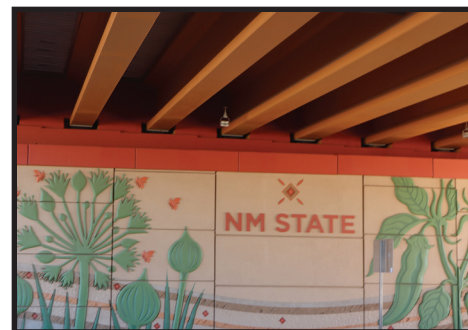


2021 Financial Statements & Other Financial Information

(Independent Auditor's Report included)

Year ended June 30, 2021



NEW MEXICO DEPARTMENT OF TRANSPORTATION
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Official Roster

Year Ended June 30, 2021

Commission

Walter G. Adams	Chairman	District 4
Jennifer Sandoval	Vice-Chair	District 1
Charles Lundstrom	Secretary	District 6
Bruce Ellis	Commissioner	District 2
Hilma Chynoweth	Commissioner	District 3
Thomas Taylor	Commissioner	District 5

Administrative Officers

Michael Sandoval	Cabinet Secretary
Justin Reese	Deputy Secretary
Mallery Manzanares	Interim Administrative Services Director & Budget Director

INDEPENDENT AUDITORS' REPORT

Independent Auditor's Report

Mr. Michael Sandoval, Cabinet Secretary
New Mexico Department of Transportation
and
Mr. Brian Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the New Mexico Department of Transportation (the "Department"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the state of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not present fairly the financial position of the state of New Mexico as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5–22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The general fund and traffic safety fund components schedules, the combining statements of nonmajor funds, the statement of revenues and expenditures – budget and actual, and other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The general fund and traffic safety fund components schedules, the combining statements of nonmajor funds, the statement of revenues and expenditures – budget and actual, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general fund and traffic safety fund components schedules, the combining statements of nonmajor funds, the statement of revenues and expenditures – budget and actual, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other schedules required by 2.2.2 NMAC have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.



Albuquerque, New Mexico
November 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of New Mexico Department of Transportation (Department), we offer the readers of the Department's financial statements this narrative overview and analysis of the financial activities of the Department for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in footnotes to the basic financial statements, which start on page 40 of this audit report.

This discussion and analysis is intended to serve as an introduction to the Department's basic financial statements. The Department's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) major governmental fund financial statements, and 3) notes to the financial statements. This report also contains other non-major combining and individual governmental fund statements and supplementary information, including the Schedule of Expenditures of Federal Awards, in addition to the basic financial statements themselves.

1. OVERVIEW OF THE FINANCIAL STATEMENTS

Financial Highlights

The Department's net position increased by \$522,331,353, and the net position of the Department's governmental activities increased by \$522,090,278 due to the Department's State General Fund appropriations received in the current year and an increase in state revenues.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to private sector business.

The Statement of Net Position presents information on all of the Department's assets and liabilities, deferred inflows and outflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The Statement of Activities presents information showing how the Department's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The Department's primary purpose is the construction and maintenance of the infrastructure of the State of New Mexico. Thus, in the government-wide financial statements, the primary function is public works.

The government-wide financial statements start on page 23 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Department are divided into two categories: governmental funds and proprietary fund.

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current resources and use of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Department has 25 governmental funds. Governmental funds are reported as major funds in the accompanying financial statements if they meet both of the following criteria:

Ten percent criterion - An individual fund reports at least ten percent of any of the following: a) total respective governmental or enterprise fund assets, b) total respective governmental or enterprise fund liabilities, c) total respective governmental or enterprise fund revenues, or d) total respective governmental or enterprise fund expenditures.

Five percent criterion - An individual governmental fund reports at least five percent of the total for both governmental and enterprise funds of any of the items for which it met the ten percent criterion.

The Department's major governmental funds are the following:

State Road Fund(s) (Funds #10040 and #20100). The State Road Fund(s) were created by Section 67-3-65, NMSA 1978. The State Road Fund(s) combine to create the operating fund of the Department and is used to account for substantially all of the Department's financial activities. Section 67-3-59 NMSA establishes that this is a non-reverting fund. This is a general fund. Individual fund data for each fund comprising the State Road Fund(s) are provided in the Schedule of General Fund Components - Balance Sheet and Schedule of General Fund Components - Statement of Revenues, Expenditures and Changes in Fund Balance.

GF Capital Outlay Fund (#93100). The fund was created to separately account for the construction of infrastructure on behalf of other governments or other long term Departmental projects in annual legislative appropriations. This is funded through the transfer of funds from the State General Fund. This fund reverts to the State General Fund upon completion of the appropriation project or upon expiration of the appropriation period.

2020A Bond Debt Service Fund (#68320). The fund was created when the \$63,180,000 NMFA State Transportation Refunding Revenue Bonds Series 2020A were issued in October 2020 to refund the total balance of the series 2010A-1, 2010A-2, and 2010B bond series. The fund does not receive State General Fund appropriations that are subject to reversions

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Governmental Funds - continued

Information is presented separately in the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for the major funds. Data from the other 21 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report. See pages 93 through 109.

Proprietary Funds

The Department has one type of proprietary fund. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Department uses its enterprise fund to account for the State Infrastructure Bank, since its purpose is to make loans for road projects.

Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide separate information for the State Infrastructure Bank since it is considered to be a major fund of the Department.

The basic proprietary fund financial statements can be found on pages 35 through 36 and the Statement of Cash Flows is on page 37 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 40.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information including the Schedule of General Fund Components - Balance Sheet and Schedule of General Fund Components - Statement of Revenues, Expenditures and Changes in Fund Balance, Supplemental Schedule of Capital Projects, Supplemental Schedule of Severance Tax Bonds, Supplemental Schedule of Special Appropriations, Supplemental Schedule of Special Revenue - Bond Projects, Supplemental Schedule of Individual Bank Accounts, Supplemental Schedule of Pledged State Revenues, Supplemental Schedule of Debt Service and Coverage, Supplemental Schedule of Joint Powers Agreements and the Schedule of Expenditures of Federal Awards.

Government-wide Financial Analysis

As noted, net position may serve over time as a useful indicator of the Department's financial position. At June 30, 2021, the Department's assets and deferred outflows of resources exceeded liabilities by \$5,693,854,535.

The largest portion of the Department's net position reflect its investments in capital assets (e.g., land, building, equipment, improvements and infrastructure) less any debt and unspent bond proceeds used to acquire those assets that are still outstanding. Although the Department's investment in its capital assets is reported net of related debt and unspent bond proceeds, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Net Position

As of June 30, 2021 and 2020, the Department has positive balances in two categories of net position: net investment in capital assets and restricted. Table A-1 summarizes the Department's net position as of June 30, 2021 and 2020.

Table A-1 The Department's Net Position

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Assets:				
Current and other assets	\$ 1,193,143,542	\$ 842,141,665	\$ 11,074,770	\$ 10,744,104
Capital assets and other	5,447,966,606	5,391,481,557	11,174,185	11,263,776
Total Assets	\$ 6,641,110,148	\$ 6,233,623,222	\$ 22,248,955	\$ 22,007,880
Deferred Outflows:				
Deferred loss on refunding	\$ 37,360,970	\$ 60,211,659	\$ -	\$ -
Deferred outflow of resources	-	-	-	-
Total Deferred Outflows	\$ 37,360,970	\$ 60,211,659	\$ -	\$ -
Liabilities:				
Current liabilities	\$ 287,888,877	\$ 267,037,127	\$ -	\$ -
Long-term liabilities	718,976,661	877,282,452	-	-
Total Liabilities	\$ 1,006,865,538	\$ 1,144,319,579	\$ -	\$ -
Net Position:				
Net investment in capital assets	\$ 4,630,261,906	\$ 4,445,310,967	\$ -	\$ -
Restricted	1,041,343,674	704,204,335	22,248,955	22,007,880
Total Net Position	\$ 5,671,605,580	\$ 5,149,515,302	\$ 22,248,955	\$ 22,007,880

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Total	
2021	2020
<hr/>	
\$ 1,204,218,312	\$ 852,885,769
5,459,140,791	5,402,745,333
<hr/>	
\$ 6,663,359,103	\$ 6,255,631,102
<hr/>	
\$ 37,360,970	\$ 60,211,659
-	-
<hr/>	
\$ 37,360,970	\$ 60,211,659
<hr/>	
\$ 287,888,877	\$ 267,037,127
718,976,661	877,282,452
<hr/>	
\$ 1,006,865,538	\$ 1,144,319,579
<hr/>	
\$ 4,630,261,906	\$ 4,445,310,967
1,063,592,629	726,212,215
<hr/>	
\$ 5,693,854,535	\$ 5,171,523,182
<hr/>	

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Changes in Net Position

Table A-2 provides a summary of the Department's operations for the years ended June 30, 2021 and 2020. Governmental activities increased the Department's net position by \$522,090,278 in 2021 and \$118,221,165 in 2020. Business-type activities increased the Department's net position by \$241,075 in 2021 and \$353,250 in 2020, due to interest income earned during the year.

Table A-2 Change in the Department's Net Position

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Revenues:				
Program revenues:				
Charges for services (2020 as reclassified)	\$ 118,105,127	\$ 112,067,021	\$ 225,708	\$ 25,113
Operating grants	36,239,386	30,507,394	-	-
Capital grants	478,849,504	423,244,071	-	-
General revenues:				
User and fuel taxes (2020 as reclassified)	450,947,705	420,439,956	-	-
Interest income	425,794	8,630,114	15,367	328,137
Special revenues:				
Gain (loss) on disposal of assets	26,592	535,692	-	-
Total Revenues	1,084,594,108	995,424,248	241,075	353,250
Expenses:				
Programs and infrastructure	675,720,379	650,930,823	-	-
Transportation and highway operations	197,868,509	246,243,364	-	-
Program support	26,683,681	46,874,183	-	-
Modal	78,123,528	72,426,955	-	-
Total Expenses	978,396,097	1,016,475,325	-	-
Net Revenues Before Transfers and Reversions	106,198,011	(21,051,077)	241,075	353,250
Transfers and Reversions	415,892,267	139,272,242	-	-
(Decrease) Increase in Net Position	522,090,278	118,221,165	241,075	353,250
Net Position, Beginning of Fiscal Year	5,149,515,302	5,031,294,137	22,007,880	21,654,630
Net Position, End of Fiscal Year	\$ 5,671,605,580	\$ 5,149,515,302	\$ 22,248,955	\$ 22,007,880

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Total	
2021	2020
<hr/>	
\$ 118,330,835	\$ 112,092,134
36,239,386	30,507,394
478,849,504	423,244,071
450,947,705	420,439,956
441,161	8,958,251
26,592	535,692
<hr/> 1,084,835,183	<hr/> 995,777,498
675,720,379	650,930,823
197,868,509	246,243,364
26,683,681	46,874,183
78,123,528	72,426,955
<hr/> 978,396,097	<hr/> 1,016,475,325
106,439,086	(20,697,827)
<hr/> 415,892,267	<hr/> 139,272,242
522,331,353	118,574,415
5,171,523,182	5,052,948,767
<hr/> \$ 5,693,854,535	<hr/> \$ 5,171,523,182

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Governmental Funds

The Department's governmental funds are designed to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Department's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2021 fiscal year, the Department's governmental funds reported a combined ending fund balance of \$978,128,645 an increase of \$272,073,942 from the prior year. Restricted fund balance indicates amounts available for expenditures in subsequent years for the purposes for which the initial revenues were intended. Non-spendable fund balance indicates amounts which have already been spent and now consist of inventories, long-term assets and prepaid items and other reserved items of \$25,112,628.

The changes in fund balance for the Department's major funds for 2021 are as follows:

State Road Fund(s) (SHARE 10040 and 20100)	\$ 39,049,972
GF Capital Outlay Fund (SHARE 93100)	227,064,071
2020A Bond Debt Service (SHARE 68320)	<u>895,031</u>
Major fund, net change in fund balances	<u><u>\$ 267,009,074</u></u>

The net increase in the State Road Fund(s) is primarily due to an increase in state revenues, the most significant increase derived from the Department's new motor vehicle excise tax.

The net increase in the GF Capital Outlay Fund is primarily due to FY21 amounts appropriated from the State General Fund to the Department exceeding current year expenditures for statewide roadway planning, design, construction and maintenance for projects identified in the laws. Individual laws of the GF Capital Outlay Fund and law descriptions are provided in the Supplemental Schedule of Special Appropriations.

The net increase in the 2020A Bond Debt Service Fund is primarily due to transfers in from other closed debt service funds to fund future debt service costs.

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Budgetary Highlights

The Department's operating budgets (excludes multi-year funds) are on a modified accrual basis and not all available funds are budgeted in order to provide for a reserve. The Department made subsequent revisions to the original approved budget by \$249,639,798. Overall, these changes were caused by the following significant budget adjustments:

Increase - Utility Permitting Software	\$ 1,100,000
Increase - Federal Transit Authority - Covid-19	12,800,000
Increase - Energy Conservation Renovation	11,000,000
Increase - Aviation Grants	3,000,000
Increase - Interagency Transfer Carlsbad Brine Well Remediation	10,000,000
Increase - State Transit Pilot Project	600,000
Increase - Build Grant US 285 Safety and Resilience Project	12,500,000
Increase - Redistribution Grant Federal Highway Administration	74,065,175
Increase - Federal Transit Authority - Covid-19	325,812
Increase - Federal Transit Authority- South Central Regional Transit	1,170,528
Increase - Federal Transit Authority- North Central Regional Transit	2,920,000
Increase - Federal Transit Authority- facility North Central Regional Transit District	5,251,090
Increase - Interagency Transfer Broadband	3,200,000
Increase - US 550 Warranty Program	1,838,720
Increase - US 550 Warranty Program	761,280
Increase- Federal Highway Releases	24,000,000
Increase- Debt Service Refunding	71,907,193
Increase - Interagency Transfer Broadband	3,200,000
Increase - Interagency Transfer Carlsbad Brine Well Remediation	10,000,000
	\$ 249,639,798

The Department's original operating budget for fiscal year 2021 was \$990,227,600. This budget included \$964,338,300 of new revenues and \$25,889,300 of prior year funds rebudgeted. The final budget for the fiscal year was \$1,837,583,112. The \$847,355,512 increase in budget was due to FY21 budget adjustments discussed above and the Department's authorized practice of rolling forward into FY21 its remaining FY20 unexpended purchase orders. The appropriation budgetary period for those FY20 unexpended purchase orders lapses at the end of the FY20 fiscal year and the Department has to re-establish the budget in FY21 to re-appropriate the balance of its unexpended purchase orders. The Department funds the budget increase by utilizing the balance of the unused FY20 budget revenues that were originally budgeted for the unexpended purchase orders. The roll forward budget of \$597,715,714 is not included in the above schedule of budget adjustments.

Capital Assets Overview

The Department's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$5,447,966,606 (net of accumulated depreciation). This investment in capital assets includes land, right of way, buildings, equipment, improvement and the infrastructure. Business-type activities have no capital assets.

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Major Infrastructure Projects

The Department develops plans to build a transportation system that will better serve the State of New Mexico. Advanced and innovative strategies include building roads using a corridor approach, where an entire route between communities is built. By designing and constructing entire corridors, the Department has been able to realize efficiencies to benefit the state. The Department also employs innovative project development techniques, warranty agreements and highly advanced financing techniques to accomplish the objectives of the Major Investment Program.

Fiscal Year 2020-2021 Active Projects with a contract amount of \$10 million or more:

NM 15, MP 0 to MP 1.121 for 1.121 miles - Grady County
US 54, MP 69.56 to MP 78.16 for 8.6 miles - Otero County
US 82, MP 107.653 to MP 139.07 for 31.417 miles - Eddy County
US 54, MP 324.9 to MP 326.3 for 1.4 miles - Quay County
NM 41, MP 46.221 to MP 55.543 for 9.322 miles - Santa Fe County
NM 502, MP 1.248 to MP 2.055 for .807 miles - Los Alamos County
NM 136, MP 0.448 to MP 9.168 for 8.72 miles - Dona Ana County
NM 28, MP 29.7 to MP 29.9 for .2 miles - Dona Ana County
NM 188, MP 1.4 to MP 3 for 1.6 miles - Dona Ana County
US 64, MP 54.12 to MP 57.98 for 3.86 miles - San Juan County
I-40, MP 39.9 to MP 42.5 for 2.6 miles - McKinley County
I-40, MP 4.73 to MP 5.06 for .33 miles - McKinley County
I-10, MP 91.7 to MP 116.5 for 24.8 miles - Luna County
I-25/University Interchange for 1.076 miles - Dona Ana County
I-25, MP 454.25 to MP 460.8 for 6.55 miles - Colfax County
US 54, MP 302.53 to MP 303.27 for .74 miles - Quay County
US 550, MP 0.6 to MP 3 for 2.4 miles - Sandoval County
I-25, MP 458.9 to MP 460.8 for 1.9 miles - Colfax County
US 85 (Grand Ave), MP 0 to MP 1.73 for 1.73 miles - San Miguel County
I-40, MP 37.6 to MP 42.8 for 5.2 miles - McKinley County
NM 273, MP 0.8 to MP 3.1 for 2.3 miles - Dona Ana County
NM 176, MP 10 to MP 26.3 for 16.3 miles - Lea County
US 285, MP 0 to MP 7.5 for 7.5 miles - Eddy County
US 285, MP 16.2 to MP 17.9 for 1.7 miles - Eddy County
I-40, MP 302.53 to MP 304.46 for 1.93 miles - Quay County
US 54, MP 304.35 to MP 306.16 for 1.81 miles - Quay County
US 54, MP 299.6 to MP 308.3 for 8.7 miles - Guadalupe County
NM 68, MP 6.3 to MP 10.1 for 3.8 miles - Rio Arriba County
NM 68, MP 44.14 to MP 45.22 for 1.08 miles - Taos County
I-40, MP 37.6 to MP 42.7 for 5.1 miles - McKinley County

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Capital Assets Overview - continued

Fiscal Year 2020-2021 Active Projects with a contract amount of \$10 million or more - continued:

US 491, MP 61.5 to MP 68.5 for 7. miles - San Juan County
NM 68, MP 34.41 to MP 36 for 1.59 miles - Valencia County
I-25, MP 263 to MP 277.5 for 14.5 miles - Santa Fe County
NM 187, MP 16.5 to MP 31.5 for 15. miles - Sierra County
I-10, MP 24.9 to MP 35.1 for 10.2 miles - Hidalgo County
I-25, MP 105 to MP 115 for 10. miles - Socorro County
US 70, MP 275 to MP 285 for 10. miles - Chaves, Lincoln County
NM 68, MP 4.12 to MP 12.7 for 8.58 miles - Rio Arriba County
NM 68, MP 10.1 to MP 12.7 for 2.6 miles - Rio Arriba County
I-40, MP 56 to MP 61 for 5. miles - McKinley County
US 491, MP 1.5 to MP 2.5 for 1. miles - McKinley County
I-40, MP 43.5 to MP 46 for 2.5 miles - McKinley County
I-40, MP 40 to MP 105.5 for 65.5 miles - Cibola, McKinley County
NM 528, MP 8.2 to MP 10.1 for 1.9 miles - Sandoval County
I-40, MP 152 to MP 155.5 for 3.5 miles - Bernalillo County
I-25, MP 34 to MP 40 for 6. miles - Dona Ana County
I-10, MP 21.5 to MP 25 for 3.5 miles - Hidalgo County
US 70, MP 264 to MP 275 for 11. miles - Lincoln County
US 54, MP 145.2 to MP 152.8 for 7.6 miles - Lincoln County
NM 128, MP 11.8 to MP 28.8 for 17. miles - Lea County
I-40, MP 218 to MP 233 for 15. miles - Torrance County
I-40, MP 111 to MP 117 for 6. miles - Cibola County
NM 404/I-10, MP 0 to MP 2 for 2. miles - Dona Ana County

Automotive and Major Road Equipment

For fiscal year 2021, the Automotive and Major Road Equipment modified accrual basis budget total was approximately \$35,933,000. Of this budget, approximately \$16,929,619 was fully expended at June 30, 2021. Automotive and Major Road Equipment purchased includes pickups, dump trucks, rollers, excavators, mowers, tractors, loaders, snowplows, brooms, dozers, motor graders, spreaders, millers, trailers, motor vehicles, etc. All items are approved during the legislative session prior to July of each fiscal year. The Department holds several sales and public auctions during the year to liquidate old and obsolete equipment to public and private entities.

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Table A-3
Department's Capital Assets

	2021	2020
Land	\$ 5,215,358	\$ 5,215,358
Construction in Process	642,213,857	500,043,922
Right of Way	519,484,105	516,074,237
Infrastructure	12,686,759,464	13,612,241,608
Equipment and furniture	67,051,144	47,732,643
Library	113,566	113,566
Buildings	65,959,059	53,465,722
Automotive and Major Road Fund Equipment	255,382,500	252,223,527
Accumulated depreciation	(8,794,212,447)	(9,598,336,526)
Total	\$ 5,447,966,606	\$ 5,388,774,057

Additional information on the Department's capital assets can be found in Note 10 of this report.

Debt Administration

The Department is authorized to issue bonds by authority of Section 67-3-59.1 of the New Mexico Statutes Annotated (NMSA)(1978), as amended. The focus of the Department's bond program is to accelerate transportation construction projects while maintaining strong debt service coverage ratios and minimizing the costs of borrowing.

At June 30, 2021, the Department had a total outstanding debt (bonds) of \$763,600,000. Outstanding bond debt is backed by the Department's anticipated state tax revenues and FHWA revenues.

Table A-4
Department's Outstanding Debt

	2021	2020
Bonds (excludes deferred amounts on refunding)	\$ 763,600,000	\$ 881,060,000

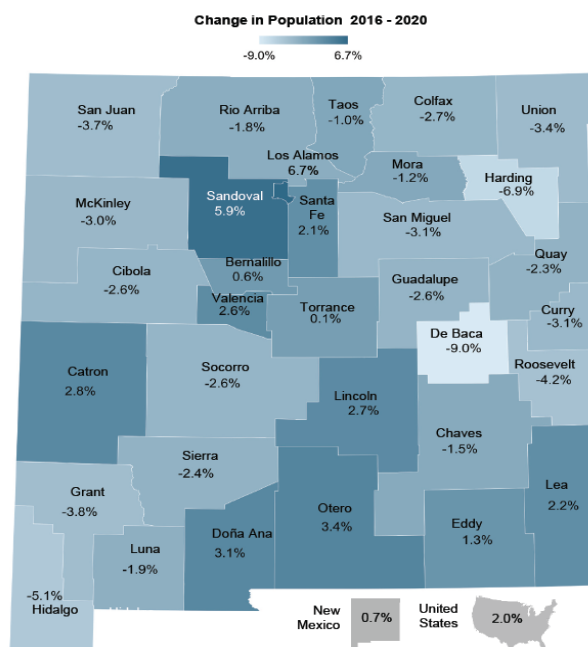
The Department's total bond debt decreased by 13.3%, or (\$117,460,000). Total outstanding bond debt at the end of the 2021 fiscal year was \$763,600,000 compared to \$881,060,000 at the end of the 2020 fiscal year. The net decrease in debt resulted from \$180,640,000 in principal repayments offset by \$63,180,000, the issuance of 2020A refunding bond series. See Note 15 for a detail of all outstanding bonds.

The Department did not pay any arbitrage to the Internal Revenue Service for any excess interest earned on bond proceeds during the fiscal year and did not have any arbitrage liability at the end of the fiscal year.

2. ECONOMIC FACTORS AND REVENUE FORECASTS

Economic and Demographic Characteristics

New Mexico is the 36th largest state by population and the fifth largest in land area. In 2020, according to the U.S. Census Bureau, New Mexico's population reached 2,106,319. Between 2016 and 2020, New Mexico population grew by 0.7 percent, while over the same period of time, the national population grew by 2.0 percent. Population growth occurred in 12 of the 33 counties. The fastest growing counties in the state were Los Alamos (6.7 percent), Sandoval (5.9 percent) and Otero (3.4 percent). There are four Metropolitan Statistical Areas (MSAs) in the state. The Albuquerque MSA is comprised of Bernalillo, Sandoval, Torrance and Valencia Counties; the Las Cruces MSA is Dona Ana County; the Santa Fe MSA is Santa Fe County, and the Farmington MSA is San Juan County.



Source: New Mexico 2021 State of the Workforce, New Mexico
Department of Workforce Solutions

Major industries in the State are energy resources, semi-conductor manufacturing, tourism, services, agriculture-agribusiness, government, and mining. Located in New Mexico and Texas is the Permian basin, which is the largest oil production basin in the world, producing more than 4 million barrel per day. In 2020 New Mexico was the second largest producer of crude oil, and the ninth largest producer of natural gas in the US. In 2019 coal, copper and potash production value amounted to \$1.4 billion and the state ranked 10th, 3rd and 1st respectively in the US. Major federally funded scientific research facilities at Los Alamos, Albuquerque and White Sands are also a notable part of the State's economy, with the two national laboratories employing about 30 thousand New Mexicans in 2020.

The state's major transportation routes include Interstate-25, running north-south from El Paso, Texas through Las Cruces, Albuquerque, Santa Fe, Las Vegas and Raton, New Mexico toward Pueblo and Denver, Colorado. Major east-west routes, especially important to interstate commercial carrier traffic, include Interstate-10 from El Paso, Texas to Tucson and Phoenix, Arizona, and Interstate-40 from Amarillo, Texas through Tucumcari, Albuquerque and Gallup, New Mexico to Flagstaff, Arizona.

2. ECONOMIC FACTORS AND REVENUE FORECASTS - continued

Revenue Forecasts and Budgets

Federal Revenue:

Federal Revenue – President Obama signed the Fixing America's Surface Transportation (FAST) Act into law on December 4, 2015 which provides the amount of federal aid (obligation limitation) available to states. The FAST Act authorized \$305 billion from both the Highway Trust Fund and the General Fund of the United States Treasury over fiscal years 2016 through 2020. It provided \$225 billion in Highway Trust Fund contract authority over five years for the federal -aid Highway Program, increasing funding from \$41 billion in 2015 to \$47 billion in 2020. For the State of New Mexico, this means an overall increase in Federal Apportionment and subsequent Obligation Limitation from 2% to 2.4% year over year from FY2016 through FY2020. Beginning in FY2021 Congress passed Continuing Resolutions (CR) to the FAST Act to provide short-term funding extensions while they work on passing new transportation legislation. In FY2021 a one-year CR was passed which included a \$13.6 billion transfer from the General Fund to maintain solvency of the Highway Trust Fund. The CR provided \$471 billion for highway programs which was a slight decrease from FY2020 level and that translates to a slight decrease in Federal revenue from \$406.7 million in FY2020 to \$402.1 million in FY2021. In FY2021 New Mexico received redistribution funds through Federal Highway Administration's Headquarters office in the amount of \$44.2 million, which contributed to NMDOT sending out a full letting schedule of just over \$425 million.

Federal Aviation Administration Funds - NMDOT reported revenue of \$1,000 in FY 2021 Federal Aviation Administration grant funds.

Federal Transit Administration Funds - NMDOT reported revenue of \$26,655,205 in FY 2021 Federal Transit Administration grant funds.

National Highway Traffic Safety Administration Funds - NMDOT reported revenue of \$11,369,769 in FY 2021 of National Highway Traffic Safety Administration grant funds.

State Revenue:

Revenues for the New Mexico Department of Transportation over the long-term (20 years) are characterized as being steady and growing at rates associated with the Consumer Price Index (CPI). There have been periods of stronger and slower, even declining, rates of growth. From fiscal years 2000 to 2010, the average annual compound growth rate was 1.7%, from 2010 to 2020 it was 2.1%, and in fiscal year 2021 revenues grew by 4.3% compared to prior fiscal year.

State Road Fund revenues are split roughly half and half between passenger vehicle based and interstate trucking sourced. Those revenues associated with trucking (i.e. Special Fuel Tax and Weight Distance Tax) tend to closely track the national economy, while passenger vehicle revenues (i.e. Gasoline Tax and Vehicle Registration Fees) tend to be less affected by economic cycles. This diversity coupled with federal highway aid funds helps moderate the impact of economic downturns on the Road Fund revenues. In fiscal year 2021, the State Road Fund received about \$460 million in recurring ordinary revenues (i.e. revenues from taxes, fees and interests), representing a 4.3% or \$19.1 million growth from fiscal year 2020, as the initial negative impact of the pandemic was largely offset by the economic stimulus packages, which strongly sustained consumer spending and demand for goods, and positively impacted commercial vehicle revenues.

2. ECONOMIC FACTORS AND REVENUE FORECASTS - continued

State Revenue - continued:

State Revenue Forecasts - Major Revenue Sources

In fiscal year 2022, revenues are expected to continue to grow and are estimated at \$506 million. In fiscal year 2022, Road Fund recurring revenues will also be positively affected by the additional fraction of Motor Vehicle Excise Tax distributed on a recurring basis, and State Road Fund will be receiving about \$50 million of motor vehicle excise tax per fiscal year, up from \$7 million in fiscal year 2021. For the following fiscal years, the economic outlook continues to be positive, and fiscal year 2023 Road Fund recurring ordinary revenues are now estimated at \$516 million. However, uncertainty and volatility continue to dominate the economic environment, and recovery can still be endangered by high inflation and the evolution of the pandemic nationally and worldwide.

Road Fund revenues are estimated by the NMDOT economists on a biannual basis, in January before the budget is set and in July. On a yearly basis, both models and results are reviewed by the State Consensus Revenue Estimating Group that includes economists from the Legislative Finance Committee, the Taxation and Revenue Department, and the Department of Finance and Administration.

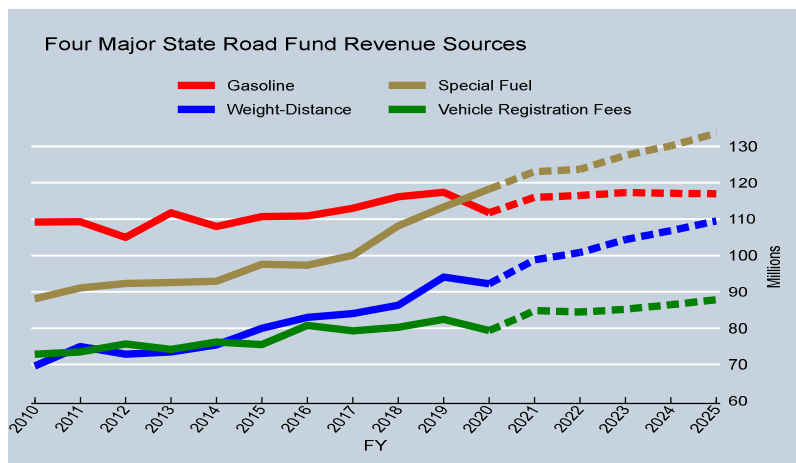
The methodology adopted for forecasting NMDOT's revenues relies on econometric techniques such as regression models and time series models (i.e. ARIMA, ARIMAX).

The estimates rely on two main sources of forecast input parameters, which are:

- IHS Global Insight U.S. Economic Outlook, Baseline and Alternative scenarios
- UNM, Bureau of Business and Economic Research Quarterly Economic Forecast of the New Mexico Economy

The model outcomes are validated comparing historical revenues with forecast values. The models adopted are those that have the best out-of-sample forecast performance, and the highest forecasting power.

In FY 2021, revenues from gasoline, special fuels, weight distance and vehicle registration constitute 92% of the State Road Fund and 75% of all the NMDOT's funds.



2. ECONOMIC FACTORS AND REVENUE FORECASTS - continued

State Revenue - continued:

State Revenue Forecasts - Major Revenue Sources

The latest time that transportation rates and fees were raised was in the fall of 2003, when a special session of the New Mexico Legislature was held and transportation rates and fees were raised on special fuels (primarily diesel), weight/distance trucking rates and motor vehicle registration fees.

The interstate-trucking based revenues (special fuel tax and weight distance tax) are now the primary contributors to State Road Fund growth. Due to the size and importance of each of these four revenue sources, a look at each one of them individually helps to provide a more complete picture of the Department's revenues.

Gasoline tax has historically been the largest State's revenue source, providing about \$116.3 million in revenue in FY 2021. In 2020, for the first time special fuel revenue surpassed gasoline revenue, as the spread of COVID-19 and the related business closures largely impacted gasoline consumption. However, especially toward the end of FY 2021, gasoline consumption fully recovered, and it is now expected to remain stable around \$117 million. Gasoline tax is 17 cents per gallon of gasoline sold, with about three-fourths distributed to the State Road Fund and the remainder distributed primarily to municipalities and counties. It is the one major tax that was not increased during the special session of 2003. Historically, gasoline gallons sold remained relatively stable from 1995 to 1999, decreased slightly in 2001, reached a new peak in 2007, and slightly declined during the great recession and the 2011-2014 period of high gas prices. Starting from 2016, gasoline gallons sold have begun to increase significantly benefiting from relatively low and stable petroleum prices, and from a shift in consumers' preferences from passenger cars to SUVs and light trucks, and reached a new record peak in 2019. In 2020, gasoline consumption was largely impacted by the stay-at-home order issued by the Governor, but returned almost to pre-pandemic levels in 2021.

For the past two decades, between FY 2001 and FY 2021, Road Fund gasoline revenues have averaged \$111 million; gasoline revenues have only varied by more than a few millions from that average twice (about \$7 million above average in FY 2019 and \$6 million below average in FY 2012). In fiscal year 2022 and in following fiscal years, gasoline revenue is expected to remain stable around \$117 million.

Special fuel tax (primarily diesel) provided about \$122.1 million in FY 2021. The tax per gallon was raised from 18 to 21 cents per gallon effective in FY 2005. Of the 21 cents, the State Road Fund receives 19 cents, with the remainder going to the Local Governments Road Fund. Including the 2003 special legislative session rate increase, special fuels grew by \$27.0 million, or 36%, from FY 2004 to FY 2008. Special fuel, over time, has been a strongly growing revenue source with an average annual compound growth rate of 5.2% from 1988 to 2008. After the collapse of the national housing bubble, special fuel revenue fell to a low of \$85.6 million in FY 2009, climbed slowly to \$100.1 million in FY 2017, and thanks to a strong national economy coupled with the oil boom in the Permian Basin region has reached a new peak in FY 2019, collecting \$113.4 million, and has continued to significantly grow in FY 2020 and in FY 2021, even when the pandemic affected both the national economy and oil prices. After an initial negative impact of the pandemic, this revenue source has been positively impacted by an increased demand for goods and e-commerce sales, and is expected to continue to grow in FY 2022 and thereafter.

2. ECONOMIC FACTORS AND REVENUE FORECASTS - continued

State Revenue - continued:

State Revenue Forecasts - Major Revenue Sources

Weight Distance tax is charged on trucks over 26,000 pounds and varies by maximum gross weight of the vehicle and distance traveled in New Mexico. It ranges from a rate of around 1 cent per mile for vehicles weighing 26,001 to 28,000 pounds to slightly over 4 cents per mile for vehicles weighing over 78,000 pounds. It is historically the third largest revenue producer with about \$99.7 million in revenue in FY 2021. Its rates were also raised in the fall 2003 special legislative session. Prior to the tax rate increase, revenues averaged \$50 million. After FY 2004, revenue increased from 43% to 50%, primarily due to the 38% tax rate increase.

During the great recession, declining consumer durable goods expenditures led to a fairly steep and sudden reduction in freight of all types including air, ship, rail and truck. In the fiscal years following the great recession, it slowly recovered thanks to continuing improvements in the US economy, and to the oil boom in the south-east of the state, and in FY 2019, Weight Distance revenue, reached a new record level, collecting \$94 million and growing at a 9% annual rate. It only slightly slowed in FY 2020 to \$92.3 million, and reached another record year in FY 2021. Similarly to special fuel, this revenue source has been benefiting from an increase demand for goods and e-commerce sales, and is expected to continue to grow in the following fiscal years.

Motor vehicle registration fees are the fourth largest revenue source at about \$84.9 million in FY 2021. These fees were raised in the 2003 Special Legislative session by about 33%, and revenue increased by about \$20.7 million or 39%, from FY 2004 to FY 2008. The fees are based on three weight classes for passenger vehicles and 14 weight classes for trucks and commercial carriers. The annual registration fees for trucks over 26,000 pounds are low because those vehicles are subject to the Weight Distance tax, discussed above. This revenue source, similarly to gasoline, has remained stable during both economic expansions and recessionary periods and, for the following fiscal years, is expected to remain stable around \$84-87 million.

Port of entry revenues, mainly Trip Tax and Oversize/Overweight, have been positively impacted by the E-permit system launched by NMDOT in 2015. The new system allows truckers to renew their permits online 24 hours a day easing long waits and allowing commerce to flow much easier. Trip Tax is charged on trucks in lieu of the Weight Distance tax and vehicle registration fees for those trucks/companies not registered for Weight Distance. Trip tax rose to a peak of \$8.6 million in FY 2006, and in FY 2021 neared that record collecting about \$8 million. New Mexico is one of four states that impose a Weight Distance tax and its associated trip tax. Oversize/overweight permits are charged to vehicles with excessive weight, height, length or width. In FY 2021, Oversize/Overweight reached one of its highest peaks, collecting about \$7 million in revenue. There have been strong investments recently in reporting enforcement and an optical scanning computer truck identification interface with the Weight Distance tax data base. These have been accompanied by penalty increases for improper Weight Distance tax filing, capital improvements at ports of entry and statewide enhanced documentation checks.

2. ECONOMIC FACTORS AND REVENUE FORECASTS - continued

State Revenue - continued:

Background - Gasoline Tax and Tribal Tax Sharing Agreements

The state permits gasoline to be sold at retail by registered Indian tribal distributors on Indian land free of State gasoline tax if the applicable Indian government imposes an equivalent or higher tax (for its own benefit) on retail gasoline sales. The growth in tribal market share initially out-paced the overall growth rate of gasoline sales as a result of competitive pricing, casino traffic, and new tribal travel centers. Over the past ten years tribal sales have been between 56 million and 80 million gallons per year (around 7% or 8% of total gasoline sales). Tribal gasoline sales totaled to 72.1 million gallons in FY 2020 and 67.7 million gallons in FY 2021.

In 2003 and 2004, legislation allowed the state to enter into "tax sharing agreements" with the two Native American Pueblos that were previously entitled to market a limited amount of state-tax-free gasoline outside reservation boundaries. Under the agreements, a distribution equal to 40% of the tax collected on 30 million gallons of gasoline per year is made to each of the two Pueblos, in exchange for the Pueblos ceasing their wholesale sales activities outside reservation boundaries. The result of these agreements (originally entered into in 2004) was more predictable gasoline revenues. Chapter 15, Laws 2010 (Senate Bill 59 from the 2010 regular legislative session) allowed these agreements to be extended under the same terms for an additional 10 years. The agreements were both renewed in 2014.

3. CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors and creditors with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

Attn: Accounting Services Director
New Mexico Department of Transportation
1120 Cerrillos Road
P.O. Box 1149
Santa Fe, New Mexico 87504-1149
(505) 795-1401

FINANCIAL STATEMENTS

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position

As of June 30, 2021

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Current Assets:			
Cash:			
Unrestricted	\$ 1,200	\$ -	\$ 1,200
Cash equivalents: (Note 2)			
Investment in SGFIP	980,901,264	10,981,996	991,883,260
Managed by NMFA	9,254,148	-	9,254,148
Receivables:			
Accounts receivable, net (Note 3)	1,657,391	-	1,657,391
Interest receivable	194	3,183	3,377
Notes and loans receivable (Note 4)	-	89,591	89,591
Other receivables	69,973	-	69,973
Due from:			
Federal Agencies (Note 5)	126,297,063	-	126,297,063
Other state agencies (Note 7)	47,142,181	-	47,142,181
Inventories (Note 9)	14,767,032	-	14,767,032
Prepaid expenses - other	259,711	-	259,711
Prepaid expense - NM44 warranty	2,707,500	-	2,707,500
Property held for resale	10,085,885	-	10,085,885
Total Current Assets	1,193,143,542	11,074,770	1,204,218,312
Non-Current Assets:			
Notes and loans receivable (Note 4)	-	11,174,185	11,174,185
Prepaid expense - NM44 warranty, net	-	-	-
Capital assets, net (Note 10)	5,447,966,606	-	5,447,966,606
Total Non-Current Assets	5,447,966,606	11,174,185	5,459,140,791
Total Assets	6,641,110,148	22,248,955	6,663,359,103
Deferred Outflows of Resources:			
Deferred loss on refunding (Note 15)	37,360,970	-	37,360,970
Total Deferred Outflows of Resources	37,360,970	-	37,360,970
Total Assets and Deferred Outflows of Resources	\$ 6,678,471,118	\$ 22,248,955	\$ 6,700,720,073

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position

As of June 30, 2021

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Current Liabilities:			
Accounts payable and contracts payable, including retainage of \$10,227,233	\$ 95,505,903	\$ -	\$ 95,505,903
Due to:			
Federal Agencies	21,135	-	21,135
Other state agencies (Note 7)	264,710	-	264,710
Local governments (Note 8)	7,982,565	-	7,982,565
Component units of the state (Note 13)	135,807	-	135,807
Higher Ed Institution (Note 14)	846,943	-	846,943
Unearned revenue	17,999,308	-	17,999,308
Other accrued expenses	5,084,516	-	5,084,516
Deficiency in SGFIP	15,818,690	-	15,818,690
Other liabilities	349,670	-	349,670
Current portion of long-term obligations (Note 15):			
Compensated absences	10,081,218	-	10,081,218
Debentures payable	121,170,000	-	121,170,000
Capitalized bond premium	12,628,412	-	12,628,412
Total Current Liabilities	287,888,877	-	287,888,877
Long-Term Liabilities:			
Long-term obligations (Note 15):			
Debentures payable	642,430,000	-	642,430,000
Capitalized bond premium, net	76,546,661	-	76,546,661
Total Long-Term Liabilities	718,976,661	-	718,976,661
Total Liabilities	1,006,865,538	-	1,006,865,538
Net Position:			
Net investment in capital assets	4,630,261,906	-	4,630,261,906
Restricted for:			
Loans	-	22,248,955	22,248,955
Specific purposes	1,041,343,674	-	1,041,343,674
Total Net Position	5,671,605,580	22,248,955	5,693,854,535
Total Liabilities and Net Position	\$ 6,678,471,118	\$ 22,248,955	\$ 6,700,720,073

See Independent Auditors' Report and Notes to Financial Statements

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Activities

For the Year Ended June 30, 2021

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Program Expenses:			
Programs and infrastructure	\$ 675,720,379	\$ -	\$ 675,720,379
Transportation and highway operations	197,868,509	-	197,868,509
Program support	26,683,681	-	26,683,681
Modal	78,123,528	-	78,123,528
Total Program Expenses	<u>978,396,097</u>	<u>-</u>	<u>978,396,097</u>
Program Revenues:			
Charges for services	118,105,127	225,708	118,330,835
Operating grants	36,239,386	-	36,239,386
Capital grants	478,849,504	-	478,849,504
Total Program Revenues	<u>633,194,017</u>	<u>225,708</u>	<u>633,419,725</u>
Net Program Revenue (Expense)	<u>(345,202,080)</u>	<u>225,708</u>	<u>(344,976,372)</u>
General Revenues:			
User and fuel taxes	450,947,705	-	450,947,705
Interest income	425,794	15,367	441,161
Gain on disposal of assets and adjustments	26,592	-	26,592
Total General Revenues	<u>451,400,091</u>	<u>15,367</u>	<u>451,415,458</u>
Transfers:			
General fund special appropriations (Note 12)	426,655,000	-	426,655,000
Severance tax bond appropriations (Note 12)	2,975,367	-	2,975,367
Transfers from (to) other state agencies and local governments, net (Note 12)	(13,738,100)	-	(13,738,100)
Total Transfers	<u>415,892,267</u>	<u>-</u>	<u>415,892,267</u>
Net General Revenues and Transfers	<u>867,292,358</u>	<u>15,367</u>	<u>867,307,725</u>
Change in Net Position/Operating Income	522,090,278	241,075	522,331,353
Net Position, Beginning of Fiscal Year	5,149,515,302	22,007,880	5,171,523,182
Net Position, End of Fiscal Year	<u>\$ 5,671,605,580</u>	<u>\$ 22,248,955</u>	<u>\$ 5,693,854,535</u>

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Balance Sheet - Governmental Funds

As of June 30, 2021

	Major Funds		
	State Road Fund(s) (SHARE 10040 and 20100)	GF Capital Outlay Fund (SHARE 93100)	2020A Bond Debt Service (SHARE 68320)
Assets:			
Cash:			
Unrestricted	\$ 1,200	\$ -	\$ -
Cash equivalents: (Note 2)			
Investment in SGFIP	370,962,046	549,494,873	-
Managed by NMFA	-	-	895,075
Receivables:			
Accounts receivable, net (Note 3)	1,647,315	-	-
Interest receivable	-	-	16
Other receivables	67,098	-	-
Due from:			
Federal Agencies (Note 5)	111,074,781	-	-
Other funds (Note 6)	60	-	-
Other state agencies (Note 7)	44,016,921	-	-
Inventories (Note 9)	14,767,032	-	-
Prepaid expenses - other	259,711	-	-
Property held for resale	10,085,885	-	-
Total Assets	\$ 552,882,049	\$ 549,494,873	\$ 895,091
Liabilities, Deferred Inflows of Resources and Fund Balance:			
Liabilities:			
Accounts payable	\$ 73,038,928	\$ 20,915,159	\$ -
Due to:			
Federal Agencies	17,483	-	-
Other funds (Note 6)	-	-	60
Other state agencies (Note 7)	76,021	-	-
Local governments (Note 8)	3,206,044	895,571	-
Component units of the state (Note 13)	135,807	-	-
Higher Ed Institution (Note 14)	711,316	-	-
Unearned revenue	17,999,308	-	-
Other accrued expenses	5,030,707	-	-
Deficiency in SGFIP	11,195,998	-	-
Other liabilities	206,041	-	-
Total Liabilities	111,617,653	21,810,730	60
Deferred Inflows of Resources:			
Amounts unavailable (not received within period of availability)	60,577,556	-	-
Total Deferred Inflows of Resources	60,577,556	-	-
Fund Balance:			
Non-spendable	25,112,628	-	-
Restricted	416,151,768	527,684,143	895,031
Unassigned (Note 16)	(60,577,556)	-	-
Total Fund Balance	380,686,840	527,684,143	895,031
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 552,882,049	\$ 549,494,873	\$ 895,091

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Balance Sheet - Governmental Funds

Non Major Governmental Funds	Total Governmental Funds
\$ -	\$ 1,200
60,444,345	980,901,264
8,359,073	9,254,148
10,076	1,657,391
178	194
2,875	69,973
15,222,282	126,297,063
-	60
3,125,260	47,142,181
-	14,767,032
-	259,711
-	10,085,885
<u>\$ 87,164,089</u>	<u>\$ 1,190,436,102</u>
\$ 1,551,816	\$ 95,505,903
3,652	21,135
-	60
188,689	264,710
3,880,950	7,982,565
-	135,807
135,627	846,943
-	17,999,308
53,809	5,084,516
4,622,692	15,818,690
143,629	349,670
<u>10,580,864</u>	<u>144,009,307</u>
<u>7,720,594</u>	<u>68,298,150</u>
<u>7,720,594</u>	<u>68,298,150</u>
-	25,112,628
76,583,225	1,021,314,167
(7,720,594)	(68,298,150)
<u>68,862,631</u>	<u>978,128,645</u>
<u>\$ 87,164,089</u>	<u>\$ 1,190,436,102</u>

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

As of June 30, 2021

Total Fund Balance - Governmental Funds
(Balance Sheet - Governmental Funds)

\$ 978,128,645

Amounts reported for governmental activities in the Statement of Net Position are different because:

Amounts recorded as deferred inflows of resources in the governmental funds that were not received within the period of availability - 60 days after year end; recorded as revenue in the Statement of Activities:

68,298,150

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds:

The cost of capital assets is 14,242,179,053

Accumulated depreciation is (8,794,212,447)

Total capital assets 5,447,966,606

Prepaid warranty expenditures recorded as an expenditure in the governmental funds, but recorded as an asset, net of amortization in the Statement of Net Position:

2,707,500

Long-term debt not recorded as liabilities in the governmental funds, but recorded as long-term liabilities in the Statement of Net Position:

Debentures payable (bonds only) (763,600,000)

Deferred loss on refunding (net of current period amortization) 37,360,970

Compensated absences (10,081,218)

Capitalized bond premiums not recorded in the governmental funds as a liability, net of amortization:

(89,175,073)

Net Position of Governmental Activities (Statement of Net Position)

\$ 5,671,605,580

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

For the Year Ended June 30, 2021

	State Road Fund(s) (SHARE 10040 and 20100)	Major Funds GF Capital Outlay Fund (SHARE 93100)	2020A Bond Debt Service (SHARE 68320)
Revenues:			
User and fuel taxes	\$ 425,446,883	\$ -	\$ -
Federal Agencies	412,888,649	-	-
Fees and fines	-	-	-
Licenses and permits	9,435,572	-	-
Charges for services	89,368,667	-	-
Other revenue	6,730,997	-	-
Interest earnings	344,784	-	89
Total Revenues	944,215,552	-	89
Expenditures:			
Current:			
Programs and infrastructure	115,388,837	64,834,814	-
Transportation and highway operations	218,834,240	-	-
Program support	37,775,493	-	-
Modal	20,065,136	-	-
Capital outlay	353,294,483	134,646,115	-
Debt service:			
Principal	107,990,000	-	-
Interest	37,658,648	-	-
Debt issuance costs	-	-	515,703
Total Expenditures	891,006,837	199,480,929	515,703
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,208,715	(199,480,929)	(515,614)
Other Financing Sources (Uses):			
General fund special appropriations (Note 12)	-	426,655,000	-
Severance tax bond appropriations (Note 12)	-	-	-
Transfers in: (Note 12)			
Inter-Agency	6,071,900	-	-
Intra-Agency	-	-	886,308
Transfers (out): (Note 12)			
Inter-Agency	(20,000,000)	(110,000)	-
Intra-Agency	(230,643)	-	-
Refunded bond escrow agent (Note12)	-	-	(71,382,855)
Face value of debentures payable (Note12)	-	-	63,180,000
Premiums of debentures payable (Note12)	-	-	8,727,192
Total Other Financing Sources (Uses)	(14,158,743)	426,545,000	1,410,645
Net Changes in Fund Balance	39,049,972	227,064,071	895,031
Fund Balance, June 30, 2020	341,636,868	300,620,072	-
Fund Balance, June 30, 2021	\$ 380,686,840	\$ 527,684,143	\$ 895,031

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

Non Major Governmental Funds	Total Governmental Funds
\$ 25,500,822	\$ 450,947,705
38,025,974	450,914,623
49,580	49,580
12,416,984	21,852,556
-	89,368,667
65,007	6,796,004
80,921	425,794
76,139,288	1,020,354,929
23,965,157	204,188,808
-	218,834,240
-	37,775,493
43,132,581	63,197,717
124,107	488,064,705
2,750,000	110,740,000
3,722,277	41,380,925
-	515,703
73,694,122	1,164,697,591
2,445,166	(144,342,662)
-	426,655,000
2,975,367	2,975,367
300,000	6,371,900
230,643	1,116,951
-	(20,110,000)
(886,308)	(1,116,951)
-	(71,382,855)
-	63,180,000
-	8,727,192
2,619,702	416,416,604
5,064,868	272,073,942
63,797,763	706,054,703
\$ 68,862,631	\$ 978,128,645

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental
Funds to the Statement of Activities

For the Year Ended June 30, 2021

Net Changes in Fund Balance - Total Governmental Funds

(Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds) **\$ 272,073,942**

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

Net change in deferred inflows of resources adjustments from prior to current year (reported as deferred inflows of resources in the Balance Sheet - Governmental Funds and reported as revenue in the Statement of Activities.) 64,242,789

In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) - are measured by the amounts earned during the year to the governmental funds, however, expenditure for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The increase (decrease) in the compensated absences liabilities for the fiscal year was: (1,694,748)

The Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts were:

Capital outlay	488,064,705	
Depreciation expense	(428,860,224)	
Sale of capital asset and adjustments, net book value	(11,932)	
Excess of depreciation expense over capital outlay		59,192,549

(Issuance) repayment of debentures recorded as a (source of revenue) principal expenditure in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds recorded as an (increase) reduction in long-term debentures payable in the Statement of Net Position:

Bond proceeds	(63,180,000)	
Principal payments	110,740,000	
Principal payments from refunding (paid to escrow agent)	69,900,000	
		117,460,000

The Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds report prepaid warranty as expenditures. The Statement of Activities reports as amortization expense, the cost of the prepaid expenditure over the useful life: (2,707,500)

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION

**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental
Funds to the Statement of Activities**

Net change in deferred loss on refunding (including write off of unamortized balance of premiums and issuance costs associated with the refunded bonds), which is recorded as a reduction of long-term liabilities in the Statement of Net Position:

(22,850,689)

Additional bond premiums are recorded as an other financing source in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds, recorded as a liability of \$89,175,073 in the Statement of Net Position, net of \$45,101,127 of amortization, recorded as a decrease to interest expense in the Statement of Net Position as well as additional premium from the 2020A Refunding of \$8,727,192:

Amortization of bond premium	45,101,127	
Premium of new bonds issued	(8,727,192)	
	36,373,935	36,373,935

Change in Net Position of Governmental Activities (Statement of Activities)	\$	522,090,278
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position - Proprietary Fund

As of June 30, 2021

	State Infrastructure Bank (SHARE 89300)
Assets:	
Current Assets:	
Cash:	
Unrestricted	\$ -
Cash equivalents: (Note 2)	
Investment in SGFIP	10,981,996
Receivables:	
Interest receivable	3,183
Notes and loans receivable (Note 4)	89,591
Total Current Assets	11,074,770
Non-Current Assets:	
Notes and loans receivable (Note 4)	11,174,185
Total Non-Current Assets	11,174,185
Total Assets	\$ 22,248,955
Liabilities and Net Position:	
Liabilities:	
Current Liabilities:	
Accounts payable	\$ -
Total Current Liabilities	-
Total Liabilities	-
Net Position:	
Restricted for:	
Loans	22,248,955
Total Net Position	22,248,955
Total Liabilities and Net Position	\$ 22,248,955

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund

For the Year Ended June 30, 2021

	<u>State Infrastructure Bank</u> <u>(SHARE 89300)</u>
Operating Revenues (Expenses):	
Loan interest income	\$ 225,708
Total Operating Revenues (Expenses)	<u>225,708</u>
Non-Operating Revenues (Expenses):	
Interest income	15,367
Total Non-Operating Revenues (Expenses)	<u>15,367</u>
Change in Net Position/Operating Income	241,075
Net Position, Beginning of Fiscal Year	<u>22,007,880</u>
Net Position, End of Fiscal Year	<u><u>\$ 22,248,955</u></u>

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Cash Flows - Proprietary Fund

For the Year Ended June 30, 2021

	State Infrastructure Bank (SHARE 89300)
Cash Flows from Operating Activities:	
Cash received from interest on loans	\$ 222,525
Loans repaid	88,704
Net Cash Provided (Used) by Operating Activities	311,229
Cash Flows from Investing Activities:	
Cash received from interest	15,367
Net Cash Provided (Used) by Investing Activities	15,367
Net Increase (Decrease) in Cash and Cash Equivalents	326,596
Cash and Cash Equivalents at June 30, 2020	10,655,400
Cash and Cash Equivalents at June 30, 2021	\$ 10,981,996
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 225,708
Change in assets and liabilities:	
(Increase) decrease in interest receivable	(3,183)
(Increase) decrease in notes and loans receivable	88,704
Net Cash Provided (Used) by Operating Activities	\$ 311,229

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Revenues and Expenditures - Budget and Actual
(Modified Accrual Basis) - Major Funds

For the Year Ended June 30, 2021

	STATE ROAD FUND(S) (SHARE 10040 and 20100)			
	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ 369,133,000	\$ 861,732,715	\$ 412,888,649	\$ (448,844,066)
Other state funds	508,540,000	510,378,720	530,982,119	20,603,399
Transfers intra-inter-agency	6,071,900	6,071,900	6,071,900	-
Interest revenue	2,730,000	2,730,000	344,784	(2,385,216)
Bond proceeds	-	-	-	-
Total Revenues and Other Financing Sources	886,474,900	1,380,913,335	950,287,452	\$ (430,625,883)
Prior Year Funds Rebudgeted	25,887,100	218,325,574		
	\$ 912,362,000	\$ 1,599,238,909		
Expenditures and Other Financing Uses:				
Project Design & Construction:				
Personal services/employee benefits	\$ 26,536,800	\$ 26,536,800	25,955,096	\$ 581,704
Contractual services	402,324,200	965,460,375	378,472,289	586,988,086
Other	156,438,900	175,047,400	160,401,172	14,646,228
Transfers (in) out	-	-	230,643	(230,643)
	585,299,900	1,167,044,575	565,059,200	601,985,375
Highway Operations:				
Personal services/employee benefits	110,263,000	110,263,000	108,670,778	1,592,222
Contractual services	56,874,400	82,196,900	59,699,508	22,497,392
Other	84,377,400	114,343,600	87,987,349	26,356,251
	251,514,800	306,803,500	256,357,635	50,445,865
Business Support:				
Personal services/employee benefits	25,791,600	25,791,600	25,203,016	588,584
Contractual services	5,425,400	16,425,400	13,502,939	2,922,461
Other	13,482,800	13,482,800	10,981,948	2,500,852
Transfers (in) out	-	23,200,000	20,000,000	3,200,000
	44,699,800	78,899,800	69,687,903	9,211,897
Modal:				
Personal services/employee benefits	6,253,800	6,253,800	5,612,747	641,053
Contractual services	20,453,000	33,107,617	12,057,555	21,050,062
Other	4,140,700	7,129,617	2,462,440	4,667,177
	30,847,500	46,491,034	20,132,742	26,358,292
Total Budgeted Expenditures and Other Financing Uses	\$ 912,362,000	\$ 1,599,238,909	911,237,480	\$ 688,001,429
Non-Budgeted Items:				
Reversions			-	
Total Expenditures and Other Financing Uses			911,237,480	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 39,049,972	

The legal level of budgetary compliance is at the appropriation program level at the entity-wide level, except for multiyear funds.

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Revenues and Expenditures - Budget and Actual
(Modified Accrual Basis) - Major Funds

For the Year Ended June 30, 2021

	2020A BOND DEBT SERVICE FUND (SHARE 68320)			
	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers intra-inter-agency	-	-	886,308	886,308
Interest revenue	-	-	89	89
Bond proceeds	-	71,907,193	71,907,192	(1)
Total Revenues and Other Financing Sources	-	71,907,193	72,793,589	\$ 886,396
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ 71,907,193		
Expenditures and Other Financing Uses:				
Project Design & Construction:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	524,337	515,703	8,634
Transfers (in) out	-	71,382,856	71,382,855	1
	-	71,907,193	71,898,558	8,635
Highway Operations:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Modal:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Total Budgeted Expenditures and Other Financing Uses	\$ -	\$ 71,907,193	71,898,558	\$ 8,635
Non-Budgeted Items:				
Reversions			-	
Total Expenditures and Other Financing Uses			71,898,558	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 895,031	

The legal level of budgetary compliance is at the appropriation program level at the entity-wide level, except for multiyear funds.

See Independent Auditors' Report and Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

NATURE OF ORGANIZATION

A primary government is any state or general purpose local government consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The New Mexico Department of Transportation (Department), therefore, is part of the primary government of the State of New Mexico and its financial data should be included in the financial data of the State.

The New Mexico Department of Transportation (Department), formerly known as the New Mexico State Highway and Transportation Department, within the State of New Mexico is responsible for planning, organizing and directing a comprehensive transportation network. The Department was created by the Constitution of New Mexico, Article V, Section 14; and Sections 67-3-1 through 67-3-70, New Mexico Statutes Annotated, 1978 Compilation. The Highway & Transportation Department Reorganization Bill (House Bill 210) created the Department as of July 1, 1987. Under this reorganization act, portions of the Transportation Department were merged into the Department to create the Department's Aviation and Transportation Divisions. On April 4, 2003, the Governor signed a bill changing the Department's name to the New Mexico Department of Transportation.

The governing body of the Department is a six person State Highway Commission. Commissioners are appointed by the Governor, with the advice and consent of the Senate, and each serves for staggered six-year terms.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The Department is responsible for the fair presentation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America. The Department has prepared required supplementary information entitled, *Management's Discussion and Analysis*, which precedes the basic financial statements.

Financial Reporting Entity

The accompanying financial statements of the Department include all funds and activities over which the Department has oversight responsibility. The Department is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Even though the Governor appoints the Commission, the Commission has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The Department has not blended or discretely presented component units during the year ended June 30, 2021.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Reporting Entity - continued

The Department, the New Mexico Finance Authority (NMFA) and the Federal Highway Administration (FHWA) established a State Infrastructure Bank (SIB) on September 30, 1997. The SIB is a revolving loan program accounted for as a business-type operation - enterprise fund and is administered by the Department to finance highway projects. The initial capitalization for the SIB came from the Highway Department's allotment of federal funds. The Department matched the federal funds based on the required matching percentage from state funds.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information of all of the activities, except for fiduciary and component units, of the Department. The effect of material interfund activity has been removed from these government-wide statements. Governmental activities, primarily the construction and maintenance of the State's road system, which normally is supported by taxes and intergovernmental revenues, are reported separately from the business-type activities of the SIB, which to a significant extent acts as a business, loaning funds to other entities and charging interest on the loans. Operating income for the SIB is interest income earned on the funds loaned to other entities. All other income, including interest earned on funds on hand, is non-operating income to the SIB.

Basis of Presentation

The Statement of Activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific department function of building and maintaining the State's road system (public works). Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a department. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements for public works. Taxes (Supplemental Schedule of Pledged State Revenues) and other items not properly included among program revenues are reported instead as general revenues net of estimated refunds and uncollectible amounts. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The Department does not allocate general government expenses to other functions except for depreciation (Note 10).

Program expenditures do not include capital outlay and debt service expenditures. Programs and Infrastructure is the program within the agency where all construction type activities are managed. Highway Operations is the program that implements all maintenance type activities. Business Support is the program that supports areas for the agency such as budget, training or HR. The Modal program consists of the Transit and Rail, Aviation, Traffic Safety and Ports of Entry divisions.

Net position is restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, it is generally the Department's policy to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation - continued

Governmental and Enterprise funds are reported as major funds in the accompanying financial statements if they meet **both** of the following criteria:

Ten percent criterion - An individual fund reports at least ten percent of *any* of the following: a) total respective governmental or enterprise fund assets, b) total respective governmental or enterprise fund liabilities, c) total respective governmental or enterprise fund revenues, or d) total respective governmental or enterprise fund expenditures.

Five percent criterion - An individual governmental fund reports at least five percent of the total for both governmental and enterprise funds of any of the items for which it met the ten percent criterion.

The Department's major governmental funds are the following:

State Road Fund(s) (Funds #10040 and #20100). The State Road Fund(s) were created by Section 67-3-65, NMSA 1978. The State Road Fund(s) combine to create the operating fund of the Department and is used to account for substantially all of the Department's financial activities. Section 67-3-59 NMSA establishes that this is a non-reverting fund. This is a general fund. Individual fund data for each fund comprising the State Road Fund(s) are provided in the Schedule of General Fund Components - Balance Sheet and Schedule of General Fund Components - Statement of Revenues, Expenditures and Changes in Fund Balance.

GF Capital Outlay Fund (#93100). The fund was created to separately account for the construction of infrastructure on behalf of other governments or other long term Departmental projects in annual legislative appropriations. This is funded through the transfer of funds from the State General Fund. This fund reverts to the State General Fund upon completion of the appropriation project or upon expiration of the appropriation period. Individual laws restricting the fund balance of the GF Capital Outlay Fund are provided in the Supplemental Schedule of Special Appropriations.

2020A Bond Debt Service Fund (#68320). The fund was created when the \$63,180,000 NMFA State Transportation Refunding Revenue Bonds Series 2020A were issued in October 2020 to refund the total balance of the series 2010A-1, 2010A-2, and 2010B bond series. The fund does not receive State General Fund appropriations that are subject to reversions

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Business Type - Proprietary Fund - State Infrastructure Bank (SIB) Financial Statements. The financial statements of the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

State Infrastructure Bank (SIB) Fund (#89300). The fund is used to track the activities of the State Infrastructure Bank, which include funding, loans and repayment of loans. The State Infrastructure Bank is a revolving loan fund program authorized by the NHS Act of 1997 and was originally funded with Federal Highway funds and a 25% State match.

Governmental Fund Financial Statements. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues to be available if they are collected within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested compensated absences are recorded as an expenditure when utilized. The amount of accumulated compensated absences unpaid at June 30, 2021, has been reported only in the government-wide financial statements.
- Interest and principal payments on general long-term obligations is recognized as expenditures when paid.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

The financial activities of the Department are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Department uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The measurement focus is on the flow of expendable financial resources, rather than on net income determination. All governmental funds are accounted for using the modified accrual basis of accounting. The funds' revenues are recognized in the period in which they become susceptible to accrual (i.e., when they are both measurable and available to pay liabilities in the current period). "Available" is defined as collectible within the current period or soon enough thereafter, within 60 days after year-end, to be used to pay liabilities of the current period. Intergovernmental revenues, including Federal allotments and grants, are recorded in accordance with their legal or contractual requirements if collected in the current period or if collectability is assured subsequent to year-end.

The following are the governmental fund types used:

General Funds - The General Funds (Funds #10040 and #20100) are used to account for the proceeds of specific revenue sources that are not otherwise required to be reported in a special revenue fund. The State Road Fund(s) are the operating and general funds of the Department and are used to account for substantially all of the Department's financial activities. Resources are generated primarily from user and fuel taxes and federal grants. Expenditures are incurred to build and improve the transportation system within the State of New Mexico. These funds do not receive state general fund appropriations that are subject to reversion.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Resources are generated primarily from user and fuel taxes and federal grants. Expenditures are incurred to build and improve the transportation system within the State of New Mexico. These funds do not receive state general fund appropriations that are subject to reversion.

Traffic Safety Fund(s): A group and/or cluster of programs that are closely related programs and share a common compliance requirements. The group consists of the following funds: Federal Traffic Safety Fund (#10010), Driver Improvement Fund (#10020), Motorcycle Training Fund (#20600), DWI Prevention and Education Fund (#20700), Traffic Safety Fund (#20800) and Ignition Interlock Fund (#82600).

Federal Traffic Safety Fund (#10010). The Federal Traffic Safety Fund is the fund through which federal funds are received for various traffic safety programs. This is a non-reverting fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

Special Revenue Funds – continued

Driver Improvement Fund (#10020). The Driver Improvement Program Fund was created by Executive Order 87-20. This fund is used to account for the operation of a driver improvement program. Financing is provided from fees collected for drivers' manuals and admissions to driver training courses. This is a non-reverting fund.

Motorcycle Training Fund (#20600). The Motorcycle Training Fund was created by Section 66-10-10, NMSA 1978. This fund is used to account for the operation of a motorcycle safety training program. Financing is provided from motorcycle registration fees and student training fees. All money in the motorcycle training fund in excess of amounts budgeted revert to the State Road Fund.

DWI Prevention and Education Fund (#20700). The DWI Prevention and Education Fund was created by Section 66-5-35, NMSA 1978. This fund is used to account for the operation of a DWI (Driving While Intoxicated) prevention and education program for elementary and secondary school students. Financing is provided from limited license and permit fees. This is a non-reverting fund.

Traffic Safety Fund (#20800). The Traffic Safety Fund was created by Section 66-7-512, NMSA 1978. The fund is used for the state match for the federal traffic safety fund programs. This is a non-reverting fund.

Ignition Interlock Fund (#82600). The Ignition Interlock Fund was created by Section 66-8-102.3, NMSA 1978. The fund is used for the administration of the Ignition Interlock program. This is a non-reverting fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

Special Revenue Funds – continued

Federal Planning and Development Fund (#10030). This fund is authorized by the Commission to account for the planning and administration of federal grant monies and state matching funds for mass transportation and railroad improvements. The Highway Safety Act of 1966, as amended, 23 U.S.C. 401 Et. Seq. and 23 U.S.C. 410, authorizes the establishment of this fund. The fund does not receive state general fund appropriations that are subject to reversion.

HIF Bond Fund (#20200). The Highway Infrastructure Fund (HIF) was created under Laws 1998, chapters 84 and 85. This fund is used to account for acquisition for right of ways, planning, design, engineering, construction or improvement of state highway projects. This is a non-reverting fund.

Local Government Road Fund (#20300). The Local Government Road Fund was created by Section 67-3-28.2, NMSA 1978. This fund is used to account for monies received for: (1) cooperative agreements program for construction and improvement of public highways and streets, and public school parking lots; (2) a municipal arterial program for construction for reconstruction of highways and streets not on the state highway systems; (3) a school bus route program for maintaining, repairing, improving and paving school bus routes, and public school parking lots; and (4) a county arterial program for construction, reconstruction, improvement and maintenance of county roads. Funding is received from state excise taxes. The fund does not receive state general fund appropriations that are subject to reversion.

State Aviation Fund (#20500). The State Aviation Fund was created by Section 64-1-15, NMSA 1978. This fund is used to account for planning, construction and maintenance of a system of airports, navigation aids and related facilities serving New Mexico. Financing is provided from all unrefunded taxes collected on the sale of motor fuel sold for use in aircraft. This is a non-reverting fund.

2004A GRIP Bond Project Fund (#20400). The bond project fund was created by Section 67-3-59.3 NMSA 1978 when \$700,000,000 New Mexico State Transportation Senior Lien Revenue Bonds Series 2004A were issued through the New Mexico Finance Authority in May 2004. The funds from the sale of the debentures were required to be deposited in a special account with NMFA. Unspent proceeds are on deposit with the NMFA and recorded as restricted cash. The funds are used to finance transportation projects, pay expenses incurred to issue the debentures and payments of rebate, penalty, interest and other obligations relating to the debentures or the proceeds. The fund does not receive state general fund appropriations that are subject to reversions.

2006D GRIP Bond Project Fund (#10270). The bond project fund was created by Section 67-3-59.3 NMSA 1978 with the issuance of the September 2006 \$50,400,000 of State Transportation, Series 2006D Revenue Bonds. The series 2006D Bonds were issued to provide funds for an escrow account required to be maintained by the Department pursuant to a Joint Use Agreement between the Department and the BNSF Contingent Liability Fund. The fund does not receive state general fund appropriations that are subject to reversion.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

Special Revenue Funds – continued

2014A Bond Project Fund (#11970). The bond project fund was created by Section 67-3-59.3 NMSA 1978 when the \$70,110,000 NMFA State Transportation Subordinate Lien Revenue Bonds Series 2014A were issued in March 2014. The funds from the sale of the debentures were required to be deposited in a special account with NMFA. Unspent proceeds are on deposit with the NMFA and recorded as restricted cash. The funds are used to finance transportation projects and pay expenses incurred to issue the debentures. The fund does not receive state general fund appropriations that are subject to reversions.

Capital Project Funds - Capital Project Funds are used to account for the purchase or construction of facilities used in the operation of the Department or other long term Department projects specifically appropriated by the state. Expenditures are incurred to build and improve the transportation system within the State of New Mexico.

Capital Projects Fund (#10050). The Capital Projects Fund is used to account for the purchase or construction of facilities used in the operation of the Department. This fund reverts to the State Road Fund upon completion of the appropriation project or appropriation period.

STB Capital Outlay Fund (#89200). This fund was created to separately account for the construction of infrastructure on behalf of other governments or other long term Departmental projects in annual legislative appropriations. This is funded through the sale of Severance Tax Bonds and is distributed through the Board of Finance of the Department of Finance and Administration. This fund reverts upon completion of the appropriation project or upon expiration of the appropriation period. Appropriations are received on a reimbursement basis as expenditures occur; therefore only budgetary reversions are made when applicable. Individual laws restricting the fund balance of the STB Capital Outlay Fund are provided in the Supplemental Schedule of Severance Tax Bonds.

GF Capital Outlay Fund (#93100). The fund was created to separately account for the construction of infrastructure on behalf of other governments or other long term Departmental projects in annual legislative appropriations. This is funded through the transfer of funds from the State General Fund. This fund reverts to the State General Fund upon completion of the appropriation project or upon expiration of the appropriation period. Individual laws restricting the fund balance of the GF Capital Outlay Fund are provided in the Supplemental Schedule of Special Appropriations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

Debt Service Funds - Debt Service Funds, created by Section 67-3-59.3 NMSA 1978, are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Debt service requirements are met through the monthly transfer of vehicle and gasoline tax revenues from the State Road Fund. The Department may transfer interest earned on the other bond issues to their respective debt service funds. These funds do not receive state general fund appropriations that are subject to reversion.

2010A Bond Debt Service Fund (#11140). The fund was created when the \$174,625,000 NMFA State Transportation Senior Lien Refunding Revenue Bonds Series 2010A were issued in October 2010 to refund a portion of a borrowing under a tax-exempt line of credit with Bank of America N.A. and finance the costs of certain State Transportation Projects for the Department.

2010B Bond Debt Service Fund (#20450). The fund was created when the \$461,075,000 NMFA State Transportation Senior Lien Refunding Revenue Bonds Series 2010B were issued in October 2010 to refund portions of series 2002A, 2002C, 2002D and 2004A GRIP.

2012A Bond Debt Service Fund (#30850). The fund was created when the \$220,400,000 NMFA State Transportation Refunding Revenue Bonds Series 2012A were issued in December 2012 to refund certain outstanding bonds of the State Transportation Commission and of the Finance Authority which were issued for the purpose of financing or refinancing projects administered by the New Mexico Department of Transportation.

2014A Bond Debt Service Fund (#11960). The fund was created when the \$70,110,000 NMFA State Transportation Subordinate Lien Revenue Bonds Series 2014A were issued in March 2014.

2014B Bond Debt Service Fund (#50110). The fund was created when the \$79,405,000 NMFA State Transportation Refunding Revenue Bonds Series 2014B were issued in December 2014 to refund certain outstanding bonds of the State Transportation Commission which were issued for the purpose of financing or refinancing projects administered by the New Mexico Department of Transportation.

2018A Bond Debt Service Fund (#20770). The fund was created when the \$420,090,000 NMFA State Transportation Refunding Revenue Bonds Series 2018A were issued in June 2018 to refund the total balance of the NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008A GRIP Bonds, Series 2008B GRIP Bonds and the Series 2008C GRIP Bonds. The fund does not receive State General Fund appropriations that are subject to reversions.

2020A Bond Debt Service Fund (#68320). The fund was created when the \$63,180,000 NMFA State Transportation Refunding Revenue Bonds Series 2020A were issued in October 2020 to refund the total balance of the series 2010A-1, 2010A-2, and 2010B bond series. The fund does not receive State General Fund appropriations that are subject to reversions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budgets and Budgetary Accounting

Per the General Appropriations Act of 2019, Section 3, Subsection K, "For the purpose of administering the General Appropriation Act of 2019, the state of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration." The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget. Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses, and encumbrances can no longer be charged to that budget.

The legal level of budgetary control is at the appropriation program level at the entity-wide level, except for multiyear funds.

Intra-agency and Inter-agency Transactions

Transfers which, because of budgetary or legal restrictions, must be expended by funds other than the fund initially receiving the revenue, are recorded as operating transfers in (out) under the other financing sources (uses) category (Note 12) in the governmental fund financial statements.

Restricted Cash and Cash Equivalents

The funds deposited in the debt service funds are restricted to pay future principal and interest payments. The remaining balance of the proceeds from the sale of the debentures, bonds and the NMFA loan are also classified as restricted cash because of the limited use of these funds. Proceeds of the various bond issues are also invested through the State Treasurer's Office in securities repurchase agreements with financial institutions and a money market mutual fund that invests in U.S. Treasury securities. Cash held in the State Infrastructure Bank is restricted for use in funding loans (Note 2).

Cash and cash equivalents, for the purpose of the cash flows, has interest in the State General Fund Investment Pool of the State Treasurer's Office.

Taxes Receivable (Included as a Component of Due From Other State Agencies)

Taxes receivable represent the amounts due from the New Mexico Taxation and Revenue Department for the Department's June 30 fiscal year user and fuel taxes that are received by the Department after fiscal year-end. Accordingly, no allowance for uncollectible amounts is necessary. The revenue related to taxes is recorded when the underlying transaction occurs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts Receivable

Accounts receivable consists of amounts due from various entities: individuals and other state and local agencies located within the State of New Mexico for the sale of maps, brochures and other materials; and for other services performed by the Department. It is the policy of the Department to actively pursue collections of all valid accounts receivable and to comply with Article IV, Section 32 of the New Mexico Constitution that mandates that no amounts owed to the State can be exchanged, transferred, remitted, released or postponed. As a result of this policy, the Department does not write off any receivable balances and, instead, provides an allowance for uncollectible accounts. The Department has specific procedures in place for the treatment and collection of invoices past 30, 60, 90, and 120 days and, any receivables older than 120 days in which the Department deems uncollectible are moved to the allowance account at year end. A detail listing of all uncollectible accounts is maintained and uncollectible accounts are referred to the Department's legal department for possible legal collection actions. The balance of receivables (Note 3) deemed uncollectible through the end of FY21 was \$5,073,431 and a net total of \$252,132 was moved to the uncollectible account during the current fiscal year. A total of \$89,663 was recovered from the uncollectible account during the current fiscal year.

Severance Tax Bonds Proceeds Receivable

The State of New Mexico Legislature has authorized the State Board of Finance to issue and sell revenue bonds that are to be retired using future taxes levied against the extractive industries in the state. The proceeds from bonds sold are appropriated to the Department to be used for specific programs. Expenditures incurred by the Department for such programs are reimbursable from the State Board of Finance. The severance tax bonds proceeds receivable represents expenditures incurred by the Department, but not yet reimbursed by the State Board of Finance. Based on the Department of Finance and Administration's current accounting policies, the State Board of Finance transfers cash as expenditures are incurred by the Department and therefore there is no Severance Tax Bonds Proceeds Receivable as of June 30, 2021 (Note 11).

Notes and Loans Receivable

Notes and loans receivable represent loans to other governmental entities made by the State Infrastructure Bank. Loans are stated at their principal amount. Interest on loans is accrued based on the daily principal balance outstanding, except when a loan has been past due for 90 days. All loans are to governmental entities and secured by certain pledged revenues. The loans are being repaid in accordance with their loan agreements. Management's evaluation of the loan portfolio has determined that no allowance for uncollectible loans is required at June 30, 2021. There are no loans past due for more than 90 days as of the end of the fiscal year which require placement on non-accrual status (Note 4).

Due From Federal Agencies

Due from the Federal Agencies represents amounts billed and unbilled in accordance with the various grant agreements. The "billed" portion represents contract expenditures incurred and billed by the Department. The "unbilled" portion represents expenditures included in accounts payable that will be billed when paid by the Department. The "excess project costs" represents costs actually incurred on a project in excess of approved amounts. The Department provides for an allowance for uncollectible accounts in excess of project costs classification. The allowance is based on an analysis of amounts that are reasonably assured of collection (Note 5). There was no allowance for FY 2021. As expenditures are determined to be unallowable, this amount is classified as Due to the Federal Agencies until repaid.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Due From and Due To Other Funds

Due from/to other funds represent amounts due from and to other funds within the Department (Note 6) and are included in the governmental fund financial statements. Inter-fund transactions are eliminated in the accrual basis government-wide financial statements.

Due From and Due To Other State Agencies

Due from/to other state agencies represents amounts due from and due to other state agencies to the Department (Note 7) and are included in the governmental fund financial statements and accrual basis government-wide financial statements.

Due From and Due To Local Governments

Due from/to other local governments represents amounts due from and due to local governments to the Department (Note 8) and are included in the governmental fund financial statements and accrual basis government-wide financial statements.

Due to Component Units of the State

The amount represents payables due to Component Units of the State of New Mexico (Note 13) at the ACFR level and are included in the governmental fund financial statements and accrual basis government-wide financial statements.

Due to Higher Ed Institution

The amount represents payables due to Higher Education Institutions of the State of New Mexico (Note 14) and are included in the governmental fund financial statements and accrual basis government-wide financial statements.

Deficiency in SGFIP

The amount of negative cash balances in the State General Fund Investment Pool are reported as a deficiency in SGFIP liability by fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventory

Inventory is valued at cost using the first-in, first-out method. Special Revenue Fund inventory consists of materials used in the Department's operations.

The inventory costs are recorded as expenditures when consumed rather than when purchased. Reported inventories are equally offset in the nonspendable fund balance, which indicates that it does not constitute "available spendable resources" (Note 9) even though they are a component of current assets.

Prepaid Expense - NM 44 Warranty

The warranty represents the no-fault portion of three categories of costs that will meet performance criteria. The warranty costs associated with pavement, which originally cost \$36,100,000, is being amortized over 18 years. At the end of the fiscal year 2021 the total prepaid expense unamortized value was \$2,707,500. The structures, which originally cost \$29,480,471 are fully amortized.

Property Held for Resale

Property held for resale represents excess land acquired through condemnation and is recorded at the lower of its cost or estimated fair value. Reported property held for resale is equally offset by the non-spendable fund balance designation, which indicates that they do not constitute "available spendable resources" even though they are a component of assets.

Capital Assets

Capital assets, which include property, plant, equipment, software in the equipment category, and infrastructure assets (which is normally immovable and of value only to the state, such as roads, streets, tunnels and similar infrastructure items), are reported in the governmental activities columns in the government-wide financial statements. The Department has no internally developed software that requires capitalization. Capital assets defined in Section 12-6-10 NMSA 1978 requires agencies to capitalize expenditures for capital outlay greater than \$5,000. Assets purchased prior to June 17, 2005 were not removed and will continue to be depreciated. Purchased and constructed capital assets are valued at historical or estimated historical cost. The Department has not capitalized any construction period interest expense. Donated capital assets are recorded at their acquisition value at the date of acquisition plus ancillary charges, if any. Current year activity is shown in Note 10 to the financial statements.

The Department records as capital assets the specific roads, tunnels and other infrastructure it owns or over which it has primary responsibility for maintenance. According to the GASB, if the Department has the primary responsibility for the asset's maintenance, then the capital asset would be recorded on its books.

An estimated historical cost of the entire infrastructure on the Department's government-wide financial statements was determined as of June 2001. The Department calculated the replacement cost as of June 30, 2001 for its entire infrastructure and then deflated the cost by use of a construction price level index maintained by the Federal Highway Administration. Accumulated depreciation at June 30, 2001 was calculated based on the estimated historical cost of the infrastructure, estimated use of the assets and using a 25 to 30-year life of the infrastructure. The Department periodically reviews the estimated useful lives of infrastructure assets with the Department's engineers, project managers and other internal information.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - continued

The Department follows the depreciation method to record infrastructure assets. This method requires the Department to allocate the cost of infrastructure assets over their estimated useful lives as depreciation expense. Retirements of infrastructure assets and related accumulated depreciation will begin approximately mid-ways through the depreciable life of the infrastructure assets, (for example after 15 years for 30 year assets and after 12.5 years for 25 year assets). The depreciation method under the composite method, infrastructure assets are assumed to be retired at the end of their estimated useful life with no remaining net book value.

The infrastructure assets recorded at the implementation of GASB 34 (FY01) will follow the same retirement policy as others, however retirements on these FY01 additions will extend beyond depreciable lives based on the initial accumulated depreciation established in FY01. This difference is based on the need to retire these FY01 assets over the estimated useful lives on these assets of 25 to 30 years, consistent with all other infrastructure assets.

Infrastructure assets follow the depreciation method under the composite method, which are assumed to be retired at the end of their estimated useful life with no remaining net book value. Depreciation and retirements for infrastructure are determined at the composite group level, in which similar infrastructure assets (for example, interstate highways) or dissimilar assets of the same class (for example, all the roads and bridges) are combined for the purposes of calculating depreciation and retirement of infrastructure assets. NMDOT groups dissimilar assets of the same class for depreciation and retirement purposes.

The Department records its other capital assets (buildings, machinery and equipment) at historical cost and depreciates the assets over their estimated useful lives. Capital assets acquired in the current year in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements.

Capital assets of the Department are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and right-of-way land. Generally, estimated useful lives are as follows:

Machinery, Automobiles and Equipment	5 - 14 years
Buildings and Other Improvements	40 years
Infrastructure	25 - 30 years

Unearned Revenue

Unearned revenue is money received by a company, municipality or local entity for services that have not yet been provided. It can be thought of as a prepayment by a customer of the Department for services to be performed at a later date. The Department allows local entities to take advantage of opportunities where the local entity wants to maintain or improve local infrastructure, such as utilities or landscaping, in the same area the Department is providing construction services to a road. The Department requires that the entity prepay for their costs prior to the start of the project.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences

The Department accounts for the accumulated vacation and sick leave on the accrual basis in accordance with GASB 16. Accrued vacation up to 240 hours is recorded in the Statement of Net Position at 100% of the employee's hourly wage. In addition, accrued sick leave over 600 up to 720 hours less the amount classified as current is recorded in the Statement of Net Position at 50% of the employee's hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA). Employees exempt from coverage by FLSA earn one hour of compensatory time for each overtime hour. The accrual for compensated absences is calculated at pay rates in effect at June 30, 2021, and includes direct and incremental salary related payments, such as the employer's share of social security taxes.

Long-Term Obligations

Premiums, Discounts and Issuance Costs - In the government-wide financial statements, long-term debt and other long-term obligations are presented in the column for governmental and business-type activities. The same is presented in the proprietary fund financial statements. Bond and note premiums and discounts are deferred and amortized straight line over the life of the debt. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the governmental fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as other expenditures.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Net Investment in Capital Assets - is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position - are assets which have third-party (statutory or granting agency) limitation on their use. When there is an option, the Department spends restricted resources first.

Unrestricted Net Position - are all other net position that do not meet the definition of "restricted net position" or "net investment in capital assets."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Encumbrances

With the General Appropriations Act of 2020, Section 3, Subsection K establishing the modified accrual basis of accounting for governmental funds as the budgetary basis of accounting for the State of New Mexico, encumbrances related to single year appropriations lapse at fiscal year end. Appropriations for periods in excess of twelve months (multiple-year appropriations) lapse at the end of the appropriation period, the budget also lapses, and encumbrances can no longer be charged to that budget. Outstanding encumbrance balances for the Department's Severance Tax Bonds and Special Appropriations are shown in separate supplementary schedules. Significant unexpended encumbrance balances at June 30, 2021 for other multiple year appropriation periods are as follows:

STB Capital Outlay Fund	89200	\$ 2,194,550
GF Capital Outlay Fund	93100	124,758,889
		<u>\$ 126,953,439</u>

Nonspendable Fund Balance

The nonspendable category of fund balance consists of the net financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable categories of fund balances are summarized below:

Inventory - This category was created to represent the portion of fund balance that are noncash assets available for expenditures in future periods.

Property Held for Resale - This category was created to represent the portion of fund balance that are long-term noncash assets available for sale.

Prepaid Expenses - This category was created to represent disbursements made that cannot be reported as expenditures in the current period for GAAP purposes.

Restricted Fund Balance

The restricted category of fund balance consists of the net financial resources that are restricted by either: (a) external imposition by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or (b) imposition by law through constitutional provisions or enabling legislation.

Committed Fund Balance

The committed category of fund balance consists of the net financial resources that are constrained to be used for a specific purpose as established by the highest level of decision-making authority. This fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying these contractual requirements. The Department's highest level of decision-making authority is the State Transportation Commission.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Assigned Fund Balance

The assigned category of fund balance consists of the net financial resources that are constrained to be used for a specific purpose by the Department's intent but the constraint imposed does not satisfy the criteria to be classified as restricted or committed.

Unassigned Fund Balance

The unassigned category of fund balance consists of the net financial resources that are the least constrained. In the general fund, these are amounts that have not been restricted, committed or assigned to specific purposes. In other funds, they are negative fund balances that represent shortfalls which are covered by fund balances not restricted, committed or assigned to other specific purposes.

Pledged Revenue

The Department has pledged future gasoline excise taxes, motor vehicle registration fees, special fuel excise taxes, vehicle transactions fees, driver's license fees, oversize/overweight permit fees, trip (mileage) taxes, weight distance taxes, leased vehicle gross receipts taxes, tire recycling fees and FHWA revenues, to repay \$0.76 billion in State Transportation Revenue and Refunding Bonds issued between 2010 and 2021. Proceeds from the bonds provided funding for various transportation projects authorized by the State Legislature and that the Department has determined to be necessary or desirable, as well as to provide funds to refund and restructure certain outstanding bonds. The bonds are payable through 2032. Annual principal and interest payments on the bonds are expected to require less than 20% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$0.92 billion. Debt Service principal and interest paid for the current year and total pledged revenues were \$152,120,925 and \$939,096,160, respectively.

Use of Estimates

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

Eliminations

Total columns in the governmental fund financial statements are captioned "Total Governmental Funds" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operation or changes in financial position of the Department as a whole in conformity with generally accepted accounting principles. Eliminations of intra-fund transfers have not been made in the aggregation in the governmental fund financial statements. Due from/to other funds and intra-fund transfers have been eliminated in the government-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and/or Balance Sheet - Governmental Funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The Department has one item that qualifies for reporting in this category, the deferred loss on refunding (Note 15).

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

The Department reports deferred inflows of resources in the fund financial statements. Deferred inflows of resources arise when potential revenue does not meet both the "measureable" and "available" criteria for recognition in the current period (fund financial statements). Deferred inflows of resources also arise when resources are unearned by the Department and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the Department has a legal claim to the resources, the liability for deferred inflows of resources is removed from the applicable financial statement and revenue is recognized.

New Mexico Public Employees Retirement Association (PERA)

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico implemented the standard in FY15.

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Annual Comprehensive Financial Report (ACFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the ACFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

2. CASH AND CASH EQUIVALENTS

The Department has two types of cash equivalents--those that are deposited with the State Treasurer's Office and those that are held with trustees that are managed by NMFA.

Cash Equivalents on Deposit with State Treasurer's Office

As provided for in Chapter 8-6 of the New Mexico Statutes Annotated 1978, the State Treasurer shall receive and keep all monies of the state, except when otherwise provided, and shall disburse the public money upon lawful warrants. The State Treasurer's Office (STO) acts as the State's bank when agency cash receipts are deposited and later pooled into a statewide investment fund, also referred to as the State General Fund Investment Pool (SGFIP). In times when cash amounts are greater than immediate needs, the amounts are placed into short-term investments. When agencies make payments to vendors and employees, they are made from this pool and their claims on the pool are reduced.

The comprehensive cash reconciliation model which compares aggregated agency claims on the SGFIP to the associated resources held by the State Treasurer's Office has been completed for fiscal year 2021. This process has been previously reviewed and is analyzed annually, by the IPAs performing audits of the General Fund, the Department of Finance and Administration, and the State of New Mexico's Annual Financial Report. These reviews have deemed the process sound and the Department fully compliant with reconciliation requirements. The State Controller indicated on August 20, 2021 the following assertions:

- As of June 30, 2021, resources held in the pool were equivalent to the corresponding business unit claims on those resources
- All claims, as recorded in SHARE, shall be honored at face value.

The Department has established daily and monthly procedures that mitigate the risk of misstatement of the Department's balances within the Pool. In addition, as required by Section 6-5-2.1 (J) NMSA 1978, DFA/FCD is to complete, on a monthly basis, reconciliation with the balances and accounts kept by the state treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Department consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

The Department has established its own internal reconciliation policies and procedures to mitigate the risk that our cash balances would be misstated as of June 30, 2021. The Department is confident that our reconciliation process ensures all incoming and outgoing cash transactions are properly identified and that they are timely and accurately recorded in the financial system. Recording is not final until approved by the State Treasurer's Office who compares the recorded transactions against validated bank deposit slips provided to them by the State's Fiscal Agent Bank. Our agency then compares all deposits to financial system cash transaction and general ledger reports to ensure they have been properly and thoroughly recorded.

2. CASH AND CASH EQUIVALENTS - continued

Cash Equivalents on Deposit with State Treasurer's Office - continued

Similarly, incoming wire cash transfers and operating cash transfers originating outside our agency and received by the State's Fiscal Agent Bank are identified, reviewed and verified to ensure they are properly authorized, recorded, reported and reconciled to source documents. All outgoing cash transactions are pre-audited for compliance, accuracy and authority before they are approved, paid and recorded in the financial system. These transactions are then verified and reconciled to financial system cash transaction and general ledger reports to ensure they have been properly and thoroughly recorded. Finally, cash management is vital to the Department's daily operations and our agency's CFO monitors cash on an ongoing basis and performs analytical reviews for reasonableness, expected results and trends. Unusual balances and activities are researched and resolved to ensure the accuracy and integrity of our cash balances.

At June 30, 2021 the Department had the following invested in the General Fund Investment Pool:

General Fund Investment Pool	\$ 980,901,264
State Infrastructure Bank	10,981,996
	<u>\$ 991,883,260</u>

Interest Rate Risk. The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is the means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk. The New Mexico State Treasurer pools are not rated.

For additional GASB No. 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2021.

Concentration of Credit Risk. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk.

State law requires that repurchase agreements be secured by collateral with a market value greater than 102% of the value of the agreement. The securities are held by a third party in the Department's name. The fair value of the repurchase agreement approximates the cost at June 30, 2021.

2. CASH AND CASH EQUIVALENTS - continued

Cash Equivalents Managed by New Mexico Finance Authority

Money market funds are managed by New Mexico Finance Authority (fiscal agent) and held by State Treasurer authorized bank accounts at Bank of Albuquerque as trustees and paying agents for Department. The sources of funds are bond proceeds and other debt service requirements. These funds are invested in short-term money market accounts that invest in U.S. Treasury obligations and repurchase agreements collateralized by U.S. Treasury obligations in accordance with state law. The trustees are also permitted to purchase U.S. Treasury obligations.

At June 30, 2021 the Department had the following managed by NMFA held with Bank of Albuquerque:

Bank of Albuquerque, trustee account (Managed by NMFA)	\$ 9,254,148
--	--------------

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of failure of the counterparty, the Department will not be able to recover the value of its collateral securities that are in the possession of an outside party. All are fully collateralized and the collateral is held in the Department's name.

Credit Risk. The Authority's investments shall be in accordance with State Law, 6-10-10 and 6-10-10.1 NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips and U.S. Government.

Concentration of Credit Risk. Concentration of credit risk is defined as investments of more than 5% in any one issuer. The Department is not susceptible to concentration of credit risk.

Interest Rate Risk. Interest rate risk is the risk that interest rate fluctuations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the value of securities held in a collateral portfolio will decline if market interest rates rise. In this event, the financial institution is required to provide additional collateral necessary to comply with New Mexico State Statute. Therefore, funds are not susceptible to interest rate risk as they are all fully collateralized.

3. ACCOUNTS RECEIVABLE

The aging of accounts receivable as of June 30, 2021 is as follows:

<u>Number of Days Outstanding</u>	
0 - 30	\$ 1,299,677
31 - 60	79,198
61 - 90	190,089
91 - 120	19,905
Beyond 120	5,141,953
	<u>6,730,822</u>
Allowance for uncollectible accounts	(5,073,431)
	<u><u>\$ 1,657,391</u></u>

4. NOTES AND LOANS RECEIVABLE

Loans receivable funded by the State Infrastructure Bank consist of the following:

	<u>Short-term</u>	<u>Long-term</u>
A ten (10) year note receivable from the Town of Peralta secured by property taxes and sewer funds	\$ 89,591	\$ 274,185
A seventeen (17) year note receivable from Rio Metro Regional Transit District secured by gross receipts tax	-	10,900,000
	<u>\$ 89,591</u>	<u>\$ 11,174,185</u>

5. DUE FROM FEDERAL AGENCIES

Due from Federal Agencies consists of the following at June 30, 2021:

<u>Agency</u>			
USDHS			
Federal Emergency Management Agency	\$	3,289,234	
Total USDHS			\$ 3,289,234
USDOT			
Federal Highway Administration		107,785,547	
Other USDOT Agencies		15,222,282	
Total USDOT			123,007,829
Total Due From Federal Agencies			\$ 126,297,063

6. DUE FROM AND DUE TO OTHER FUNDS

These amounts represent interfund receivables and payables arising from the interfund transactions within the Department. Due from/to other funds occur for the following reasons:

- 1) One Fund pays expenditures on behalf of other funds
- 2) One Fund receives revenue on behalf of other funds

Interfund receivables and payables as of June 30, 2021 consist of the following:

	Fund Number	Due From Other Funds	Due to Other Funds	Net (Sub-totals only)
General Funds:				
State Road Fund(s)	10040 and 20100	\$ 60	\$ -	
Total General Funds		60	-	\$ 60
Debt Service Funds:				
2020A Bond Debt Service Fund	68320	-	60	
Total Debt Service Funds		-	60	(60)
Total Interfund Receivables and Payables		\$ 60	\$ 60	\$ -
Total Governmental – net				-
Total All Funds				\$ -

7. DUE FROM AND DUE TO OTHER STATE AGENCIES

Due From Other State Agencies

Fund Description	Fund Number	Sub-total	Total	Business Unit	Fund Affiliate
State Road Fund(s)	10040 / 20100	\$ 23,312,779		33300	82500
		20,704,142		33300	82800
HIF Bond Fund	20200	593,134		33300	83200
Local Government Road Fund	20300	1,905,491		33300	82800
		197,711		33300	83200
State Aviation Fund	20500	39,265		33300	82800
		389,659		33300	83200
Total taxes due from Taxation and Revenue Department			\$ 47,142,181		
Total Government-wide			\$ 47,142,181		

Due To Other State Agencies

Fund Description	Fund Number	Sub-total	Total	Business Unit	Fund Affiliate
State Road Fund(s)	10040 / 20100	\$ 71,089		79000	12802
		4,932		79000	12804
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	112,212		79000	12802
		76,477		79000	12804
Total grant expenses due to Department of Public Safety			\$ 264,710		
Total Government-wide			\$ 264,710		

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE TO LOCAL GOVERNMENTS

Due To Local Governments

Fund Description	Fund Number	Due To	Total
Governmental Funds			
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	Bernalillo County	\$ 103,295
		Board of Commissioners	6,856
		City of Albuquerque	48,067
		City of Anthony	155
		City of Aztec	528
		City of Belen	1,072
		City of Bloomfield	977
		City of Farmington	4,409
		City of Hobbs	3,082
		City of Moriarty	577
		City of Portales	3,332
		City of Rio Rancho	10,004
		City of Santa Fe	1,748
		City of Sunland Park	300
		County of Eddy	1,220
		County of Luna	1,174
		County of McKinley	36,144
		County of Otero	1,255
		County of Sandoval	28,069
		County of Torrance	122
		Dona Ana County	2,657
		Lea County	7,996
		Ohkay Owingeh Pueblo	564
		San Juan County	4,206
		San Miguel County	5,159
		Santa Fe County	15,213
		Socorro County	817
		Town of Grants	597
		Village of Bosque Farms	1,256
		Village of Ruidoso	1,094
Federal Planning & Development Fund	10030	Board of Commissioners	82,991
		City of Carlsbad	57,001
		City of Farmington	18,681
		City of Hobbs	65,493
		City of Portales	17,986
		City of Roswell	240,147

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE TO LOCAL GOVERNMENTS - continued

Due To Local Governments - continued

Fund Description	Fund Number	Due To	Total
Governmental Funds			
Federal Planning & Development Fund	10030	City of Socorro	\$ 33,674
		Grant, County of	64,347
		Incorporated County of Los Alamos	368,443
		Mid-Region Council of Governments	75,583
		NM Transit Association	8,570
		North Central Regional Transit District	836,297
		Pueblo of Laguna	14,800
		Pueblo of Zuni	29,698
		Rio Metro Regional Transit District	156,664
		South Central Regional Transit	68,917
		The Navajo Nation	114,649
		Town of Red River	15,093
		Village of Milan	17,080
State Road Fund(s)	10040 and 20100	Bernalillo County	4,500
		Board of Commissions	152,527
		Catron County	345
		City of Alamogordo	901
		City of Albuquerque	232,533
		City of Anthony	103
		City of Artesia	178
		City of Aztec	790
		City of Belen	44,916
		City of Bloomfield	1,304
		City of Carlsbad	459
		City of Clovis	1,625
		City of Deming	3,347
		City of Espanola	81
		City of Eunice	681
		City of Farmington	34,946
		City of Gallup	2,121
		City of Jal	2,254
		City of Las Vegas	7,859
		City of Lordsburg	1,803
		City of Moriarty	205
		City of Portales	1,239
		City of Rio Rancho	372,698

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE TO LOCAL GOVERNMENTS - continued

Due To Local Governments - continued

Fund Description	Fund Number	Due To	Total
Governmental Funds			
State Road Fund(s)	10040 and 20100	City of Roswell	\$ 3,246
		City of Ruidoso Downs	1,214
		City of Santa Fe	100,085
		City of Santa Rosa	2,376
		City of Socorro	3,703
		City of Sunland Park	126
		City of Truth or Consequences	2,867
		City of Tucumcari	134
		County of Cibola	96,024
		County of Eddy	204
		County of Lincoln	1,592
		County of Luna	5,248
		County of McKinley	30,354
		County of Mora	30
		County of Roosevelt	92
		County of Sandoval	100
		County of Union	78
		County of Valencia	704,121
		Curry County	25
		Dona Ana County	42,676
		Eastern Plains Council of Governments	18,840
		El Paso Metropolitan Planning Org.	72,022
		Guadalupe County	1,872
		Hidalgo County	279
		Incorporated County of Los Alamos	622,722
		Lea County	1,541
		Mid-Region Council of Governments	373,326
		Rio Metro Regional Transit District	173,253
		San Juan County	5,151
		Santa Ana Pueblo	706
		Santa Fe County	384
		Socorro County	475
		South Central Council of Governments	20,286
		The Navajo Nation	8
		Town of Bernalillo	2,079
		Town of Carrizozo	89

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE TO LOCAL GOVERNMENTS - continued

Due To Local Governments - continued

Fund Description	Fund Number	Due To	Total
Governmental Funds			
State Road Fund(s)	10040 and 20100	Town of Clayton	\$ 1,237
		Town of Estancia	587
		Town of Hagerman	655
		Town of Hurley	147
		Town of Mountainair	407
		Town of Silver City	7,089
		Town of Springer	88
		Town of Taos	150
		Town of Tatum	20
		Town of Vaughn	421
		Village of Bosque Farms	132
		Village of Capitan	128
		Village of Cimarron	195
		Village of Corona	81
		Village of Corrales	425
		Village of Cuba	539
		Village of Des Moines	48
		Village of Eagle Nest	150
		Village of Hatch	1,334
		Village of Hope	71
		Village of Jemez Springs	159
		Village of Logan	453
		Village of Los Lunas	2,160
		Village of Magdalena	81
		Village of Milan	3,732
		Village of Questa	89
		Village of Roy	52
		Village of Ruidoso	29,602
		Village of San Jon	447
		Village of San Ysidro	101
		Village of Santa Clara	396
		Village of Tijeras	31
		Village of Wagon Mound	94
Local Government Road Fund	20300	City of Eunice	110,000
		City of Roswell	161,582
		Town of Springer	51,052
		Village of San Ysidro	73,460

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE TO LOCAL GOVERNMENTS - continued

Due To Local Governments - continued

Fund Description	Fund Number	Due To	Total
Governmental Funds			
State Aviation Fund	20500	City of Albuquerque	815
		City of Raton	10,153
		Lea County	162
		Town of Clayton	75,921
STB Capital Outlay Fund	89200	Board of Commissioners	37,838
		City of Albuquerque	166,451
		City of Portales	3,522
		Dona Ana County	391,432
		Town of Grants	175,000
		Village of Corona	45,503
GF Capital Outlay	93100	Bernalillo County	4,643
		Board of Commissioners	539
		City of Albuquerque	103,257
		City of Deming	45,226
		City of Portales	9,169
		Dona Ana County	81,358
		Pueblo of Isleta	51,082
		Quay County	50
		The Navajo Nation	73,246
		Town of Grants	452,001
		Town of Mesilla	75,000
Total Governmental Funds			<u>7,982,565</u>
Total Enterprise Funds			<u>-</u>
Total Government-wide			<u><u>\$ 7,982,565</u></u>

9. INVENTORIES

Inventory as of June 30, 2021 consists of the following:

Highway maintenance materials stockpiled	\$ 8,233,244
Repair parts and expendable supplies	5,912,385
Fuel, oil and lubricants	<u>621,403</u>
	<u>\$ 14,767,032</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

10. CAPITAL ASSETS

A summary of changes in capital assets for fiscal year ended June 30, 2021 follows:

	Beginning Balance June 30, 2020	Additions	Adjustments & Transfers	Retirements
Non-Depreciable Assets:				
Construction in Progress	\$ 500,043,922	\$ 453,480,664	\$ -	\$ -
Rail System Infrastructure - Right of Way	72,204,581	-	-	-
Land	5,215,358	-	-	-
Right of Way	443,869,656	-	-	(21,273)
Total Non-Depreciable Assets	1,021,333,517	453,480,664	-	(21,273)
Depreciable Assets:				
Infrastructure	13,238,682,546	-	-	(1,232,921,478)
Automotive and Major Road Fund Equipment	252,223,527	3,125,524	33,449	-
Rail System Infrastructure	373,559,062	-	-	-
Buildings	53,465,722	12,493,337	-	-
Equipment and Furniture	47,732,643	18,965,180	-	(86,933)
Library	113,566	-	-	-
Total Depreciable Assets	13,965,777,066	34,584,041	33,449	(1,233,008,411)
Total Assets	14,987,110,583	488,064,705	33,449	(1,233,029,684)
Less Accumulated Depreciation:				
Infrastructure	(9,175,613,922)	(396,221,116)	-	1,232,921,478
Automotive and Major Road Fund Equipment	(183,273,478)	(11,641,773)	(24,108)	-
Rail System Infrastructure	(181,204,180)	(14,943,062)	-	-
Buildings	(34,085,929)	(980,430)	-	-
Equipment and Furniture	(24,047,966)	(5,072,278)	-	86,933
Library	(111,051)	(1,565)	-	-
Total Accumulated Depreciation	(9,598,336,526)	(428,860,224)	(24,108)	1,233,008,411
Net Total	\$ 5,388,774,057	\$ 59,204,481	\$ 9,341	\$ (21,273)

There were no software costs to capitalize as of year-end. Depreciation and amortization was allocated to the following functions:

Depreciation:

Programs and infrastructure	\$ 396,488,544
Transportation and highway operations	16,557,664
Program support	820,598
Modal	14,993,418
	428,860,224

Amortization

	2,707,500
Total Depreciation and Amortization	\$ 431,567,724

10. CAPITAL ASSETS - continued

CIP Reclassifications	Ending Balance June 30, 2021
\$ (311,310,729)	\$ 642,213,857
-	72,204,581
-	5,215,358
3,431,141	447,279,524
(307,879,588)	1,166,913,320
307,439,334	12,313,200,402
-	255,382,500
-	373,559,062
-	65,959,059
440,254	67,051,144
-	113,566
307,879,588	13,075,265,733
-	14,242,179,053
-	(8,338,913,560)
-	(194,939,359)
-	(196,147,242)
-	(35,066,359)
-	(29,033,311)
-	(112,616)
-	(8,794,212,447)
\$ -	\$ 5,447,966,606

The Department had major contractual commitments related to various capital projects as of June 30, 2021 for the construction of various highway projects related to construction in progress. At June 30, 2021 the Department had spent \$642,213,857 on these projects and had remaining contractual commitments with contractors of \$377,573,890. These projects are funded through the State Road Fund, federal funds, severance tax fund and general fund.

11. STB CAPITAL OUTLAY FUND

Severance tax bond proceeds as of June 30, 2021, appropriated to the Department, were held by the State Board of Finance to reimburse expenditures incurred by the Department. The activity of this account is as follows:

Balance, beginning of year	\$ 20,847,414
Sale and reauthorization of severance tax bonds	54,474,209
Funding received from the State Board of Finance	(2,975,367)
Reversion to the State Board of Finance (Budget only)	<u>(24,818)</u>
Balance, end of year	<u>\$ 72,321,438</u>

The funding for the year ended June 30, 2021 was received under the Laws of 2014, Chapter 66; Laws of 2016, Chapter 81; Laws of 2018, Chapter 80; Laws of 2019, Chapter 280; Laws of 2020, Chapters 81 and 82; and Laws of 2021, Chapters 138 and 139 .

The State of New Mexico Legislature has authorized the State Board of Finance to issue and sell revenue bonds that are to be retired using future taxes levied against the extractive industries in the state. The proceeds from bonds sold are appropriated to the Department to be used for specific programs and are recorded as revenues by the Department. Expenditures incurred by the Department for such programs are reimbursable from the State Board of Finance. The Department of Finance and Administration revised the accounting policy for the State regarding Severance Tax Bond draws, as a result the Department did not record inter-agency receivables and payables for year end accruals instead adjusting inter-agency Cash equivalents - Investment in SGFIP.

12. TRANSFERS

Transfers within the Agency

	Fund Number		Transfers In	Transfers Out	Net (Sub-totals only)
General Funds:					
State Road Fund(s)	10040 / 20100	(2)	\$ -	\$ 230,643	
Total General Funds			-	230,643	\$ (230,643)
Debt Service Funds:					
2010A Bond Debt Service Fund	11140	(1)	-	49,673	
2010B Bond Debt Service Fund	20450	(1)	-	836,635	
2014A Bond Debt Service Fund	11960	(2)	230,643	-	
2020A Bond Debt Service Fund	68320	(1)	886,308	-	
Total Debt Service Funds			1,116,951	886,308	230,643
			\$ 1,116,951	\$ 1,116,951	\$ -
Total Governmental – net					\$ -
Total Enterprise Funds – net					-
Total Transfers within the Agency					\$ -

(1) 2020A Refunding transfers of residual Bank of Albuquerque balances and clearing of related Due To/From Funds

(2) Residual 2006 Rebate funds transfer to to 2014A Bond Debt Service Fund - SHARE 11960

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

12. TRANSFERS - continued

Transfers outside the Agency

	Fund Number		Transfers In	Transfers Out	Net (Sub-totals only)
General Funds:					
State Road Fund(s)	10040 / 20100	(8)	\$ -	\$ (10,000,000)	
		(9)	-	(10,000,000)	
		(16)	6,071,900	-	
Total General Funds			6,071,900	(20,000,000)	\$ (13,928,100)
Special Revenue Funds:					
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	(7)	300,000	-	
Total Special Revenue Funds			300,000	-	300,000
Debt Service Funds:					
2020A Bond Debt Service Fund	68320	(18)	63,180,000	-	
		(19)	8,727,192	-	
		(20)	-	71,382,855	
Total Debt Service Funds			71,907,192	71,382,855	524,337
Capital Projects Funds:					
STB Capital Outlay Fund	89200	(3)	2,400,993	-	
		(4)	361,434	-	
		(5)	58,053	-	
		(6)	154,887	-	
			2,975,367	-	2,975,367

- (3) State Board of Finance Severance Tax Bond Laws of 2018, HB306, Ch 80, Sec 32
- (4) State Board of Finance Severance Tax Bond Laws of 2019, HB568, Ch 280, Various Sections
- (5) State Board of Finance Severance Tax Bond Laws of 2020, Ch 81, Sec 38
- (6) State Board of Finance Severance Tax Bond Laws of 2020, Ch 82, Various Sections
- (7) Transfer from Department of Finance and Administration for DWI Program as per section 11-6A-3, NMSA 1978
- (8) Transfer to Energy, Minerals and Natural Resources Department for HB2, Section 5, Laws of 2018 For Carlsbad brine well remediation fund - \$10,000,000 per year 2019, 2020, 2021
- (9) Transfer to Energy, Minerals and Natural Resources Department for HB2, Section 12, E (44), Laws of 2020 For Carlsbad brine well remediation fund - \$10,000,000
- (10) Transfer from the General Fund for Laws 2020, HB2, Chapter 83, Section 9 (p. 221)
- (11) Transfer from the General Fund for Laws 2020, HB349, Chapter 81, Section 75, Item 10 (p. 279)
- (12) Transfer from the General Fund for Laws 2020, HB349, Chapter 81, Section 75, Item 11 (p. 279)

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

12. TRANSFERS - continued

Transfers outside the Agency - continued

	Fund Number		Transfers In	Transfers Out	Net (Sub-totals only)
Capital Projects Funds (continued):					
GF Capital Outlay Fund	93100	(10)	135,000,000	-	
		(11)	25,000	-	
		(12)	30,000	-	
		(13)	170,000,000	-	
		(14)	121,000,000	-	
		(15)	600,000	-	
		(17)	-	(110,000)	
Total Capital Projects Funds			429,630,367	(110,000)	429,520,367

Summary

Total General Funds - net	\$ (13,928,100)
Total Special Revenue Funds - net	300,000
Total Debt Service Funds - net	524,337
Total Capital Projects Funds - net	429,520,367
Total Governmental – net	416,416,604
Total Enterprise Funds – net	-
Total Transfers outside the Agency	416,416,604
Government-wide adjustments	(524,337)
Total Government-wide - Statement of Activities	\$ 415,892,267

- (13) Transfer from the General Fund for Laws 2021, HB2, Chapter 137, Section 9/(1) (p. 213)
- (14) Transfer from the General Fund for Laws 2021, HB2, Chapter 137, Section 9/(2) (p. 215)
- (15) Transfer from the General Fund for Laws 2021, HB285, Chapter 138, Section 51 (p. 222)
- (16) Transfer from the Taxation and Revenue Department for Laws 2020, HB2, Chapter 83, Section 4 (p. 24) for the Modal program
- (17) Laws of 2021, HB296, Section 5 for Department A19D3295 moving appropriation from NMDOT to DFA Local Govt
- (18) Receipt of Principal on 2020A Refunding Revenue Bonds
- (19) Receipt of Premium on 2020A Refunding Revenue Bonds
- (20) Transfer of proceeds on 2020A Refunding Revenue Bonds to refund 2010A and 2010B Revenue and Refundings Bonds

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

13. DUE TO COMPONENT UNITS OF THE STATE

Fund Description	Fund Number	Due To	Total
State Road Fund(s)	10040 and 20100	New Mexico Finance Authority	\$ 135,807
Total Government-wide			<u>\$ 135,807</u>

14. DUE TO HIGHER ED INSTITUTION

Fund Description	Fund Number	Due To	Total
Governmental Funds			
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	The University of New Mexico	\$ 135,627
State Road Fund(s)	10040 and 20100	Eastern New Mexico University	130
		New Mexico Institute of Mining & Tech	65,154
		Regents of NMSU	353,294
		The University of New Mexico	<u>292,738</u>
Total Government-wide			<u>\$ 846,943</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

15. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2021:

Governmental Activities	Balance at June 30, 2020	Increase	Decrease	Ending Balance June 30, 2021	Amounts due within one year
2010A Refunding Bonds	\$ 42,390,000	\$ -	\$ (42,390,000)	\$ -	\$ -
2010B Refunding Bonds	128,245,000	-	(128,245,000)	-	-
2012A Refunding Bonds	159,055,000	-	(4,965,000)	154,090,000	103,130,000
2014A Revenue Bonds	58,325,000	-	(2,750,000)	55,575,000	-
2014B Refunding Bonds	74,890,000	-	(1,660,000)	73,230,000	1,740,000
2018A Refunding Bonds	418,155,000	-	(630,000)	417,525,000	12,705,000
2020A Refunding Bonds	-	63,180,000	-	63,180,000	3,595,000
Debentures	881,060,000	63,180,000	(180,640,000)	763,600,000	121,170,000
Compensated absences payable	8,386,470	8,175,811	(6,481,063)	10,081,218	10,081,218
Total obligations	889,446,470	\$ 71,355,811	\$ (187,121,063)	773,681,218	\$ 131,251,218
Less current portion	(119,126,470)			(131,251,218)	
Net long-term obligations	<u>\$ 770,320,000</u>			<u>\$ 642,430,000</u>	
Unamortized bond premium	\$ 125,549,008	\$ 8,727,192	\$ (45,101,127)	\$ 89,175,073	\$ 12,628,412

As discussed in Note 1, Deferred amount on refunding is presented as a deferred outflow of resources on the financial statements and is not presented net of related debentures.

Governmental Activities	Balance at June 30, 2020	Increase	Decrease	Ending Balance June 30, 2021
Deferred loss on refunding	\$ 60,211,659	\$ 1,482,855	\$ (24,333,544)	\$ 37,360,970

The State Road Fund (#20100) is used to liquidate other long-term liabilities, such as compensated absences and capital leases. The Department is authorized to issue bonds from time to time, payable from the proceeds of the collection of gasoline excise taxes, motor vehicle registration fees, and other fees that are required by law to be paid into the State Road Fund and not otherwise pledged solely to the payment of outstanding bonds and debentures. The total aggregate outstanding bonds issued are in accordance with the authorizing legislation for the bonds and other debt with the approval of the State Board of Finance, which includes Section 67-3-59.1 of the New Mexico Statutes Annotated (NMSA) (1978), as amended; and the Supplemental Public Securities Act constituting Sections 6-15-8 through 6-14-11 of the NMSA (1978), as amended.

15. LONG-TERM OBLIGATIONS - continued

Refundings

NMFA, on behalf of the Department, has issued multiple series of refunding bonds in prior years to advance refund certain older debt issues of the Department. The net proceeds of those issuances less any new amounts borrowed plus, at times, additional funds provided by the Department, were used to purchase U.S. Governmental securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the older debt issues. As a result, the advance refundings of the older debt are considered to be defeased and the liability for those bonds has been removed from long-term obligations. As of June 30, 2021, there were no bonds outstanding that were considered defeased in substance.

The cumulative deferred amount on the refundings of \$37,360,970, recorded as a deferred outflow, is the difference between the reacquisition price (funds required to refund the old debt including call provisions) and the net carrying amount of the old debt. The deferred amount on the refunding is recorded to the government-wide financial statements and is required to be amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Line of Credit

There were no outstanding amounts on the line of credit at the end of the fiscal year, with \$0 beginning balance, no amounts borrowed and \$0 repaid during the year. The Department's unused line of credit is \$50,000,000.

Termination Risk

The Department's debt issuances do not have any terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, or (3) subjective acceleration clauses.

Direct Borrowings

The Department does not have any direct borrowings or direct placements of debt.

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA

The following bonds were issued by the New Mexico Finance Authority (Authority) in an agency capacity on behalf of the Department of Transportation during the fiscal year:

Series 2010A Revenue and Refundings

The Department issued \$174,625,000 NMFA State Transportation Revenue and Refunding Revenue Bonds (Subordinate and Senior Lien) Series 2010A in September 2010. The gross proceeds to the Department were \$200,494,152 including an original issuance premium of \$26,745,858. The cost of issuance, including the underwriters' discount, was \$1,320,666.

The Bonds are payable solely from and secured by federal funds not otherwise obligated that are paid into the State Road Fund, proceeds of the collection of taxes and fees that are required to be paid into the State Road Fund and not otherwise pledged exclusively to the payment of outstanding bonds and debentures, and taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Bonds were engaged in through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds for the purpose of financing projects administered by the New Mexico Department of Transportation. Those projects are part of the GRIP plan to upgrade and improve highways throughout the State and to develop a broad based, intermodal transportation plan that includes light rail, commuter rail, park and ride, airport improvements, bike paths and hiking trails.

In October 2020, \$32,920,000 was partially refunded by the 2020A Refunding Revenue Bonds.

In December 2020, the Series 2010A Revenue and Refundings Bonds were retired with the final payment of the remaining principal balance due.

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2010B Revenue and Refundings

The Department issued \$461,075,000 NMFA State Transportation Refunding Revenue Bonds (Senior Lien) Series 2010B in October 2010. The gross proceeds to the Department were \$543,315,911 including an original issuance premium of \$84,632,805. The cost of issuance, including the underwriters' discount, was \$3,096,740.

The Bonds are payable solely from and secured by federal funds not otherwise obligated that are paid into the State Road Fund, proceeds of the collection of taxes and fees that are required to be paid into the State Road Fund and not otherwise pledged exclusively to the payment of outstanding bonds and debentures, and taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Bonds were engaged in through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds for the purpose of financing projects administered by the New Mexico Department of Transportation. Those projects are part of the GRIP plan to upgrade and improve highways throughout the State and to develop a broad based, intermodal transportation plan that includes light rail, commuter rail, park and ride, airport improvements, bike paths and hiking trails.

In October 2020, \$36,980,000 was partially refunded by the 2020A Refunding Revenue Bonds.

In June 2021, the Series 2010B Revenue and Refundings Bonds were retired with the final revised payment of the remaining principal balance due.

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2012A Revenue and Refundings

The Department issued \$220,400,000 NMFA State Transportation Refunding Revenue Bonds (Senior Lien) Series 2012A in December 2012. The gross proceeds to the Department were \$261,769,370 including an original issuance premium of \$42,693,105. The cost of issuance, including the underwriters' discount, was \$1,259,026.

Proceeds from the sale of the Series 2012A Bonds, together with other legally available funds from current year principal set asides, were used to refund (i) all of the New Mexico State Highway Commission Highway Infrastructure Fund Revenue Bonds, in the amount of \$5,930,000 (The "Series 2002C Bonds"), (ii) all of the New Mexico State Transportation Commission Senior Subordinate Lien Tax Revenue Highway Bonds, in the amount of \$1,575,000 (The "Series 2002D Bonds"), (iii) a portion of the Authority State Transportation Revenue Bonds totaling \$167,695,000 of the aggregate amount of \$248,310,000 (The "Series 2004A GRIP Bonds"), and (iv) a portion of the Authority State Transportation Revenue Bonds totaling \$66,040,000 of the aggregate amount of \$149,760,000 (The "Series 2006A GRIP Bonds"). Proceeds from the Series 2012A Bonds were also used to pay costs of issuing the Series 2012A Bonds.

Principal of the Bonds is payable as follows on June 15. Interest, with rates ranging from 1.25% to 5.00% per annum, is payable semi-annually on June 15 and December 15 through the year 2026.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$13,446,650, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2012A Refunding:			
2022	\$ 103,130,000	\$ 6,831,150	\$ 109,961,150
2023	4,150,000	2,066,650	6,216,650
2024	2,825,000	1,900,650	4,725,650
2025	21,765,000	1,759,400	23,524,400
2026	22,220,000	888,800	23,108,800
Total	<u>\$ 154,090,000</u>	<u>\$ 13,446,650</u>	<u>\$ 167,536,650</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2014A Revenue

The Department issued \$70,110,000 NMFA State Transportation Highway Revenue Bonds (Subordinate Lien) Series 2014A in March 2014. The gross proceeds to the Department were \$80,001,236 including an original issuance premium of \$10,532,347. The cost of issuance, including the underwriters' discount, was \$470,989.

The Bonds are payable solely from and secured by federal funds not otherwise obligated that are paid into the State Road Fund, proceeds of the collection of taxes and fees that are required to be paid into the State Road Fund and not otherwise pledged exclusively to the payment of outstanding bonds and debentures, and taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Bonds were engaged in through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds for the purpose of financing projects administered by the New Mexico Department of Transportation. Those projects are part of the financing plan to upgrade and improve highways throughout the State and to develop a broad based, intermodal transportation plan that includes light rail, commuter rail, park and ride, airport improvements, bike paths and hiking trails. Proceeds from the Series 2014A Bonds were also used to pay costs of issuing the Series 2014A Bonds.

Principal of the Bonds is payable as follows on June 15. Interest, with a rate of 5.00% per annum, is payable semi-annually on June 15 and December 15 through the year 2032.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$21,433,250, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2014A Revenue:			
2022	\$ -	\$ 2,778,750	\$ 2,778,750
2023	-	2,778,750	2,778,750
2024	-	2,778,750	2,778,750
2025	5,695,000	2,778,750	8,473,750
2026	6,080,000	2,494,000	8,574,000
2027-2031	36,980,000	7,483,250	44,463,250
2032	6,820,000	341,000	7,161,000
Total	<u>\$ 55,575,000</u>	<u>\$ 21,433,250</u>	<u>\$ 77,008,250</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2014B Revenue and Refundings

The Department issued \$79,405,000 NMFA State Transportation Refunding Revenue Bonds (Subordinate and Senior Lien) Series 2014B in December 2014. The gross proceeds to the Department were \$95,763,847 including an original issuance premium of \$17,026,113. The cost of issuance, including the underwriters' discount, was \$523,811.

Proceeds from the sale of the Series 2014B Bonds were used to refund (i) a portion of the Authority State Transportation Revenue Bonds totaling \$68,250,000 of the aggregate amount of \$83,270,000 (The "Series 2006A GRIP Bonds"), and (ii) a portion of the Authority State Transportation Revenue Bonds totaling \$19,775,000 of the aggregate amount of \$24,085,000 (The "Series 2006B GRIP Bonds"). Proceeds from the Series 2014B Bonds were also used to pay costs of issuing the Series 2014B Bonds.

Principal of the Bonds is payable as follows on June 15. Interest, with a rate of 5.00% per annum, is payable semi-annually on June 15 and December 15 through the year 2027.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$20,572,500, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2014B Refunding:			
2022	\$ 1,740,000	\$ 3,661,500	\$ 5,401,500
2023	1,830,000	3,574,500	5,404,500
2024	1,920,000	3,483,000	5,403,000
2025	2,015,000	3,387,000	5,402,000
2026	2,120,000	3,286,250	5,406,250
2027	63,605,000	3,180,250	66,785,250
Total	<u>\$ 73,230,000</u>	<u>\$ 20,572,500</u>	<u>\$ 93,802,500</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2018A Revenue and Refundings

The Department issued \$420,090,000 NMFA State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2018A in June 2018. The gross proceeds to the Department were \$487,888,671 including an original issuance premium of \$69,235,049. The cost of issuance, including the underwriters' discount, was \$1,423,438.

Proceeds from the sale of the Series 2018A Bonds were used to refund (i) the total balance of the NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008A (The "Series 2008A GRIP Bonds"), in the amount of \$115,200,000 (ii) the total balance of the NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008B (The "Series 2008B GRIP Bonds"), in the amount of \$220,000,000 and (iii) the total balance of the NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008C (The "Series 2008C GRIP Bonds"), in the amount of \$84,800,000. Proceeds from the Series 2018A Bonds were also used to pay costs of issuing the Series 2018A Bonds.

Principal of the Bonds is payable as follows on June 15. Interest, with a rate of 5.00% per annum, is payable semi-annually on June 15 and December 15 through the year 2030.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$89,420,750, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2018A Refunding:			
2022	\$ 12,705,000	\$ 20,876,250	\$ 33,581,250
2023	83,805,000	20,241,000	104,046,000
2024	142,060,000	16,050,750	158,110,750
2025	21,665,000	8,947,750	30,612,750
2026	29,795,000	7,864,500	37,659,500
2027-2030	<u>127,495,000</u>	<u>15,440,500</u>	<u>142,935,500</u>
Total	<u>\$ 417,525,000</u>	<u>\$ 89,420,750</u>	<u>\$ 506,945,750</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2020A Refunding Bonds

The Department issued \$63,180,000 NMFA State Transportation Refunding Revenue Bonds (Senior Lien) Series 2020A in October 2020. The gross proceeds to the Department were \$71,907,192 including an original issuance premium of \$8,727,192. The cost of issuance, including the underwriters' discount, was \$524,337.

Proceeds from the sale of the Series 2020A Bonds were used to refund (i) a portion of the balance of the NMFA State Transportation Revenue and Refunding Revenue Bonds (Subordinate and Senior Lien) Series 2010A (The "Series 2010A Refunding Bonds"), in the amount of \$32,920,000 and (ii) a portion of the balance of the NMFA State Transportation Refunding Revenue Bonds (Senior Lien) Series 2010B (The "Series 2010B Refunding Bonds"), in the amount of \$36,980,000. Proceeds from the Series 2020A Bonds were also used to pay costs of issuing the Series 2020A Bonds.

Principal of the Bonds is payable as follows on June 15. Interest, with a rate of 5.0% per annum, is payable semi-annually on June 15 and December 15 through the year 2025.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$7,356,500, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2020A Refunding:			
2022	\$ 3,595,000	\$ 3,159,000	\$ 6,754,000
2023	41,935,000	2,979,250	44,914,250
2024	10,935,000	882,500	11,817,500
2025	6,715,000	335,750	7,050,750
Total	<u>\$ 63,180,000</u>	<u>\$ 7,356,500</u>	<u>\$ 70,536,500</u>

15. LONG-TERM OBLIGATIONS - continued

Total future principal and interest obligation repayments for all long-term payables are as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2022	\$ 158,476,650
2023	163,360,150
2024	182,835,650
2025	75,063,650
2026	74,748,550
2027-2031	254,184,000
2032	7,161,000
Total	\$ 915,829,650

Long-Term Debt Interest Expense

The total amount of interest expense included in direct expenses in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds is \$41,380,925 for the year-ended June 30, 2021.

Capital Leases

There are no future minimum lease obligations to report as of June 30, 2021.

Compensated Absences

An obligation amounting to \$10,081,218 at June 30, 2021 has been recorded to the government-wide financial statements representing the Department's commitment for accrued vacation, sick leave and other compensated absences.

16. NEGATIVE FUND BALANCES

The Department had negative fund balances at the end of the fiscal year as follows:

Fund 10010: Federal Traffic Safety Fund \$961,257

This amount represents deferred inflows that will be billed and received in the subsequent fiscal year.

Fund 10030: Federal Planning and Development Fund \$282,068

This amount represents deferred inflows that will be billed and received in the subsequent fiscal year.

Fund 10040 / 20100: State Road Fund(s) \$60,577,556 (Unassigned negative portion of fund balance)

This amount represents deferred inflows that will be billed and received in the subsequent fiscal year.

Fund 20200: HIF Bond Fund \$6,472,277 (Unassigned negative portion of fund balance)

This amount represents deferred inflows that will be billed and received in the subsequent fiscal year.

Fund 20500: State Road Fund(s) \$4,992 (Unassigned negative portion of fund balance)

This amount represents deferred inflows that will be billed and received in the subsequent fiscal year.

17. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

Substantially all of the Department's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, 33 Plaza La Prensa, Santa Fe, NM 87507. The report is also available on PERA's website at www.nmpera.org.

Funding Policy

Plan members who earn over \$20,000 are required to contribute 9.42% of their gross salary, those who earn up to \$20,000 are required to contribute 7.42% of their gross salary.

The Department was required to contribute 17.74% in FY21 of the gross covered salary. The contribution requirements of plan members and the Department are established in State Statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the years ending June 30, 2021, 2020, 2019 were \$18,492,217, \$17,407,798, and \$15,732,927, respectively, equal to the amount of the required contribution for each year.

18. POSTEMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Compliant with the requirements of Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State of New Mexico has implemented this standard for the fiscal year ended June 30, 2021.

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Annual Comprehensive Financial Report (ACFR) of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

19. RISK MANAGEMENT

The Department, as a state agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the State of New Mexico. All employees of the Department are covered by blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence by the State of New Mexico for the fiscal year. The Department pays annual premiums to the Risk Management Division for coverage provided in the following areas:

1. Liability and civil rights protection for claims made by others against the state of New Mexico.
2. Coverage to protect the State of New Mexico's property and assets.
3. Fringe benefit coverage's for State of New Mexico employees.

During the 2020-2021 fiscal year, the Department paid Risk Management \$7,414,716 in insurance premiums. During the 2019-2020 fiscal year, the Department paid Risk Management \$6,883,008 in insurance premiums. During the 2018-2019 fiscal year, the Department paid Risk Management \$6,961,754 in insurance premiums. The Department's exposure is limited to \$2,500 per any first-party incurred property loss, with the exception of theft, which has a \$5,000 deductible.

After conferring with legal counsel concerning pending litigation and claims, the Department believes that the outcome of pending litigation should not have a materially adverse effect on the financial position or operations of the Department. In addition, for the years ended June 30, 2021, 2020, and 2019, the Department had no claims for which the Risk Management Division has returned as "not covered" that would become the responsibility of the Department.

20. LITIGATION

The Department is subject to various legal proceedings, claims and liabilities, including right-of-way condemnation proceedings, contractor claims and employee claims, which arise in the ordinary course of the Department's operations. The Department vigorously contests these claims and if a likelihood of a loss is probable and can be reasonably estimated, the Department accrues the loss in the accompanying financial statements. In the opinion of the Department's management and legal counsel, the ultimate resolution of the above matters will not have a material adverse impact on the financial position or results of operations of the Department.

21. OPERATING LEASES

The Department leases certain equipment and premises under numerous operating leases. Leases are subject to future appropriations and as such are cancelable by the Department at the end of a fiscal year. Rental expense for the year ended June 30, 2021 was \$863,837.

All of the Department leases include a standard cancellation clause in case the Legislature does not appropriate sufficient appropriations for the Department to carry out the terms and conditions of its leases. In the current economic climate there is more than a remote likelihood that some Department leases could be cancelled. Based on that, no disclosure of future minimum lease payments is necessary since the leases are considered cancellable.

22. COMMITMENTS AND CONTINGENCIES

Grant Revenue

The Department participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Department has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2021 may be impaired. In the opinion of the Department, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

23. BUDGETED VS. ACTUAL EXPENDITURES

Transfers, which are shown in the expenditure portion of the Budget and Actual presentation, are the intra-agency transfers only and these net to zero across the entire agency. See Note 12 for the Transfers notes.

Expenditures related to debt which was incurred during or after 2004 are budgeted and expensed primarily in the fund which generates the revenue for the payments, specifically State Road Fund (#20100) and HIF Bond Fund (#20200) to capture the costs for billing entities when the debt costs are reimbursable. If actual debt costs, paid out of the debt trustee accounts, exceed the cash transferred from the primary fund, the debt service fund which records the trustee cash that was used in addition to the cash transferred, then records the debt expenditures.

24. SUBSEQUENT EVENTS

Capital Outlay Appropriations

Below are the the amounts appropriated from Department of Finance and Administration's General Fund to the Department of Transportation's GF Capital Outlay Fund (SHARE 93100) increasing revenue recognized in FY22:

FY21 Legislation				
Laws of 2021	Chapter	Section	Amount	Law Description
House Bill 2	137	9/3	\$ 9,000,000	For essential air service
Senate Bill 377	140	7/1	172,600	Install traffic safety enhancements NM 200 & US 62/180
Senate Bill 377	140	7/2	175,000	Road safety and improvements in district two
Senate Bill 377	140	7/3	100,000	For acquisition of ROW, planning, design and construction
			<u>\$ 9,447,600</u>	

Series 2021A Revenue Bonds Issued August 2021

The Department issued \$234,600,000 NMFA State Transportation Revenue Bonds (Subordinate Lien) Series 2021A in August 2021. The gross proceeds to the Department were \$303,896,420 including an original issuance premium of \$69,296,420. The cost of issuance, including the underwriters' discount, was \$1,494,118.

The Bonds are payable solely from and secured by federal funds not otherwise obligated that are paid into the State Road Fund, proceeds of the collection of taxes and fees that are required to be paid into the State Road Fund and not otherwise pledged exclusively to the payment of outstanding bonds and debentures, and taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Bonds were engaged in through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds for the purpose of financing projects administered by the New Mexico Department of Transportation. Proceeds from the sale of the Series 2021A Bonds will be used for the purposes of (i) financing the costs of State Transportation Projects consisting of the 2021A Projects, and (ii) paying the costs of issuance of the Series 2021A Bonds. The 2021A Projects" includes the acquisition of rights of way, planning, design, and construction of those State Transportation Projects for which general fund appropriations were made pursuant to New Mexico Laws of 2020 (1st Special Session), Chapter 3, Section 8, and New Mexico Laws 2021, Chapter 43, Section 5.

Principal of the Bonds is payable on June 15 through the year 2030. Interest, with a rate of 5.00% per annum, is payable semi-annually on June 15 and December 15 through the year 2030.

Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSAA) Federal Funds

The Department received Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) federal funding of over \$82.5 million in August 2021. These funds will be used to pay debt service costs of the Department. Over \$62.0 million was used to pay for previously unbilled FY20 and FY21 debt service costs. The remaining amount of just under \$20.5 million will be used for FY22 debt service costs. The expenditures associated with this funding is included in the Schedule of Expenditures of Federal Awards under Assistance Listing Number 20.205.

25. NEW ACCOUNTING STANDARDS

The Department conforms to the pronouncements of the GASB, which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

The Government Accounting Standards Board's (GASB) following standards have been issued, which may have a future impact on the Department but are not yet effective as of June 30, 2021:

- GASB Statement No. 87, Leases
- GASB Statement No. 92, Omnibus 2020
- GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The Department will implement each new GASB pronouncement no later than the required effective date. Management of the Department is in the process of assessing the impact of these accounting pronouncements.

SUPPLEMENTARY INFORMATION

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of General Fund Components - Balance Sheet

As of June 30, 2021

	Departmental Services- Inventories Fund (SHARE 10040)	State Road Fund (SHARE 20100)	Interfund Activity	State Road Fund(s) (SHARE 10040 and 20100)
Assets:				
Cash:				
Unrestricted	\$ -	\$ 1,200	\$ -	\$ 1,200
Cash equivalents:				
Investment in SGFIP	-	370,962,046	-	370,962,046
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	-	1,647,315	-	1,647,315
Interest receivable	-	-	-	-
Other receivables	-	67,098	-	67,098
Due from:				
Federal Agencies	-	111,074,781	-	111,074,781
Other funds	-	60	-	60
Other state agencies	-	44,016,921	-	44,016,921
Inventories	14,767,032	-	-	14,767,032
Prepaid expenses - other	259,711	-	-	259,711
Property held for resale	-	10,085,885	-	10,085,885
Total Assets	\$ 15,026,743	\$ 537,855,306	\$ -	\$ 552,882,049

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 576,182	\$ 72,462,746	\$ -	\$ 73,038,928
Due to:				
Federal Agencies	-	17,483	-	17,483
Other funds	-	-	-	-
Other state agencies	-	76,021	-	76,021
Local governments	-	3,206,044	-	3,206,044
Component units of the state	-	135,807	-	135,807
Higher Ed Institution	-	711,316	-	711,316
Unearned revenue	-	17,999,308	-	17,999,308
Other accrued expenses	-	5,030,707	-	5,030,707
Deficiency in SGFIP	11,195,998	-	-	11,195,998
Other liabilities	103,401	102,640	-	206,041
Total Liabilities	11,875,581	99,742,072	-	111,617,653

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	-	60,577,556	-	60,577,556
Total Deferred Inflows of Resources	-	60,577,556	-	60,577,556

Fund Balance:

Non-spendable	15,026,743	10,085,885	-	25,112,628
Restricted	-	428,027,349	(11,875,581)	416,151,768
Unassigned	(11,875,581)	(60,577,556)	11,875,581	(60,577,556)
Total Fund Balance	3,151,162	377,535,678	-	380,686,840

**Total Liabilities, Deferred Inflows of Resources
and Fund Balance**

\$ 15,026,743	\$ 537,855,306	\$ -	\$ 552,882,049
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of General Fund Components - Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2021

	Departmental Services- Inventories Fund (SHARE 10040)	State Road Fund (SHARE 20100)	Interfund Activity	State Road Fund(s) (SHARE 10040 and 20100)
Revenues:				
User and fuel taxes	\$ -	\$ 425,446,883	\$ -	\$ 425,446,883
Federal Agencies	-	412,888,649	-	412,888,649
Fees and fines	-	-	-	-
Licenses and permits	-	9,435,572	-	9,435,572
Charges for services	-	89,368,667	-	89,368,667
Other revenue	-	6,730,997	-	6,730,997
Interest earnings	-	344,784	-	344,784
Total Revenues	-	944,215,552	-	944,215,552
Expenditures:				
Current:				
Programs and infrastructure	-	115,388,837	-	115,388,837
Transportation and highway operations	(41,340)	218,875,580	-	218,834,240
Program support	-	37,775,493	-	37,775,493
Modal	-	20,065,136	-	20,065,136
Capital outlay	-	353,294,483	-	353,294,483
Debt service:				
Principal	-	107,990,000	-	107,990,000
Interest	-	37,658,648	-	37,658,648
Debt issuance costs	-	-	-	-
Total Expenditures	(41,340)	891,048,177	-	891,006,837
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,340	53,167,375	-	53,208,715
Other Financing Sources (Uses):				
General fund special appropriations	-	-	-	-
Severance tax bond appropriations	-	-	-	-
Transfers in:				
Inter-Agency	-	6,071,900	-	6,071,900
Intra-Agency	-	-	-	-
Transfers (out):				
Inter-Agency	-	(20,000,000)	-	(20,000,000)
Intra-Agency	-	(230,643)	-	(230,643)
Refunded bond escrow agent	-	-	-	-
Face value of debentures payable	-	-	-	-
Premiums of debentures payable	-	-	-	-
Total Other Financing Sources (Uses)	-	(14,158,743)	-	(14,158,743)
Net Changes in Fund Balance	41,340	39,008,632	-	39,049,972
Fund Balance, June 30, 2020	3,109,822	338,527,046	-	341,636,868
Fund Balance, June 30, 2021	\$ 3,151,162	\$ 377,535,678	\$ -	\$ 380,686,840

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Traffic Safety Fund Components - Balance Sheet

As of June 30, 2021

	Federal Traffic Safety Fund	Driver Improvement Fund	Motorcycle Training Fund	DWI Prevention and Education Fund
	(SHARE 10010)	(SHARE 10020)	(SHARE 20600)	(SHARE 20700)
Assets:				
Cash:				
Unrestricted	\$ -	\$ -	\$ -	\$ -
Cash equivalents:				
Investment in SGFIP	-	158,282	106,450	1,113,412
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	-	8,350	-	-
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from:				
Federal Agencies	2,921,922	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 2,921,922	\$ 166,632	\$ 106,450	\$ 1,113,412

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 789,187	\$ -	\$ 18,070	\$ -
Due to:				
Federal Agencies	777	-	-	-
Other funds	-	-	-	-
Other state agencies	112,212	-	-	-
Local governments	159,878	-	-	25,380
Component units of the state	-	-	-	-
Higher Ed Institution	111,643	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	21,908	-	-	-
Deficiency in SGFIP	1,726,317	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	2,921,922	-	18,070	25,380

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	961,257	-	-	-
Total Deferred Inflows of Resources	961,257	-	-	-

Fund Balance:

Non-spendable	-	-	-	-
Restricted	-	166,632	88,380	1,088,032
Unassigned	(961,257)	-	-	-
Total Fund Balance	(961,257)	166,632	88,380	1,088,032

Total Liabilities, Deferred Inflows of Resources and Fund Balance

\$ 2,921,922	\$ 166,632	\$ 106,450	\$ 1,113,412
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Traffic Safety Fund Components - Balance Sheet

Traffic Safety Fund (SHARE 20800)	Ignition Interlock Fund (SHARE 82600)	Traffic Safety Fund(s) (SHARE 10010, 10020, 20600, 20700, 20800, 82600)
\$ -	\$ -	\$ -
1,744,034	2,279,768	5,401,946
-	-	-
-	-	8,350
-	-	-
-	-	-
-	-	2,921,922
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 1,744,034</u>	<u>\$ 2,279,768</u>	<u>\$ 8,332,218</u>
\$ 30,978	\$ 8,217	\$ 846,452
-	-	777
-	-	-
76,477	-	188,689
106,687	-	291,945
-	-	-
-	23,984	135,627
-	-	-
-	2,150	24,058
-	-	1,726,317
-	-	-
<u>214,142</u>	<u>34,351</u>	<u>3,213,865</u>
<u>-</u>	<u>-</u>	<u>961,257</u>
<u>-</u>	<u>-</u>	<u>961,257</u>
-	-	-
1,529,892	2,245,417	5,118,353
-	-	(961,257)
<u>1,529,892</u>	<u>2,245,417</u>	<u>4,157,096</u>
<u>\$ 1,744,034</u>	<u>\$ 2,279,768</u>	<u>\$ 8,332,218</u>

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Traffic Safety Fund Components - Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2021

	Federal Traffic Safety Fund	Driver Improvement Fund	Motorcycle Training Fund	DWI Prevention and Education Fund
	(SHARE 10010)	(SHARE 10020)	(SHARE 20600)	(SHARE 20700)
Revenues:				
User and fuel taxes	\$ -	\$ -	\$ -	\$ -
Federal Agencies	11,369,769	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	189,039	124,498	425,979
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Interest earnings	-	-	134	-
Total Revenues	11,369,769	189,039	124,632	425,979
Expenditures:				
Current:				
Programs and infrastructure	-	-	-	-
Transportation and highway operations	-	-	-	-
Program support	-	-	-	-
Modal	10,913,829	147,800	137,410	125,315
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Debt issuance costs	-	-	-	-
Total Expenditures	10,913,829	147,800	137,410	125,315
Excess (Deficiency) of Revenues Over (Under) Expenditures	455,940	41,239	(12,778)	300,664
Other Financing Sources (Uses):				
General fund special appropriations	-	-	-	-
Severance tax bond appropriations	-	-	-	-
Transfers in:				
Inter-Agency	-	-	-	-
Intra-Agency	-	-	-	-
Transfers (out):				
Inter-Agency	-	-	-	-
Intra-Agency	-	-	-	-
Refunded bond escrow agent	-	-	-	-
Face value of debentures payable	-	-	-	-
Premiums of debentures payable	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Changes in Fund Balance	455,940	41,239	(12,778)	300,664
Fund Balance, June 30, 2020	(1,417,197)	125,393	101,158	787,368
Fund Balance, June 30, 2021	\$ (961,257)	\$ 166,632	\$ 88,380	\$ 1,088,032

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Traffic Safety Fund Components - Statement of Revenues, Expenditures and Changes in Fund Balance

Traffic Safety Fund	Ignition Interlock Fund	Traffic Safety Fund(s) (SHARE 10010, 10020, 20600, 20700, 20800, 82600)
(SHARE 20800)	(SHARE 82600)	
\$ -	\$ -	\$ -
-	-	11,369,769
-	-	-
728,964	418,426	1,886,906
-	-	-
-	-	-
2,378	-	2,512
<u>731,342</u>	<u>418,426</u>	<u>13,259,187</u>
-	-	-
-	-	-
-	-	-
882,965	602,038	12,809,357
9,760	-	9,760
-	-	-
-	-	-
-	-	-
<u>892,725</u>	<u>602,038</u>	<u>12,819,117</u>
<u>(161,383)</u>	<u>(183,612)</u>	<u>440,070</u>
-	-	-
-	-	-
-	300,000	300,000
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>300,000</u>	<u>300,000</u>
<u>(161,383)</u>	<u>116,388</u>	<u>740,070</u>
<u>1,691,275</u>	<u>2,129,029</u>	<u>3,417,026</u>
<u>\$ 1,529,892</u>	<u>\$ 2,245,417</u>	<u>\$ 4,157,096</u>

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Balance Sheet - By Fund Type - Non Major Funds

As of June 30, 2021

	Traffic Safety Fund(s) (SHARE 10010, 10020, 20600, 20700, 20800, 82600)	Federal Planning and Development Fund (SHARE 10030)	HIF Bond Fund (SHARE 20200)	Local Government Road Fund (SHARE 20300)
Assets:				
Cash:				
Unrestricted	\$ -	\$ -	\$ -	\$ -
Cash equivalents:				
Investment in SGFIP	5,401,946	-	2,851,860	37,820,268
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	8,350	-	-	-
Interest receivable	-	-	-	-
Other receivables	-	2,875	-	-
Due from:				
Federal Agencies	2,921,922	5,822,091	6,472,277	-
Other funds	-	-	-	-
Other state agencies	-	-	593,134	2,103,202
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	<u>\$ 8,332,218</u>	<u>\$ 5,824,966</u>	<u>\$ 9,917,271</u>	<u>\$ 39,923,470</u>

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 846,452	\$ 480,401	\$ -	\$ -
Due to:				
Federal Agencies	777	2,875	-	-
Other funds	-	-	-	-
Other state agencies	188,689	-	-	-
Local governments	291,945	2,286,114	-	396,094
Component units of the state	-	-	-	-
Higher Ed Institution	135,627	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	24,058	15,572	-	-
Deficiency in SGFIP	1,726,317	2,896,375	-	-
Other liabilities	-	143,629	-	-
Total Liabilities	<u>3,213,865</u>	<u>5,824,966</u>	<u>-</u>	<u>396,094</u>

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	961,257	282,068	6,472,277	-
Total Deferred Inflows of Resources	<u>961,257</u>	<u>282,068</u>	<u>6,472,277</u>	<u>-</u>

Fund Balance:

Non-spendable	-	-	-	-
Restricted	5,118,353	-	9,917,271	39,527,376
Unassigned	(961,257)	(282,068)	(6,472,277)	-
Total Fund Balance	<u>4,157,096</u>	<u>(282,068)</u>	<u>3,444,994</u>	<u>39,527,376</u>

**Total Liabilities, Deferred Inflows of Resources
and Fund Balance**

<u>\$ 8,332,218</u>	<u>\$ 5,824,966</u>	<u>\$ 9,917,271</u>	<u>\$ 39,923,470</u>
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Balance Sheet - By Fund Type - Non Major Funds

State Aviation Fund	2004A GRIP Bond Project Fund	2006D GRIP Bond Project Fund	2014A Bond Project Fund	Total Special Revenue Funds
(SHARE 20500)	(SHARE 20400)	(SHARE 10270)	(SHARE 11970)	
\$ -	\$ -	\$ -	\$ -	\$ -
13,354,200	112,078	-	-	59,540,352
-	-	1,097,111	6,727,380	7,824,491
1,726	-	-	-	10,076
-	-	10	57	67
-	-	-	-	2,875
5,992	-	-	-	15,222,282
-	-	-	-	-
428,924	-	-	-	3,125,260
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 13,790,842</u>	<u>\$ 112,078</u>	<u>\$ 1,097,121</u>	<u>\$ 6,727,437</u>	<u>\$ 85,725,403</u>
\$ 158,191	\$ -	\$ -	\$ -	\$ 1,485,044
-	-	-	-	3,652
-	-	-	-	-
-	-	-	-	188,689
87,051	-	-	-	3,061,204
-	-	-	-	-
-	-	-	-	135,627
-	-	-	-	-
14,179	-	-	-	53,809
-	-	-	-	4,622,692
-	-	-	-	143,629
<u>259,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,694,346</u>
4,992	-	-	-	7,720,594
<u>4,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,720,594</u>
-	-	-	-	-
13,531,421	112,078	1,097,121	6,727,437	76,031,057
(4,992)	-	-	-	(7,720,594)
<u>13,526,429</u>	<u>112,078</u>	<u>1,097,121</u>	<u>6,727,437</u>	<u>68,310,463</u>
<u>\$ 13,790,842</u>	<u>\$ 112,078</u>	<u>\$ 1,097,121</u>	<u>\$ 6,727,437</u>	<u>\$ 85,725,403</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Balance Sheet - By Fund Type - Non Major Funds

As of June 30, 2021

	Capital Projects Fund	STB Capital Outlay Fund	Total Capital Projects Funds
	(SHARE 10050)	(SHARE 89200)	
Assets:			
Cash:			
Unrestricted	\$ -	\$ -	\$ -
Cash equivalents:			
Investment in SGFIP	-	886,518	886,518
Managed by NMFA	-	-	-
Receivables:			
Accounts receivable, net	-	-	-
Interest receivable	-	-	-
Other receivables	-	-	-
Due from:			
Federal Agencies	-	-	-
Other funds	-	-	-
Other state agencies	-	-	-
Inventories	-	-	-
Prepaid expenses - other	-	-	-
Property held for resale	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 886,518</u>	<u>\$ 886,518</u>
Liabilities, Deferred Inflows of Resources and Fund Balance:			
Liabilities:			
Accounts payable	\$ -	\$ 66,772	\$ 66,772
Due to:			
Federal Agencies	-	-	-
Other funds	-	-	-
Other state agencies	-	-	-
Local governments	-	819,746	819,746
Component units of the state	-	-	-
Higher Ed Institution	-	-	-
Unearned revenue	-	-	-
Other accrued expenses	-	-	-
Deficiency in SGFIP	-	-	-
Other liabilities	-	-	-
Total Liabilities	<u>-</u>	<u>886,518</u>	<u>886,518</u>
Deferred Inflows of Resources:			
Amounts unavailable (not received within period of availability)	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Non-spendable	-	-	-
Restricted	-	-	-
Unassigned	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 886,518</u>	<u>\$ 886,518</u>

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Balance Sheet - By Fund Type - Non Major Funds

As of June 30, 2021

	2018A Bond Debt Service Fund (SHARE 20770)	Total Debt Service Funds	Total Non Major Governmental Funds
Assets:			
Cash:			
Unrestricted	\$ -	\$ -	\$ -
Cash equivalents:			
Investment in SGFIP	-	17,475	60,444,345
Managed by NMFA	119,762	534,582	8,359,073
Receivables:			
Accounts receivable, net	-	-	10,076
Interest receivable	44	111	178
Other receivables	-	-	2,875
Due from:			
Federal Agencies	-	-	15,222,282
Other funds	-	-	-
Other state agencies	-	-	3,125,260
Inventories	-	-	-
Prepaid expenses - other	-	-	-
Property held for resale	-	-	-
Total Assets	<u>\$ 119,806</u>	<u>\$ 552,168</u>	<u>\$ 87,164,089</u>
Liabilities, Deferred Inflows of Resources and Fund Balance:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,551,816
Due to:			
Federal Agencies	-	-	3,652
Other funds	-	-	-
Other state agencies	-	-	188,689
Local governments	-	-	3,880,950
Component units of the state	-	-	-
Higher Ed Institution	-	-	135,627
Unearned revenue	-	-	-
Other accrued expenses	-	-	53,809
Deficiency in SGFIP	-	-	4,622,692
Other liabilities	-	-	143,629
Total Liabilities	<u>-</u>	<u>-</u>	<u>10,580,864</u>
Deferred Inflows of Resources:			
Amounts unavailable (not received within period of availability)	<u>-</u>	<u>-</u>	<u>7,720,594</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>7,720,594</u>
Fund Balance:			
Non-spendable	-	-	-
Restricted	119,806	552,168	76,583,225
Unassigned	-	-	(7,720,594)
Total Fund Balance	<u>119,806</u>	<u>552,168</u>	<u>68,862,631</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 119,806</u>	<u>\$ 552,168</u>	<u>\$ 87,164,089</u>

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Balance Sheet - By Fund Type - Non Major Funds

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - By Fund Type -
Non Major Funds

For the Year Ended June 30, 2021

	Traffic Safety Fund(s) (SHARE 10010, 10020, 20600, 20700, 20800, 82600)	Federal Planning and Development Fund (SHARE 10030)	HIF Bond Fund (SHARE 20200)	Local Government Road Fund (SHARE 20300)
Revenues:				
User and fuel taxes	\$ -	\$ -	\$ 4,118,338	\$ 16,401,990
Federal Agencies	11,369,769	26,655,205	-	-
Fees and fines	-	-	-	-
Licenses and permits	1,886,906	-	1,994,720	8,535,358
Charges for services	-	-	-	-
Other revenue	-	-	-	58,013
Interest earnings	2,512	-	4,297	46,975
Total Revenues	13,259,187	26,655,205	6,117,355	25,042,336
Expenditures:				
Current:				
Programs and infrastructure	-	-	-	21,007,818
Transportation and highway operations	-	-	-	-
Program support	-	-	-	-
Modal	12,809,357	25,319,565	-	-
Capital outlay	9,760	-	-	-
Debt service:				
Principal	-	-	2,750,000	-
Interest	-	-	3,722,277	-
Debt issuance costs	-	-	-	-
Total Expenditures	12,819,117	25,319,565	6,472,277	21,007,818
Excess (Deficiency) of Revenues Over (Under) Expenditures	440,070	1,335,640	(354,922)	4,034,518
Other Financing Sources (Uses):				
General fund special appropriations	-	-	-	-
Severance tax bond appropriations	-	-	-	-
Transfers in:				
Inter-Agency	300,000	-	-	-
Intra-Agency	-	-	-	-
Transfers (out):				
Inter-Agency	-	-	-	-
Intra-Agency	-	-	-	-
Refunded bond escrow agent	-	-	-	-
Face value of debentures payable	-	-	-	-
Premiums of debentures payable	-	-	-	-
Total Other Financing Sources (Uses)	300,000	-	-	-
Net Changes in Fund Balance	740,070	1,335,640	(354,922)	4,034,518
Fund Balance, June 30, 2020	3,417,026	(1,617,708)	3,799,916	35,492,858
Fund Balance, June 30, 2021	\$ 4,157,096	\$ (282,068)	\$ 3,444,994	\$ 39,527,376

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - By Fund Type -
Non Major Funds

State Aviation Fund	2004A GRIP Bond Project Fund	2006D GRIP Bond Project Fund	2014A Bond Project Fund	Total Special Revenue Funds
(SHARE 20500)	(SHARE 20400)	(SHARE 10270)	(SHARE 11970)	
\$ 4,980,494	\$ -	\$ -	\$ -	\$ 25,500,822
1,000	-	-	-	38,025,974
49,580	-	-	-	49,580
-	-	-	-	12,416,984
-	-	-	-	-
6,994	-	-	-	65,007
19,208	-	168	969	74,129
5,057,276	-	168	969	76,132,496
-	-	96,319	-	21,104,137
-	-	-	-	-
-	-	-	-	-
5,003,659	-	-	-	43,132,581
-	-	-	-	9,760
-	-	-	-	2,750,000
-	-	-	-	3,722,277
-	-	-	-	-
5,003,659	-	96,319	-	70,718,755
53,617	-	(96,151)	969	5,413,741
-	-	-	-	-
-	-	-	-	-
-	-	-	-	300,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	300,000
53,617	-	(96,151)	969	5,713,741
13,472,812	112,078	1,193,272	6,726,468	62,596,722
\$ 13,526,429	\$ 112,078	\$ 1,097,121	\$ 6,727,437	\$ 68,310,463

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - By Fund Type -
Non Major Funds

For the Year Ended June 30, 2021

	Capital Projects Fund	STB Capital Outlay Fund	Total Capital Projects Funds
	(SHARE 10050)	(SHARE 89200)	
Revenues:			
User and fuel taxes	\$ -	\$ -	\$ -
Federal Agencies	-	-	-
Fees and fines	-	-	-
Licenses and permits	-	-	-
Charges for services	-	-	-
Other revenue	-	-	-
Interest earnings	-	-	-
Total Revenues	-	-	-
Expenditures:			
Current:			
Programs and infrastructure	-	2,861,020	2,861,020
Transportation and highway operations	-	-	-
Program support	-	-	-
Modal	-	-	-
Capital outlay	-	114,347	114,347
Debt service:			
Principal	-	-	-
Interest	-	-	-
Debt issuance costs	-	-	-
Total Expenditures	-	2,975,367	2,975,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,975,367)	(2,975,367)
Other Financing Sources (Uses):			
General fund special appropriations	-	-	-
Severance tax bond appropriations	-	2,975,367	2,975,367
Transfers in:			
Inter-Agency	-	-	-
Intra-Agency	-	-	-
Transfers (out):			
Inter-Agency	-	-	-
Intra-Agency	-	-	-
Refunded bond escrow agent	-	-	-
Face value of debentures payable	-	-	-
Premiums of debentures payable	-	-	-
Total Other Financing Sources (Uses)	-	2,975,367	2,975,367
Net Changes in Fund Balance	-	-	-
Fund Balance, June 30, 2020	-	-	-
Fund Balance, June 30, 2021	\$ -	\$ -	\$ -

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - By Fund Type -
Non Major Funds

2010A Bond Debt Service Fund	2010B Bond Debt Service Fund	2012A Bond Debt Service Fund	2014A Bond Debt Service Fund	2014B Bond Debt Service Fund
(SHARE 11140)	(SHARE 20450)	(SHARE 30850)	(SHARE 11960)	(SHARE 50110)
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
271	5,024	459	235	193
271	5,024	459	235	193
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
271	5,024	459	235	193
-	-	-	-	-
-	-	-	-	-
-	-	-	230,643	-
-	-	-	-	-
(49,673)	(836,635)	-	-	-
-	-	-	-	-
-	-	-	-	-
(49,673)	(836,635)	-	230,643	-
(49,402)	(831,611)	459	230,878	193
49,402	831,611	86,352	75,847	38,633
\$ -	\$ -	\$ 86,811	\$ 306,725	\$ 38,826

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - By Fund Type -
Non Major Funds

For the Year Ended June 30, 2021

	2018A Bond Debt Service Fund (SHARE 20770)	Total Debt Service Funds	Total Non Major Governmental Funds
Revenues:			
User and fuel taxes	\$ -	\$ -	\$ 25,500,822
Federal Agencies	-	-	38,025,974
Fees and fines	-	-	49,580
Licenses and permits	-	-	12,416,984
Charges for services	-	-	-
Other revenue	-	-	65,007
Interest earnings	610	6,792	80,921
Total Revenues	<u>610</u>	<u>6,792</u>	<u>76,139,288</u>
Expenditures:			
Current:			
Programs and infrastructure	-	-	23,965,157
Transportation and highway operations	-	-	-
Program support	-	-	-
Modal	-	-	43,132,581
Capital outlay	-	-	124,107
Debt service:			
Principal	-	-	2,750,000
Interest	-	-	3,722,277
Debt issuance costs	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>73,694,122</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>610</u>	<u>6,792</u>	<u>2,445,166</u>
Other Financing Sources (Uses):			
General fund special appropriations	-	-	-
Severance tax bond appropriations	-	-	2,975,367
Transfers in:			
Inter-Agency	-	-	300,000
Intra-Agency	-	230,643	230,643
Transfers (out):			
Inter-Agency	-	-	-
Intra-Agency	-	(886,308)	(886,308)
Refunded bond escrow agent	-	-	-
Face value of debentures payable	-	-	-
Premiums of debentures payable	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(655,665)</u>	<u>2,619,702</u>
Net Changes in Fund Balance	<u>610</u>	<u>(648,873)</u>	<u>5,064,868</u>
Fund Balance, June 30, 2020	<u>119,196</u>	<u>1,201,041</u>	<u>63,797,763</u>
Fund Balance, June 30, 2021	<u><u>\$ 119,806</u></u>	<u><u>\$ 552,168</u></u>	<u><u>\$ 68,862,631</u></u>

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - By Fund Type -
Non Major Funds

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Revenues and Expenditures - Budget and Actual
(Modified Accrual Basis)

For the Year Ended June 30, 2021

	DEPARTMENT OF TRANSPORTATION			
	agency wide including enterprise fund excluding multi-year funds			
	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ 404,145,400	\$ 949,636,825	\$ 450,914,623	\$ (498,722,202)
Other state funds	550,388,000	552,226,720	569,014,512	16,787,792
Transfers intra-inter-agency	6,371,900	6,371,900	7,488,851	1,116,951
Interest revenue	3,433,000	3,433,000	424,654	(3,008,346)
Bond proceeds	-	71,907,193	71,907,192	(1)
Total Revenues and Other Financing Sources	964,338,300	1,583,575,638	1,099,749,832	\$ (483,825,806)
Prior Year Funds Rebudgeted	25,889,300	254,007,474		
	\$ 990,227,600	\$ 1,837,583,112		
Expenditures and Other Financing Uses:				
Project Design & Construction:				
Personal services/employee benefits	\$ 26,536,800	\$ 26,536,800	25,955,096	\$ 581,704
Contractual services	402,324,200	965,460,375	378,472,289	586,988,086
Other	190,860,900	230,733,437	188,396,970	42,336,467
Transfers (in) out	-	71,382,856	72,499,806	(1,116,950)
	619,721,900	1,294,113,468	665,324,161	628,789,307
Highway Operations:				
Personal services/employee benefits	110,263,000	110,263,000	108,670,778	1,592,222
Contractual services	56,874,400	82,196,900	59,699,508	22,497,392
Other	84,377,400	114,343,600	87,987,349	26,356,251
	251,514,800	306,803,500	256,357,635	50,445,865
Business Support:				
Personal services/employee benefits	25,791,600	25,791,600	25,203,016	588,584
Contractual services	5,425,400	16,425,400	13,502,939	2,922,461
Other	13,482,800	13,482,800	10,981,948	2,500,852
Transfers (in) out	-	23,200,000	20,000,000	3,200,000
	44,699,800	78,899,800	69,687,903	9,211,897
Modal:				
Personal services/employee benefits	8,345,400	8,345,400	7,440,225	\$ 905,175
Contractual services	34,187,700	53,069,863	23,136,996	29,932,867
Other	31,758,000	96,351,081	32,697,861	63,653,220
	74,291,100	157,766,344	63,275,082	94,491,262
Total Budgeted Expenditures and Other Financing Uses	\$ 990,227,600	\$ 1,837,583,112	1,054,644,781	\$ 782,938,331
Non-Budgeted Items:				
Reversions			-	
Total Expenditures and Other Financing Uses			1,054,644,781	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 45,105,051	

The legal level of budgetary compliance is at the appropriation program level at the entity-wide level, except for multiyear funds.
The Department is compliant with the budgets at the P-code level.

See Independent Auditors' Report

OTHER INFORMATION - SCHEDULES REQUIRED UNDER 2.2.2 NMAC

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Severance Tax Bonds

As of June 30, 2021

Laws	Chapter	Bonds Appropriated	Bonds Sold	Original Budget	Amounts AIPP	Funds Reauthorized
2014	66	\$ 3,819,775	\$ 3,819,775	\$ 3,819,775	\$ -	\$ (3,525,703)
2016	81	870,000	870,000	870,000	-	(202,528)
2018	80	15,225,958	15,225,958	15,225,958	-	(493,842)
2019	280	-	-	-	-	812,658
2020	81	10,760,950	10,760,950	10,760,950	-	-
2020	82	-	-	-	-	5,992,091
2021	138	49,367,092	45,852,259	45,852,259	-	-
2021	139	-	-	-	-	3,941,780
		<u>\$ 80,043,775</u>	<u>\$ 76,528,942</u>	<u>\$ 76,528,942</u>	<u>\$ -</u>	<u>\$ 6,524,456</u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Severance Tax Bonds

Funds Reverted	Final Budget	Funds Received	Expended To Date	Balance Available	Due from Board of Finance
\$ -	\$ 294,072	\$ 294,072	\$ 294,072	\$ -	\$ -
(87,022)	580,450	580,450	580,450	-	-
-	14,732,116	8,734,102	8,734,102	5,998,014	-
(24,818)	787,840	787,839	787,839	1	-
-	10,760,950	58,053	58,053	10,702,897	-
-	5,992,091	165,604	165,604	5,826,487	-
-	45,852,259	-	-	45,852,259	-
-	3,941,780	-	-	3,941,780	-
<u>\$ (111,840)</u>	<u>\$ 82,941,558</u>	<u>\$ 10,620,120</u>	<u>\$ 10,620,120</u>	<u>\$ 72,321,438</u>	<u>\$ -</u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Special Appropriations

As of June 30, 2021

<u>Laws</u>	<u>Chapter</u>	<u>Section</u>	<u>Amount Appropriated</u>	<u>Appropriation Not Budgeted</u>	<u>AIPP</u>	<u>Appropriation Budget Balance</u>
2019 HB2	271	5	\$ 11,000,000	\$ -	\$ -	\$ 11,000,000
2019 HB2	271	9	389,000,000	-	-	389,000,000
2019 SB280	277	40	84,739,996	2,048,771	(10,840)	82,680,385
2020 HB1 SS	5	12	45,000,000	-	-	45,000,000
2020 HB2	83	9	135,000,000	-	-	135,000,000
2020 HB349	81	75	55,000	-	-	55,000
2021 HB2	137	9	300,000,000	9,000,000	-	291,000,000
2021 HB285	138	51	600,000	-	-	600,000
2021 SB377	140	7	447,600	447,600	-	-
Total Special Appropriations			<u>\$ 965,842,596</u>	<u>\$ 11,496,371</u>	<u>\$ (10,840)</u>	<u>\$ 954,335,385</u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Special Appropriations

Reverted or Reauthorized	Appropriation Adjusted Budget Balance	Expenditures Inception to June 30, 2021	Encumbrances Balance as of June 30, 2021	Reversion Amount	Balance as of June 30, 2021
\$ -	\$ 11,000,000	\$ 8,920,216	\$ 2,055,119	\$ -	\$ 2,079,784
-	389,000,000	175,823,813	57,582,630	75,000,000	138,176,187
-	82,680,385	26,883,368	17,397,537	110,000	55,687,017
(45,000,000)	-	-	-	-	-
-	135,000,000	94,913,845	45,857,474	-	40,086,155
-	55,000	-	-	-	55,000
-	291,000,000	-	1,866,129	-	291,000,000
-	600,000	-	-	-	600,000
-	-	-	-	-	-
<u>\$ (45,000,000)</u>	<u>\$ 909,335,385</u>	<u>\$ 306,541,242</u>	<u>\$ 124,758,889</u>	<u>\$ 75,110,000</u>	<u>\$ 527,684,143</u>

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GF Capital Outlay Fund

Under the Laws of 2019, House Bill 2, Section 5(34), Contingent on fiscal year 2019 General Fund revenues exceeding \$7,620,000,000, up to \$11,000,000 is appropriated to the Department to be distributed equally among the six NMDOT transportation districts statewide for roadway planning, design, construction and maintenance in accordance with projects identified on the statewide transportation improvement program.

Under the Laws of 2019, House Bill 2, Chapter 271, Section 9(1), the Department was appropriated \$250,000,000 from the General Fund for acquisition of rights of way, planning, design, and construction and to match federal and other state funds for projects throughout New Mexico. Section 9(2) appropriates \$89,000,000 from the General Fund in fiscal year 2020 to be distributed equally among the six NMDOT transportation districts statewide for roadway planning, design, construction and maintenance in accordance with projects identified on the statewide transportation improvement program. Section 9(3) appropriates \$50,000,000 from the General Fund in fiscal year 2020 to the local government transportation project fund, contingent on enactment of House Bill 694 or similar legislation of the fifty-fourth legislature.

Under the Laws of 2020, First Special Session, Senate Bill 5, Section 8(A) Department of Transportation Projects, Appropriation Reversion, Notwithstanding the provisions of Laws 2019, Chapter 271, Section 9, \$75,000,000 of the unexpended or unencumbered balance of the appropriation provided pursuant to that law from the general fund to the department of transportation for acquisition of rights of way, planning, design and construction and to match federal and other state funds for projects shall not be expended or encumbered and shall revert to the general fund at the end of FY2020.

Under the Laws of 2019, Senate Bill 280, Chapter 277, Section 40, the Department was appropriated \$84,739,996 which includes \$10,840 for Art in Public Places and for transportation projects for expenditure in fiscal years 2019 through 2023 for the purpose of planning, designing, and construction improvements in Bernalillo, Chaves, Cibola, Colfax, Curry, Dona Ana, Eddy, Grant, Guadalupe, Lea, Luna, McKinley, Mora, Otero, Quay, Rio Arriba, Roosevelt, San Juan, San Miguel, Sandoval, Santa Fe, Sierra, Socorro, Taos, Torrance, Union, and Valencia County.

Under the Laws of 2021, House Bill 296, Section 5, the Department was appropriated \$110,000 which was Reauthorized from Atrisco Heritage High School Access Road Construction--Expand Purpose--Change Agency to DFA Local Government Division--General Fund, Section 21, Hobson Road Roswell detention Pond improvements--change to Hobson Road Paving Improvements--General Fund, Section 94, Rio Communities Solar Street Lighting Equipment--Change to Safety Street Lighting--General Fund.

GF Capital Outlay Fund - continued

Under the Laws of 2020, 1st Special Session, House Bill 1, Section 12, Special Transportation Appropriation Reduction - Section 9. - The general fund appropriation in Item (1) of Section 9 of the General Appropriation Act of 2020 to the department of transportation is reduced by \$45,000,000.

Under the Laws of 2020, House Bill 2, Chapter 83, Section 9(1) the Department was appropriated \$180,000,000 from the General Fund for acquisition of rights of way, planning, design, construction, equipment, and statewide rest area improvements and to match federal and other state funds for projects throughout New Mexico.

Under the Laws of 2020, House Bill 349, Section 75(10) the Department was appropriated \$25,000 to plan, design, construct and improve pedestrian safety and access to business along the Albuquerque rapid transit corridor. Section 7(11) the Department was appropriated \$30,000 to plan, design, construct and purchase and install improvements and additions to street lightning in the City Council District in Albuquerque.

Under the Laws of 2021, House Bill 2, Section 9 (1) the Department was appropriated \$170,000,000 from the General Fund for acquisition for rights of way, planning, design, construction, equipment, capital facility improvements and to match federal and other state funds for projects. Section 9 (2) appropriates \$121,000,000 from the General Fund to the transportation project fund for expenditure in fiscal years 2021 through 2025 to carry out the provisions of Section 67-3-78 NMSA 1978. Any expended balances remaining at the end of fiscal year 2025 shall revert to the general fund. Section 9 (3) appropriates \$9,000,000 for essential air service, contingent on enactment of Senate Bill 133 or similar legislation of the first session of the fifty-fifth legislature that authorizes such expenditure.

Under the Laws of 2021, House Bill 285, Section 51 (1) the Department was appropriated \$100,000 from the General Fund to plan, design and construct access road to a sewage lagoon in the Baahaali chapter of the Navajo Nation in McKinley county; and (2) \$500,000 to plan, design and construct infrastructure, including utility and road extensions, for a justice center and wellness center in the Pueblo of Taos in Taos County for expenditure in fiscal years 2021 through 2025, unless otherwise provided in Section 2 of this act.

Under the Laws of 2021, Senate Bill 377, Section 7A (1) the Department was appropriated \$172,600 to install traffic safety enhancements at the intersection of New Mexico state highway 200 and United States 62/180; (2) \$175,000 for road safety and improvements in state transportation commission district two; and (3) \$100,000 to plan, design and improve drainage in the Mountain View neighborhood in Bernalillo county commission district two, in cooperation with the Albuquerque metropolitan arroyo flood control authority. (B) The unexpended or unencumbered balance of an appropriation in this section remaining at the end of fiscal year 2022 shall revert to the general fund.

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Special Revenue - Bond Projects

As of June 30, 2021

	Budgeted Amounts		Received Prior Year(s)	Received Current Year
	Original	Final		
Special Revenue Funds				
2014A Bond Project Fund	-	80,000,000	80,816,796	969
Total	\$ -	\$ 80,000,000	\$ 80,816,796	\$ 969

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Special Revenue - Bond Projects

Total Revenue	Variance From Final Budget Over (Under)	Expended Prior Year(s)	Expended Current Year	Total Expenditures	Variance From Final Budget (Over) Under
80,817,765	817,765	74,090,328	-	74,090,328	5,909,672
<u>\$ 80,817,765</u>	<u>\$ 817,765</u>	<u>\$ 74,090,328</u>	<u>\$ -</u>	<u>\$ 74,090,328</u>	<u>\$ 5,909,672</u>

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Individual Bank Accounts

As of June 30, 2021

	SHARE Fund Number	Bank Balance	Book Balance	Book Total
Cash				
State Road Fund(s)	10040 and 20100	\$ 1,200	\$ 1,200	
Total Cash				<u>\$ 1,200</u>
Investment in SGFIP				
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	\$ 5,401,946	\$ 5,401,946	
State Road Fund(s)	10040 and 20100	370,962,046	370,962,046	
2014A Bond Debt Service Fund	11960	17,475	17,475	
HIF Bond Fund	20200	2,851,860	2,851,860	
Local Government Road Fund	20300	37,820,268	37,820,268	
2004A GRIP Bond Project Fund	20400	112,078	112,078	
State Aviation Fund	20500	13,354,200	13,354,200	
STB Capital Outlay Fund	89200	886,518	886,518	
State Infrastructure Bank	89300	10,981,996	10,981,996	
GF Capital Outlay Fund	93100	549,494,873	549,494,873	
Total Investment in SGFIP				<u>\$ 991,883,260</u>
Managed by NMFA:				
Bank of Albuquerque, trustee account				
2006D GRIP Bond Project Fund	10270	1,097,111	1,097,111	
2010A Bond Debt Service Fund	11140	-	-	
2014A Bond Debt Service Fund	11960	289,231	289,231	
2014A Bond Project Fund	11970	6,727,380	6,727,380	
2010B Bond Debt Service Fund	20450	-	-	
2018A Bond Debt Service Fund	20770	119,762	119,762	
2012A Bond Debt Service Fund	30850	86,777	86,777	
2014B Bond Debt Service Fund	50110	38,812	38,812	
2020A Bond Debt Service Fund	68320	895,075	895,075	
Total Managed by NMFA				<u>\$ 9,254,148</u>

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Pledged State Revenues

As of June 30, 2021

Pledged State Revenues

Pledged User & Fuel Taxes:

Gasoline excise taxes	\$ 116,278,283
Special fuel excise taxes	122,092,001
Weight/Distance taxes	99,685,197
Vehicle transaction fees	5,749,391
Oversize/Oversight permit fees	7,027,741
Trip (Mileage) tax	8,043,675
Motor vehicle excise tax	67,691,080
Driver's license fees	4,628,906
Tire recycling fees	1,994,720
Total Pledged User & Fuel Taxes	<u>433,190,994</u>

Other Pledged Revenue:

Motor vehicle registration fees	84,862,945
Leased vehicle gross receipts tax	4,118,338
Public regulation commission fees	3,686,181
Road fund interest income	344,756
HIF interest income	4,297
Total Other Pledged Revenue	<u>93,016,517</u>

Total Pledged State Revenues	<u><u>\$ 526,207,511</u></u>
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Debt Service and Coverage

As of June 30, 2021

	2010A Refunding (SHARE 11140)	2010B Refunding (SHARE 20450)	2012A Refunding (SHARE 30850)
Gasoline excise taxes	\$ 16,611,183	\$ 16,611,183	\$ 16,611,183
Special fuel excise taxes	17,441,714	17,441,714	17,441,714
Weight/Distance taxes	14,240,742	14,240,742	14,240,742
Vehicle transaction fees	821,342	821,342	821,342
Oversize/Oversight permit fees	1,003,963	1,003,963	1,003,963
Trip (Mileage) tax	1,149,096	1,149,096	1,149,096
Motor vehicle excise tax	9,670,154	9,670,154	9,670,155
Driver's license fees	661,273	661,273	661,272
Tire recycling fees	284,960	284,960	284,960
Motor vehicle registration fees	12,123,278	12,123,278	12,123,278
Leased vehicle gross receipts tax	588,334	588,334	588,334
Public regulation commission fees	526,597	526,597	526,597
FHWA Revenues	58,984,093	58,984,093	58,984,093
	<u>134,106,729</u>	<u>134,106,729</u>	<u>134,106,729</u>
Interest on Cash Balances*	<u>49,865</u>	<u>49,865</u>	<u>49,865</u>
Total Pledged Revenues			
Received	<u><u>\$ 134,156,594</u></u>	<u><u>\$ 134,156,594</u></u>	<u><u>\$ 134,156,594</u></u>

	2010A Refunding	2010B Refunding	2012A Refunding
Debt Service Principal Expenditures	\$ 9,470,000	\$ 91,265,000	\$ 4,965,000
Debt Service Interest Expenditures	<u>227,500</u>	<u>4,563,250</u>	<u>7,029,750</u>
Total Debt Service	<u><u>\$ 9,697,500</u></u>	<u><u>\$ 95,828,250</u></u>	<u><u>\$ 11,994,750</u></u>
Debt Service Coverage	13.83	1.40	11.18

*NOTE: In addition to state road fund revenues, pledged revenues include interest earned in the HIF fund.

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Debt Service and Coverage

2014A Revenue (SHARE 11960)	2014B Refunding (SHARE 50110)	2018A Refunding (SHARE 20770)	2020A Refunding (SHARE 68320)	TOTAL
\$ 16,611,183	\$ 16,611,183	\$ 16,611,184	\$ 16,611,184	\$ 116,278,283
17,441,714	17,441,715	17,441,715	17,441,715	122,092,001
14,240,742	14,240,743	14,240,743	14,240,743	99,685,197
821,342	821,341	821,341	821,341	5,749,391
1,003,963	1,003,963	1,003,963	1,003,963	7,027,741
1,149,097	1,149,096	1,149,097	1,149,097	8,043,675
9,670,154	9,670,154	9,670,154	9,670,155	67,691,080
661,272	661,272	661,272	661,272	4,628,906
284,960	284,960	284,960	284,960	1,994,720
12,123,278	12,123,278	12,123,278	12,123,277	84,862,945
588,334	588,334	588,334	588,334	4,118,338
526,597	526,597	526,598	526,598	3,686,181
58,984,093	58,984,093	58,984,092	58,984,092	412,888,649
134,106,729	134,106,729	134,106,731	134,106,731	938,747,107
49,865	49,865	49,864	49,864	349,053
<u>\$ 134,156,594</u>	<u>\$ 134,156,594</u>	<u>\$ 134,156,595</u>	<u>\$ 134,156,595</u>	<u>\$ 939,096,160</u>

2014A Revenue	2014B Refunding	2018A Refunding	2020A Refunding	TOTAL
\$ 2,750,000	\$ 1,660,000	\$ 630,000	\$ -	\$ 110,740,000
2,916,250	3,744,500	20,907,750	1,991,925	41,380,925
<u>\$ 5,666,250</u>	<u>\$ 5,404,500</u>	<u>\$ 21,537,750</u>	<u>\$ 1,991,925</u>	<u>\$ 152,120,925</u>

23.68	24.82	6.23	67.35	6.17
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

The State Legislature and the State Highway Commission have approved certain agreements between the Department and various counties, municipalities and other agencies to construct or improve public highways, school grounds, parking areas, and for the purpose of litter control. The Department's funding responsibility varies from zero to 100%. When related to Public Transportation Services, the Department's funding responsibility is 50% operating and 80% capital. None of these cooperative and joint powers agreements have created legally separate organizations that need to be included as component units or joint ventures in the Department's financial statements.

Contract			Expended
Number	Contractor	Description	in 2021
J00821	Pueblo of Santo Domingo	Santo Domingo Pueblo Project CN:A301543 - installation of pedestrian path lighting at Indian Service Route 88 and NM 22	\$ -
J00822	Navajo Nation	Establish procedures for construction and maintenance of pending and future global traffic signal and roadway lighting projects with Navajo Nation throughout NM (Shiprock).	\$ -
J00823	Navajo Nation	Installation of roadway lighting at the following locations: US550 from MP 1.45 to MP 1.59 and US550 from MP 2.51 to MP3.0	\$ -

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

<u>Date of Agreement</u>		Total Estimated Amt of Project	Portion Applicable To Agency	Party Responsible for Operations	Audit Responsibility	Fiscal Agent (if applicable)	Agency Where Revenues/Expenditures are Reported
Beginning	Ending						
9/15/2017	Project Completion	\$ -	0%	Contractor	Department		Department
11/21/2017	Perpetual	\$ -	0%	Contractor	Department		Department
10/10/2018	Project Completion	\$ -	0%	Contractor	Department		Department

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SINGLE AUDIT

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Agency/ Pass-Through Agency Assistance Listings Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number
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Direct Assistance Programs:

U.S. Department of Homeland Security:

New Mexico Department of Homeland Security and Emergency Management

Federal Emergency Management Agency (FEMA)

COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4529-DR-NM
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Total Federal Emergency Management Agency (FEMA)

Total U.S. Department of Homeland Security

U.S. Department of Transportation:

Federal Highway Administration (FHWA)

Highway Planning and Construction Cluster

Highway Planning and Construction	20.205	
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Highway Planning and Construction (COVID-19)	20.205	
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Recreational Trails Program	20.219	
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Total Highway Planning and Construction Cluster

Total Federal Highway Administration (FHWA)

National Highway Traffic Safety Administration (NHTSA)

Highway Safety Cluster

State and Community Highway Safety	20.600	
------------------------------------	--------	--

National Priority Safety Programs	20.616	
-----------------------------------	--------	--

Total Highway Safety Cluster

Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	
--	--------	--

Total National Highway Traffic Safety Administration (NHTSA)

See Independent Auditors' Report and Notes to Schedule of Expenditures of Federal Awards

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Expenditures of Federal Awards

Passed Through to Subrecipients	Federal Participation Expenditures
\$ -	\$ 8,158,563
-	8,158,563
-	8,158,563
26,707,091	407,857,420
-	62,033,362
659,228	800,158
27,366,319	470,690,940
27,366,319	470,690,940
574,685	2,322,946
1,417,416	1,950,082
1,992,101	4,273,028
1,595,234	6,640,801
3,587,335	10,913,829

See Independent Auditors' Report and Notes to Schedule of Expenditures of Federal Awards

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Agency/ Pass-Through Agency Assistance Listings Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number
U.S. Department of Transportation (continued):		
Federal Aviation Administrative (FAA)		
Airport Improvement Program	20.106	
Total Federal Aviation Administrative (FAA)		
Federal Transit Administration (FTA)		
Federal Transit Cluster		
Federal Transit Formula Grants	20.507	
Bus and Bus Facilities Formula Program	20.526	
Total Federal Transit Cluster		
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Res	20.505	
Formula Grants for Rural Areas	20.509	
Formula Grants for Rural Areas (COVID-19)	20.509	
Total Federal Transit Administration (FTA)		
Total U.S. Department of Transportation		
Total Federal Financial Assistance		

See Independent Auditors' Report and Notes to Schedule of Expenditures of Federal Awards

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Expenditures of Federal Awards

Passed Through to Subrecipients	Federal Participation Expenditures
-	5,992
-	5,992
1,263,688	1,438,582
1,678,621	1,678,621
2,942,309	3,117,203
487,806	487,806
482,269	482,269
1,042,796	2,024,584
19,207,703	19,207,703
24,162,883	25,319,565
55,116,537	506,930,326
\$ 55,116,537	\$ 515,088,889

See Independent Auditors' Report and Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the New Mexico Department of Transportation (Department) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Department, it is not intended to and does not present the financial position or changes in net position of the Department.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Department does not utilize the 10% *de minimis* indirect cost rate.

Federal grant revenues collected in advance of the period they are intended to finance expenditures are recorded as deferred inflows, except for the amounts for the State Infrastructure Bank, which are recorded as contributions when they are received. The Department did not receive non-cash assistance from federal sources during the current year.

Note 3 - Reconciliation of Federal Awards

Statement of Revenues, Expenditures and
Changes in Fund Balances:

Federal Agencies	\$ 450,914,623
Deferred Federal Agencies (2021)	68,229,627
Deferred Federal Agencies (2020)	<u>(4,055,361)</u>

Supplemental Schedule of Expenditures
of Federal Awards

\$ 515,088,889

Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Mr. Michael Sandoval, Cabinet Secretary
New Mexico Department of Transportation
and
Mr. Brian Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the New Mexico Department of Transportation (the "Department"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated November 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The results of our tests disclosed an instance of noncompliance with the State of New Mexico's regulatory requirements that is required to be reported under Section 12-6-5 NMSA 1978 and which is described in the accompanying schedule of findings and questioned costs as item 2021-002.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "REDW LLC". The letters are stylized and cursive.

Albuquerque, New Mexico
November 8, 2021

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Mr. Michael Sandoval, Cabinet Secretary
New Mexico Department of Transportation
and
Mr. Brian Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the New Mexico Department of Transportation (the "Department") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2021. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Department's compliance.

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The Department's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Department's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Department, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

The Department's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Department's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "REDW" followed by a stylized flourish.

Albuquerque, New Mexico
November 8, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEW MEXICO DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section I - Summary of Auditors' Results

For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal Control over financial reporting:

• Material weakness(es) identified?

☐ Yes ☒ No

• Significant deficiency(ies) identified that are not considered to be material weaknesses?

☐ Yes ☒ None Reported

Non-compliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Internal Control over major programs:

• Material weakness(es) identified?

☐ Yes ☒ No

• Significant deficiency(ies) identified that are not considered to be material weaknesses?

☒ Yes ☐ None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☒ Yes ☐ None Reported

Identification of Major Programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

20.205, 20.219

Highway Planning and Construction Cluster

20.600, 20.616

Highway Safety Cluster

97.036

Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

NEW MEXICO DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section II - Findings - Financial Statement

Section II - Findings – Financial Statement

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards* for the year ended June 30, 2021.

NEW MEXICO DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section III - Findings and Questioned Costs - Major Federal Programs

Section III - Findings and Questioned Costs – Major Federal Programs

2021-001 FFATA Reporting (Significant Deficiency)

Federal Agency:

US Department of Transportation

Assistance Listing Program Title:

Highway Safety Cluster; National Highway Traffic Safety Administration (NHTSA)

Assistance Listing Number(s):

20.600 & 20.616

Award Year and Number:

Multiple Awards; Covering October 1, 2020 – September 30, 2024

Pass-Through Entity

Not applicable

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria:

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Condition / Context:

At June 30, 2021, the Department had 10 first-tier subawards of \$30,000 or more, which incurred approximately \$1,968,015 of expenditures during fiscal year 2021, that had not been reported in the FSRS.

Cause:

Policies and procedures had not been implemented to ensure applicable subawards were reported in the FSRS.

Effect:

The Department was not in compliance with reporting requirements for this program during fiscal year ending June 30, 2021.

NEW MEXICO DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section III - Findings and Questioned Costs - Major Federal Programs

Section III - Findings and Questioned Costs – Major Federal Programs (Continued)

2021-001 FFATA Reporting (Significant Deficiency)
(continued)

Auditor's Recommendation:

The Department should develop and implement policies and procedures to ensure compliance with FFATA reporting requirements for all first-tier subawards over \$30,000.

Management's Response:

The New Mexico Department of Transportation Traffic Safety Division (TSD) implements projects and programs with NHTSA funding and provides diligent oversight on both fiscal and programmatic components. Through Management Reviews (MR's) conducted by NHTSA in previous years, the FFATA requirement was not mentioned or recommended for any of the grant oversight policies and procedures. When TSD was informed about the requirement through the audit process, TSD staff began creating required accounts through the FSRS system and uploading relevant information into the system. The TSD Quality Assurance Manager will continue to develop an internal policy to address the FFATA and FSRS requirements to ensure that all relevant grant information is updated by March of 2022.

Section IV - Findings - Compliance and Other Matters

2021-002 Use of State Issued Fuel Cards (Compliance and Other Matters)

Type of Finding:

- Other Matters

Criteria:

1.5.3.19 NMAC requires that authorized drivers enter the exact current mileage of the vehicle at the time of purchasing items using state-issued fuel credit cards. Furthermore, transactions that cannot be justified must be investigated with a formal report summarizing the findings with recommendations.

Condition:

During our testing of the use of fuel cards, we identified the following matters:

- For two of twenty-five transactions tested, District Four recorded the mileage at the time of purchase inaccurately, as the mileage recorded at the time of purchase was below the previous mileage reading.
- For one of twenty-five transactions tested, District Five's documentation was not maintained to support the non-fuel purchase of \$5 nor did an investigation take place.

Cause:

Authorized personnel did not adhere to travel policies of the Department.

Effect:

Noncompliance with the New Mexico Administrative Code.

Auditor's Recommendation:

Consider providing additional training to authorized personnel on the Department's policies and procedures for the use of state-issued fuel cards. In addition, consider evaluating the Department's monitoring controls over fuel card purchases to ensure authorized personnel are adhering to the Department's policies and procedures.

Management's Response:

Accounting Services has reviewed the findings with the respective District Engineers and each district will establish controls to educate staff on the Fuel Card policies and provide additional oversight. Each district will implement internal audit procedures to ensure the correct mileage is entered and the proper documentation is maintained accordingly. The D4 and D5 District Engineers will ensure compliance by March of 2022.

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Prior Year Findings and Questioned Costs

Section II - Findings – Financial Statement

There were no findings for the year ended June 30, 2020

Section III - Findings and Questioned Costs – Major Federal Programs

There were no findings for the year ended June 30, 2020

Section IV - Findings - Compliance and Other Matters

There were no findings for the year ended June 30, 2020

An exit conference was held with the Department on November 8, 2021. The conference was held at the Department's offices in Santa Fe, New Mexico. In attendance were:

STATE OF NEW MEXICO DEPARTMENT OF TRANSPORTATION

Michael Sandoval, Cabinet Secretary
Walter G. Adams, Commissioner Chairman
Rick Padilla, Executive Director
Mallery Manzanares, Interim Administrative Services Director & Budget Director
Kristen Dorland, Chief Financial Officer & Accounting Services Director
Jennifer Schwartz, Accounting Services Deputy Director
Becky Valencia, Accounting Services Staff Manager
Jeremy F. Romero, CPA, Consultant, Shareholder

REDW, LLC

Stephen Montoya, CPA, Principal
Jesse Jiron, CPA, Senior Manager
Ernesto Ramirez, CPA, Senior Associate

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the Department and are the responsibility of management.