine its continuation and budget needed to do so.
- If continuing the platform, STO would like to expand the platform to veterans, persons with disabilities, and high school and college students.
- Develop and implement a communications plan, which will include a social media and events calendar to promote NM Enrich initiatives.

## NM Work and \$ave Program

- Provide administrative assistance to the Work and \$ave board as needed.
- Develop and implement a communications plan, which will include a social media and events calendar to promote NM Work and \$ave initiatives.

## NM STABLE Program

- Provide marketing and outreach efforts across New Mexico at events and meetings to increase brand recognition and align with the national STABLE account program.
- 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.
- Continue to 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.

- Work with the New Mexico State Personnel Office to offer a part-time internship to a high school or college-level student to assist with NM STABLE efforts.
- Seek new accounts by plotting the number of current, active accounts by county to target outreach efforts within communities where there are no accounts.
- Develop and implement a communications plan, which will include a social media and events calendar to promote NM STABLE initiatives.

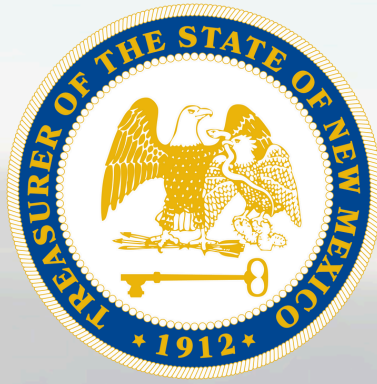
## Financial Empowerment for Women Program

- Empower women in the State of New Mexico through continuous outreach and resources necessary to be financially independent.
- Meet with community organizations who provide financial fitness resources to women in New Mexico in support of their financial future.
- Develop and implement a communications plan, which will include a social media and events calendar to promote STO Financial Empowerment for Women initiatives.

## Baby Bonds Initiative

- Continue to meet and collaborate with NM House Speaker Javier Martinez, Abriendo Puertas/Opening Doors (AP-OD), Money Byrd, Partnership for Community Action (PCA), and Prosperity Works on the Baby Bond Pilot.
- Invite legislators, non-profit organizations, state government leaders, public educators, and the public to the Baby Bonds Symposium to create collaborative partnerships for future legislative efforts leading up to 2025 NM Legislative Session.
- Develop and implement a communications plan, which will include a social media and events calendar to promote STO Baby Bond initiatives.





State of New Mexico  
Office of the State Treasurer

# **FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2024



# INDEPENDENT AUDITOR'S REPORT



CliftonLarsonAllen LLP  
CLAAconnect.com

Honorable Michelle Lujan Grisham, Governor and  
President, State Board of Finance  
and  
Honorable Laura 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, 2024, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2024, 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.

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# INDEPENDENT AUDITOR'S REPORT

Honorable Michelle Lujan Grisham, Governor and  
President, State Board of Finance  
Honorable Laura Montoya, State Treasurer  
Honorable Joseph M. Maestas, P.E., State Auditor

## ***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, 2024, 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' 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.



# INDEPENDENT AUDITOR'S REPORT

Honorable Michelle Lujan Grisham, Governor and  
President, State Board of Finance  
Honorable Laura Montoya, State Treasurer  
Honorable Joseph M. Maestas, P.E., State Auditor

- 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 13 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 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 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

# INDEPENDENT AUDITOR'S REPORT

Honorable Michelle Lujan Grisham, Governor and  
President, State Board of Finance  
Honorable Laura Montoya, State Treasurer  
Honorable Joseph M. Maestas, P.E., State Auditor

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, 2024, 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, 2024

# FINANCIAL STATEMENTS

**STATE OF NEW MEXICO  
OFFICE OF THE STATE TREASURER  
STATEMENT OF NET POSITION  
JUNE 30, 2024**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Investment in State General Fund Investment Pool	\$ 651,315,139
Due from Other Agencies	329,849,709
Gaming Suspense Receivables	21,146,362
Construction in Process	95,986
Capital Assets, Net of Accumulated Depreciation and Amortization	849,781
Total Assets	<u>1,003,256,977</u>
<b>LIABILITIES</b>	
Accounts Payable	850,559
Receipts Held in Suspense	3,118,834
Accrued Payroll and Payroll Taxes	66,669
Due to State General Fund	21,146,362
Due to Local Governments	504
Compensated Absences	
Due Within One Year	219,510
Lease Liability:	
Due Within One Year	227,768
Due After One Year	216,462
Subscription Liability:	
Due Within One Year	132,608
Due After One Year	274,163
Arbitrage Liability	29,789,557
Total Liabilities	<u>56,042,996</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	94,766
Restricted for:	
Debt Service	977,128,282
Unrestricted	<u>(30,009,067)</u>
Total Net Position	<u>\$ 947,213,981</u>



# FINANCIAL STATEMENTS

## STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

	Expenses	Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position Primary Government
<b>PRIMARY GOVERNMENT</b>			
Governmental Activities:			
General Government	\$ 36,446,030	2,648	\$ (36,443,382)
Total Governmental Activities	<u>\$ 36,446,030</u>	<u>\$ 2,648</u>	<u>(36,443,382)</u>
<b>GENERAL REVENUES</b>			
State Property Tax Levy			134,094,781
Severance Taxes			2,087,057,230
Interest Income - Debt Service			172,963,526
Other State Funds			390,000
Miscellaneous Revenue			59
Total General Revenues			<u>2,394,505,596</u>
<b>TRANSFER FROM (TO) STATE AGENCIES</b>			
State General Fund Appropriations			4,297,300
State General Fund Compensation Appropriation			172,200
Reversions to State General Fund FY24			(542,627)
Other State Agencies			(2,402,215,400)
Loss on Early Termination of Lease			(6,533)
Total Transfer from (to) State Agencies			<u>(2,398,295,060)</u>
Total General Revenues and Transfers			<u>(3,789,464)</u>
<b>CHANGE IN NET POSITION</b>			<u>(40,232,846)</u>
Net Position - Beginning of Year			<u>987,446,827</u>
<b>NET POSITION - END OF YEAR</b>			<u>\$ 947,213,981</u>

# FINANCIAL STATEMENTS

## STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER BALANCE SHEET – GOVERNMENTAL FUNDS JUNE 30, 2024

	Major Funds			
	General Fund	General Obligation Bond Fund (Various Funds)	Severance Tax Bond Fund (Various Funds)	Total Governmental Funds
<b>ASSETS</b>				
Investment in State General Fund				
Investment Pool	\$ 3,403,693	\$ 218,017,918	\$ 429,893,528	\$ 651,315,139
Due from Other Agencies	-	6,452,569	323,397,140	329,849,709
Gaming Suspense Receivables	21,146,362	-	-	21,146,362
Total Assets	<u>\$ 24,550,055</u>	<u>\$ 224,470,487</u>	<u>\$ 753,290,668</u>	<u>\$ 1,002,311,210</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 217,686	\$ 5,314	\$ 627,559	\$ 850,559
Receipts Held in Suspense	3,118,834	-	-	3,118,834
Accrued Payroll and Payroll Taxes	66,669	-	-	66,669
Due to State General Fund	21,146,362	-	-	21,146,362
Due to Local Governments	504	-	-	504
Total Liabilities	<u>24,550,055</u>	<u>5,314</u>	<u>627,559</u>	<u>25,182,928</u>
<b>FUND BALANCES</b>				
Restricted for:				
Debt service	-	224,465,173	752,663,109	977,128,282
Special Appropriation for Work and Save Program Implementation	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>224,465,173</u>	<u>752,663,109</u>	<u>977,128,282</u>
Total Liabilities and Fund Balances	<u>\$ 24,550,055</u>	<u>\$ 224,470,487</u>	<u>\$ 753,290,668</u>	<u>\$ 1,002,311,210</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, 2024**

Total Fund Balance - Governmental Funds (Balance Sheet - Governmental Funds)	\$ 977,128,282
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital Assets	2,217,961
Right-to-Use Lease Assets	1,112,584
Subscription Assets	664,585
Accumulated Depreciation, Capital Assets	(2,115,978)
Accumulated Amortization, Right-to-Use Assets	(933,385)
Total Capital Assets, Net	<u>945,767</u>

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:

Arbitrage Liability	(29,789,557)
Compensated Absences Payable	(219,510)
Lease Liability	(444,230)
Subscription Liability	(406,771)
Total Liabilities, Net	<u>(30,860,068)</u>

Net Position of Governmental Activities (Statement of Net Position)	<u>\$ 947,213,981</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, 2024**

	Major Funds			
	General Fund	General Obligation Bond Fund (Various Funds)	Severance Tax Bond Fund (Various Funds)	Total Governmental Funds
<b>REVENUES</b>				
Severance Taxes	\$ -	\$ -	\$ 2,087,057,230	\$ 2,087,057,230
State Property Tax Levy	-	134,094,781	-	134,094,781
Other State Funds	390,000	-	-	390,000
Interest Income - Debt Service	-	23,206,077	149,757,449	172,963,526
Federal Funds	2,648	-	-	2,648
Miscellaneous Revenues	59	-	-	59
Total Revenues	392,707	157,300,858	2,236,814,679	2,394,508,244
<b>EXPENDITURES</b>				
Current:				
Personnel Services and Employee Benefits	3,406,402	-	-	3,406,402
Operating Costs:				
Contractual Services	385,016	-	-	385,016
Other Administrative Expenditures	906,605	-	-	906,605
Other Charges	-	724,923	1,249,630	1,974,553
Capital Outlay	95,986	-	-	95,986
Total Expenditures	4,794,009	724,923	1,249,630	6,768,562
<b>NET REVENUES (EXPENSES)</b>	(4,401,302)	156,575,935	2,235,565,049	2,387,739,682
<b>OTHER FINANCING SOURCES (USES)</b>				
State General Fund Appropriations	4,297,300	-	-	4,297,300
Compensation Appropriation	172,200	-	-	172,200
Lease Financing Proceeds	-	-	-	-
Reversions to State General Fund FY24	(542,594)	-	(33)	(542,627)
Transfer (to) from Other State Agencies	-	(100,982,588)	(2,301,232,812)	(2,402,215,400)
Total Other Financing Sources (Uses)	3,926,906	(100,982,588)	(2,301,232,845)	(2,398,288,527)
<b>NET CHANGE IN FUND BALANCES</b>	(474,396)	55,593,347	(65,667,796)	(10,548,845)
Fund Balances - Beginning of Year	474,396	168,871,826	818,330,905	987,677,127
<b>FUND BALANCES - END OF YEAR</b>	\$ -	\$ 224,465,173	\$ 752,663,109	\$ 977,128,282

# FINANCIAL STATEMENTS

## STATE OF NEW MEXICO OFFICE OF THE STATE TREASURER RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Total Governmental Funds (statement of revenues, expenditures, and changes in fund balances)	\$ (10,548,845)
--	-----------------

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.

Early Termination of Leased Asset, Net	(6,533)
Capital Asset Addition	95,986
Right-to-Use Leased Asset Addition	1,148
Right-to-Use SBITA Asset Addition	1,252
Depreciation Expense	(3,000)
Amortization Expense	<u>(353,365)</u>
Depreciation and Amortization Expense in Excess of Capital Outlay	(257,979)

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:

373,384

Some expenses reported in the statement of activities do not require  
the use of current financial resources, and these are not reported  
as expenditures in governmental funds:

Increase in Arbitrage Liability	(29,789,557)
Increase in Compensated Absences	<u>(3,316)</u>

Expenses that do not require current financial resources	(29,792,873)
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Change in Net Position of Governmental Activities	<u><u>\$ (40,232,846)</u></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, 2024**

	General Fund (18200)			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
State General Fund Appropriations	\$ 4,297,300	\$ 4,297,300	\$ 4,297,300	\$ -
Other Financing Sources	172,200	172,200	172,200	-
Federal Grants	2,000	2,000	2,648	648
Other State Funds	412,400	412,400	390,000	(22,400)
Miscellaneous Revenue	-	-	59	59
Total Revenues	<u>4,883,900</u>	<u>4,883,900</u>	<u>4,862,207</u>	<u>(21,693)</u>
<b>FUND BALANCE</b>	<u>230,340</u>	<u>230,340</u>		
Total Revenues and Fund Balance	<u>5,114,240</u>	<u>5,114,240</u>		
<b>EXPENDITURES</b>				
Personnel Services and Benefits	3,644,200	3,644,200	3,406,402	237,798
Contractual Services	752,840	398,240	385,016	13,224
Other Operating Costs	717,200	1,071,800	1,002,591	69,209
Transfer to Other State Agencies	-	-	-	-
Total Expenditures	<u>5,114,240</u>	<u>5,114,240</u>	<u>4,794,009</u>	<u>320,231</u>
<b>NET REVENUES (EXPENSES)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>68,198</u>	<u>\$ 298,538</u>
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance				
Unbudgeted Reversions to State General Fund			(542,594)	
<b>NET CHANGE IN FUND BALANCES (GAAP BASIS)</b>			(474,396)	
Fund Balance - Beginning of Year			<u>474,396</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ -</u>	



# FINANCIAL STATEMENTS

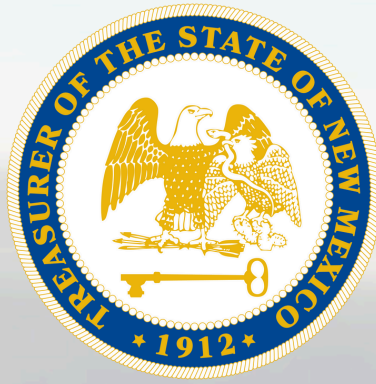
**STATE OF NEW MEXICO  
OFFICE OF THE STATE TREASURER  
STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUNDS  
JUNE 30, 2024**

	External Investment Pool Funds (Local Government Investment Pool Trust Fund)
<b>ASSETS</b>	
Cash and Investments:	
Cash in Banks	\$ 125,654,870
Miscellaneous Cash	231,081,895
Repurchase Agreements	103,490,088
Government Bonds	825,821,199
Commercial Paper	45,401,659
Corporate Bonds	57,925,108
Discounted Notes	237,878,733
Mutual Funds	202,055
Supranationals	99,867,809
	<hr/>
Total Cash and Investments	1,727,323,416
Accrued Interest Receivable	4,528,137
Total Assets	<hr/> 1,731,851,553 <hr/>
<b>LIABILITIES</b>	
Due to Broker	36,931,691
Total Liabilities	<hr/> 36,931,691 <hr/>
<b>FIDUCIARY NET POSITION - Held in Trust for Pool Participants</b>	<hr/> <b>\$ 1,694,919,862</b> <hr/>

# FINANCIAL STATEMENTS

**STATE OF NEW MEXICO  
OFFICE OF THE STATE TREASURER  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CUSTODIAL FUNDS  
YEAR ENDED JUNE 30, 2024**

	External Investment Pool Funds (Local Government Investment Pool Trust Fund)
<b>ADDITIONS</b>	
Interest Income on Investments	\$ 23,309,892
Unrealized Gains (Losses) on Investments	29,811
Investment Amortization/Accretion	13,300,231
Total Investment Income	36,639,934
Deposits	18,929,570,312
Total Additions	18,966,210,246
<b>DEDUCTIONS</b>	
Management Fees	(318,728)
Withdrawals	(18,687,672,459)
Total Deductions	(18,687,991,187)
<b>CHANGE IN FIDUCIARY NET POSITION</b>	278,219,059
Fiduciary Net Position, Held in Trust for Pool Participants - Beginning of Year	1,416,700,803
<b>FIDUCIARY NET POSITION, Held in Trust for Pool Participants - End of Year</b>	<b>\$ 1,694,919,862</b>



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, 2024



# INDEPENDENT AUDITOR'S REPORT



CliftonLarsonAllen LLP  
CLAAconnect.com

Honorable Michelle Lujan Grisham, Governor and  
President, State Board of Finance  
and  
Honorable Laura 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, 2024, 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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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.

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# INDEPENDENT AUDITOR'S REPORT

Honorable Michelle Lujan Grisham, Governor and  
President, State Board of Finance  
Honorable Laura Montoya, State Treasurer  
Honorable Joseph M. Maestas P.E., State Auditor

## ***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, 2024, 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' 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.



# INDEPENDENT AUDITOR'S REPORT

Honorable Michelle Lujan Grisham, Governor and  
President, State Board of Finance  
Honorable Laura Montoya, State Treasurer  
Honorable Joseph M. Maestas P.E., State Auditor

- 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, 2024, 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.



# INDEPENDENT AUDITOR'S REPORT

Honorable Michelle Lujan Grisham, Governor and  
President, State Board of Finance  
Honorable Laura Montoya, State Treasurer  
Honorable Joseph M. Maestas P.E., State Auditor

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, 2024 ~~January 28, 2025~~, 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, 2024

# 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, 2024**

	Investment Pools			
	LGIP	Consolidated	General Fund	
	Short-Term	Investment	Investment	
	Investment	Pool (Internal)	Pool (Internal)	
	Pool (External)	BPIP #1 and #2		Total
<b>ASSETS</b>				
Cash and Investments:				
Fiscal Agent Bank Account	\$ -	\$ -	\$ 255,471,230	\$ 255,471,230
Cash in Banks	\$ 200,459,962	\$ 38,777	\$ 977,162,244	\$ 1,177,660,983
Miscellaneous Cash	\$ 368,650,000	\$ 10,000,000	\$ 680,700,000	\$ 1,059,350,000
Repurchase Agreements	\$ 165,100,000	\$ -	\$ 1,689,000,000	\$ 1,854,100,000
Commercial Paper	\$ 72,430,280	\$ -	\$ 817,848,369	\$ 890,278,629
Corporate Bonds	\$ 92,409,190	\$ 702,540,895	\$ 1,338,212,565	\$ 2,133,162,650
Demand Notes	\$ -	\$ 4,500,000	\$ 536,130,000	\$ 540,630,000
Government Bonds	\$ 1,317,450,618	\$ 2,701,010,233	\$ 4,003,707,062	\$ 8,022,167,913
Supranationals	\$ 159,321,300	\$ 75,197,719	\$ 267,065,575	\$ 501,584,594
Municipal Bonds	\$ -	\$ 744,890	\$ 29,683,497	\$ 30,428,387
Mutual Funds	\$ 322,343	\$ 554,172,277	\$ 62,976,719	\$ 617,471,339
Discounted Notes and Treasury				
Bills - Zero Coupon	\$ 379,493,145	\$ -	\$ 604,563,879	\$ 984,057,024
Interfund Investments	\$ (338,674)	\$ -	\$ 338,674	\$ -
Total Cash and Investments	2,755,298,144	4,048,204,791	11,262,859,814	18,066,362,749
Accrued Interest Receivable	7,223,836	36,834,530	46,419,992	90,478,358
Total Assets	2,762,521,980	4,085,039,321	11,309,279,806	18,156,841,107
<b>LIABILITIES</b>				
Due to Broker	58,917,934	101,645,282	48,384,313	208,947,529
Total Liabilities	58,917,934	101,645,282	48,384,313	208,947,529
<b>NET POSITION - HELD IN TRUST</b>	<b>\$ 2,703,604,046</b>	<b>\$ 3,983,394,039</b>	<b>\$ 11,260,895,493</b>	<b>\$ 17,947,893,578</b>

# 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, 2024

	Investment Pools			
	LGIP	Consolidated	General Fund	
	Short-Term	Investment	Investment	
	Investment	Pool (Internal)	Pool (Internal)	
	Pool (External)	BPIP #1 and #2		Total
<b>ADDITIONS</b>				
Interest Income on Investments	\$ 63,684,639	\$ 112,108,210	\$ 324,941,617	\$ 500,734,466
Realized Gains (Losses) on Investments	-	456,550	419,921	876,471
Unrealized Gains (Losses) on Investments	81,447	31,040,655	78,180,669	109,302,771
Investment Amortization/Accretion	36,337,380	25,469,905	121,395,882	183,203,167
Total Investment Income	100,103,466	169,075,320	524,938,089	794,116,875
Deposits	51,717,222,158	1,255,487,881	99,780,509,372	152,753,219,411
Total Additions	51,817,325,624	1,424,563,201	100,305,447,461	153,547,336,286
<b>DEDUCTIONS</b>				
Management Fees	(870,792)	-	870,792	-
Custodial Fees	-	-	-	-
Other Investment Costs	-	-	-	-
Withdrawals	(50,726,777,664)	(1,196,473,464)	(101,236,249,697)	(153,159,500,825)
Total Deductions	(50,727,648,456)	(1,196,473,464)	(101,235,378,905)	(153,159,500,825)
<b>CHANGE IN NET POSITION</b>	1,089,677,168	228,089,737	(929,931,444)	387,835,461
Net Position - Held in Trust for Pool Participants, June 30, 2023	1,613,926,878	3,755,304,302	12,190,826,937	17,560,058,117
<b>NET POSITION - HELD IN TRUST FOR POOL Participants, June 30, 2024</b>	<u>\$ 2,703,604,046</u>	<u>\$ 3,983,394,039</u>	<u>\$ 11,260,895,493</u>	<u>\$ 17,947,893,578</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 account 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.

# STO STAFF

**LAURA M. MONTOYA** - STATE TREASURER

**JANICE Y. BARELA** - DEPUTY STATE TREASURER

## EXECUTIVE TEAM

**Victor Cornejo**  
Executive Assistant

**Christina Perea**  
Programs & Outreach Director

**Christine Anaya**  
Special Projects Director

**Bushra Elfarissi**  
Communications Director

## BUDGET & FINANCE DIVISION

**Kristen Dorland**  
Chief Financial Officer

**Nathan Sedillo**  
Reconciliation Manager

**Marie Andermann**  
Accountant & Auditor III

## INVESTMENT DIVISION

**Vikki Hanges**  
Chief Investment Officer

**Anna Murphy**  
Portfolio Manager

## OPERATIONS DIVISION

**Brent Johnson**  
IT Technology Officer

**Paul Madrid**  
IT Systems Administrator III

## CASH MANAGEMENT DIVISION

**Steve Marsico**  
State Cash Manager

**Dominic Chavez**  
General Manager

**Hannah Chavez**  
Investment Transaction Manager

**Arsenio Garduño**  
Risk and Compliance Manager

**Vanessa Mariscal**  
Accountant & Auditor III

**Frank Nichol**  
Securities, Communications & Financial Oversight

**Amanda Padilla**  
Financial Analyst III

**Denise Payne**  
Financial Analyst III

**Ashly Quintana**  
Accountant & Auditor III

**Michael Romero**  
Financial Analyst III

**Joseph Vasquez**  
Transaction Coordinator

# STO 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

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



# BOARDS, COUNCILS, AND COMMISSIONS

Treasurer Montoya serves as a member of 13 State financial and investment boards, councils, 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.

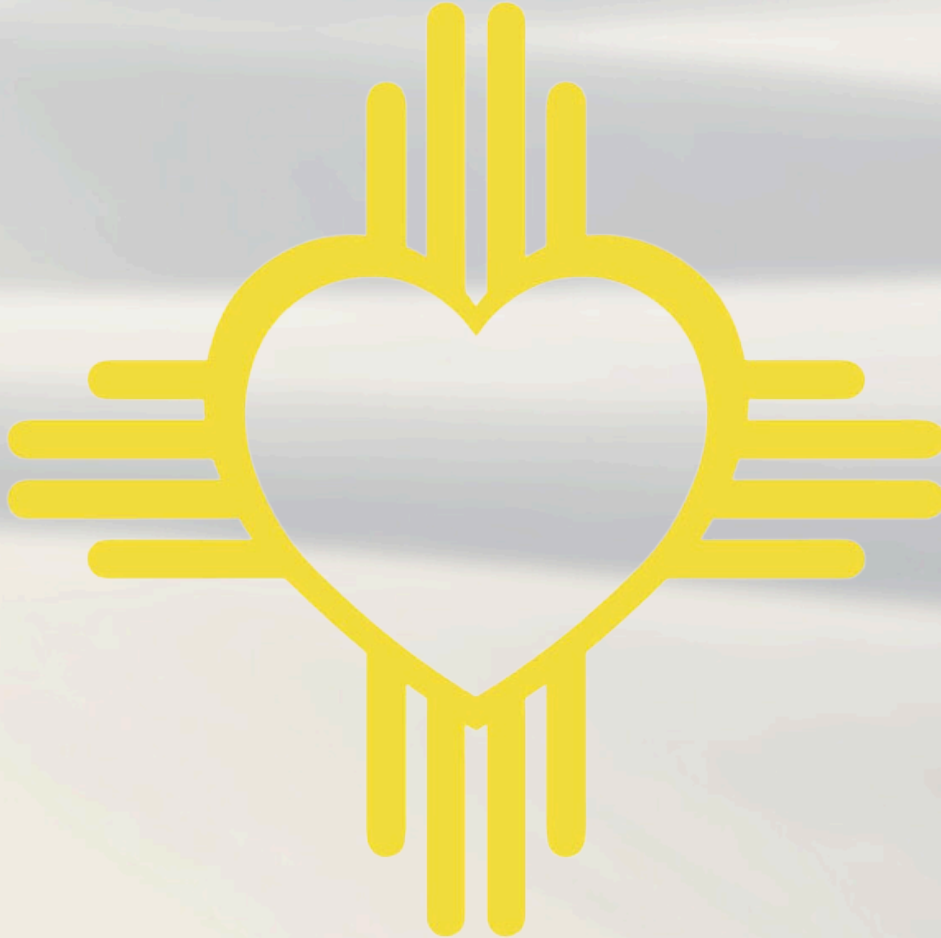
**Small Business Investment Corporation (SBIC)** is charged with creating new job opportunities and supporting new or expanding businesses in the State. The SBIC makes more capital available to small businesses through investing in alternative and micro lenders as well as venture capital funds.

**State Board of Finance (SBOF)** has general supervision of the fiscal affairs of the State. It is charged with the safe keeping 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)** State Investment Council (SIC) administers and manages New Mexico's 12 funds, including four permanent trust funds. Additionally, the State Investment Council manages long-term investment funds for multiple state and local government entities.

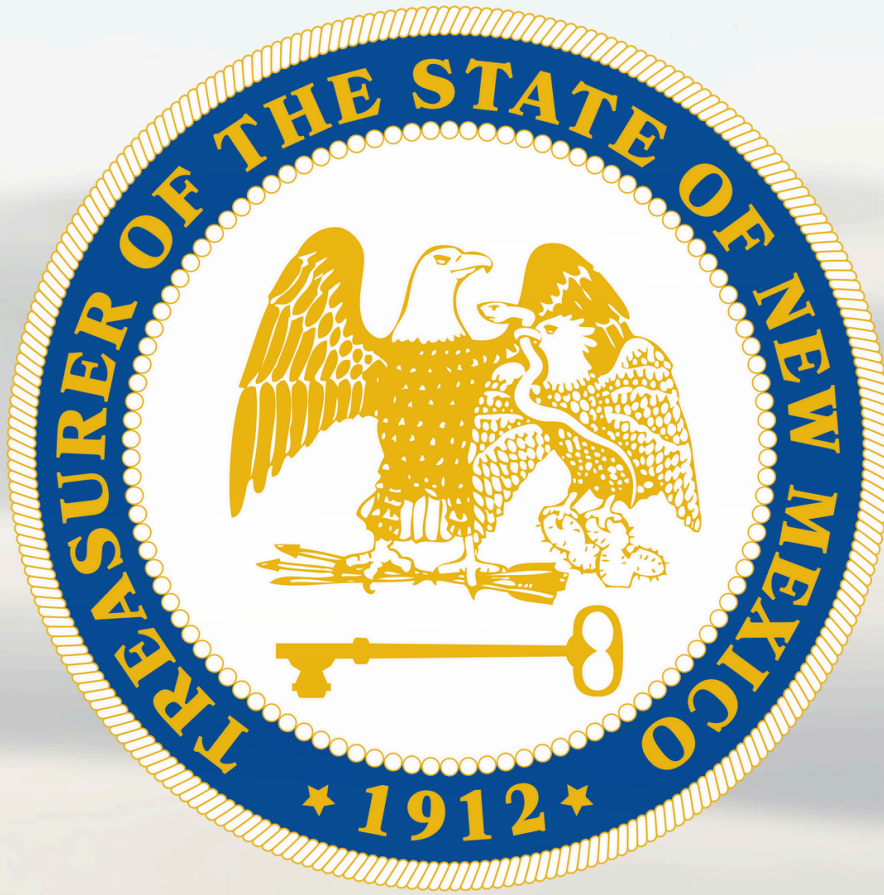
**State Treasurer's Investment Council (STIC)** STIC is a five- member advisory council consisting of the Treasurer, the State Cash Manager, the State Board of Finance Director, one member appointed by the Treasurer, and one member appointed by the SBOF.

# ACKNOWLEDGEMENTS



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



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