

STATE OF NEW MEXICO
OFFICE OF THE TREASURER



LAURA M. MONTOYA
State Treasurer

JANICE Y. BARELA
Deputy State Treasurer

September 3, 2024

RE: BU 39400 FY2026 APPROPRIATION REQUEST

The Office of the State Treasurer (STO) hereby submits the Fiscal Year 2026 Appropriation request. This cover letter notes the following:

1) Base Budget Increases that are Required to Maintain FY26 Appropriation Service Levels

The workload of STO's staff has increased significantly in recent years due to rising state revenues and an increase in LGIP participants. From FY20 to FY24, the Investment Division has increased assets from \$4.1 billion to \$17 billion.

With this increase, the Cash Management Division has seen the total of bank deposits increase by \$14.5 billion and an increase in disbursements of \$15.9 billion in the same period. The volume of portfolio trades has also increased by 203%. During this same time, STO's budget has not enabled it to offer salaries commensurate with either other state investing agencies or the industry, more generally. In fact, though there is an increase in dollars, trades, and deposits, staffing has decreased over the years. To keep pace with rising revenues, best practices, internal controls, and continuity of services and staff, as well as preparation for future retirements, STO's FY26 budget proposes to fill most of the Office's unfilled vacancies, maintain the contracted service licenses, and maintain the mandatory information technology software needed to provide safety to all transactions. These contracted service licenses include cash flow software system upgrades that provide cash flow analysis as well as greater coordination between the Cash Management's responsibility to maintain the cash flow based on debits and credits from all accounts and the responsibility for the Investment Division to invest based on the state's needs while maintaining yield and the benchmark for each respective pool while providing the liquidity necessary. Other contracts provide post trade compliance and risk assessment software that are essential for best practices and internal controls.

2) Summary of Significant Changes in Projected Revenue

STO will require an increase in its general appropriation from \$5,106.3 in FY25 to \$5,891.4 to FY 26. The current FY 25 appropriation for the Other Revenue, which is the LGIP administrative fee, is \$401,000. The FY 26 request includes a \$549,500 appropriation request, which is a \$148,500 increase from the current year. We are also requesting our BAR language FY26 to reflect closer to the total amount of the 5 basis points that is charged to LGIP participants from FY 25 to cover expenses related to the LGIP Short Term Pool and the newly created LGIP Medium Term Pool which has only the SIC as a participant with \$1 Billion.

These increases in the appropriation request will assist in covering recurring expenses and enable the Office to keep pace with a rising workload, as described previously.

3) Summary of Any Significant Changes in Projected Expenses

STO's \$5,891.4 FY26 general appropriation request includes the following significant changes:

- 200: Personnel costs: STO's request includes sufficient funding to hire most of the Office's unfilled

vacancies with a 10% vacancy savings rate, which would enable the Office's five divisions to better fulfill their operational missions and to comply with the statutory and constitutional duties of the Office. In addition, the inability to pay STO members competitive salaries and wages has resulted in higher staff turnover and difficulties in retaining staff.

- 300: STO requests an increase of \$58,500 from the FY 25 budget for professional contract expenditures. The increase is attributed to AVM, L. P. contract that provides overnight repurchase agreement (Repo) services to the Treasurer's office. As interest rates decrease, repo agreements are more attractive than money market investments.
- 400: STO requests a total of \$972,800 for other expenditures, an increase of \$255,600 from the previous year. The requested increase will be covered by the increase in LGIP administrative fees generated by STO. The requested increase will accommodate the recurring license costs, annual fees and service fees for the additional software and module added during the FY 24 besides other minor inflationary cost increases.

4) Identification of Any Significant Projected Funding Shortages and the Impact on the Agency's Core Mission if Additional Funding is Not Provided

If STO's FY26 appropriation request is not allocated, the Office will not be provided with the resources necessary to fulfill our constitutional and statutory requirements. The most significant changes in STO's funding requirements have been identified in Section 3 of this cover letter.

If we do not have the staff or the continuity of the current staff, we are jeopardizing institutional knowledge and risking over \$17 billion, including \$2.3 billion that belongs to counties, municipalities, school districts, tribal entities and special authorities. If STO does not have the staff to maintain the integrity of checks-and-balances, we would be putting the state in liability.

If we do not maintain our technology, licenses, warranties, etc, we are putting the entire state bank at risk of noncompliance, and security breaches that could cost millions of dollars and stop bank activity.

The amount we are requesting is minute in comparison to the risk if we do not get the funding necessary to do our jobs. New Mexico has never seen the magnitude of transactions or dollars flowing through this office and frankly, STO has been neglected and disregarded far too long and needs the support to catch up with best practices and current industry standards.

5) Proposed Changes in Program Structure and/or the Realignment of Agency Resources to Address Critical or Emerging Needs

STO currently depends on vacancy savings to meet shortfalls in operational needs, which is not best accounting practices.

This administration is working on programs mandated by the legislature such as the New Mexico State Treasurer's Achieving a Better Life Experience (NM STABLE), Work -N- Save, and Forfeiture. In addition, we are striving to advance Financial Fitness and Women Empowerment. At some point, these legislative mandates and programs may require their own general appropriation and/or fund to meet mission requirements.

If you have any questions, please do not hesitate to contact me.

Sincerely,



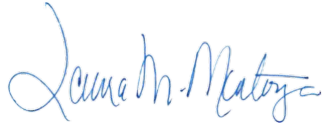
Laura M. Montoya
State Treasurer

**APPROPRIATION REQUEST
CERTIFICATION
FORM S-1**

Agency Name: State Treasurer

Business Unit: 39400

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the arithmetic accuracy of all numeric information has been verified.



Laura M. Montoya, State Treasurer



Janice Y. Barela, Deputy State Treasurer/Acting CFO

2055 South Pacheco Street
Suite 100
Santa Fe, NM 87505

505-795-3141

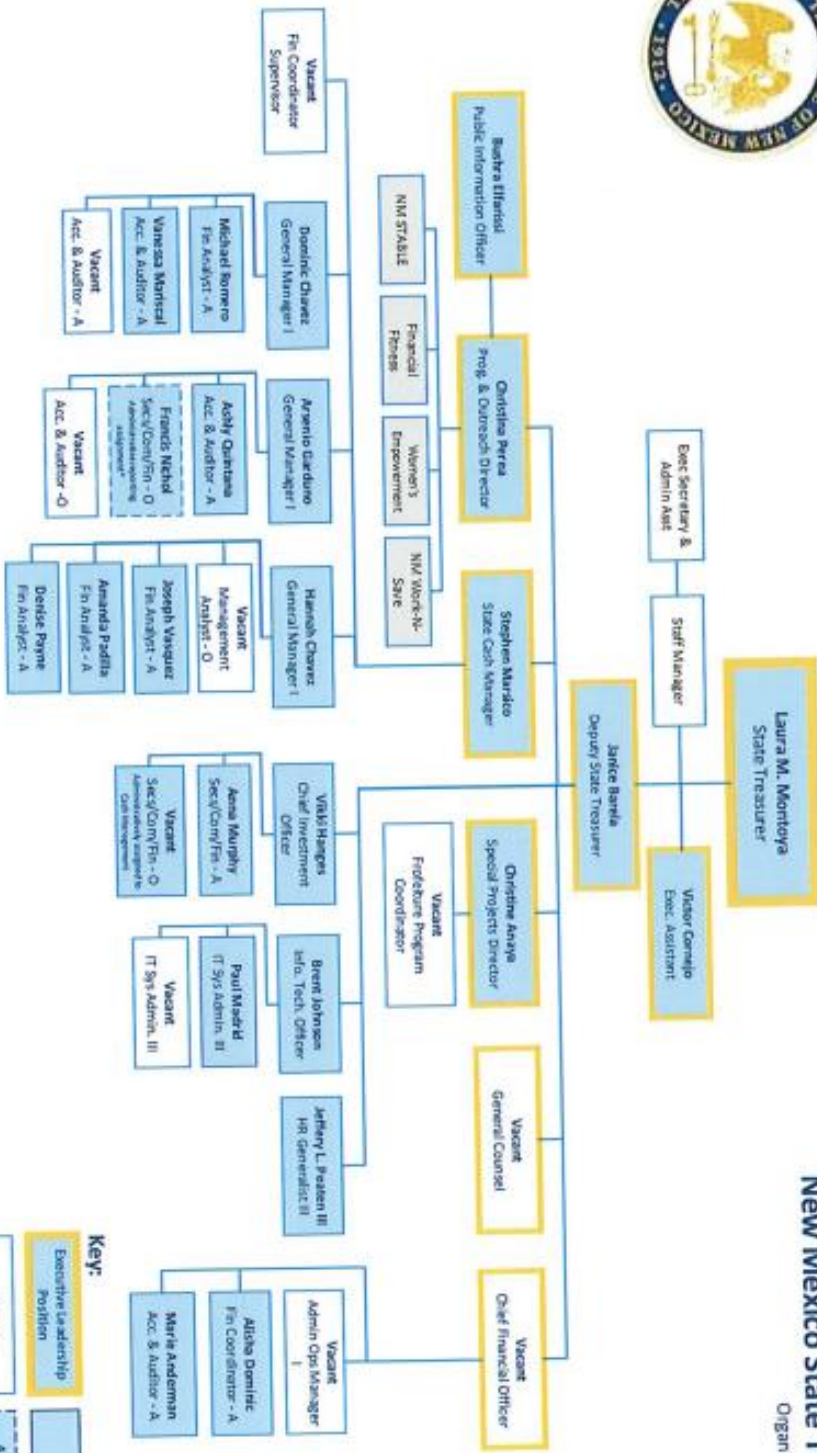
janice.barela@sto.nm.us

Note: Appropriation Requests for agencies headed by a board or commission must be approved by the board or commission by official action and signed by the chairperson. Operating Budgets of other agencies must be signed by the director or secretary. Appropriation Requests not properly signed will be returned.

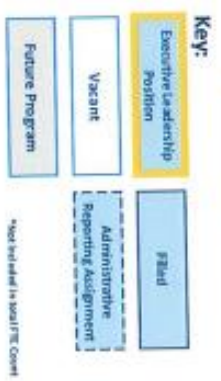
APPENDIX A-I: AGENCY ORGANIZATION CHART



The Honorable Laura M. Montoya
New Mexico State Treasurer
 Organizational Chart



As of September 3, 2024
 Total FTE: 35
 Vacant Positions: 11



S-8 Financial Summary

(Dollars in Thousands)

BU PCode Department
39400 0000 0000000000

	2023-24 Opbud	2023-24 Actuals	2024-25 Opbud	2025-26 PCF Proj	Base	----- FY 2026 Agency Request -----		Total
						Expansion		
REVENUE								
111 General Fund Transfers	4,469.5	4,297.3	4,703.3	0.0	5,339.3	0.0		5,339.3
112 Other Transfers	0.0	172.2	0.0	0.0	0.0	0.0		0.0
120 Federal Revenues	2.0	2.6	2.0	0.0	2.6	0.0		2.6
130 Other Revenues	412.4	400.9	401.0	0.0	549.5	0.0		549.5
REVENUE, TRANSFERS	4,883.9	4,873.0	5,106.3	0	5,891.4	0.0		5,891.4
REVENUE	4,883.9	4,873.0	5,106.3	0	5,891.4	0.0		5,891.4
EXPENSE								
200 Personal Services and Employee Benefits	3,644.2	3,406.4	3,866.6	4,359.2	4,337.6	0.0		4,337.6
300 Contractual services	522.5	465.0	522.5	0.0	581.0	0.0		581.0
400 Other	717.2	1,001.7	717.2	0.0	972.8	0.0		972.8
EXPENDITURES	4,883.9	4,873.0	5,106.3	4,359.24	5,891.4	0.0		5,891.4
500 Other financing uses	0.0	(0.0)	0.0	0.0	0.0	0.0		0.0
OTHER FINANCING USES	0.0	(0.0)	0.0	0	0.0	0.0		0.0
EXPENSE	4,883.9	4,873.0	5,106.3	4,359.24	5,891.4	0.0		5,891.4
FTE POSITIONS								
810 Permanent	35.00	34.00	35.00	34.00	35.00	0.00		35.00
FTEs	35.00	34.00	35.00	34.00	35.00	0.00		35.00
FTE POSITIONS	35.00	34.00	35.00	34.00	35.00	0.00		35.00

State of New Mexico
S-8 Financial Summary
 (Dollars in Thousands)

BU **PCode** **Department**
 39400 P644 000000

	2023-24 Opbud	2023-24 Actuals	2024-25 Opbud	2025-26 PCF Proj	Base	----- FY 2026 Agency Request ----- Expansion	Total
REVENUE							
111 General Fund Transfers	4,469.5	4,297.3	4,703.3	0.0	5,339.3	0.0	5,339.3
112 Other Transfers	0.0	172.2	0.0	0.0	0.0	0.0	0.0
120 Federal Revenues	2.0	2.6	2.0	0.0	2.6	0.0	2.6
130 Other Revenues	412.4	400.9	401.0	0.0	549.5	0.0	549.5
REVENUE, TRANSFERS	4,883.9	4,873.0	5,106.3	0.0	5,891.4	0.0	5,891.4
REVENUE	4,883.9	4,873.0	5,106.3	0.0	5,891.4	0.0	5,891.4
EXPENSE							
200 Personal Services and Employee Benefits	3,644.2	3,406.4	3,866.6	4,359.2	4,337.6	0.0	4,337.6
300 Contractual services	522.5	465.0	522.5	0.0	581.0	0.0	581.0
400 Other	717.2	1,001.7	717.2	0.0	972.8	0.0	972.8
EXPENDITURES	4,883.9	4,873.0	5,106.3	4,359.24	5,891.4	0.0	5,891.4
500 Other financing uses	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
OTHER FINANCING USES	0.0	(0.0)	0.0	0	0.0	0.0	0.0
EXPENSE	4,883.9	4,873.0	5,106.3	4,359.24	5,891.4	0.0	5,891.4
FTE POSITIONS							
810 Permanent	35.00	34.00	35.00	34.00	35.00	0.00	35.00
FTEs	35.00	34.00	35.00	34.00	35.00	0.00	35.00
FTE POSITIONS	35.00	34.00	35.00	34.00	35.00	0.00	35.00

S-9 Account Code Revenue/Expenditure Summary

BU PCode Department
39400 0000 000000

(Dollars in Thousands)

		FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY23 Recurring	Final FY26 OPBUD
520100	Exempt Perm Positions P/T&F/T	925.3	975.9	0.0	0.0	0.0	0.0	0.0	0.0
520300	Classified Perm Positions F/T	1,933.5	2,263.1	0.0	0.0	0.0	0.0	0.0	0.0
520600	Paid Unused Sick Leave	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
520800	Annl & Comp Paid At Separation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521100	Group Insurance Premium	200.4	224.0	0.0	0.0	0.0	0.0	0.0	0.0
521200	Retirement Contributions	526.5	627.8	0.0	0.0	0.0	0.0	0.0	0.0
521300	F I C A	183.0	199.0	0.0	0.0	0.0	0.0	0.0	0.0
521400	Workers' Comp Assessment Fee	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521410	GSD Work Comp Insur Premium	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521600	Employee Liability Ins Premium	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521700	RHC Act Contributions	54.7	69.5	0.0	0.0	0.0	0.0	0.0	0.0
200	Personal Services and Employee Bene	3,866.6	4,359.2	0.0	0.0	0.0	0.0	0.0	0.0
535100	Medical Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535200	Professional Services	310.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535300	Other Services	46.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535309	Other Services - Interagency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535400	Audit Services	106.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535500	Attorney Services	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535600	IT Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
300	Contractual services	522.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542100	Employee I/S Mileage & Fares	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542200	Employee I/S Meals & Lodging	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542500	Transp - Fuel & Oil	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542600	Transp - Parts & Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542700	Transp - Transp Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542800	State Transp Pool Charges	11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543200	Maint - Furn, Fixt, Equipment	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543400	Maint - Property Insurance	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543500	Maint - Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543700	Maintenance Services	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543830	IT HW/SW Agreements	300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
544000	Supply Inventory IT	22.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
544100	Supplies-Office Supplies	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

S-9 Account Code Revenue/Expenditure Summary

BU PCode Department
39400 0000 000000

(Dollars in Thousands)

		FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY23 Recurring	Final FY26 OPBUD
544900	Supplies-Inventory Exempt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545609	Report/Record Inter St Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545700	ISD Services	18.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545710	DOIT HCM Assessment Fees	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545900	Printing & Photo Services	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546100	Postage & Mail Services	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546400	Rent Of Land & Buildings	224.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546500	Rent Of Equipment	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546600	Communications	6.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546610	DOIT Telecommunications	52.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546700	Subscriptions/Dues/License Fee	14.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546800	Employee Training & Education	8.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546900	Advertising	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547105	Bank Fees/Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547700	Debt Service-Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547800	Debt Service-Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547900	Miscellaneous Expense	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
548400	Other Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549600	Employee O/S Mileage & Fares	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549700	Employee O/S Meals & Lodging	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
400	Other	717.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
555100	Other Financing Uses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
555106	OFU - INTRA-Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
500	Other financing uses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL EXPENSE		5,106.3	4,359.2	0.0	0.0	0.0	0.0	0.0	0
499105	General Fd. Appropriation	4,703.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
111	General Fund Transfers	4,703.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
499905	Other Financing Sources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
499906	OFS - INTRA-Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
112	Other Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
451903	Federal Direct - Operating	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
120	Federal Revenues	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
401101	General State Levy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

S-9 Account Code Revenue/Expenditure Summary

BU **PCode** **Department**
 39400 0000 000000

(Dollars in Thousands)

		FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY23 Recurring	Final FY26 OPBUD
404301	Severance - Oil & Gas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404601	Severance - Copper	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404701	Severance - Potash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404901	Severance - Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441201	Interest On Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441501	Other Investment Income	401.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
496901	Miscellaneous Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other Revenues	401.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUE		5,106.3	0.0	0.0	0.0	0.0	0.0	0.0	0
810	Permanent	35.00	34.00	0.00	0.00	0.00	0.00	0.00	0.00
810	Permanent	35.00	34.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FTE POSITIONS		35.00	34.00	0.00	0.00	0.00	0.00	0.00	0.00

S-9 Account Code Revenue/Expenditure Summary

BU PCode Department
39400 P644 000000

(Dollars in Thousands)

		FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY26 Other Adjustments	Final FY26 OPBUD
520100	Exempt Perm Positions P/T&F/T	925.3	975.9	0.0	0.0	0.0	0.0	0.0	0.0
520300	Classified Perm Positions F/T	1,933.5	2,263.1	0.0	0.0	0.0	0.0	0.0	0.0
520600	Paid Unused Sick Leave	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
520800	Annl & Comp Paid At Separation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521100	Group Insurance Premium	200.4	224.0	0.0	0.0	0.0	0.0	0.0	0.0
521200	Retirement Contributions	526.5	627.8	0.0	0.0	0.0	0.0	0.0	0.0
521300	F I C A	183.0	199.0	0.0	0.0	0.0	0.0	0.0	0.0
521400	Workers' Comp Assessment Fee	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521410	GSD Work Comp Insur Premium	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521600	Employee Liability Ins Premium	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521700	RHC Act Contributions	54.7	69.5	0.0	0.0	0.0	0.0	0.0	0.0
200	Personal Services and Employee Bene	3,866.6	4,359.2	0.0	0.0	0.0	0.0	0.0	0.0
535100	Medical Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535200	Professional Services	310.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535300	Other Services	46.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535309	Other Services - Interagency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535400	Audit Services	106.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535500	Attorney Services	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535600	IT Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
300	Contractual services	522.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542100	Employee I/S Mileage & Fares	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542200	Employee I/S Meals & Lodging	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542500	Transp - Fuel & Oil	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542600	Transp - Parts & Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542700	Transp - Transp Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542800	State Transp Pool Charges	11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543200	Maint - Furn, Fixt, Equipment	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543400	Maint - Property Insurance	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543500	Maint - Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543700	Maintenance Services	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543830	IT HW/SW Agreements	300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
544000	Supply Inventory IT	22.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
544100	Supplies-Office Supplies	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

S-9 Account Code Revenue/Expenditure Summary

BU 39400 **PCode** P644 **Department** 000000

(Dollars in Thousands)

		FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY26 Other Adjustments	Final FY26 OPBUD
544900	Supplies-Inventory Exempt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545609	Report/Record Inter St Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545700	ISD Services	18.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545710	DOIT HCM Assessment Fees	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545900	Printing & Photo Services	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546100	Postage & Mail Services	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546400	Rent Of Land & Buildings	224.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546500	Rent Of Equipment	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546600	Communications	6.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546610	DOIT Telecommunications	52.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546700	Subscriptions/Dues/License Fee	14.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546800	Employee Training & Education	8.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546900	Advertising	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547105	Bank Fees/Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547700	Debt Service-Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547800	Debt Service-Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547900	Miscellaneous Expense	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
548400	Other Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549600	Employee O/S Mileage & Fares	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549700	Employee O/S Meals & Lodging	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
400	Other	717.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
555100	Other Financing Uses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
555106	OFU - INTRA-Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
500	Other financing uses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL EXPENSE		5,106.3	4,359.2	0.0	0.0	0.0	0.0	0.0	0
499105	General Fd. Appropriation	4,703.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
111	General Fund Transfers	4,703.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
499905	Other Financing Sources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
499906	OFS - INTRA-Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
112	Other Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
451903	Federal Direct - Operating	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
120	Federal Revenues	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
401101	General State Levy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

S-9 Account Code Revenue/Expenditure Summary

BU PCode Department
39400 P644 000000

(Dollars in Thousands)

		FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY26 Other Adjustments	Final FY26 OPBUD
404301	Severance - Oil & Gas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404601	Severance - Copper	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404701	Severance - Potash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404901	Severance - Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441201	Interest On Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441501	Other Investment Income	401.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
496901	Miscellaneous Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other Revenues	401.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUE		5,106.3	0.0	0.0	0.0	0.0	0.0	0.0	0
810	Permanent	35.00	34.00	0.00	0.00	0.00	0.00	0.00	0.00
810	Permanent	35.00	34.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FTE POSITIONS		35.00	34.00	0.00	0.00	0.00	0.00	0.00	0.00

S-9 Account Code Revenue Summary

BU PCode Department
39400 0000 000000

(Dollars in Thousands)

		FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY26 Other Adjustments	Final FY26 OPBUD
499105	General Fd. Appropriation	4,703.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
111	General Fund Transfers	4,703.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
499905	Other Financing Sources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
499906	OFS - INTRA-Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
112	Other Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
451903	Federal Direct - Operating	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
120	Federal Revenues	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
401101	General State Levy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404301	Severance - Oil & Gas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404601	Severance - Copper	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404701	Severance - Potash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404901	Severance - Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441201	Interest On Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441501	Other Investment Income	401.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
496901	Miscellaneous Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other Revenues	401.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUE		5,106.3	0.0	0.0	0.0	0.0	0.0	0.0	0

S-9 Account Code Revenue Summary

BU PCode Department
39400 P644 000000

(Dollars in Thousands)

		FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY26 Other Adjustments	Final FY26 OPBUD
499105	General Fd. Appropriation	4,703.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
111	General Fund Transfers	4,703.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
499905	Other Financing Sources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
499906	OFS - INTRA-Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
112	Other Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
451903	Federal Direct - Operating	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
120	Federal Revenues	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
401101	General State Levy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404301	Severance - Oil & Gas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404601	Severance - Copper	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404701	Severance - Potash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
404901	Severance - Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441201	Interest On Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441501	Other Investment Income	401.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
496901	Miscellaneous Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other Revenues	401.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUE		5,106.3	0.0	0.0	0.0	0.0	0.0	0.0	0

S-9 Account Code Expenditure Summary

BU PCode Department
39400 0000 000000

(Dollars in Thousands)

		FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY26 Other Adjustments	Final FY26 OPBUD
520100	Exempt Perm Positions P/T&F/T	925.3	975.9	0.0	0.0	0.0	0.0	0.0	0.0
520300	Classified Perm Positions F/T	1,933.5	2,263.1	0.0	0.0	0.0	0.0	0.0	0.0
520600	Paid Unused Sick Leave	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
520800	Annl & Comp Paid At Separation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521100	Group Insurance Premium	200.4	224.0	0.0	0.0	0.0	0.0	0.0	0.0
521200	Retirement Contributions	526.5	627.8	0.0	0.0	0.0	0.0	0.0	0.0
521300	F I C A	183.0	199.0	0.0	0.0	0.0	0.0	0.0	0.0
521400	Workers' Comp Assessment Fee	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521410	GSD Work Comp Insur Premium	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521600	Employee Liability Ins Premium	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521700	RHC Act Contributions	54.7	69.5	0.0	0.0	0.0	0.0	0.0	0.0
200	Personal Services and Employee Bene	3,866.6	4,359.2	0.0	0.0	0.0	0.0	0.0	0.0
535100	Medical Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535200	Professional Services	310.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535300	Other Services	46.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535309	Other Services - Interagency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535400	Audit Services	106.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535500	Attorney Services	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535600	IT Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
300	Contractual services	522.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542100	Employee I/S Mileage & Fares	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542200	Employee I/S Meals & Lodging	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542500	Transp - Fuel & Oil	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542600	Transp - Parts & Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542700	Transp - Transp Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542800	State Transp Pool Charges	11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543200	Maint - Furn, Fixt, Equipment	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543400	Maint - Property Insurance	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543500	Maint - Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543700	Maintenance Services	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543830	IT HW/SW Agreements	300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
544000	Supply Inventory IT	22.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
544100	Supplies-Office Supplies	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

S-9 Account Code Expenditure Summary

BU PCode Department
39400 0000 000000

(Dollars in Thousands)

	FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY26 Other Adjustments	Final FY26 OPBUD
544900 Supplies-Inventory Exempt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545609 Report/Record Inter St Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545700 ISD Services	18.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545710 DOIT HCM Assessment Fees	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545900 Printing & Photo Services	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546100 Postage & Mail Services	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546400 Rent Of Land & Buildings	224.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546500 Rent Of Equipment	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546600 Communications	6.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546610 DOIT Telecommunications	52.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546700 Subscriptions/Dues/License Fee	14.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546800 Employee Training & Education	8.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546900 Advertising	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547105 Bank Fees/Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547700 Debt Service-Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547800 Debt Service-Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547900 Miscellaneous Expense	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
548400 Other Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549600 Employee O/S Mileage & Fares	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549700 Employee O/S Meals & Lodging	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
400 Other	717.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
555100 Other Financing Uses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
555106 OFU - INTRA-Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
500 Other financing uses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL EXPENSE	5,106.3	4,359.2	0.0	0.0	0.0	0.0	0.0	0

S-9 Account Code Expenditure Summary

BU PCode Department
39400 P644 000000

(Dollars in Thousands)

		FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY26 Other Adjustments	Final FY26 OPBUD
520100	Exempt Perm Positions P/T&F/T	925.3	975.9	0.0	0.0	0.0	0.0	0.0	0.0
520300	Classified Perm Positions F/T	1,933.5	2,263.1	0.0	0.0	0.0	0.0	0.0	0.0
520600	Paid Unused Sick Leave	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
520800	Annl & Comp Paid At Separation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521100	Group Insurance Premium	200.4	224.0	0.0	0.0	0.0	0.0	0.0	0.0
521200	Retirement Contributions	526.5	627.8	0.0	0.0	0.0	0.0	0.0	0.0
521300	F I C A	183.0	199.0	0.0	0.0	0.0	0.0	0.0	0.0
521400	Workers' Comp Assessment Fee	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521410	GSD Work Comp Insur Premium	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521600	Employee Liability Ins Premium	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521700	RHC Act Contributions	54.7	69.5	0.0	0.0	0.0	0.0	0.0	0.0
200	Personal Services and Employee Bene	3,866.6	4,359.2	0.0	0.0	0.0	0.0	0.0	0.0
535100	Medical Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535200	Professional Services	310.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535300	Other Services	46.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535309	Other Services - Interagency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535400	Audit Services	106.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535500	Attorney Services	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535600	IT Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
300	Contractual services	522.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542100	Employee I/S Mileage & Fares	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542200	Employee I/S Meals & Lodging	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542500	Transp - Fuel & Oil	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542600	Transp - Parts & Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542700	Transp - Transp Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542800	State Transp Pool Charges	11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543200	Maint - Furn, Fixt, Equipment	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543400	Maint - Property Insurance	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543500	Maint - Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543700	Maintenance Services	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543830	IT HW/SW Agreements	300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
544000	Supply Inventory IT	22.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
544100	Supplies-Office Supplies	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

S-9 Account Code Expenditure Summary

BU PCode Department
39400 P644 000000

(Dollars in Thousands)

	FY25 OPBUD	FY26 PCF Projection	FY26 GAA OPBUD	FY26 Comp Package	FY26 Other Adjustments	FY26 OPBUD-3	FY26 Other Adjustments	Final FY26 OPBUD
544900 Supplies-Inventory Exempt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545609 Report/Record Inter St Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545700 ISD Services	18.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545710 DOIT HCM Assessment Fees	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
545900 Printing & Photo Services	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546100 Postage & Mail Services	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546400 Rent Of Land & Buildings	224.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546500 Rent Of Equipment	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546600 Communications	6.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546610 DOIT Telecommunications	52.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546700 Subscriptions/Dues/License Fee	14.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546800 Employee Training & Education	8.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
546900 Advertising	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547105 Bank Fees/Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547700 Debt Service-Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547800 Debt Service-Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547900 Miscellaneous Expense	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
548400 Other Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549600 Employee O/S Mileage & Fares	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549700 Employee O/S Meals & Lodging	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
400 Other	717.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
555100 Other Financing Uses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
555106 OFU - INTRA-Agency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
500 Other financing uses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL EXPENSE	5,106.3	4,359.2	0.0	0.0	0.0	0.0	0.0	0

APPROPRIATION REQUEST

FORM S-10 FUND BALANCE PROJECTION

(In Whole Dollars)

Agency: <u>State Treasurer</u>	Business Unit: <u>39400</u>
Fund Name: <u>Interest On State Fund</u>	Fund Number: <u>80100</u>
Legal Auth. <u>HB02</u>	

BEGINNING BALANCE

Unreserved, undesignated fund balance (not cash balance) from SHARE NMS006GL Balance Sheet Report at close of FY24	0
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ADJUSTMENTS

Add:

Interfund receivables, accounts receivables, and other assets not reflected in fund balance from FCD Reports at close of FY24	0
Other (explain in detail)	0

Deduct:

Liabilities not reflected in FCD Reports at close of FY24	0
Fund balance designated by law for future expenditure (non-reverting funds)	0
Amount due to State General Fund or other fund designated by statute	0
Other (explain in detail)	0
FY24 revision not reflected in liabilities	0

Total Adjustments	0
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ADJUSTED UNRESERVED, UNDESIGNATED FUND BALANCE at close of FY24	0
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Add:

Projected revenue/sources (less fund balance budgeted) for FY25	1,350,000
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Deduct:

Projected total expenditures for FY25	(567,200)
---------------------------------------	-----------

ADJUSTED UNRESERVED/UNDESIGNATED FUND BALANCE at close of FY25	782,800
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Add:

Projected revenue/sources (less fund balance requested) for FY26	1,350,000
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Deduct:

Total expenditures budgeted in appropriation request	(700,000)
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ADJUSTED UNRESERVED/UNDESIGNATED FUND BALANCE at close of FY26	1,432,800
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State of New Mexico

S-13 OPBUD

(Dollars in Thousands)

Line Item by PCode

			-----FY 2026-----							
			2023-24	2024-25	Request		Recommendation		FY 2026	
BusUnit	Line Item		Actuals	OpBud	Base	Expansion	Base	Expansion	Opbud	
39400	P644	State Treasurer								
		401101	General State Levy	0	0	0	0	0	0.0	0.0
		404301	Severance - Oil & Gas	0	0	0	0	0	0.0	0.0
		404601	Severance - Copper	0	0	0	0	0	0.0	0.0
		404701	Severance - Potash	0	0	0	0	0	0.0	0.0
		404901	Severance - Others	0	0	0	0	0	0.0	0.0
		441201	Interest On Investments	0	0	0	0	0	0.0	0.0
		441501	Other Investment Income	400.8	401	549.5	0	0	0.0	0.0
		451903	Federal Direct - Operating	2.65	2	2.6	0	0	0.0	0.0
		496901	Miscellaneous Revenue	0.06	0	0	0	0	0.0	0.0
		499105	General Fd. Appropriation	4,297.3	4,703.3	5,339.3	0	0	0.0	0.0
		499905	Other Financing Sources	172.2	0	0	0	0	0.0	0.0
		499906	OFS - INTRA-Agency	0	0	0	0	0	0.0	0.0
		520100	Exempt Perm Positions P/T&F/T	854.85	925.3	1,026.4	0	0	0.0	0.0
		520300	Classified Perm Positions F/T	1,624.05	1,933.5	2,135.7	0	0	0.0	0.0
		520600	Paid Unused Sick Leave	3.56	3.6	3.6	0	0	0.0	0.0
		520800	Annl & Comp Paid At Separation	2.31	0	20.6	0	0	0.0	0.0
		521100	Group Insurance Premium	178.09	200.4	230.8	0	0	0.0	0.0
		521200	Retirement Contributions	476.72	526.5	613	0	0	0.0	0.0
		521300	F I C A	180.48	183	229.3	0	0	0.0	0.0
		521400	Workers' Comp Assessment Fee	0.23	0.3	0.3	0	0	0.0	0.0
		521410	GSD Work Comp Insur Premium	3.01	6	3.7	0	0	0.0	0.0
		521600	Employee Liability Ins Premium	33.52	33.3	10.5	0	0	0.0	0.0
		521700	RHC Act Contributions	49.58	54.7	63.7	0	0	0.0	0.0
		535200	Professional Services	285.96	310.2	368.7	0	0	0.0	0.0
		535300	Other Services	48.2	46	48.2	0	0	0.0	0.0
		535309	Other Services - Interagency	0.06	0	0.1	0	0	0.0	0.0
		535400	Audit Services	85.02	106.3	99.1	0	0	0.0	0.0
		535500	Attorney Services	11.48	60	64.9	0	0	0.0	0.0
		535600	IT Services	34.25	0	0	0	0	0.0	0.0
		542100	Employee I/S Mileage & Fares	0.4	0.1	0.4	0	0	0.0	0.0
		542500	Transp - Fuel & Oil	3.1	3	3.1	0	0	0.0	0.0

State of New Mexico

S-13 OPBUD

(Dollars in Thousands)

Line Item by PCode

BusUnit	Line Item	2023-24 Actuals	2024-25 OpBud	-----FY 2026-----				FY 2026 Opbud		
				Request		Recommendation				
				Base	Expansion	Base	Expansion			
	542800	State Transp Pool Charges	11.15	11.2	12.7	0	0	0.0	0.0	
	543200	Maint - Furn, Fixt, Equipment	1.17	3.7	1.1	0	0	0.0	0.0	
	543400	Maint - Property Insurance	0	0.2	0.1	0	0	0.0	0.0	
	543700	Maintenance Services	11.7	1.7	1.7	0	0	0.0	0.0	
	543830	IT HW/SW Agreements	416.17	300	491.4	0	0	0.0	0.0	
	544000	Supply Inventory IT	24.48	22.2	24.5	0	0	0.0	0.0	
	544100	Supplies-Office Supplies	5.16	5	5.2	0	0	0.0	0.0	
	544900	Supplies-Inventory Exempt	15.35	0	0.6	0	0	0.0	0.0	
	545700	ISD Services	20.65	18.6	29.4	0	0	0.0	0.0	
	545710	DOIT HCM Assessment Fees	11.48	12.6	12.3	0	0	0.0	0.0	
	545900	Printing & Photo Services	11.35	4.6	11.3	0	0	0.0	0.0	
	546100	Postage & Mail Services	2.52	1	2.5	0	0	0.0	0.0	
	546400	Rent Of Land & Buildings	224.56	224.6	224.6	0	0	0.0	0.0	
	546500	Rent Of Equipment	14.22	13	14.2	0	0	0.0	0.0	
	546600	Communications	4.63	6.5	4.7	0	0	0.0	0.0	
	546610	DOIT Telecommunications	56.28	52	57.9	0	0	0.0	0.0	
	546700	Subscriptions/Dues/License Fee	21.79	14	21.8	0	0	0.0	0.0	
	546800	Employee Training & Education	17.88	8.4	17.9	0	0	0.0	0.0	
	546900	Advertising	-1	3.8	2.8	0	0	0.0	0.0	
	547105	Bank Fees/Services	0	0	0	0	0	0.0	0.0	
	547700	Debt Service-Principal	0	0	0	0	0	0.0	0.0	
	547800	Debt Service-Interest	0	0	0	0	0	0.0	0.0	
	547900	Miscellaneous Expense	0.57	1	0.5	0	0	0.0	0.0	
	548400	Other Equipment	95.99	0	0	0	0	0.0	0.0	
	549600	Employee O/S Mileage & Fares	10.18	5	10.2	0	0	0.0	0.0	
	549700	Employee O/S Meals & Lodging	21.89	5	21.9	0	0	0.0	0.0	
	555100	Other Financing Uses	0	0	0	0	0	0.0	0.0	
	555106	OFU - INTRA-Agency	0	0	0	0	0	0.0	0.0	
Subtotals for 39400	P644	State Treasurer	Revenue	4,873.0	10,212.6	5,891.4	0.0	0.0	0.0	0.0
			Expenditures	4,873.0	10,212.6	5,891.4	0.0	0.0	0.0	0.0

State of New Mexico

S-13 OPBUD

(Dollars in Thousands)

State of New Mexico

S-13 OPBUD

(Dollars in Thousands)

Totals by Line Item by BU

BusUnit	Line Item	2023-24	2024-25	-----FY 2026-----						
				Actuals	Opbud	Request		Recommendation		FY 2026
						Base	Expansion	Base	Expansion	
39400	401101	General State Levy	0	0	0	0	0	0.0	0.0	
	404301	Severance - Oil & Gas	0	0	0	0	0	0.0	0.0	
	404601	Severance - Copper	0	0	0	0	0	0.0	0.0	
	404701	Severance - Potash	0	0	0	0	0	0.0	0.0	
	404901	Severance - Others	0	0	0	0	0	0.0	0.0	
	441201	Interest On Investments	0	0	0	0	0	0.0	0.0	
	441501	Other Investment Income	400.8	0	549.5	0	0	0.0	0.0	
	451903	Federal Direct - Operating	2.65	0	2.6	0	0	0.0	0.0	
	496901	Miscellaneous Revenue	0.06	0	0	0	0	0.0	0.0	
	499105	General Fd. Appropriation	4,297.3	0	5,339.3	0	0	0.0	0.0	
	499905	Other Financing Sources	172.2	0	0	0	0	0.0	0.0	
	499906	OFS - INTRA-Agency	0	0	0	0	0	0.0	0.0	
	520100	Exempt Perm Positions P/T&F/T	854.85	0	1,026.4	0	0	0.0	0.0	
	520300	Classified Perm Positions F/T	1,624.05	0	2,135.7	0	0	0.0	0.0	
	520600	Paid Unused Sick Leave	3.56	0	3.6	0	0	0.0	0.0	
	520800	Annl & Comp Paid At Separation	2.31	0	20.6	0	0	0.0	0.0	
	521100	Group Insurance Premium	178.09	0	230.8	0	0	0.0	0.0	
	521200	Retirement Contributions	476.72	0	613	0	0	0.0	0.0	
	521300	F I C A	180.48	0	229.3	0	0	0.0	0.0	
	521400	Workers' Comp Assessment Fee	0.23	0	0.3	0	0	0.0	0.0	
	521410	GSD Work Comp Insur Premium	3.01	0	3.7	0	0	0.0	0.0	
	521600	Employee Liability Ins Premium	33.52	0	10.5	0	0	0.0	0.0	
	521700	RHC Act Contributions	49.58	0	63.7	0	0	0.0	0.0	
	535200	Professional Services	285.96	0	368.7	0	0	0.0	0.0	
	535300	Other Services	48.2	0	48.2	0	0	0.0	0.0	
	535309	Other Services - Interagency	0.06	0	0.1	0	0	0.0	0.0	
	535400	Audit Services	85.02	0	99.1	0	0	0.0	0.0	
	535500	Attorney Services	11.48	0	64.9	0	0	0.0	0.0	

State of New Mexico

S-13 OPBUD
(Dollars in Thousands)

Totals by Line Item by BU

BusUnit	Line Item	-----FY 2026-----							
		2023-24	2024-25	Request		Recommendation		FY 2026	
		Actuals	Opbud	Base	Expansion	Base	Expansion	Opbud	
	535600	IT Services	34.25	0	0	0	0	0.0	0.0
	542100	Employee I/S Mileage & Fares	0.4	0	0.4	0	0	0.0	0.0
	542500	Transp - Fuel & Oil	3.1	0	3.1	0	0	0.0	0.0
	542800	State Transp Pool Charges	11.15	0	12.7	0	0	0.0	0.0
	543200	Maint - Furn, Fixt, Equipment	1.17	0	1.1	0	0	0.0	0.0
	543400	Maint - Property Insurance	0	0	0.1	0	0	0.0	0.0
	543700	Maintenance Services	11.7	0	1.7	0	0	0.0	0.0
	543830	IT HW/SW Agreements	416.17	0	491.4	0	0	0.0	0.0
	544000	Supply Inventory IT	24.48	0	24.5	0	0	0.0	0.0
	544100	Supplies-Office Supplies	5.16	0	5.2	0	0	0.0	0.0
	544900	Supplies-Inventory Exempt	15.35	0	0.6	0	0	0.0	0.0
	545700	ISD Services	20.65	0	29.4	0	0	0.0	0.0
	545710	DOIT HCM Assessment Fees	11.48	0	12.3	0	0	0.0	0.0
	545900	Printing & Photo Services	11.35	0	11.3	0	0	0.0	0.0
	546100	Postage & Mail Services	2.52	0	2.5	0	0	0.0	0.0
	546400	Rent Of Land & Buildings	224.56	0	224.6	0	0	0.0	0.0
	546500	Rent Of Equipment	14.22	0	14.2	0	0	0.0	0.0
	546600	Communications	4.63	0	4.7	0	0	0.0	0.0
	546610	DOIT Telecommunications	56.28	0	57.9	0	0	0.0	0.0
	546700	Subscriptions/Dues/License Fee	21.79	0	21.8	0	0	0.0	0.0
	546800	Employee Training & Education	17.88	0	17.9	0	0	0.0	0.0
	546900	Advertising	-1	0	2.8	0	0	0.0	0.0
	547105	Bank Fees/Services	0	0	0	0	0	0.0	0.0
	547700	Debt Service-Principal	0	0	0	0	0	0.0	0.0
	547800	Debt Service-Interest	0	0	0	0	0	0.0	0.0
	547900	Miscellaneous Expense	0.57	0	0.5	0	0	0.0	0.0
	548400	Other Equipment	95.99	0	0	0	0	0.0	0.0
	549600	Employee O/S Mileage & Fares	10.18	0	10.2	0	0	0.0	0.0
	549700	Employee O/S Meals & Lodging	21.89	0	21.9	0	0	0.0	0.0
	555100	Other Financing Uses	0	0	0	0	0	0.0	0.0
	555106	OFU - INTRA-Agency	0	0	0	0	0	0.0	0.0

State of New Mexico

S-13 OPBUD

(Dollars in Thousands)

Totals by Line Item by BU

BusUnit	Line Item	2023-24 Actuals	2024-25 Opbud	-----FY 2026-----				
				Request		Recommendation		FY 2026
				Base	Expansion	Base	Expansion	Opbud
	Total Revenue	4,873.0	0.0	5,891.4	0.0	0.0	0.0	0.0
	Total Expenditure	4,873.0	0.0	5,891.4	0.0	0.0	0.0	0.0

Program Description:

STO was created under Article V, Section 1 of the New Mexico Constitution. The duties and responsibilities of the State Treasurer are primarily defined by Chapters 6 and 8 of the New Mexico Statutes Annotated 1978 (NMSA 1978). These and other Chapters of New Mexico Statute 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:

Section 6-1-13, NMSA 1978

Section 6-8-6, NMSA 1978

Section 6-8-11, NMSA 1978

Sections 6-8-25, 6-8A-1 through 6-8A-8, NMSA 1978

Section 6-10-10, NMSA 1978

Section 6-10-10.1, NMSA 1978

Sections 6-10-24.1 and .2, NMSA 1978

Section 6-10-25, 6-10-26, and 6-10-29, NMSA 1978

Section 6-10-28, NMSA 1978

Section 6-12A-5, NMSA 1978

Sections 58-33-1 through 58-33-12, NMSA 1978

Sections 8-6-1 through 8-6-7, NMSA 1978

In addition, we utilize the State Treasurer's Investment Policy, the State Treasurer's Local Government Investment Pool (LGIP) Short-Term (ST) Policy, and the State Treasurer's Local Government Investment Pool (LGIP) Medium Term (MT) to invest both state funds and funds within both LGIP pools on behalf of counties, municipalities, special districts, school boards, and tribal entities as well as the SIC.

Major Issues and Accomplishments:

Accomplishments:

STO is proud of several successes, achievements, and agency collaborations. These accomplishments underscore our unwavering commitment to serving the state and its cash management and investment needs.

STO collaborated with the State Board of Finance on updating the Interest Rate Policy on Public Funds, a significant step that assists local governments in obtaining a better rate with their fiscal agent. This policy "shall apply to the deposits or investments of all public funds made, or to be made, in a state or national bank having their principal office in the State of New Mexico, to all state or federal savings and loan associations having their principal office in the State of New Mexico and, to all state and federal credit unions insured by National Credit Union Administration having their principal office in the State of New Mexico."

Over the past decade, our Investment Division has experienced remarkable growth, increasing its assets from \$4.1 billion to \$17.3 billion. STO has experienced significant growth not only in revenue, bank accounts, and investments, which also led to the largest interest earned in any one year, the largest trade volume (almost \$30 billion), and the largest workload this office has experienced. In the current FY, STO earned \$481 million just in the State's General Fund pool.

We have experienced the largest LGIP Short-Term fund increase in STO's history, increasing the pool from \$567 million to \$1.945 billion, earning over \$93 million that goes back to counties, municipalities, special districts, school boards, and tribal entities. The five basis points earned as the administrative fee from the LGIP participants increased from \$691,461 in FY23 to \$933,461 in FY 24, a 35% increase in a year.

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). (see attachment LGIP Investment Policy)

The medium-term fund started receiving money in the last quarter of fiscal year 24, with \$250 million each month until a total of \$1 billion was transferred in July 2024. The LGIP Medium Term fund earned \$6.2 million in less than four months, a promising start for LGIP earnings. The medium-term fund's administrative fee earnings recorded in July 2024 was \$43,099. If this momentum continues, the medium-term fund is expected to post as much as \$500,000 in earnings for the fiscal year 2025 (see attachment LGIP Admin Fees FY25 for history and details).

The LGIP short-term funds maintained the highest principal stability rating of AAAM for the 18th consecutive year.

STO researched the market and completed two Request for Proposals (RFPs) during FY24, which resulted 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.

These contracted service licenses include cash flow software system upgrades that provide cash flow analysis as well as greater coordination between the Cash Management's responsibility to maintain the cash flow based on debits and credits from all accounts and the responsibility for the Investment Division to invest based on the state's needs while maintaining yield and the benchmark for each respective pool while providing the liquidity necessary.

The G-Treasury management system will aggregate data from SHARE, the state's fiscal bank, and the STO investment accounting system. The Broadridge data integration management module eliminates manual data entry into several different systems staff currently utilize for cash flow analysis and assists with risk analysis and compliance requirements.

Major Issues:

- Attracting and retaining a talented workforce is a significant challenge, resulting in 8-10 FTE vacancies of the 35 authorized FTEs.

- Funding for the recurring expenses for the annual service and license fee for the software enhancement accomplished in FY24.

- Union Grievances regarding pay disparity, which resulted in increasing the salaries of individuals who were affected.

- Adapting to the rapid technological changes in treasury management and electronic collection and payment services is a continuous process that requires our attention and commitment.

- Ongoing changes and challenges necessitate industry expertise within STO to provide oversight and guidance to state agencies to achieve maximum efficiency, safety, and compliance while utilizing these services. STO employees must attend extensive training regarding cash management and investment industry guidance on matters of state banking operations, state and federal regulations, and industry best practices for the State Treasury.

As investments and assets under the Treasurer's management increase, IT security and stability concerns have grown. STO has constitutional and statutory obligations to fulfill as the State's Bank. IT's responsibility is to provide the systems needed to do that business and to secure those systems. That mandate requires money, time, and trained, knowledgeable professionals.

Overview of Request: STO is requesting \$5,891.4 in revenue, a \$785.1 increase from the previous year, to cover the increased recurring costs and fees and to include minimum inflationary costs. The request will include a \$148.5 increased revenue request from the Other Funds, which is the administrative fees generated by the LGIP. This will increase the Other Funds request from \$401.0 in FY 25 to \$549.5 in FY 26. In FY 24, LGIP generated \$933.5 in administrative fees and is expected to generate significantly more in FY25 with the introduction of medium-term funds in the LGIP portfolio. The LGIP Investment policy allows for all fees collected from LGIP participants to be used by STO for administrative expenses and services (please see attachment LGIP Investment policy).

Programmatic Changes: For FY26, STO will not be making any programmatic changes.

Base Budget Justification: STO is requesting an increase of \$785,100 in its general appropriation from \$5,106.3 in FY25 to \$5,891.4 in FY26 to cover recurring expenses and enable the agency to keep pace with a rising workload.
Personnel Expenditures: STO's request is within the PCF Projection in BFM based on the current salaries of the staff with a 10% applied vacancy savings (See FY 26 Budget Projection). The salaries of the vacant positions are projected at midpoint, and their insurance premiums are projected as single. The employer's share of the health insurance premiums included a 10% increase in cost. The total request for FY 26 personnel expenditures is \$4,337,600, which is an increase of \$471,000 from the FY25 budget.

Professional Contract Expenditures: STO requests an increase of \$58,500 from the FY 25 budget for professional contract expenditures. The increase is attributed to AVM, L. P. contract that provides overnight repurchase agreement (Repo) services to the Treasurer's office. As interest rate decreases, repo agreements are more attractive than money market investments. The General Fund Investment Pool, including severance tax bonds and other funds, will start using the repo instead of just investing agencies, which will add to the cost of the repo services provided by AVM.

Other Expenditures: STO requests a total of \$972,800 for other expenditures, an increase of \$255,600 from the previous fiscal year. The increase in expenditure requests will be covered by the increase in special revenue requests generated by STO from the LGIP administrative fees. The requested increase will accommodate the following recurring costs and other minor inflationary cost increases:

- 1) Bloomberg licenses increase cost of \$8,454.86 per quarter x 4 quarters = \$33,819.44 annual increase
- 2) Treasury management annual recurring fees of \$20,251.73, which was a software addition in FY24.
- 3) JP Morgan Data Aggregation Services Module added in FY 24, which costs \$350 per month x 12 = \$4,200
- 4) Broadridge Investment Management Services (BIMS) is slated to be added to the existing software utilizing the FY25 Budget Adjustments Authorized under Section 13. The Annual Service Fee for BIMS is \$95,000.
- 5) Broadridge additional seat license that was added in FY24 plus annual fee increase of \$27,775
- 6) Plus gross receipts tax for nos. 3, 4, and 5 at the rate of \$126,975 x 8.1875% = \$10,396.08
- 7) DoIT Telecommunication: \$5,900 Increase
DoIT ISD Services: \$3,100 Increase
- 8) Subscription Dues: National Association of State Treasurers \$7,800. This expenditure was expended in FY 24 but not budgeted in FY 25.
- 9) Employee Training & Education: Continuing education for two professional licensed staff and staff training in cash and investment management to keep abreast of the industry standards and trends. \$9,500 increase
- 10) Employee O/S Mileages & Fare: Attend treasury and investment industry standards and trends conferences. \$5,200 increase
- 11) Employee O/S Meals & Lodging: for similar as No.10. \$16,900 increase.

Fund	Account		2023-24	2024-25	2025-26	FY 2026 Agency Request				Justification	
			Actuals	Opbud	PCF Proj	GF	OSF	ISF/IAT	FF		Total
00000	520300	Classified Perm Positions F/T	0.0	0.0	90.16	0.0	0.0	0.0	0.0	0.0	
00000	521100	Group Insurance Premium	0.0	0.0	5.11	0.0	0.0	0.0	0.0	0.0	
00000	521200	Retirement Contributions	0.0	0.0	17.15	0.0	0.0	0.0	0.0	0.0	
00000	521300	F I C A	0.0	0.0	5.53	0.0	0.0	0.0	0.0	0.0	
00000	521700	RHC Act Contributions	0.0	0.0	2.23	0.0	0.0	0.0	0.0	0.0	
18200	520100	Exempt Perm Positions P/T&F/T	854.9	925.3	975.87	947.9	78.5	0.0	0.0	1,026.4	
18200	520300	Classified Perm Positions F/T	1,624.0	1,933.5	2,172.92	2,044.0	89.1	0.0	2.6	2,135.7	
18200	520600	Paid Unused Sick Leave	3.6	3.6	0	3.6	0.0	0.0	0.0	3.6	An employee consistently eligible for cashing sick leave.
18200	520800	Annl & Comp Paid At Separation	2.3	0.0	0	20.6	0.0	0.0	0.0	20.6	Several employees eligible for retirement.
18200	521100	Group Insurance Premium	178.1	200.4	218.89	230.8	0.0	0.0	0.0	230.8	
18200	521200	Retirement Contributions	476.7	526.5	610.69	582.3	30.7	0.0	0.0	613.0	
18200	521300	F I C A	180.5	183.0	193.46	199.0	30.3	0.0	0.0	229.3	
18200	521400	Workers' Comp Assessment Fee	0.2	0.3	0	0.3	0.0	0.0	0.0	0.3	
18200	521410	GSD Work Comp Insur Premium	3.0	6.0	0	3.7	0.0	0.0	0.0	3.7	FY 26 GSD Risk Rate
18200	521600	Employee Liability Ins Premium	33.5	33.3	0	10.5	0.0	0.0	0.0	10.5	FY 26 GSD Risk Rate
18200	521700	RHC Act Contributions	49.6	54.7	67.24	63.7	0.0	0.0	0.0	63.7	
	200	Personal Services and Employee Bene	3,406.4	3,866.6	4,359.24	4,106.4	228.6	0.0	2.6	4,337.6	
18200	542100	Employee I/S Mileage & Fares	0.4	0.1	0	0.4	0.0	0.0	0.0	0.4	
18200	542200	Employee I/S Meals & Lodging	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
18200	542500	Transp - Fuel & Oil	3.1	3.0	0	3.1	0.0	0.0	0.0	3.1	
18200	542600	Transp - Parts & Supplies	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
18200	542700	Transp - Transp Insurance	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
18200	542800	State Transp Pool Charges	11.1	11.2	0	11.1	1.6	0.0	0.0	12.7	
18200	543200	Maint - Furn, Fixt, Equipment	1.2	3.7	0	1.1	0.0	0.0	0.0	1.1	
18200	543400	Maint - Property Insurance	0.0	0.2	0	0.1	0.0	0.0	0.0	0.1	
18200	543500	Maint - Supplies	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
18200	543700	Maintenance Services	11.7	1.7	0	1.7	0.0	0.0	0.0	1.7	
18200	543830	IT HW/SW Agreements	416.2	300.0	0	300.0	191.4	0.0	0.0	491.4	
18200	544000	Supply Inventory IT	24.5	22.2	0	22.2	2.3	0.0	0.0	24.5	
18200	544100	Supplies-Office Supplies	5.2	5.0	0	5.0	0.2	0.0	0.0	5.2	
18200	544900	Supplies-Inventory Exempt	15.3	0.0	0	0.6	0.0	0.0	0.0	0.6	
18200	545609	Report/Record Inter St Agency	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	

BU PCode
39400 P644

E4 PCode Detail
(Dollars in Thousands)

Fund	Account	2023-24 Actuals	2024-25 Opbud	2025-26 PCF Proj	FY 2026 Agency Request				Total	Justification
					GF	OSF	ISF/IAT	FF		
18200	545700	20.7	18.6	0	21.7	7.7	0.0	0.0	29.4	FY26 DoIT Enterprise Rate
18200	545710	11.5	12.6	0	11.5	0.8	0.0	0.0	12.3	\$350 x 35 FTE FY 26 SHARE Rate
18200	545900	11.3	4.6	0	4.6	6.7	0.0	0.0	11.3	
18200	546100	2.5	1.0	0	1.0	1.5	0.0	0.0	2.5	Monthly mailing of LGIP Statements
18200	546400	224.6	224.6	0	224.6	0.0	0.0	0.0	224.6	
18200	546500	14.2	13.0	0	14.2	0.0	0.0	0.0	14.2	
18200	546600	4.6	6.5	0	4.7	0.0	0.0	0.0	4.7	
18200	546610	56.3	52.0	0	52.0	5.9	0.0	0.0	57.9	FY 26 DoIT Enterprise Rate
18200	546700	21.8	14.0	0	14.0	7.8	0.0	0.0	21.8	
18200	546800	17.9	8.4	0	8.4	9.5	0.0	0.0	17.9	Continuing education for two professional licensed staff. Staff training in cash and investment management to keep abreast of the industry standards and trends.
18200	546900	(1.0)	3.8	0	2.8	0.0	0.0	0.0	2.8	
18200	547105	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
18200	547900	0.6	1.0	0	0.5	0.0	0.0	0.0	0.5	
18200	548400	96.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
18200	549600	10.2	5.0	0	5.0	5.2	0.0	0.0	10.2	To attend conferences related to treasury and investment industry standards and trends
18200	549700	21.9	5.0	0	5.0	16.9	0.0	0.0	21.9	To attend conferences related to treasury and investment industry standards and trends
20660	547700	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
20660	547800	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
20990	547700	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
20990	547800	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21230	547700	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21230	547800	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21410	547900	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21430	547700	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
21430	547800	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
35170	547700	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
35170	547800	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
41000	547700	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
41000	547800	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	

BU PCode
39400 P644

E4 PCode Detail
(Dollars in Thousands)

Fund	Account	2023-24 Actuals	2024-25 Opbud	2025-26 PCF Proj	FY 2026 Agency Request				Total	Justification
					GF	OSF	ISF/IAT	FF		
41000	547900	Miscellaneous Expense	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
43160	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
43160	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
43230	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
43230	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
50170	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
50170	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
50180	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
50180	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
50370	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
50370	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
50390	547900	Miscellaneous Expense	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
50440	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
50440	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
68150	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
68150	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
68250	547700	Debt Service-Principal	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
68250	547800	Debt Service-Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
71830	547900	Miscellaneous Expense	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0
71840	547900	Miscellaneous Expense	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
	400	Other	1,001.7	717.2	0	715.3	257.5	0.0	0.0	972.8
20990	555106	OFU - INTRA-Agency	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0
35170	555106	OFU - INTRA-Agency	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0
41000	555100	Other Financing Uses	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
41000	555106	OFU - INTRA-Agency	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0
	500	Other financing uses	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0
TOTAL EXPENSE			4,408.1	4,583.8		4,821.7	486.1	0.0	2.6	5,310.4

State of New Mexico
Contract by PCode Detail
(Dollars in Thousands)

Fund	Account	#	Contract Purpose	Actuals	FY 2026 Agency Request				Total	Justification	
					GF	OSF	ISF/IAT	FF			
18200	535200	Professional Services	1000	Government Portfolio Advisors LLC \$94,900 Sinergia LLC \$64,900 General & Broad \$64,900 AVM \$144,000	240.3	310.2	58.5	0.0	0.0	368.7	Increase in AVM contract. As interest rate decrease, Overnight Repurchase Agreements become more attractive than money market investments. The pools will start using the Repo instead of just investing agencies, increasing the cost of AVM's repo services. July 2024 invoice was \$12,000 x 12 = \$144,000, an increase of \$74,000
18200	535300	Other Services	1000	Standard & Poor - Annual Rating Services and Surveillance Fee	48.2	48.2	0.0	0.0	0.0	48.2	
18200	535309	Other Services - Interagency	1000		0.1	0.1	0.0	0.0	0.0	0.1	
18200	535400	Audit Services	1000	Annual Independent Audit	85.0	99.1	0.0	0.0	0.0	99.1	
18200	535500	Attorney Services	1000	Outsourced legal services	11.5	60.0	4.9	0.0	0.0	64.9	
41000	535200	Professional Services	1000		45.7	0.0	0.0	0.0	0.0	0.0	
41000	535600	IT Services	1000		34.3	0.0	0.0	0.0	0.0	0.0	
TOTAL EXPENSE					465.0	517.6	63.4	0.0	0.0	581.0	

REV EXP COMPARISON

(Dollars in Thousands)

39400 - State Treasurer

	General Fund	Other Funds	Other Transfers	Federal Funds	Total
SOURCES	5,339.3	549.5	0.0	2.6	5,891.4
Personal Services and Employee Benefits	4,106.4	228.6	0.0	2.6	4,337.6
Contractual services	517.6	63.4	0.0	0.0	581
Other	715.3	257.5	0.0	0.0	972.8
USES Total:	5,339.3	549.5	0.0	2.6	5,891.4
Net:	0.0	0.0	0.0	0.0	0.0

REV EXP COMPARISON

(Dollars in Thousands)

39400 - State Treasurer

P644 - State Treasurer

	General Fund	Other Funds	Other Transfers	Federal Funds	Total
SOURCES Totals	5,339.3	549.5	0.0	2.6	5,891.4
Personal Services and Employee Benefits	4,106.4	228.6	0.0	2.6	4,337.6
Contractual services	517.6	63.4	0.0	0.0	581
Other	715.3	257.5	0.0	0.0	972.8
USES Total:	5,339.3	549.5	0.0	2.6	5,891.4
Net:	0.0	0.0	0.0	0.0	0.0

State of New Mexico
Vacancy Rate Summary (3900)

Account/Vac Rate	2024 Auth FTE	2023 Sept	2023 Oct	2023 Nov	2023 Dec	2024 Jan	2024 Feb	2024 March	2024 April	2024 May	2024 June	2024 July	2024 Aug	Justification
AUTHFTE	35.00	9.00	10.00	10.00	10.00	9.00	8.00	9.00	9.00	9.00	10.00	9.00	9.00	
VACANCY RATE	0.00%	25.71%	28.57%	28.57%	28.57%	25.71%	22.86%	25.71%	25.71%	25.71%	28.57%	25.71%	25.71%	

Performance Measures Summary

P644 State Treasurer

Purpose: The purpose of the state treasurer program is to provide a financial environment that maintains maximum accountability for receipt, investment and disbursement of public funds to protect the financial interests of New Mexico citizens.

Performance Measures:		2022-23 Actual	2023-24 Actual	2024-25 Budget	2025-26 Request	2025-26 Recomm
Outcome	Number of basis points that one-year annualized investment return on local government investment pool differs from internal benchmark	9.00	TBD	5.00	5.00	
Outcome	Number of basis points that one-year annualized investment return on general fund core portfolio differs from internal benchmark	49.0	TBD	10.0	10.0	
Outcome	Maximum number of audit findings	1	TBD	0	0	
Outcome	Percent of reconciling items cleared within thirty days of posting of accounting lines, completion and budget check by the agency	99%	99%	99%	99%	
Explanatory	Forfeiture sale proceeds deposited to the general fund	\$80,000	0	N/A	N/A	
Explanatory	Percent of liquidity pool to total state general fund investment pool	53.6%	40.9%	N/A	N/A	

DFA Performance Based Budgeting Data System

Annual Performance Report

Agency: 39400 State Treasurer

Program: P644 State Treasurer

The purpose of the state treasurer program is to provide a financial environment that maintains maximum accountability for receipt, investment and disbursement of public funds to protect the financial interests of New Mexico citizens.

Performance Measures:		2023-24 Target	2023-24 Result	Met Target	Year End Result Narrative
Explanatory	Forfeiture sale proceeds deposited to the general fund	N/A	0	N/A	No forfeiture proceeds deposited in FY 24.
Explanatory	Percent of liquidity pool to total state general fund investment pool	N/A	40.89%	N/A	At FY 24, GFL was 4,500,909,958 and GFIP was 11,007,388,586 both based on market values.
Outcome	Maximum number of audit findings	2	TBD	No	FY 24 audit is not yet completed. FY 23 audit had one finding that was corrected.
Outcome	Number of basis points that one-year annualized investment return on general fund core portfolio differs from internal benchmark	5.0	TBD	Yes	
Outcome	Number of basis points that one-year annualized investment return on local government investment pool differs from internal benchmark	5.00	TBD	Yes	
Outcome	Percent of reconciling items cleared within thirty days of posting of accounting lines, completion and budget check by the agency	99%	99%	Yes	Reconciliation percentage remains consistently high.



Fiscal Year 2026
NM State Treasurer's Office
IT STRATEGIC PLAN
September 3, 2024

Brent Johnson
Chief Information Officer

Laura M. Montoya
NM State Treasurer

Chief Information Officer

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EXECUTIVE SUMMARY

[The State Treasurer serves as the elected Chief Banking Officer of the State and is entrusted with keeping, investing, and disbursing state money. The State Treasurer's Office is one of the elected offices of the executive division of state government. The State Treasurer is the only elected State official to sit on all State financial and investment boards and commissions.

The Treasurer's office also administers the NM State programs for Asset Forfeiture, and the STABLE Program

I. AGENCY OVERVIEW

A. AGENCY MISSION

State Treasurer's Office Mission

To serve in an open and transparent manner, promoting the highest standards of professional banking and investment services to assure the financial security of the State of New Mexico as well as ABLÉ Services, Work and Save program management, and Forfeiture program management.

As the State Treasurer's Office is a constitutionally mandated office and of critical importance to the State to pay the States bills and manage the funds of the State, nothing in this IT Plan will be construed as a limitation on the State Treasurer's Office to procure or implement any systems deemed necessary to the continued operation or security of the State Treasurer's Office.

B. AGENCY GOALS

State Treasurer's Office Goals

To be trustworthy stewards of the taxpayer's money, striving for the highest standards of transparency and integrity within the Office of the State Treasurer.

C. VISION AND PRIORITIES

The State Treasurers Office strives to live up to the NM Constitutionally mandated duties of acting as the State's Banking Entity along with the additional duties of management and operation of the ABLÉ Program, the Work and Save Program, and the Forfeiture program.

Due to the possibility of changing laws and responsibilities of the Office we may or may not require an expansion of IT systems and services. Our main goal for the future is to maintain the critical services and systems to ensure that we can continue to deliver the Treasury functions we provide to the rest of the State.

IT plays a vital supporting role at STO. As technology has progressed, older systems of communication have been phased out by banks and financial institutions. Modern banking and investing is almost entirely accomplished electronically via the Internet. Without computing and Internet services at STO there is no fallback except going to a bank branch physically to do business which given the volume of transactions processed by STO for the State every day

would not be practical. Given these needs it can be easily inferred that without IT services STO would not be able to do its vital business for the State.

D. AGENCY DESCRIPTION AND ORGANIZATION STRUCTURE

See Agency org chart in Appendix A-I. IT organization chart see Appendix A-I

II. IT ENVIRONMENT

i. Major Applications

QED– PAAS Used Internally by the Investments division to track the STO Investment of State Funds

SHARE Treasury Management Module – Infrastructure managed by DoIT

Bloomberg – SAAS – Investment information and trading system

ii. Infrastructure

Our infrastructure consists of.

Internet Connection and firewall

Virtual and Physical Server systems

SAN

Networking equipment

Desktop computers

Phone systems

Basic infrastructure hot site – virtualized at a remote location – no personnel.

Cisco Any connect to facilitate work from home. A VPN connecting from users' homes to the State Treasurer's Office main firewall at the main office.

Full security has been maintained for work from home.

iii. Security

All systems are maintained with up to date and frequently updated and patched systems. The VPN is utilized to provide work from home functionality for users if Cisco Any connect authenticated by Radius systems in our environment. Only authorized and authenticated VPN connections are allowed and are restricted to login only during business hours (with the exception of IT administrators or express permission from the Agency CIO).

iv. Agency IT Certified Projects

None

PROJECT NAME	
Project Description	
Estimated Project Costs	
Current Funding	
Certified Project Phase	
Estimated Completion	
Strategic Priority	
PROJECT NAME	
Project Description	
Estimated Project Costs	
Current Funding	
Certified Project Phase	
Estimated Completion	
Strategic Priority	
PROJECT NAME	
Project Description	
Estimated Project Costs	
Current Funding	
Certified Project Phase	
Estimated Completion	
Strategic Priority	
Strategic Priority	
PROJECT NAME	
Project Description	
Estimated Project Costs	
Current Funding	
Certified Project Phase	
Estimated Completion	
Strategic Priority	

TABLE II.1: Current Certified IT Projects

1. Workforce

A. Full Time Employees

[We have 35 FTE's at STO

B. IT Professional Services Contractors

We use contractors only when IT staff do not have the required specialty skills. This is not very often.

2. Challenges

Remote support of the users

Increased use of telemetry of the remote systems will improve our remote support

Exponential growth of Hacking and consequent security measures

Each security measure adds a layer of complexity such that it is starting to curtail the ability of both the user and IT to access the systems. More integrated systems should be sought.

III. FY24 KEY ACCOMPLISHMENTS

[Provide a brief narrative as an introductory statement to describe agency FY23 IT accomplishments. In the format below, list the requested information to describe agency key accomplishments.]

A. FY24 STRATEGIC IT ACCOMPLISHMENTS

STRATEGIC PRIORITY 1 – [STRATEGY NAME]	
[STRATEGY STATEMENT – WHAT DOES THE STRATEGY ACCOMPLISH]	
FY24 Strategy 1	Replacement of Security camera and door access systems
Accomplishments	Partial
Outcomes/Metrics	Ongoing
FY24 Strategy 2	Replacement of Firewalls with new equipment
Accomplishments	Partial
Outcomes/Metrics	Ongoing
FY24 Strategy 3	
Accomplishments	
Outcomes/Metrics	
FY24 Strategy 4	
Accomplishments	
Outcomes/Metrics	

STRATEGIC PRIORITY 2 – [STRATEGY NAME]

[STRATEGY STATEMENT – WHAT DOES THE STRATEGY ACCOMPLISH]	
FY24 Strategy 1	Maintains building security
Accomplishments	
Outcomes/Metrics	Ongoing
FY24 Strategy 2	Increases IT security
Accomplishments	
Outcomes/Metrics	Ongoing
FY24 Strategy 3	
Accomplishments	
Outcomes/Metrics	
FY24 Strategy 4	
Accomplishments	
Outcomes/Metrics	

TABLE III.1: FY24 Strategic IT Accomplishments

B. OTHER KEY IT ACCOMPLISHMENTS – FY24

[Preface this section with a statement that summarizes the content in this table.]

APPLICATION	
Accomplishment	Consistently High up time
Value or Impact	Business continuity
DATA	
Accomplishment	Data Availability from any Treasury computer via VPN regardless of locale
Value or Impact	Business continuity
PROCESS IMPROVEMENT	
Accomplishment	Minimal process changes to prevent downtime
Value or Impact	Business continuity
WORKFORCE	

Accomplishments	Continued remote support From IT staff for all Treasury staff
Value or Impact	Business continuity regardless of employee location
CUSTOMER SERVICE	
Accomplishments	Continuing to support work from home remotely
Value or Impact	The business of the Treasury and the State go on without interruption
TELEWORK	
Accomplishments	Ongoing Telework Initiative
Value or Impact	Business continuity regardless of employee location
SECURITY	
Accomplishments	Two Factor authentication and High Security Audit Score
Value or Impact	Continued high IT security posture

TABLE III.2: Other Key IT Accomplishments – FY24

IV. FY26 IT STRATEGIC GOALS AND STRATEGIES

[Include an introductory statement to introduce the following information.]

STRATEGIC PRIORITY 1 – Strategy Name	
Goal Statement	
FY26 Strategy 1	IT vigilance in the face of Cyber Threats
Outcomes/Metrics	Continued High Security of IT systems
FY26 Strategy 2	Hacking Prevention / Hardening / Updating
Outcomes/Metrics	Preventing the ever increasing in hacking this year from impacting Business ops

FY26 Strategy 3	Business Continuity
Outcomes/Metrics	The Banking of the State continues to be done
FY26 Strategy 4	
Outcomes/Metrics	

STRATEGIC PRIORITY 2 – Strategy Name	
Goal Statement	
FY26 Strategy 1	Security of all systems
Outcomes/Metrics	Ongoing and constant
FY26 Strategy 2	
Outcomes/Metrics	
FY26 Strategy 3	
Outcomes/Metrics	
FY26 Strategy 4	
Outcomes/Metrics	

STRATEGIC PRIORITY 3 – Strategy Name	
Goal Statement	
FY26 Strategy 1	Perform web presence assessment with accessibility standard WCAG 2.1 AA
Outcomes/Metrics	Determine gap between current state against standard for accessibility standard.

FY26 Strategy 2	
Outcomes/Metrics	
FY26 Strategy 3	
Outcomes/Metrics	
FY26 Strategy 4	

TABLE IV.1. FY26 IT Strategic Goals and Strategies

V. IT FISCAL AND BUDGET MANAGEMENT

Information Technology (IT) Operating Budget (C1)

(To update this table, please double click on the embedded spreadsheet and add the required information. Before exiting the spreadsheet, please make sure to scroll up. Otherwise, the entries of this table will not be fully previewed.) □

Agency Name		Agency Code			
Base Request Operational Support of IT. Check one of the options below:		Flat Budget		Expansion from previous year	
Yes/No					
Revenue IT Base Budget (dollars in thousands)					
Appropriation Funding Type	FY23 Actual	FY24 Actual	FY25 OpBud	FY26 Request	FY27 Estimate
General Fund	3,992.6	4,950.0	5,792.3	4,792.0	5,793.0
Other State Funds	390.0	390.0	390.0	390.0	400.0
Federal Funds	2.0	2.0	2.0	2.0	2.0
Internal Svc Funds/Interagency Transfer	0.0	0.0	0.0	0.0	0.0
Total	4,384.6	5,342.0	6,184.3	5,184.0	6,195.0
Expenditure Categories (dollars in thousands)					
Category or Account Description	FY23 Actual	FY24 Actual	FY25 OpBud	FY26 Request	FY27 Estimate
Personal Services & Employee Benefits	3,244.9	3,950.7	4,330.0	4,330.0	4,500.0
Contractual & Professional Services	422.5	602.5	612.0	612.0	650.0
IT Other Services	185.0	187.0	188.0	188.0	200.0
Other Financing Uses	600.0	600.0	600.0	600.0	660.0
Total	4,452.4	5,340.2	5,730.0	5,730.0	6,010.0
	Print Name	Phone	Email Address	Date	
Agency Cabinet Secretary/Director (Mandatory)					
Chief information Officer or IT Lead(Mandatory)					
Chief Finance Officer (Mandatory)					

Agency Cabinet Secretary/Director Signature

Chief Information Officer/IT Lead Signature

Chief Financial Officer Signature

Janice Y. Barolo 9.5.2024
J. Johnson
 Vacant

VI. SPECIAL FUNDING, SUPPLEMENTAL, COMPUTER SYSTEM ENHANCEMENT (C2) FUNDING AND REAUTHORIZATION OF C2 APPROPRIATIONS

- A. [Include narrative describing any special or supplemental funding requested. If none, note the agency has no requests.]
- B. [Include a list of C2 funding request(s) with the name(s) of the proposed projects. Insert a C2 Information Technology Data Processing – Computer Enhancement Fund (CSEF) form for each request as Appendix-A-III and reference Appendix-A-III in this section. If none, note the agency has no requests.]
- C. [Include requested reauthorizations of prior C2 appropriations or note the agency is not requesting reauthorization of prior C2 appropriations.]

REQUEST FOR REAUTHORIZATION OF C2 APPROPRIATIONS

Information Technology Request for Reauthorization of C2 Appropriations			
Agency Name		Agency Code	
Lead Agency Name Listed on Appropriation		Project Name	
Source of Authorization (e.g. Laws 2022, Chapter 54, Section 7 (12) or Grant/Federal Fund #)		Appropriation Amount (in thousands)	Remaining Balance (in thousands)
		0.0	0.0
		0.0	0.0
		0.0	0.0
		0.0	0.0
		0.0	0.0
		0.0	0.0
Total amount appropriated for project life (in thousands)		Will the project be completed within the next fiscal year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Reason for Requesting Reauthorization			

TABLE VI.1: Request for Reauthorization of C2 Appropriations

APPENDIX A-III: C2 IT DATA PROCESSING CSEF

APPENDIX A-III: C2 IT Data Processing CSEF

C2: Information Technology Data Processing - Computer Systems Enhancement Fund (CSEF)

Agency Name	Agency Code	Project Name			
Multi-Agency Project	Participating Agencies	Priority	Projected Start Date	Projected End Date	
Yes/No					

Revenue Project Cost (dollars in thousands)					
Category or Account Description	FY24 & Prev Actual	FY25 Budget	FY26 Request	FY27 Request Estimate (If any)	Total
General Fund (CSEF)	0.0	0.0	0.0	0.0	0.0
Other State Funds (*specify funds below)	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0
Internal Svc Funds/Interagency Transfer	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0	0.0
*If Other State Funds, Specify Funding Source/Fund Name					

Expenditure Categories (dollars in thousands)					
	FY24 & Prev Actual	FY25 Budget	FY26 Request	FY27 Estimate	Total
Personal Services & Employee Benefits	0.0	0.0	0.0	0.0	0.0
Professional Services	0.0	0.0	0.0	0.0	0.0
Travel/Lodging	0.0	0.0	0.0	0.0	0.0
IT Hardware	0.0	0.0	0.0	0.0	0.0
IT Software	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0	0.0

	Print Name	Phone	Email Address	Date
Agency Cabinet Secretary/ Director (Mandatory)				
Chief information Officer or IT Lead(Mandatory)				
Chief Finance Officer / Budget Director (Mandatory)				

Agency Cabinet Secretary/Director Signature _____

Chief Information Officer/IT Lead Signature _____

Budget Director Signature _____

STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER



LOCAL GOVERNMENT INVESTMENT POOL
INVESTMENT POLICY

DECEMBER 2023



LAURA M. MONTOYA
NEW MEXICO STATE TREASURER

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I. Statement of Purpose/Statutory Authority

The New Mexico State Treasurer is a fiduciary of public funds. The purpose of this Investment Policy is to establish investment guidelines for the New Mexico State Treasurer, who is responsible for the stewardship of the State Treasurer’s Office (STO) Investment Program, specifically the Local Government Investment Pool (“LGIP”).

STO is established by Article V, Section 1 of the New Mexico Constitution. The duties and responsibilities of the State Treasurer are further defined by Chapters 6 and 8 of the New Mexico Statutory Code.

Specific authority concerning the investment of the LGIP can be found at NMSA 1978, Sections 6-10-10 (1933, as amended through 2021) and 6-10-10.1 (1988, as amended through 2019).

STO will submit this LGIP Investment Policy, on behalf of the State Treasurer, to the State Board of Finance pursuant to its advice and consent role established in Section 6-10-10.

Each transaction and entire portfolio must comply with applicable New Mexico state statutes and this Investment Policy. All investment program activities will be evaluated by the standards of this Policy and ranking of Primary Investment Objectives. Those activities that violate the intent of this Investment Policy will be deemed to be violations of this Investment Policy. This Policy conforms to the customary standards of prudent investment management. In the event that New Mexico state statutes are amended, this Policy will be updated by the Treasurer and presented to the New Mexico State Board of Finance for advice and consent.

II. Definitions

Authorized Investment Officers	Those individuals and third-party entities authorized by the State Treasurer to invest monies on behalf of the State of New Mexico.
Custodian	A specialized financial institution, approved by the State Board of Finance, responsible for the safekeeping of assets. The assets may be in electronic or physical form. Some additional responsibilities may include facilitating securities settlements and the collection of income on assets held in safekeeping.
Duration	A measure of the price sensitivity of an underlying security, or portfolio, to changes in interest rates.
DVP	Delivery Versus Payment, a method of securities settlement where securities are simultaneously exchanged for payment.
Fiscal Agent Bank	A bank or savings and loan association designated by the State Board of Finance pursuant to NMSA 1978, §6-10-35, acting on behalf of the State of New Mexico, to perform various financial functions. Fiscal agent bank functions include the collection of all monies received by the State of New Mexico and the management of STO’s checking account. Monies held at the Fiscal Agent Bank are managed to a target balance after payment of checks, warrants, Automated Clearing House (ACH) volume and wire transfers processed by the State.

Investment Grade Ratings	Issuer ratings within any of the following rating agency ranges: <table border="0"> <tr> <td>RATING AGENCY</td> <td>LONG-TERM</td> <td>SHORT-TERM</td> </tr> <tr> <td>Standard & Poor's</td> <td>A to AAA</td> <td>A-1 or Better</td> </tr> <tr> <td>Fitch</td> <td>A to AAA</td> <td>F1 or Better</td> </tr> <tr> <td>Moody's</td> <td>A2 to Aaa</td> <td>P-1</td> </tr> </table>	RATING AGENCY	LONG-TERM	SHORT-TERM	Standard & Poor's	A to AAA	A-1 or Better	Fitch	A to AAA	F1 or Better	Moody's	A2 to Aaa	P-1
RATING AGENCY	LONG-TERM	SHORT-TERM											
Standard & Poor's	A to AAA	A-1 or Better											
Fitch	A to AAA	F1 or Better											
Moody's	A2 to Aaa	P-1											
Maturity Date	The date on which the principal amount of a debt instrument becomes due and is repaid to the investor, along with all remaining interest.												
Put	A put option on a debt security allows the bondholder to force the issuer, remarketing agent or letter of credit provider to repurchase the security at specified dates prior to the stated maturity.												
Supranational Obligations	An international development institution formed by two or more central governments, limited to issuers domiciled within the United States: International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).												
WAM	Weighted Average Maturity. For a given portfolio, the average maturity of investment holdings weighted by the relative size of each position.												

III. Identification of Funds

There is created in the state treasury the "local government investment pool". The fund shall consist of all deposits from participating governments, including revenues dedicated to repaying bonds, that are placed in the custody of the state treasurer for investment purposes pursuant to state statutes. The state treasurer shall maintain one or more separate accounts for each participating government having deposits in the local government investment pool and may divide the fund into two or more subfunds, as the state treasurer deems appropriate, for short-term and medium-term investment purposes, including one or more subfunds for bond proceeds deposited by participating governments 6-10-10.1 (A).

This Investment Policy applies only to the investment of the LGIP short-term and medium-term funds managed by the State Treasurer. The LGIP is a pool of funds created by the New Mexico State Legislature. Any local governing body, the governing authority of a tribe or any other governmental or quasi-governmental body created or authorized to be created pursuant to New Mexico statutes may participate in the short-term LGIP, as permitted by Section 6-10-1.1 (C) and Section 6-10-10.1). This fund will be called Local Government Investment Pool (LGIP) Short-Term Fund.

The Local Government Investment Pool (LGIP) Medium-Term Fund will be established to provide investment opportunities specifically for the New Mexico State Investment Council (SIC).

IV. Objectives

The LGIP will be invested in a manner that is in conformance with federal, state, and other legal requirements.

The Chief Investment Officer (CIO) and Authorized Investment Officers (AIOs) will observe the following priorities in making investment decisions, in the order described:

1. **Safety**—The priority is the preservation of the funds invested in the pool;
2. **Liquidity**—The second priority is 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 LGIP; and
3. **Return**—The third priority is maximizing investment return, consistent with the higher priorities accorded to the safety and liquidity of principal.

Pursuant to Section 6-10-10.1(I), the Local Government Investment Pool (LGIP) Short-Term Fund is managed to an “AA” rating or better. The Chief Investment Officer and Authorized Investment Officers will comply with all rating agency criteria to maintain the LGIP’s statutory rating requirement.

The Local Government Investment Pool (LGIP) Short-Term Fund shall be invested with the objective of preserving a stable net asset value (NAV) of \$1.00 per share.

The Local Government Investment Pool Medium-Term Fund is not required by Section 6-10-10.1(I) to be managed pursuant to a rating by a Nationally Recognized Statistical Rating Organization.

The LGIP Medium-Term Fund shall be invested with a floating net asset value to reflect its longer maturity structure, subject to mark-to-market fluctuations in value.

V. Philosophy

The primary investment philosophy of STO is to match investment maturities with expected cash outflows. Securities shall generally be held until maturity, with the following exceptions:

- A security with declining credit may be sold prior to maturity to minimize loss of principal upon recommendation and approval by the State Treasurer’s Credit Committee.
- Liquidity needs of the portfolio require that a security be sold prior to maturity.
- A security rebalance, or swap would improve the quality, yield or target duration in the portfolio.

VI. Standards of Care

A. Delegation by the State Treasurer of Investment Authority

The State Treasurer shall invest the Local Government Investment Pool as provided in Section 6-10-10.

To ensure effective investment management of public funds, the State Treasurer has delegated investment functions to an Investment Division reporting to the Deputy Treasurer. The Investment Division includes a CIO and AIOs. AIOs will report to the CIO and the CIO will report to the Deputy Treasurer. The CIO will maintain a current list of Authorized Investment Officers.

B. Ethics and Conflict of Interest

The Deputy Treasurer, CIO and AIOs shall adhere to standards of conduct as follows:

- The Governmental Conduct Act, NMSA 1978, §§ 10-16-1 to -18 (1967, as amended through 2023);
- The State Treasurer’s Employee Code of Conduct;
- The State Treasurer’s Campaign Contributions Policy;
- The State Treasurer’s Whistleblower Policy;
- The Gift Act, NMSA 1978, §§ 10-16B-1 to -4 (2007, as amended through 2019); and
- The Procurement Code, NMSA 1978, §§ 13-1-28 to -199 (1984, as amended through 2023).

The CIO and AIOs shall file personal disclosure forms as required by the Governmental Conduct Act and the State Treasurer’s Code of Conduct.

C. Prudence

The Deputy Treasurer, CIO and AIOs shall perform investment duties in a manner consistent with this LGIP Investment Policy and the standard of a prudent investor¹ considering the purposes, terms, distribution requirements, and other circumstances then prevailing as to the assets entrusted to them.

In the process of investing funds in the LGIP, the CIO and AIOs will exercise reasonable care, skill, diligence, and prudence considering investments not in isolation, but in the context of the portfolio as a whole and as part of an overall investment strategy. That strategy shall incorporate the risk and return objectives articulated in this LGIP Investment Policy.

The CIO and AIOs—acting in accordance with New Mexico Statutes, written procedures, this LGIP Investment Policy, and exercising due diligence—shall be relieved of personal liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

VII. Controls

A. Custody

All investment securities purchased by the CIO and AIOs, held as collateral on repurchase agreements and bank deposits or held as collateral on securities lending agreements, shall be held in third-party safekeeping at a financial institution qualified to act in this capacity.

All securities held for the LGIP will be free and clear of any lien and all transactions will be conducted in compliance with Section 6-10-10(O), which requires same-day transfer of funds with the settlement of securities.

The Custodian will provide reports that list all transactions that occurred within the LGIP during the month and all securities held for the LGIP at month-end including the book and market value of holdings.

The representatives of the Custodian responsible for, or in any manner involved with, the safekeeping and custody process of the LGIP shall be bonded in amounts required by the

¹ See Uniform Prudent Investor Act, NMSA 1978, §§ 45-7-601 to -612 (1995).

State Board of Finance under a custody agreement to protect from losses due to malfeasance and misfeasance.

B. Investment Advisor/Consultant

STO may enter into an agreement with an investment advisor or consultant for investment management or advisory services. The investment advisor or consultant will operate under the direction of the State Treasurer.

The investment advisor or consultant shall:

- be registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940;
- have at least seven years' experience in managing or advising government debt for other governments and fiduciary institutions and has had at least \$1 billion under management for investment disciplines similar to this Policy;
- has liability and fiduciary insurance coverage;
- does not have a proprietary interest in any portfolio manager or fund manager utilized by the State Treasurer; and
- shall submit form ADV Part 2A on an annual basis to the State Treasurer.

C. Approved Broker-Dealers and Counterparties

To ensure the proper separation of duties from the investment functions, the State Cash Manager shall maintain a list of broker-dealers and counterparties approved to provide investment services to the LGIP specifically and the state generally. Eligible broker-dealers will need to meet all of the following conditions:

- The broker-dealer and its representatives must be registered pursuant to the New Mexico Uniform Securities Act, NMSA 1978, §§ 58-13C-101 to -701 (2009)²;
- The broker-dealer must be registered with the Financial Industry Regulatory Authority (FINRA);
- All broker-dealer representatives who have direct contact with securities trading between STO and the firm must have a FINRA Series 7 License, or equivalent certification;
- The broker-dealer representatives must have a minimum of five (5) years of continuous employment history involving fixed income securities, with exceptions permitted for sales and trading assistants acting in temporary administrative capacities; and
- Counterparties must operate under the terms of a securities lending or repurchase agreement.

The Broker-Dealer list will be submitted to the State Treasurer's Investment Council (STIC) for recommendation and will be approved by the State Treasurer. The list will be submitted to the State Board of Finance for its advice and consent.

D. Competitive Transactions

The CIO and AIOs will conduct all securities transactions in a fair, open and transparent competitive process:

² See also 12.11.2 NMAC.

- All securities transactions shall be conducted on a best execution basis, subject to diversification constraints.
- Best execution means that the CIO and AIOs must seek the best price for a security in the marketplace and must ensure that unnecessary brokerage costs and charges are not incurred when transactions are executed. Transactions executed represent the best qualitative execution, not just the lowest price.
- Every effort to obtain at least three bids or offers on a specific security will be conducted. If unobtainable, documentation of comparable securities accompanied by current market levels will be retained, to provide evidence of price transparency and trade execution at competitive levels.
- Offers or bids for securities may be received from approved broker-dealers or direct issuers by any of the following means:
 - By phone; or
 - By e-mail or other form of electronic communication; or
 - Through an electronic trading platform; or
 - Directly from issuers of eligible investments.

E. Internal Controls

The CIO will maintain sufficient internal controls to protect against the loss of public funds arising from negligence, theft, or misuse. These controls will require the CIO to:

- Communicate regularly with the Deputy Treasurer regarding investment activities, including any significant changes in market value or credit quality of investment positions;
- Require monthly reconciliation of internal investment accounting and reporting to all external statements provided by the custodian and other financial institutions;
- Monitor compliance with applicable state statutes;
- Require Delivery Versus Payment security settlement except for physical securities;
- Maintain clear delegation of investment authority;
- Ensure the separation of investing authority from cash activities and recordkeeping;
- Ensure that all deposits are sufficiently collateralized pursuant to 2.60.4 NMAC or as required by the rating agency for the LGIP, whichever is greater;
- Require the use of approved objective criteria in selecting broker-dealers and financial institutions authorized to provide investment services to the state;
- Maintain documentation on investment procedures;
- Report violations of this policy to the State Treasurer in a timely manner;
- Require the use of agency-approved objective criteria in awarding investment purchases and sales to authorized financial institutions and broker-dealers;
- Ensure assets are valued by marking holdings to current market prices, thereby representing the full liquidation value of the LGIP;
- Ensure the NAV per share is computed by dividing the total market value of the LGIP's investments, less any liabilities, by the total outstanding shares of the LGIP; and,
- If the market-based NAV for the LGIP Short-Term Fund deviates from the \$1.00 NAV by more than 0.15% (\$0.0015; equating to less than \$0.9985 or more than \$1.0015), the CIO shall notify the Deputy Treasurer, in conjunction with the AIOs, to determine what, if any, actions need to be taken.
- The LGIP Medium-Term Fund will have a floating NAV with no restrictions regarding deviations in its value.

F. External Controls

- STO will retain all records related to LGIP investment activities pursuant to state law. As provided by the Audit Act, NMSA 1978, §§ 12-6-1 to-14 (1969, as amended through 2019), the State Auditor or a designated independent auditor will review the investment activities of STO regarding the LGIP to determine the compliance of those activities with this LGIP Investment Policy and state statutes.
- The market value of all funds held by the custodian will be calculated monthly and provided to the State Treasurer.

G. State Treasurer's Investment Council

The State Treasurer may establish the State Treasurer's Investment Council (STIC), an advisory Council to review investment reporting and any other matters of the State Treasurer's choosing.

- The Investment Council shall consist of five (5) voting members: the State Treasurer, or designee; a member of the Treasurer's staff upon appointment by the Treasurer or designee; the director of the State Board of Finance, or designee; and two members who are participants in the private investment community or have expert knowledge or professional experience in the subject of public finance or public money investing, of which one member will be appointed by the State Treasurer and approved by the State Board of Finance and one member will be appointed by the State Board of Finance and approved by the State Treasurer. The member of the Treasurer's staff shall be selected in a manner consistent with maintaining a separation of responsibilities between STO investment managers and the members of the council.
- Each private sector member shall serve at the pleasure of the State Treasurer or the State Board of Finance appointing the private-sector member. The private-sector members shall serve for a term of two (2) years after appointment and shall be eligible for reappointment to serve for consecutive two (2) year terms. Any vacancy created by a private sector member shall be filled in the same manner as original appointments.

VIII. Eligible and Ineligible Investments

A. Eligible Investments

Eligible Investments are only those securities and deposits specifically authorized by statute. Consistent with Sections 6-10-10 and 6-10-10.1, the CIO and AIOs may invest in the following:

- Cash at Banks, Savings and Loan Associations, or Credit Unions whose deposits are insured by an agency of the United States and are certified or designated as eligible to receive public money on deposit in New Mexico;
- Securities issued by the United States government;
- Securities issued or guaranteed by United States government agencies, government sponsored enterprises (GSEs), or instrumentalities including mortgage obligations;
- Securities issued by supranational entities, as defined in this policy;
- Repurchase Agreements, subject to restrictions contained in Section VII, paragraph C of this LGIP Investment Policy;
- Securities Lending Agreements;

- Commercial Paper issuers rated “prime” quality by a nationally recognized rating service, defined in this policy as investment grade, issued by corporations that are organized and operating in the United States and are included on STO’s approved issuer list;
- Corporate Bond issuers rated investment grade, as defined in this policy, by a nationally recognized rating service, issued by corporations that are organized and operating in the United States and are included on STO’s approved issuer list;
- Asset-Backed Obligations rated “AAA” or better by a nationally recognized rating service;
- Shares of open-ended diversified investment companies that are registered with the United States Securities and Exchange Commission; comply with the diversification, quality, and maturity requirements of Rule 2a-7, or any successor rule, of the United States Securities and Exchange Commission applicable to money market mutual funds; assess no fees pursuant to Rule 12b-1, or any successor rule, of the United States Securities and Exchange Commission, no sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, however designated; and do not use swap and derivative products. STO shall not, at any time, own more than five percent (5%) of a money market mutual fund’s assets.
- Individual, common or collective trust funds of banks or trust companies that are invested only in United States Government and Agency obligations and repurchase agreements secured by such obligations; have assets under management of at least one-billion dollars (\$1,000,000,000); do not use swap and derivative products; and the investments made by STO are less than five percent (5%) of the assets of the fund.
- Securities issued by the State of New Mexico, its agencies, institutions, counties, municipalities, school districts, community college districts, or other subdivisions of the state, or as otherwise provided by law and rated investment grade as defined by this policy; or
- Securities issued by states other than New Mexico or governmental entities in states other than New Mexico and rated investment grade as defined by this policy.

B. Ineligible Investments

To provide for the safety and liquidity of funds, the Local Government Investment Pool is specifically prohibited from investing in:

- Short Sales
- Whole Loan Mortgage Obligations
- Reverse Repurchase Agreements, except under a securities lending agreement
- Inverse Floating Rate Notes
- Equity Securities
- Swaps and Derivatives

C. Repurchase Agreements

Repurchase Agreements are subject to additional restrictions:

- Transactions will be conducted only with currently approved dealers and counterparties included on the broker-dealer list, the Fiscal Agent Bank, or the master custodial bank, operating under the terms of a master repurchase agreement or securities lending agreement;

- Each approved repo counterparty must have a net worth in excess of five-hundred-million dollars (\$500,000,000);
- The maximum term of any repurchase agreement will be one (1) year; and
- Tri-Party Repurchase Agreement transactions may be entered into with a contracted custodial bank for this purpose, provided all securities meet the requirements within this policy.

Securities accepted as collateral for repurchase agreements will be subject to the following additional restrictions:

- Securities placed as collateral for repurchase agreements, with a final maturity less than 10 years, will be priced at 102% of market value, plus accrued income;
- Securities placed as collateral for repurchase agreements, with a final maturity of ten (10) years or greater, will be priced at 103% of market value, plus accrued income;
- Agency mortgage-backed securities placed as collateral for term repurchase agreements with a maturity longer than seven (7) days will be priced at 105% of market value, plus accrued income;
- Term repurchase agreements with a maturity date that is longer than seven (7) days are required to have daily pricing of collateral; and
- Only treasury and agency securities, including agency mortgage-backed obligations, will be utilized as collateral for repurchase agreements.

IX. Investment Parameters

To provide for the safety and liquidity of funds, the investment of the LGIP will be subject to the restrictions listed below. These represent minimum investment restrictions under this LGIP Investment Policy and there may be separate procedures containing additional, more restrictive limitations for certain investment instruments. All restrictions are based on current market value.

Maximum percentages for a particular issuer, investment type, or liquidity constraint may on occasion be exceeded due to unforeseen circumstances (e.g., due to fluctuations in fund balances). Exceptions will be reported to the Treasurer, the State Treasurer's Investment Council, and the State Board of Finance monthly. Steps will be taken to remedy any breaches that may put the LGIP's Short-Term Fund rating at risk of falling below the required AA or better rating. The LGIP Medium-Term Fund is not required by statute to be rated.

Percentage restrictions will be based on total portfolio market value on the settlement date of securities purchased.

A. Diversification

- GSEs or government-guaranteed investments rated AA or higher with final maturities shorter than thirty (30) days will be excluded from diversification limits;
- For the LGIP Short-Term Fund and Medium-Term Fund, collateralized bank deposits secured by Federal Home Loan Bank (FHLB) letters of credit (LOCs) qualify as credit substitutions, and will therefore be viewed as obligations of the collateral issuer, FHLB;
- Issuer limits for collateralized bank deposits include certificate of deposit (CD) exposure in aggregate;
- Variable rate demand notes that have a Put, standby purchase agreement or secured by a LOC, back to the issuer, remarketing agent, or LOC provider, will be considered to have a maturity equivalent to the Put date. These securities will not be attributable to the

floating rate note diversification calculation and will be considered the obligation of the standby purchaser or LOC provider.

Otherwise, the following diversification limits shall apply to the LGIP portfolio:

Allowable Securities	Diversification Limits	Further Limitations
US Treasury Obligations	100%	
US Agency/GSE Obligations > 30 days Primary Issuers— <i>FNMA, FHLMC, FFCB, FHLB</i> Secondary Issuers— <i>All Other Agencies/GSEs > 30 days</i>	100%	Per Primary Issuer: 33% Per Secondary Issuer: 5% Except TVA: 10%
US Agency Issued Mortgage-Backed Securities	25%	
Supranational Obligations	15%	Per Issuer: 5%
Bank Deposits—Collateralized		Per Issuer:
A1+ or F1+—1 Day	100%	50%
A1 or P1 or F1—1 Day	100%	25%
A1 or P1 or F1—2 Days +	25%	5%
A2 or P2 or F2	10%	2.5%
Bank Deposits (GSE Approved LOC)		
A2 or P2 or F2—1 Day	50%	25%
Commercial Paper, Corporate Bonds, Medium Term Notes, and Asset-Backed Obligations (<i>In Aggregate</i>)	40%	Per Corporate Issuer: 5% Per Asset-Backed Issuer: 5%
Open Ended 2a-7 Rated Fund US Treasury and Agency <i>Only</i>	100%	Per Fund: 10%
Municipal Securities	15%	Per Issuer: 5%
Pre-refunded 100% escrowed with US Government related securities	15%	
Repurchase Agreements (Business Days)		Per Counterparty:
A1+ or F1+—1 Day	100%	50%
A1 or P1 or F1—1 Day	100%	25%
A1 or P1 or F1—2-5 Days	100%	10%
A1 or P1 or F1—6 Days +	10%	5%
A2 or P2 or F2—1 Day	10%	5%
Limited/Illiquid Securities (<i>In Aggregate</i>)	10%	Nonmarketable securities with maturities greater than 5 business days.

B. Maturity Restrictions

The following maturity limits shall apply to each portfolio:

LGIP SHORT-TERM FUND

Allowable Securities	Maturity Limits
All Securities	397 Days
Variable Rate Obligations	
US Treasury and GSE	762 Days
All Other	397 Days

LGIP MEDIUM-TERM FUND

Allowable Securities	Maturity Limits
All Securities	3 Years

C. Portfolio Duration

The CIO and AIOs will manage the LGIP Short-Term Fund within the weighted average maturity (WAM) required by the LGIP’s rating agency. The appropriate performance benchmark for the LGIP will be reflective of its short-term investment objective. The benchmark will be reviewed by the State Treasurer’s Investment Council for recommendation and will be approved by the State Treasurer and the State Board of Finance annually.

The CIO and AIOs will manage the LGIP Medium-Term Fund within +/-15% of the WAM and duration of the appropriate performance benchmark. The benchmark will be reviewed by the State Treasurer’s Investment Council for recommendation and will be approved by the State Treasurer and the State Board of Finance annually.

D. Credit Quality

The following issuer credit rating limits shall apply for the LGIP:

Investment Type	Credit	
	Short-Term	Long-Term
US Treasury Obligations		
US Agency Obligations		
US Agency Issued Mortgage-Backed Securities		
Supranational Obligations		AAA/Aaa
Bank Deposits—Collateralized	See Above	
Asset-Backed Obligations	A1+ or P1 or F1+	AAA/Aaa
Commercial Paper	A1 or P1 or F1	A/A2
Corporate Bonds	A1 or P1 or F1	A/A2
Open-Ended 2a-7 rated fund US Treasury and Agency <i>Only</i>	AAAm or Aaa-mf or Aaammf	
Municipal Securities	A1 or MIG1 or F1	A/A2
Repurchase Agreements	See Above	
Variable Rate Obligations US Treasury and Agency/GSE All other	A1 or P1 or F1	A/A2
Limited/Illiquid Securities	A1 or P1 or F1	A/A2

X. Reporting:

The CIO shall prepare a monthly investment report for the State Treasurer. For purposes of reporting, the LGIP Report may be combined with the reports of other assets under the management of the State Treasurer pursuant to the State Treasurer’s Investment Policy.

An executive summary will be prepared in a manner that will allow the State Treasurer to ascertain whether investment activities during the reporting period comply with this LGIP Investment Policy, the State Treasurer’s Investment Policy, and New Mexico statutes.

The CIO will submit and present the monthly investment report, on behalf of the State Treasurer, to the State Board of Finance and will post the report on the State Treasurer’s website and otherwise make it available to the public.

A. Specific Reporting Requirements:

The report will include, at a minimum, the following:

- An asset listing showing par value, cost, market value, type of investment, issuer, and interest rate of securities held;

- For the LGIP Short-Term Fund, the total market value and amortized cost of all pool assets and the average 30-day yield, as of month-end;
- For the LGIP Short-Term Fund WAM to Reset and WAM to Final of the LGIP compared to the maximums allowable per the appropriate rating agency;
- For the LGIP Medium-Term Fund, the total market value and amortized cost of all pool assets, purchase yield and yield to maturity, as of month end;
- For the LGIP Medium-Term Fund, WAM and effective duration of each portfolio compared to its applicable approved benchmark;
- Average portfolio credit quality;
- Total rate of return for the LGIP for the last one (1) month, three (3) months, and twelve (12) months with applicable approved benchmark returns for the same periods;
- Sensitivity analysis on a quarterly basis;
- Transaction listing of the LGIP for the reporting period;
- Transaction summaries for the reporting period and fiscal-year-to-date that include trade volumes, distributions by type of investment and counterparty; and
- LGIP Investment compliance review.

B. Performance Standards

- The LGIP will be structured to obtain a market average rate of return considering investment risk constraints and cash flow needs.
- The LGIP will be compared to approved benchmarks that appropriately model the expected risk and return profile of each investment objective.

C. Quarterly Reporting

On a quarterly basis, the CIO shall prepare a quarterly investment report that describes the investment strategy for the LGIP employed during the past quarter and the strategy planned for the next quarter. Information will be reported to the State Treasurer's Investment Council and the State Board of Finance.

D. Annual Reporting

At the next regular State Treasurer's Investment Council meeting after September 30 of each year, the CIO shall present an annual investment report on the LGIP that describes the investment strategy employed during the past fiscal year and the strategy planned for the next fiscal year. The report shall include annual comparisons of the portfolio's return to the performance benchmark for the preceding fiscal year.

XI. Allocation of Investment Income:

The LGIP Short-Term Fund will distribute investment income based upon a participant's average daily balance and the investment income is calculated on an accrual basis. Investment income is credited monthly.

The LGIP Medium-Term Fund will distribute investment income monthly calculated on an accrual basis. The net asset value (NAV) of the Fund is a floating price subject to factors such as pool cash flows and market activity. Realized and unrealized gains and losses are reflected in the NAV calculated each month.

XII. Ongoing Training:

STO strives for professionalism and accountability in the investment of its funds. To assure the highest possible professional standards, STO will provide opportunities and funding for the personnel involved in the investment function to complete continuing education

programs or other training in cash and investment management sufficient to maintain their skills and remain up to date on best practices and new regulations.

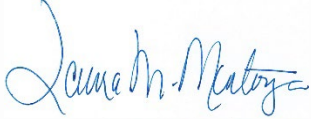
XIII. Investment Policy Review/Adoption:

It shall be the duty of the State Treasurer to bring amendments to the Investment Policy to the Board of Finance and obtain consent before updates to the Investment Policy take effect. The Investment Policy shall be reviewed at least every two years. At any time, the Treasurer may further restrict the types of instruments, issuers, and maturities as may be appropriate based on the current market conditions pursuant to Section 6-10-10 G.

XIV. Reasonable Audit, Administrative, and Investment Expenses

As required by Section 6-10-10.1(G), STO shall charge reasonable audit, administrative and investment expenses to all participants within the LGIP. The fee shall be calculated and collected monthly based on the average daily balance of the participant. The specific amount of the fee shall be no less than five (5) but no more than ten (10) basis points, as determined and announced in writing by the State Treasurer. All fees collected from LGIP participants shall be used by STO for administrative expenses and services necessary to operate the pool, including employee salaries and contractual services.

New Mexico State Treasurer's Office:

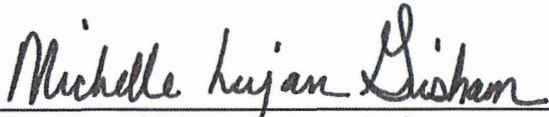


The Honorable Laura M. Montoya
New Mexico State Treasurer

1-3-2024

Date

By affixing the signature below, the State Board of Finance hereby provides its advice and consent pursuant to NMSA 1978, §6-10-10.



The Honorable Michelle Lujan Grisham
Governor of the State of New Mexico
President, State Board of Finance

1-3-24

Date

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
NEW MEXICO OFFICE OF THE STATE TREASURER
AND THE
NEW MEXICO STATE INVESTMENT COUNCIL**

This Memorandum of Understanding (hereinafter “MOU”) is hereby made and entered into between the New Mexico Office of the State Treasurer (“STO”) and the New Mexico State Investment Council (“SIC”). The purpose of this MOU is to document the cooperation and understanding of the parties in connection with the Council’s entrance into and participation in STO’s Local Government Investment Pool Medium-Term Fund (the “LGIP Medium-Term Fund”).

1. Governing Law: Both parties acknowledge that the LGIP Medium-Term Fund is operated pursuant to NMSA 1978, Section 6-10-10.1, as well as the Local Government Investment Pool Investment Policy approved by the New Mexico State Board of Finance and the State Treasurer. The parties further acknowledge that both the SIC and the State Treasurer are subject to the provisions and requirements of NMSA 1978, Section 6-8-7.
2. Fiduciary Duty: STO warrants that it is a fiduciary over funds invested in the LGIP Medium-Term Fund.
3. Certificate of Incumbency: As part of SIC’s entrance into the LGIP Medium-Term Fund, SIC will provide STO with a Certificate of Incumbency or other authorization list. If at any time the Certificate of Incumbency is modified, SIC shall provide STO an updated certificate within five (5) business days.
4. Monthly Reinvestment: SIC’s monthly earnings from the LGIP Medium-Term Fund shall be automatically reinvested within the LGIP Medium-Term Fund.
5. Monthly Reporting: STO shall provide a monthly statement to SIC by the third (3rd) business day of each month showing the balance of SIC funds invested in the LGIP Medium-Term Fund as well as the interest accrued in the previous month and the monthly fee detail.
6. Monthly Fees: Pursuant to 6-10-10.1 G, STO shall, on a monthly basis, charge participating governments reasonable audit, administrative and investment expenses and shall deduct those expenses directly from the net investment income for the investment and administrative services which is currently set at an aggregate fee of five (5) basis points. No excess or additional fees will be charged in accordance with section 6-10-10.1 G. SIC will receive written notice in writing at least one (1) month prior to any changes to the basis points charged.

7. Liquidation of SIC Funds in the LGIP Medium-Term Fund:

- a. Written Notice: SIC shall provide written notice to STO prior to liquidating funds invested in the LGIP Medium-Term Fund.
 - b. Deadlines: SIC shall provide written notice at least two weeks prior to withdrawals of amounts less than two hundred million dollars (\$200,000,000) and written notice at least one (1) month prior to withdrawals of any greater amount.
 - c. Right to Liquidate: SIC may, without cause, liquidate funds in the LGIP Medium-Term Fund within the deadlines set forth herein. All liquidations shall be subject to STO's best efforts and market conditions.
8. Most Favored Investor: If at any time in the duration of this MOU STO provides other participants in the LGIP Medium-Term Fund terms or provisions that are more favorable than those in this MOU, STO shall, within five (5) business days, notify the SIC, and, at the request of SIC, promptly enter into amendments to this MOU to provide SIC the same or more favorable terms or provisions.
9. Commencement and Expiration Date: This MOU is executed as of the date of the last signature and shall be effective, unless otherwise amended in writing, until all SIC funds in the LGIP Medium-Term Fund have been liquidated.

By signature below, each party certifies that the individuals listed in this document as representative of the individual parties are authorized to act in their respective areas for matters related to this MOU. The parties hereto have executed this MOU as of April 1, 2024.



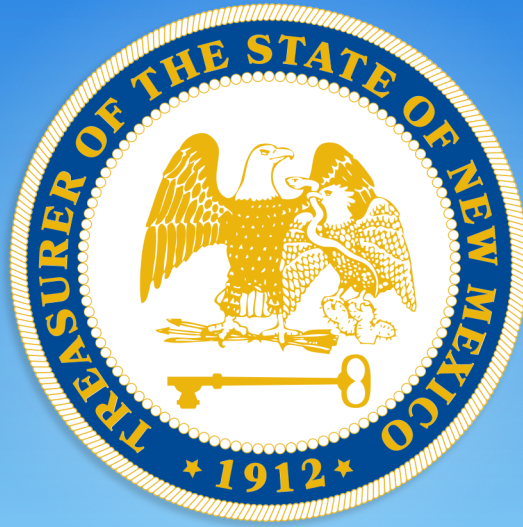
Robert "Vince" Smith, Chief Investment Officer
New Mexico State Investment Council

Laura M. Montoya, State Treasurer
New Mexico Office of the State Treasurer



Brent H. Shipp, Chief Financial Officer
New Mexico State Investment Council

Malaquias Rael, Deputy State Treasurer
New Mexico Office of the State Treasurer



STATE OF NEW MEXICO
OFFICE OF THE STATE TREASURER

STRATEGIC PLAN

FISCAL YEAR 2026



LAURA M. MONTOYA
NEW MEXICO STATE TREASURER

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I. EXECUTIVE SUMMARY

Treasurer Laura M. Montoya began her administration January 1, 2023. The priorities for this year were to do an internal audit on policies and procedures, assess internal checks and balances, visit with directors and bureau chiefs to determine a needs assessment, review and understand current processes both internally and externally, meet with agency heads and investment and bank partners to build working relationships.

The Montoya administration strives to provide, safety, liquidity and yield to our investment portfolio, work with internal and external partners to provide exemplary services and outcomes for the people of New Mexico, expand services in outreach, build partnerships to provide better rates and returns, increase the portfolio to assist more communities in utilizing the Local Government Investment Pool - Short Term (LGIP ST), and work on legislation that assists the objectives of the constitutional and statutory duties of the office.

In addition, the Treasurer sits on 13 boards, councils and commissions as well as several subcommittees. It is a priority to have representation at all meetings and build partnerships to combine efforts and initiatives when appropriate and add value to the action items presented utilizing the expertise within the State Treasurer's Office (STO). It is also important to have our team members connect with other agencies to share expertise, work collaboratively on projects and money transfers, and share ideas, lessons, and knowledge for the betterment of all state agencies and our State.

We strive to provide full transparency in all the work and transactions that we do. We updated in-office hours to provide more accessibility to teams within STO, outside agencies, and to the public.

The Cash Management Division oversees and manages all banking activities for all state agencies to accelerate the receipt and deposit of State funds into the State's bank accounts and monitor and enforce the collateral requirements for public funds on deposit at financial institutions and repurchase agreements. Manage the overnight repurchase agreements daily for the STO portfolios as well as other State entities, and settlement and reconciliation for investment transactions between the broker-dealers, the custody bank, and the fiscal agent. The Division also provides compliance reviews for investment transactions and facilitates the verification of agencies' fund balances.

The Investment Division is responsible for investing funds held in the custody of the State Treasurer that are 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.

On April 1, 2024, the New Mexico Office of the State Treasurer entered into a Memorandum of Understanding with the New Mexico State Investment Council with the purpose to document the cooperation in STO's Local Government Investment Pool Medium-Term Fund. This fund is the first of its kind in New Mexico.

Investments are restricted to the highest-quality securities as assigned by the major rating agencies and to a term of not more than 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 post-trade review signatures; and report the executed portfolio activity monthly to the State Treasurer's Investment Council and the State Board of Finance. STO contracts with an independent investment advisor who provides advisory services to the State Treasurer and staff.

The Budget and Finance Division initiates purchasing, contracts, vendor payments, and financial reporting, and the staff continues to improve and expand Statewide Human Resources/Accounting/Reporting system (SHARE) capabilities. The employees use an accounting matrix for posting investment transactions into the general ledger. The Division is working to streamline the audit process. The Division must comply with State laws and various regulations and accounting standards that govern its activities. The Budget and Finance Division makes all debt service payments, tracks investment income to ensure compliance with arbitrage restrictions and rebate requirements, manages all certificates of deposit, and receives New Mexico Gaming revenue.

The Operations Division is directly responsible for the physical and virtual maintenance of the infrastructure and services provided on a day-to-day basis to STO. The physical maintenance and services consist of facilities management and security, Office vehicles, mail processing and deliveries (incoming/outgoing/interoffice), and Office support.

The Information Technology Bureau (IT) is under the Operations Division and facilitates the virtual support and maintenance of the necessary servers, hardware, software, and printers. Other virtual services for proper operations are cybersecurity, teleworking, and communications functionality; inspection of all IT equipment systems; and service in support of banking operations, investment and debt service management, financial accounting reporting, and website maintenance.

The Operations Division also implements and monitors the forfeiture program. Internally, the Division should provide services to 35 authorized full-time equivalents (FTEs), five of which were unfunded in FY25, although there are currently ten vacancies (due to below-market salaries, economic trends, and other factors).

The Programs, Outreach and Legislative Affairs Division is a new division that will oversee Financial Fitness, the State Treasurer's Achieving A Better Life Experience (STABLE) Program, Women Empowerment and Work and \$ave. Legislative Affairs analyzes all bills relevant to STO during the legislative session and works in the interim on STO initiatives.

II. VISION, MISSION, AND CORE VALUES

VISION

STO is the State of New Mexico's banker, and our professional team provides the highest level of quality service in banking and cash management, investing, budgeting, outreach, and programs.

MISSION

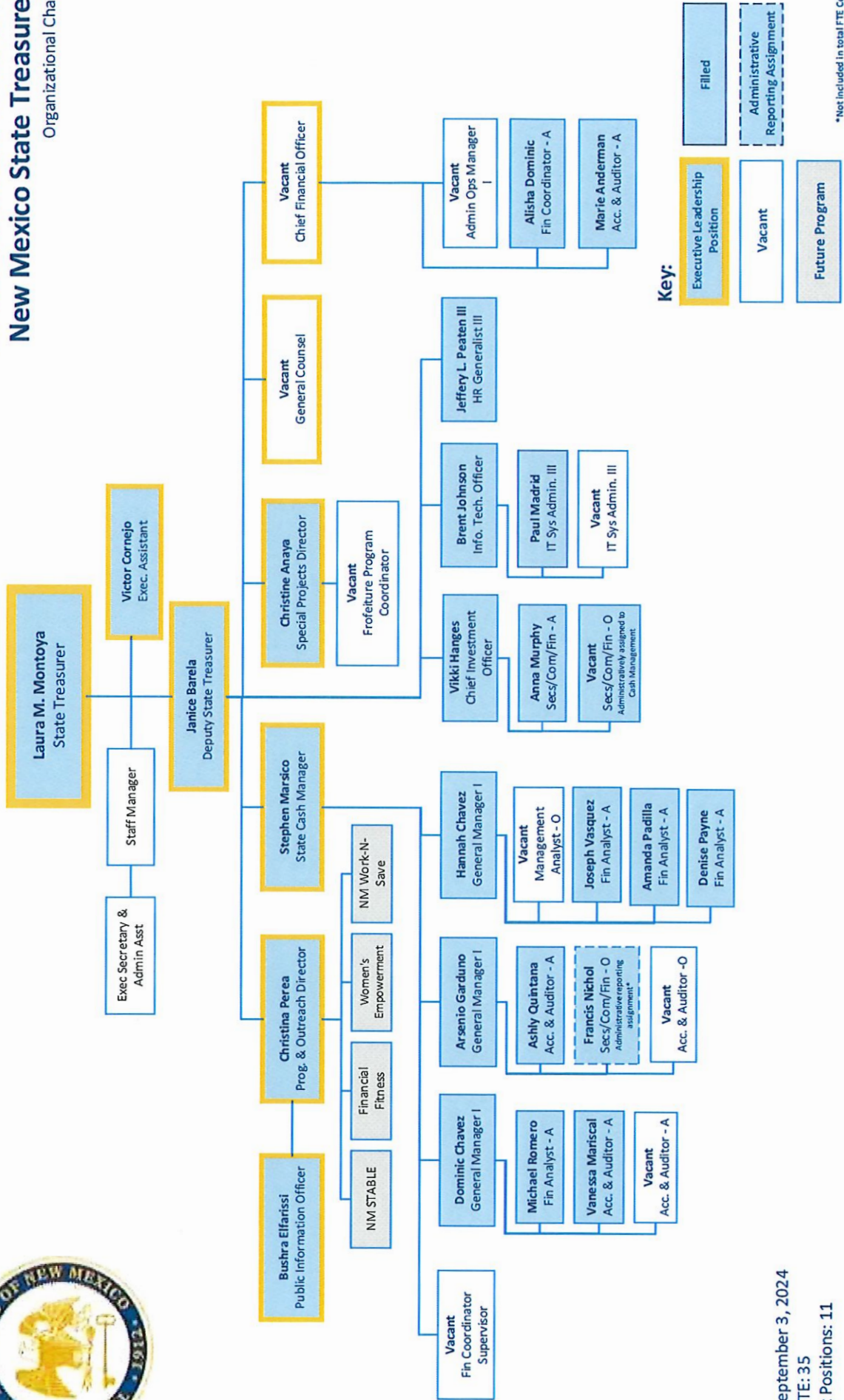
As the State's banker, we strive to provide the most proficient, efficient, effective, and productive banking and investment services with full transparency to all internal and external customers. We attempt to bridge the gap of inequity through partnerships and legislation while supporting financial literacy efforts throughout our state.

CORE VALUES

- Collaborate with external partners, clients, and organizations
- Consistency and Fairness
- Efficient Operations
- Ethical Standards
- Excellent Customer Service
- Integrity
- Positivity
- Respect
- Strong Internal Controls
- Superior Performance
- Teamwork
- Transparency and Disclosure
- Trust



The Honorable Laura M. Montoya
New Mexico State Treasurer
 Organizational Chart



IV. OFFICE OVERVIEW

CREATION OF THE OFFICE OF STATE TREASURER

In 1851, the Legislative Assembly of the Territory of New Mexico created the Office of the Territorial Treasurer and defined the powers and duties of the Treasurer. With statehood in 1912, the Office of the State Treasurer (STO) was created and recognized in Article V of the NM Constitution as one of the elected officials who comprise the executive department of State government.

While the Governor is the chief executive officer, under New Mexico's plural executive, the other elected members of the executive branch share the responsibility for administering State government. In effect, the State Treasurer is the State's banker, entrusted with keeping and disbursing all State money, unless otherwise provided by law. The State Treasurer is charged with a variety of other duties directed toward ensuring prudent management of the State's financial resources. These responsibilities are set forth in various sections of New Mexico's statutes, administrative rules, and policies. As a constitutional statewide elected official, the State Treasurer is accountable to the citizens of New Mexico and provides important checks and balances in the financial management of State government funds.

The Office is organized into five Divisions with various Bureaus responsible for the functioning of the office. The organizational chart on the previous page shows this structure.

PURPOSE STATEMENT

As the State's bank, the two general functions of STO are to manage the banking services for State government and invest short-term funds for municipalities, counties, conservancy districts, school districts and Native communities that would like to use the Local Government Investment Pool (LGIP) for liquidity and diversification. STO also invests medium-term funds for the State Investment Council.

EXECUTIVE TEAM

Management Team

The management team, which sets policy for the Office, includes the State Treasurer, Deputy State Treasurer, State Cash Manager, Chief Investment Officer, Chief Financial Officer, Programs and Outreach Director, and Special Projects Director.

Deputy State Treasurer

The Deputy State Treasurer represents the State Treasurer in her absence and generally provides continuity by managing the Office and overseeing the day-to-day operations of the Office.

CASH MANAGEMENT DIVISION

Services provided by the Cash Management Division have expanded to address rapid growth in a variety of electronic payment options in use by agencies for both receipts and disbursements.

Banking Resources

The Banking Resources Bureau monitors all balances and activity related to State funds in financial institutions. The Division is responsible for the development of regulations related to approximately 1,100 bank accounts and the 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 bank account transactions. The Bureau also compares fiscal agent bank account activities to transactions daily in the State's enterprise accounting system (SHARE).

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 relationship
- 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
- Enforces laws and regulations that apply to financial institutions receiving State funds

The Bureau also reviews the monthly fiscal agent account analysis for compliance with the agreement and to identify and control unauthorized use; and manages user access to the fiscal agent's online banking services to provide agencies with the appropriate resources for research and reconciliation.

Cash Flow Forecasting

The Cash Management Division is responsible for projection of the State's short-term and long-term cash balance needs utilizing an internally developed model. Historical trends, together with information related to significant receipts and disbursements, are used as the primary input to the model. The Division coordinates with State agencies that have the largest inflows and outflows of funds to anticipate changes in the amount and timing that could impact the cash position of STO. 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, the State Board of Finance, and the Legislative Finance Committee.

The Cash Management Division also performs daily cash positioning. Cash positioning is the process of determining the State's cash needs on an intra-day basis to meet its obligations. Funds that are not required to meet the State's immediate cash needs are invested by the Investment Division to provide additional earnings. Cash positioning is a very critical function because errors can result in overdrafts or returned items at the fiscal agent bank.

CMIA Compliance

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

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

The CMIA Coordinator performs annual reviews of State agencies that receive Federal funds exceeding an established threshold 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 and Investment Compliance

Pursuant to State law, maintaining collateral ensures adequate protection of State money deposited by any State agency in State depository institutions, the State's fiscal agent account, and ancillary receivership deposits. The team reviews, tracks, and reconciles collateral pledged by depository institutions to secure public deposits that depository institutions are holding. Both proposed and current pledged collateral are continuously evaluated for compliance with all applicable statutes, policies, depository agreements, and custodial agreements. Pledged securities are monitored to assure that acceptable, valid, and marketable instruments secure public funds always. Quarterly risk assessment reports are analyzed to determine data accuracy, the institution's financial condition, and the percentage of collateral required. Custodial banks are monitored to evaluate their strength and stability. The Collateral Manager reports the collateral review monthly to the State Treasurer's Investment Council.

The Collateral Management and Investment Compliance team also perform a monthly review of all investment trade activity and documentation to ensure compliance with State statutes, the STO Investment Policy, and the STO Local Government Investment Pool (LGIP) Investment Policy. The Collateral Manager reports the trade activity compliance review monthly to the State Treasurer's Investment Council.

This team is also responsible for managing the Broker-Dealer Application and Selection Process through which a limited number of Primary and Secondary Broker-Dealers are approved by the State Treasurer to conduct investment transactions with the STO Investment Division for a term of two years. The team conducts a yearly review of all representatives and their firms from the Financial Industry Regulatory Authority (FINRA). This is to ensure the Broker-Dealers meet the guidelines that are in STO investment policies. The Collateral Manager reports the broker-dealer activity monthly to the State Treasurer's Investment Council.

Investment Transactions Bureau

The movement of funds and recording of investment activity into the Treasurer's sub-ledger accounting system, the custody system, and the fiscal agent bank are performed in the Bureau, aligned under the Cash Management Division. The Bureau verifies all trade activity from trade documentation and enters the data into the sub-ledger accounting and custodial systems. 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 daily. Several reconciliation processes take place regularly, including a weekly reconciliation submission to the Standard & Poor's rating agency for the LGIP.

Cash Management Division Comments and Concerns

Technological changes in treasury management and electronic collection and payment services reflect an ever-changing world for state governments, businesses, and consumers in the commerce and e-commerce environments. These changes necessitate industry expertise within STO to provide oversight and guidance to State agencies to achieve maximum efficiency, safety, and compliance while utilizing these services. STO employees attend extensive training regarding cash management industry guidance on matters of state banking operations, state and Federal regulations, and industry best practices for state treasurers.

The STO Cash Management Division is currently implementing a new Treasury Management System. The new system will automatically aggregate data from SHARE, the State's fiscal agent bank, and STO investment accounting system.

The new system will replace the manual collection of data and provide greater transparency of all the movement of General Fund monies. It will provide a real time cash position as well as cash forecasting which will allow for better decision making when it comes to investing and cash management. Robust reporting will be available and is anticipated to be shared with external partner agencies (DFA and LFC) to allow for a greater insight of the cash flows of the General Fund.

The State Treasurer's Office is also implementing an automated order management system that will eliminate manual entry of data into several different systems staff currently utilizes. The new system will also include an automated workflow and approval process which will eliminate the current process of manually sending an email with .pdf attachments. The new process will enable staff to manage an increase of trade volume which is the result of a larger investment pool.

This will provide pre-trade compliance for greater transparency and automated alerts to the compliance staff and trade approvers for any trade that is not in compliance with the State Treasurer's Investment Policy.

INVESTMENT DIVISION

The State Treasurer's Investment Council

The State Treasurer's Investment Council is an advisory council that meets monthly to review the investment portfolios for statutory compliance, quality, diversification, maturity, and performance; review portfolio controls and collateral adequacy; and recommend investment procedural changes. Periodically, the council recommends changes to the State Treasurer's Investment Policy.

Investment Strategy

During FY24, the Division earned approximately \$670 million. At the end of FY24, the portfolios totaled approximately \$17.0 billion. All funds are invested in a manner that is in conformance with 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 priority is to preserve the principal of the funds to be invested.
- **Liquidity**—Second is to maintain 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.
- **Yield**—Third is to maximize investment return, consistent with the higher priorities of safety and liquidity of principal.

Fiscal agent bank balances are monies held at the fiscal agent bank and are managed to a target balance after payment of checks, warrants, ACHs, and wire transfers processed by the State. All securities are held in custody, and cash from these investment transactions moves to and from the fiscal agent bank and the custodial bank.

Investment Portfolio Management

STO makes statutorily defined investments that may be subject to further limitations or restrictions by the State Treasurer's Investment Policy, providing the guiding principles for all investment decisions. All portfolios are invested by qualified and experienced in-house fixed-income professionals, organized as a Chief Investment Officer and one or

more Portfolio Managers. The internal investment advisory team discusses, agrees upon, and recommends the security types and terms prior to purchase, and reports the executed portfolio activity monthly to the State Treasurer's Investment Council and the State Board of Finance. The Division, with the assistance of the investment advisor, develops benchmarks against which the portfolios' performance can be measured. The Chief Investment Officer and the Portfolio Managers invest the available cash based upon the intended uses into one of these pools:

- General Fund Investment Pool
- Severance Tax Bonding Fund
- Bond Proceeds Investment Pool (Tax-Exempt)
- Bond Proceeds Investment Pool (Taxable)
- Local Government Investment Pool (Short-Term "ST")
- Local Government Investment Pool (Medium-Term "MT")

Investment Division Comments and Concerns

The Investment Division currently consists of three employees actively managing the STO portfolios. From 2014 to present day, the Investment Division has increased assets from \$4.1 billion to \$17.0 billion. In that same ten-year period, STO earned \$1.40 billion for the State's General Fund. Also, during that period, the LGIP ST increased from \$567 million to \$1.95 billion, earning over \$114 million. The LGIP MT, newly minted, closed FY24 at \$753 million.

The LGIP MT was established in April 2024 with a 0-to-3-year investment objective and is not required to be rated by a Nationally Recognized Statistical Rating Organization. The LGIP MT allows participants to receive professional investment management on cash balances that are not immediately required to meet short term liquidity needs. With a longer-term investment time horizon, and a floating net asset value, fluctuations in market conditions may incur principal risk.

STO has experienced dramatic increase in the asset growth as tax receipts have been robust, while higher re-investment rates have enhanced earnings. The Bond Proceeds Investment Pools have been forfeited through new issuance to fund capital projects. The LGIP continues to offer a very attractive yield as it followed the Federal Reserve's increases in short-term interest rates quite closely. The Severance Tax Bonding Fund has received close to \$2.5 billion in oil and gas receipts in FY24, with this trend continuing into FY25.

The Investment Division's workload has increased substantially as assets have grown. To increase efficiency, the Division is incorporating newly acquired accounting software that will require an increase in budgetary consideration. Interest in the LGIP has increased, creating an opportunity for reinvigorated outreach, as the assets continue to climb to historical highs. To allow the LGIP MT to be an available longer term investment option for local governments and other qualifying entities within the State of NM in the future, substantial education resources will be required. The LGIP MT has grown to over \$1 billion in assets in FY25. The division continues to research and deploy effective ways to achieve its three main objectives of Safety, Liquidity, and Yield in that order.

BUDGET AND FINANCE DIVISION

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

Chief Financial Officer

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

The Division is charged with the following responsibilities:

- Facilitates annual independent financial audits, oversees the audit activities, prepares Management Discussion and Analysis (MD&A), notes to the financial statements, schedules, and other supporting documents for the State Treasurer's Office. Ensures corrective measures are taken for the audit findings and responds to any findings. Procures IPA services for annual audits pursuant to Section 12-6-3 NMSA 1978, renews or enters a new audit contract, submits the contract to the Office of State Auditor (OSA) for approval, and ensures the auditor rotation requirements are met. Ensures the annual financial audit is completed and submitted to the State Auditor's Office by the required deadline.
- 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. Prepares the proposed operating budget request for the upcoming fiscal year and submits it to the State Budget Division for approval. 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.
- Coordinates with the State Board of Finance to manage and account for the state's bond proceeds that are generated for project costs. The Office makes all scheduled debt service payments to the designated paying agents on general obligation, severance tax, and supplemental severance tax bonds. Tracks investment income to ensure compliance with arbitrage rebates and yield restriction rules in accordance with IRS regulations.
- Reconciles investment portfolios and earned income between custodian bank JP Morgan and

the State Treasurer's system of record, Broadridge Investment Accounting (BIA), and reports monthly to the State Treasurer's Investment Council (STIC). Accountable for transferring administrative fees collected from the Local Government Investment Pool (LGIP) to the General Fund. Prepares a cash flow schedule for the various earned income distributions for the month and posts to the State Investment Trust Fund. 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. Reconciles payroll transactions to ensure activities for each pay period are recorded accurately.

- 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.
- Manages contracts for the Office, ensures 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. Ensures requests for proposals (RFPs) and service contracts are prepared in compliance with statutes, rules, and policies.
- Receives gaming revenue sharing and regulatory fee payments that are generated by the tribal casino gaming operations in the State. Responsible for disbursing revenue generated from the tribal gaming operations from the State Investment Trust Fund to the State General Fund.

OPERATIONS DIVISION

The Operations Division is responsible for the implementation and management of the forfeiture program, oversight of STO's information technology needs, facility/vehicle management, both virtual and physical security, and mail and delivery services for the Office. The Director of Operations is also responsible for acting as the liaison with various external contractors who provide an array of services to the Office.

The New Mexico Forfeiture Act is a law that was passed during the 2015 Legislative session and amends portions of NMSA 1978 § 31-27-1 to 31-27-11 (2015) et. seq. The purposes outlined are to make uniform standards and procedures for the process; protect people's constitutional rights; deter criminal activity by reducing its economic incentives; increase pecuniary loss from criminal activity; protect against wrongful forfeiture; and ensure that only criminal forfeiture is allowed.

The Information Technology Bureau evaluates business processes and plans for cost reduction through automated functions, where possible. It is responsible for maintaining the Office's local area network, telework platform, off-site data storage, information systems (applications, server, and equipment), and the proprietary investment trade platforms and investment accounting system. The Bureau also manages the Office's security systems and key control program.

CyberSecurity

In collaboration with DoIT (in a Statewide initiative contracted by DoIT), STO has been scanning our network monthly for cybersecurity threats since 2021. This data is correlated into the RiskSense / Ivanti reporting and analysis dashboard that is accessible only by STO, DoIT, and Ivanti.

Using these tools and other software and hardware, STO is constantly evaluating our cybersecurity status and posture to ensure that our systems are not compromised. Because cybersecurity is a constantly changing landscape, STO must be ever vigilant in our efforts to prevent cybercrime infiltrations.

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 STO worker)
- A line-management responsibility of high priority (evaluated on the execution of this responsibility)
- An Office commitment (demonstrated by the appointment of knowledgeable and experienced loss-control personnel)
- A priority (compliance with workplace safety and employment-related civil rights rules and regulations)

All Divisions within STO are covered by this program.

Operations Division Comments and Concerns

The New Mexico Forfeiture Act was passed in 2015 as an unfunded mandate. Lacking adequate funding to develop, operate, and manage this program, it was not implemented at that time. The 2019 Legislative Session provided nonrecurring funding that helped to launch the program. In FY22, STO received \$20,613 that went to the State's General Fund. In FY23, STO received \$80,000 that went to the State's General Fund. This program needs the funds necessary to support the courts and law enforcement in their forfeiture and seizure efforts. The program requires funding so STO can continue to protect people's constitutional rights, deter criminal activity by reducing its economic incentives, decrease pecuniary loss from criminal activity, and help protect against wrongful forfeiture. Adequately funding this program helps to protect our state's first responders by ensuring that they are compensated for the resources used in forfeitures and seizures. The Act reimburses law enforcement for any costs associated with forfeitures and seizures, but it does not allow for funding to manage the program through STO. All funds received are directly placed in the State's General Fund, yet STO has no recurring budget with which to operate the program.

SPECIAL PROGRAMS AND LEGISLATIVE AFFAIRS

The Programs, Outreach and Legislative Affairs Division is a new division that oversees the Financial Fitness Program, the NM Enrich Financial Literacy Platform, the Work and \$ave 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 Fitness 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 other 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 new 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.

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 provides money management videos, courses, specialized calculators and downloadable worksheets to help participants with their budget, mortgage, and student loans. NM Enrich works to make understanding where you are, and where you want to be, easy and approachable. The grant ends in October 2024 and at that point, STO will determine if they will accrue the cost going forward to continue the NM Enrich platform.

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. We are members of a consortium of 12 other states. STO has opened over 1,500 New Mexico STABLE accounts, surpassing the number of accounts in several other states' ABLE programs.

The "NM State Treasurer's Achieving a Better Life Experience" (NM STABLE) allows qualifying people with physical and intellectual disabilities to establish tax-free savings accounts to put aside money to cover expenses related to their disability, including assistive technology, personal assistance services, housing, and 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 know 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.

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.[i] 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.[iii]

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. [iv]

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 Bonds 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 Bonds. 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.

STATE TREASURER'S ADDITIONAL STATUTORY RESPONSIBILITIES

In her elected capacity, the State Treasurer serves as an ex-officio member on numerous state boards and commissions with fiduciary responsibility for State funds totaling approximately \$117 billion. The State Treasurer takes this responsibility seriously and is focused on serving diligently in her capacity on each board and commission.

The State Treasurer serves on the following boards and commissions:

- Capitol Buildings Planning Commission
- Educational Assistance Foundation
- Educational Retirement Board
- Martin Luther King, Jr. State Commission
- Mortgage Finance Authority
- Opportunity Enterprise Review Board
- Public Employees Retirement Association
- Renewable Energy Transmission Authority
- Retiree Health Care Authority
- Small Business Investment Council
- State Board of Finance
- State Investment Council
- State Treasurer's Investment Council

V. STATE TREASURER'S OFFICE GOALS

The primary focus of STO during FY26 will be the continued safety, liquidity, and yield of the funds that are held on behalf of the citizens of the State of New Mexico. In addition, STO has a variety of other needs and goals for FY26. This includes the following:

EXECUTIVE TEAM

- Fully staff STO with high-quality professionals who fulfill the statutory responsibilities of the Office consistent with the State Treasurer's standards and mission
- Build relationships both within STO and with outside partners, including banks and financial institutions, other state agencies, and the public
- Continuously strengthen and monitor STO's internal controls, policies, and procedures
- Continuously improve internal systems, banking practices, investment management, and debt service
- Incorporate new cash flow software system to enable cooperation and coordination among Investment and Cash Management staff
- Encourage clear lines of communication, collaboration, and cooperation both internally and externally
- Maintain public confidence in the operation of STO
- Operate STO according to the highest ethical standards with complete transparency of operations
- Maintain excellent customer service
- Develop programs, events, and communication channels to maintain staff morale
- Provide accountable service to the citizens of New Mexico, including statewide outreach and stakeholder meetings for informing the public, local governments (individually and through association groups), and Indigenous Tribes and Pueblos of:
 - Investment services
 - STO initiatives and accomplishments status
 - Opportunities for input on how STO can improve operations and services to the State of New Mexico
 - Ways to bring the boards and commissions together or assist them in maintaining their goals and objectives
- Support legislation to improve the Office's programs and operations to benefit the public
 - Align statutes regarding public funds with business processes and procedural changes brought about by the implementation of SHARE and new banking technologies
- Continuously work with internal and external auditors to prevent audit findings

CASH MANAGEMENT

- Provide resources to support and guide banking services with the fiscal agent bank and agencies. This will require internal expertise of treasury management and electronic collection and payment products and services
- Develop an ACH steering committee in collaboration with the Department of Finance and Administration and the State Board of Finance to oversee all STO ACH origination activities to ensure compliance with National Automated Clearing House (NACHA) rules and regulations and DFA Model Accounting Practices (MAPs)
- Automate and centralize the collection of cash-flow data from agencies, LFC forecasts, and internal staff to increase visibility of cash flows. Expand the scope of cash forecasting models to accommodate current and future cash management and investment needs
- Update software to enhance internal controls between STO and DFA

INVESTMENTS

- Expand the LGIP to other local governments and Native communities throughout New Mexico
- Build new research capabilities to enhance investment performance and market surveillance
- Increase the approved list of creditworthy repurchase agreement counterparties for diversification purposes
- Continue to dynamically update the corporate credit approved list as opportunities arise
- Annually review the Treasurer's Investment Policy and portfolio benchmarks
- Research new fixed-income sectors that may offer yield enhancement and diversification
- Continue outreach (LGIP, banks, CD program, counties, and municipalities)
- Continue to explore investor interest in additional LGIP alternatives that may include credit and longer-duration options
- Increase STO's portion of the LGIP to cover increased LGIP related software and operational expenses.

BUDGET AND FINANCE

- Convert most physical warrant payments to paperless all-electronic (ACH) disbursements
- Continue improving procurement procedures for purchases of goods and services to ensure adherence to the State Purchasing Act

- Conduct additional cross-training throughout the year
- Continue communication and improvement on internal and external customer service

OPERATIONS

- Update STO's website to be more interactive and provide information for all stakeholders
- Implement any recommended databases and software, if necessary
- Maintain compliance with the requirement NMAC 1.6.4 to prevent loss
- Assure STO's commitment to make loss prevention and control an integral part of the job and the required training of every STO worker, with workplace safety and employment-related civil rights a priority
- Continue security audits
- Continue to use IT to support reduced business costs
- Maintain facility security
- Continued High Security of IT Systems
- Prevent hacking from impacting business ops

SPECIAL PROGRAMS AND LEGISLATIVE AFFAIRS

- Collaborate with agencies, advocacy groups, and community service providers to inform eligible individuals about New Mexico STABLE
- Provide the highest-level customer service to account owners and those considering opening a New Mexico STABLE account
- Work with local financial institutions to disseminate information and provide curriculum and classes that encourage financial literacy
- Add and update links to financial resources on the STO website
- Create an online financial literacy training tool that increases knowledge of basic financial theories and practices
- Empower women in the State of New Mexico through continuous outreach and resources necessary to be financially independent
- Partner with other state agencies to improve the financial wellness of state employees by providing financial literacy resources
- Continue our partnership with MoneySmart New Mexico to provide financial resources to the State's youth and senior populations
- Work with the legislature to ensure that STO is adequately represented on initiatives important to STO

This document is continuously updated as the State Treasurer develops short- and long-range plans and will be used as a management tool to guide operations and initiatives of the office.