

2020 Financial Statements & Other Financial Information

(Independent Auditor's Report included)

Year ended June 30, 2020

NMDOT



**New Mexico Department of Transportation
Financial Statements
for the Year Ended
June 30, 2020
and Independent Auditors' Report**

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

Year Ended June 30, 2020

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
State of New Mexico Department of Transportation
and

Mr. Brian S. 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 State of New Mexico Department of Transportation (the "Department"), as of and for the year ended June 30, 2020, 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 statements 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, and accordingly, no such opinion is expressed.

An audit also includes evaluating the appropriateness of the 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, the aggregate remaining fund information, and the budgetary comparison for the general fund of the Department as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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, business-type activities, each major fund, and the aggregate remaining fund information of the Department 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, 2020, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity 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 supplementary information includes the following schedules:

- ♦ Schedules of General Fund Components – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

- ♦ Schedule of Traffic Safety Fund Components – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance
- ♦ Combining Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – By Fund Type – Non Major Funds
- ♦ Statement of Revenues and Expenditures – Budget and Actual (Modified Accrual Basis).

The supplementary information is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is presented for the 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 other schedules required by *Section 2.2.2 NMAC*, are also presented for the purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as listed above, and 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 supplementary information, as listed above, 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 *Section 2.2.2 NMAC*, as discussed in the table of contents, 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020, on our consideration of the Department's internal controls 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 controls 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.

REDW

Albuquerque, New Mexico
November 6, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the 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, 2020. 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 38 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 \$118,574,415, and the net position of the Department's governmental activities increased by \$118,221,165 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 24 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.

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 89 through 106.

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 33 through 34 and the Statement of Cash Flows is on page 35 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 38.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information including the Supplemental Schedule of Severance Tax Bonds, Supplemental Schedule of Special Appropriations and Notes to 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, the Schedule of Expenditures of Federal Awards and Notes to 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, 2020, the Department's assets and deferred outflows of resources exceeded liabilities by \$5,171,523,182.

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, 2020 and 2019, 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, 2020 and 2019.

Table A-1 The Department's Net Position

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Assets:				
Current and other assets	\$ 842,141,665	\$ 748,941,549	\$ 10,744,104	\$ 10,302,150
Capital assets and other	5,391,481,557	5,445,815,330	11,263,776	11,352,480
Total Assets	\$ 6,233,623,222	\$ 6,194,756,879	\$ 22,007,880	\$ 21,654,630
Deferred Outflows:				
Deferred loss on refunding	\$ 60,211,659	\$ 70,900,847	\$ -	\$ -
Deferred outflow of resources	-	-	-	-
Total Deferred Outflows	\$ 60,211,659	\$ 70,900,847	\$ -	\$ -
Liabilities:				
Current liabilities	\$ 267,037,127	\$ 227,754,581	\$ -	\$ -
Long-term liabilities	877,282,452	1,006,609,008	-	-
Total Liabilities	\$ 1,144,319,579	\$ 1,234,363,589	\$ -	\$ -
Net Position:				
Net investment in capital assets	\$ 4,445,310,967	\$ 4,383,351,286	\$ -	\$ -
Restricted	704,204,335	647,942,851	22,007,880	21,654,630
Total Net Position	\$ 5,149,515,302	\$ 5,031,294,137	\$ 22,007,880	\$ 21,654,630

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Total	
2020	2019
<hr/>	
\$ 852,885,769	\$ 759,243,699
5,402,745,333	5,457,167,810
<hr/>	
\$ 6,255,631,102	\$ 6,216,411,509
<hr/>	
\$ 60,211,659	\$ 70,900,847
-	-
<hr/>	
\$ 60,211,659	\$ 70,900,847
<hr/>	
\$ 267,037,127	\$ 227,754,581
877,282,452	1,006,609,008
<hr/>	
\$ 1,144,319,579	\$ 1,234,363,589
<hr/>	
\$ 4,445,310,967	\$ 4,383,351,286
726,212,215	669,597,481
<hr/>	
\$ 5,171,523,182	\$ 5,052,948,767
<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, 2020 and 2019. Governmental activities increased the Department's net position by \$118,221,165 in 2020 and \$319,856,711 in 2019. Business-type activities increased the Department's net position by \$353,250 in 2020 and \$533,276 in 2019, due to interest income earned during the year.

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

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Revenues:				
Program revenues:				
Charges for services	\$ 32,755,391	\$ 38,812,915	\$ 25,113	\$ 6,273
Operating grants	30,507,394	29,009,890	-	-
Capital grants	423,244,071	376,590,779	-	-
General revenues:				
User and fuel taxes	499,751,586	460,724,193	-	-
Interest income	8,630,114	7,307,921	328,137	527,003
Special revenues:				
Gain (loss) on disposal of assets	535,692	384,283	-	-
Total Revenues	995,424,248	912,829,981	353,250	533,276
Expenses:				
Programs and infrastructure	650,930,823	620,998,210	-	-
Transportation and highway operations	246,243,364	222,987,226	-	-
Business support	46,874,183	36,093,858	-	-
Modal	72,426,955	66,028,855	-	-
Total Expenses	1,016,475,325	946,108,149	-	-
Net Revenues Before Transfers and Reversions	(21,051,077)	(33,278,168)	353,250	533,276
Transfers and Reversions	139,272,242	353,134,879	-	-
(Decrease) Increase in Net Position	118,221,165	319,856,711	353,250	533,276
Net Position, Beginning of Fiscal Year	5,031,294,137	4,711,437,426	21,654,630	21,121,354
Net Position, End of Fiscal Year	\$ 5,149,515,302	\$ 5,031,294,137	\$ 22,007,880	\$ 21,654,630

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Total	
2020	2019
<hr/>	
\$ 32,780,504	\$ 38,819,188
30,507,394	29,009,890
423,244,071	376,590,779
499,751,586	460,724,193
8,958,251	7,834,924
535,692	384,283
<hr/> 995,777,498	<hr/> 913,363,257
650,930,823	620,998,210
246,243,364	222,987,226
46,874,183	36,093,858
72,426,955	66,028,855
<hr/> 1,016,475,325	<hr/> 946,108,149
(20,697,827)	(32,744,892)
<hr/> 139,272,242	<hr/> 353,134,879
118,574,415	320,389,987
5,052,948,767	4,732,558,780
<hr/> \$ 5,171,523,182	<hr/> \$ 5,052,948,767

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 2020 fiscal year, the Department's governmental funds reported a combined ending fund balance of \$706,054,703 an increase of \$57,330,443 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 \$24,114,193.

The changes in fund balance for the Department's major funds for 2020 are as follows:

State Road Fund(s) (SHARE 10040 and 20100)	\$ 49,264,201
GF Capital Outlay Fund (SHARE 93100)	<u>5,976,745</u>
Major fund, net change in fund balances	<u><u>\$ 55,240,946</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 FY20 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.

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 \$136,652,450. Overall, these changes were caused by the following significant budget adjustments:

Increase - NMDOT General Office Office Complex Upgrade	\$ 9,000,000
Increase - Local Government Project Transportation Fund	4,500,000
Increase - Maintenance and repairs to District Offices and Patrol Infrastructure	3,000,000
Increase - Highway Operations (Equipment)	22,000,000
Increase - Interagency Transfer Carlsbad Brine Well Remediation	10,000,000
Increase - Federal funds including Federal Transit Authority	2,470,040
Increase - NMDOT Park and Ride	625,000
Increase - Redistribution Grant Federal Highway Administration	49,757,410
Increase - Traffic Safety Education and Enforcement Fund	1,000,000
Increase - State Transit Pilot Project	1,000,000
Increase - US 550 Warranty Program	5,500,000
Increase - Federal Transit Authority - Covid-19	12,800,000
Increase - Federal Highway Administration Transportation Construction Projects	15,000,000
	\$ 136,652,450

The Department's original operating budget for fiscal year 2020 was \$920,307,500. This budget included \$894,352,200 of new revenues and \$25,955,300 of prior year funds rebudgeted. The final budget for the fiscal year was \$1,618,685,189. The \$698,377,689 increase in budget was due to FY20 budget adjustments discussed above and the Department's authorized practice of rolling forward into FY20 its remaining FY19 unexpended purchase orders. The appropriation budgetary period for those FY19 unexpended purchase orders lapses at the end of the FY19 fiscal year and the Department has to re-establish the budget in FY20 to re-appropriate the balance of its unexpended purchase orders. The Department funds the budget increase by utilizing the balance of the unused FY19 budget revenues that were originally budgeted for the unexpended purchase orders. The roll forward budget of \$561,725,239 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, 2020, amounts to \$5,388,774,057 (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

Capital Assets Overview - 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 2019-2020 Active Projects with a contract amount of \$10 million or more:

I-25, MP 154.05 to MP 157.84 for 3.79 miles - Socorro County
NM 15, MP 0 to MP 1.121 for 1.121 miles - Grady County
NM 209, MP 2.44 to MP 7.14 for 4.7 miles - Curry County
US 54, MP 69.56 to MP 78.16 for 8.6 miles - Otero County
NM 529, MP 0 to MP 22.165 for 22.165 miles - Eddy County
US 82, MP 107.653 to MP 139.07 for 31.417 miles - Eddy County
NM 434, MP 17.24 to MP 19.66 for 2.42 miles - Moriarty 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
I-25/Rio Bravo Interchange for 2.5 miles - Bernalillo 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
I-25/NM14 (Cerrillos Rd) MP 276.94 to MP 278.22 for 1.28 miles & NM 14 MP 46.044 to MP 46.27 for .23 miles - Santa Fe 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

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

Capital Assets Overview - continued

Fiscal Year 2019-2020 Active Projects with a contract amount of \$10 million or more - continued:

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
 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

Automotive and Major Road Equipment

For fiscal year 2020, 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, 2020. 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.

Table A-3
Department's Capital Assets

	2020	2019
Land	\$ 5,215,358	\$ 5,215,358
Construction in Process	500,043,922	440,669,451
Right of Way	516,074,237	512,777,786
Infrastructure	13,612,241,608	13,400,745,894
Equipment and furniture	47,732,643	30,560,348
Library	113,566	113,566
Buildings	53,465,722	51,461,853
Automotive and Major Road Fund Equipment	252,223,527	254,557,705
Accumulated depreciation	(9,598,336,526)	(9,255,701,631)
Total	\$ 5,388,774,057	\$ 5,440,400,330

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

1. OVERVIEW OF THE FINANCIAL STATEMENTS - continued

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, 2020, the Department had a total outstanding debt (bonds) of \$881,060,000. Outstanding bond debt is backed by the Department's anticipated state tax revenues and FHWA revenues.

Table A-4
Department's Outstanding Debt

	2020	2019
Bonds (excludes deferred amounts on refunding)	<u>\$ 881,060,000</u>	<u>\$ 988,170,000</u>

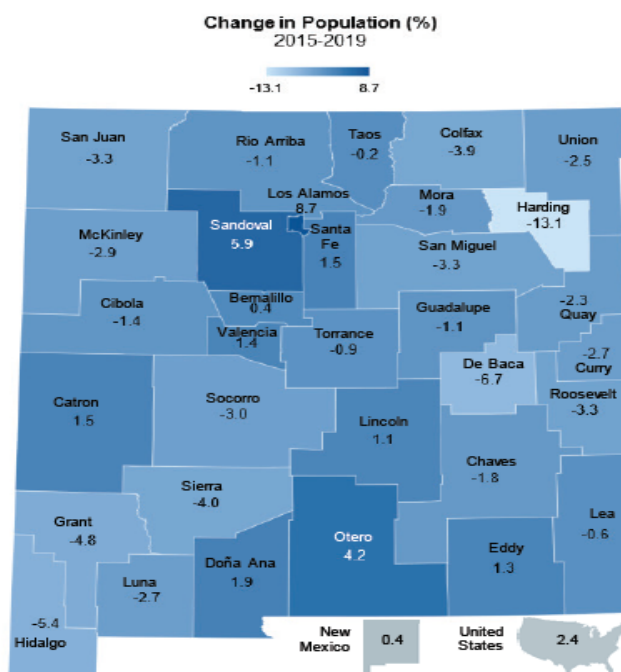
The Department's total bond debt decreased by 10.8%, or (\$107,110,000). Total outstanding bond debt at the end of the 2020 fiscal year was \$881,060,000 compared to \$988,170,000 at the end of the 2019 fiscal year. The net decrease in debt resulted from \$107,110,000 in principal repayments. See Note 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 2019, according to the U.S. Census Bureau, New Mexico's population reached 2,096,826. Between 2010 and 2019, population increased by 1.8 percent. Between 2015 and 2019, New Mexico population grew at a slower rate (0.4 percent). Over the same period of time, the national population grew 2.4 percent. Population growth occurred in 10 of the 33 counties. The fastest growing counties in the state were Los Alamos (8.7 percent), Sandoval (5.9 percent) and Otero (4.2 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 2020 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 2019 New Mexico was the second largest producer of crude oil, and the ninth largest producer of natural gas in the US. In 2018 coal, copper and potash production value amounted to \$1.4 billion and the state ranked 14th, 3rd and 1st respectively in the US. The mining and logging industry employed more than 20 thousand New Mexicans in 2019. Major federally funded scientific research facilities at Los Alamos, Albuquerque and White Sands are also a notable part of the State's economy.

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 – From October 1, 2019 through September 30, 2020, \$405 million of federal aid (obligation limitation) available to states is currently being administered by the FAST Act, i.e. Fixing America's Surface Transportation Act. President Obama signed the FAST Act into law on December 4, 2015. The FAST Act authorizes \$305 billion from both the Highway Trust Fund and the General Fund of the United States Treasury. It provides \$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, i.e. 2% to 2.4% year over year from FY2016 through FY2020. FY20's project letting schedule resulted in an overall increase in Federal revenue from \$376.7 million in FY2019 to \$423.3 million in FY2020 or a \$46.6 million or 12.4% increase. In FY20 New Mexico received \$59.2 million in redistribution funds by Federal Highway Administration's Headquarter office.

Federal Transit Administration Funds - NMDOT reported revenue of \$17,961,763 in FY 2020 Federal Transit Administration grant funds.

National Highway Traffic Safety Administration Funds - NMDOT reported revenue of \$11,123,216 in FY 2020 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 1988 to 2000, the average annual compound growth rate was 2.7%, from 2000 to 2010 it was 1.8%, and from 2010 to 2020 it has been 2.1%.

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 2020, which was largely affected by the COVID-19 pandemic and its related business restrictions and closures, the State Road Fund received about \$441 million in recurring ordinary revenues (i.e. revenues from taxes, fees and interests), representing only a 2% or \$8.8 million decline from fiscal year 2019.

2. ECONOMIC FACTORS AND REVENUE FORECASTS - continued

State Revenue - continued:

State Revenue Forecasts - Major Revenue Sources

In fiscal year 2021, the spread of the COVID-19 is expected to continue to impact State Road Fund revenues, which are now estimated at \$408 million, while State Road Fund revenues are expected to start recovering in fiscal year 2022. Starting from fiscal year 2022, the State Road Fund will be receiving about \$42-45 million of motor vehicle excise tax per fiscal year. Fiscal year 2022 Road Fund recurring ordinary revenues are estimated at \$468 million.

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.

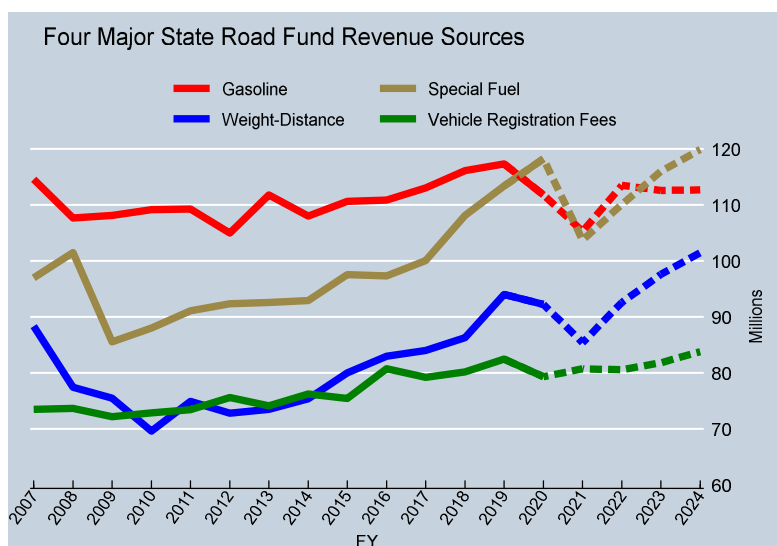
The methodology adopted for forecasting NMDOT's revenues relies on econometric techniques such as regression models and time series models (i.e. ARIMA, ARIMAX).

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

- 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 2020, revenues from gasoline, special fuels, weight distance and vehicle registration constitute 91% of state revenues in 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

In the fall of 2003, 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 basis of these increases was to provide \$40 million annually for the debt service on GRIP, a large, multi-year road construction program. The increases were designed also to add \$20 million for road maintenance. These rate/fee increases, along with the strong economy, added almost \$100 million (36%) from FY 2003 to FY 2007 to the annual State Road Fund revenue levels.

These revenues were consistent with the forecasts for the periods where taxes were increased and did add the expected \$60 million for GRIP debt service and highway maintenance expenditures. National economic trends impacting the trucking industry provided for strength in revenue growth in FY 2005 through FY 2007 and led the decline in FY 2008 through FY 2010. 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 sources, a look at each individually helps to provide a more complete picture of the Department's revenues.

Gasoline tax provided about \$111.8 million in revenue in FY 2020 and for the first time, special fuel revenue surpassed gasoline revenue, as the spread of COVID-19 and the stay-at-home order issued by the Governor largely impacted gasoline consumption. 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. 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.

For the past 20 years, between FY 2001 and FY 2020, Road Fund gasoline revenues have averaged \$111 million; gasoline revenues have only varied by more than a few million from that average twice (about \$7 million above average in FY 2019 and \$6 million below average in FY 2012). In the next fiscal year, gasoline consumption is expected to be partially impacted by the pandemic, and to slightly recover in FY 2022.

Special fuel tax (primarily diesel) provided about \$118.3 million in FY 2020. 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 grow in FY 2020, even with the pandemic affecting both the national economy and oil prices.

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 one 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 \$92.3 million in revenue in FY 2020. 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 latest economic 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. That decline was in the range of 20% and began in December, 2008. Corresponding reductions in State Road Fund trucking related revenues began in March 2009 and, in only four months, dropped the annual revenue by \$2 million in FY 2009. The full year impact in FY 2010 of this Weight Distance tax revenue decline was a \$7.8 million decrease relative to FY 2008. Recently, continuing improvements in the US economy, and the oil boom in the south-east of the state have positively impacted trucking activity, and in FY 2019 Weight Distance revenue reached a new record level, collecting \$94 million and growing at a 9% annual rate.

Motor vehicle registration fees are the fourth largest revenue source at about \$79.3 million in FY 2020. 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, like gasoline, has remained stable during both the economic expansions and recessionary periods, and it is expected to remain stable around \$80-83 million in the following fiscal years.

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 provided revenues of about \$6.3 million in FY 2020. 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 2020, Oversize/Overweight reached one of its highest peaks, collecting \$7.2 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 77.7 million gallons in FY 2019 and 72.1 million gallons in FY 2020.

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, 2020

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Current Assets:			
Cash:			
Unrestricted	\$ 600	\$ -	\$ 600
Cash equivalents: (Note 2)			
Investment in SGFIP	694,002,076	10,655,400	704,657,476
Managed by NMFA	9,329,074	-	9,329,074
Receivables:			
Accounts receivable, net (Note 3)	1,039,447	-	1,039,447
Interest receivable	5,450	-	5,450
Notes and loans receivable (Note 4)	-	88,704	88,704
Other receivables	19,911	-	19,911
Due from:			
U.S. Department of Transportation (Note 5)	63,418,797	-	63,418,797
Other state agencies (Note 7)	47,483,417	-	47,483,417
Local governments (Note 8)	21,200	-	21,200
Inventories (Note 9)	13,804,933	-	13,804,933
Prepaid expenses - other	-	-	-
Prepaid expense - NM44 warranty	2,707,500	-	2,707,500
Property held for resale	10,309,260	-	10,309,260
Total Current Assets	842,141,665	10,744,104	852,885,769
Non-Current Assets:			
Notes and loans receivable (Note 4)	-	11,263,776	11,263,776
Prepaid expense - NM44 warranty, net	2,707,500	-	2,707,500
Capital assets, net (Note 10)	5,388,774,057	-	5,388,774,057
Total Non-Current Assets	5,391,481,557	11,263,776	5,402,745,333
Total Assets	6,233,623,222	22,007,880	6,255,631,102
Deferred Outflows of Resources:			
Deferred loss on refunding (Note 15)	60,211,659	-	60,211,659
Total Deferred Outflows of Resources	60,211,659	-	60,211,659
Total Assets and Deferred Outflows of Resources	\$ 6,293,834,881	\$ 22,007,880	\$ 6,315,842,761

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position

As of June 30, 2020

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Current Liabilities:			
Accounts payable and contracts payable, including retainage of \$5,097,559	\$ 66,037,193	\$ -	\$ 66,037,193
Due to:			
U.S. Department of Transportation	33,394	-	33,394
Other state agencies (Note 7)	568,052	-	568,052
Local governments (Note 8)	17,531,471	-	17,531,471
Component units of the state (Note 13)	132,213	-	132,213
Higher Ed Institution (Note 14)	328,014	-	328,014
Unearned revenue	21,443,202	-	21,443,202
Other accrued expenses	7,331,059	-	7,331,059
Deficiency in SGFIP	15,651,707	-	15,651,707
Other liabilities	267,796	-	267,796
Current portion of long-term obligations (Note 15):			
Compensated absences	8,386,470	-	8,386,470
Debentures payable	110,740,000	-	110,740,000
Capitalized bond premium	18,586,556	-	18,586,556
Total Current Liabilities	267,037,127	-	267,037,127
Long-Term Liabilities:			
Long-term obligations (Note 15):			
Debentures payable	770,320,000	-	770,320,000
Capitalized bond premium, net	106,962,452	-	106,962,452
Total Long-Term Liabilities	877,282,452	-	877,282,452
Total Liabilities	1,144,319,579	-	1,144,319,579
Net Position:			
Net investment in capital assets	4,445,310,967	-	4,445,310,967
Restricted for:			
Loans	-	22,007,880	22,007,880
Specific purposes	704,204,335	-	704,204,335
Total Net Position	5,149,515,302	22,007,880	5,171,523,182
Total Liabilities and Net Position	\$ 6,293,834,881	\$ 22,007,880	\$ 6,315,842,761

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, 2020

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Program Expenses:			
Programs and infrastructure	\$ 650,930,823	\$ -	\$ 650,930,823
Transportation and highway operations	246,243,364	-	246,243,364
Business support	46,874,183	-	46,874,183
Modal	72,426,955	-	72,426,955
Total Program Expenses	<u>1,016,475,325</u>	<u>-</u>	<u>1,016,475,325</u>
Program Revenues:			
Charges for services	32,755,391	25,113	32,780,504
Operating grants	30,507,394	-	30,507,394
Capital grants	423,244,071	-	423,244,071
Total Program Revenues	<u>486,506,856</u>	<u>25,113</u>	<u>486,531,969</u>
Net Program Revenue (Expense)	<u>(529,968,469)</u>	<u>25,113</u>	<u>(529,943,356)</u>
General Revenues:			
User and fuel taxes	499,751,586	-	499,751,586
Interest income	8,630,114	328,137	8,958,251
Gain on disposal of assets and adjustments	535,692	-	535,692
Total General Revenues	<u>508,917,392</u>	<u>328,137</u>	<u>509,245,529</u>
Transfers:			
General fund special appropriations (Note 12)	201,325,000	-	201,325,000
Severance tax bond appropriations (Note 12)	8,500,820	-	8,500,820
Reversions (Note 12)	(75,072,978)	-	(75,072,978)
Transfers from (to) other state agencies and local governments, net (Note 12)	4,519,400	-	4,519,400
Total Transfers	<u>139,272,242</u>	<u>-</u>	<u>139,272,242</u>
Net General Revenues and Transfers	<u>648,189,634</u>	<u>328,137</u>	<u>648,517,771</u>
Change in Net Position/Operating Income	118,221,165	353,250	118,574,415
Net Position, Beginning of Fiscal Year	5,031,294,137	21,654,630	5,052,948,767
Net Position, End of Fiscal Year	<u>\$ 5,149,515,302</u>	<u>\$ 22,007,880</u>	<u>\$ 5,171,523,182</u>

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Balance Sheet - Governmental Funds

As of June 30, 2020

	Major Funds		Non Major	Total
	State Road	GF Capital	Governmental	Governmental
	Fund(s)	Outlay Fund	Funds	Funds
	(SHARE 10040	(SHARE 93100)		
	and 20100)			
Assets:				
Cash:				
Unrestricted	\$ 600	\$ -	\$ -	\$ 600
Cash equivalents: (Note 2)				
Investment in SGFIP	325,444,510	309,309,686	59,247,880	694,002,076
Managed by NMFA	231,197	-	9,097,877	9,329,074
Receivables:				
Accounts receivable, net (Note 3)	1,001,799	-	37,648	1,039,447
Interest receivable	18	-	5,432	5,450
Other receivables	14,274	-	5,637	19,911
Due from:				
U.S. Department of Transportation (Note 5)	52,701,454	-	10,717,343	63,418,797
Other funds (Note 6)	3	-	-	3
Other state agencies (Note 7)	44,298,002	-	3,185,415	47,483,417
Local governments (Note 8)	-	21,200	-	21,200
Inventories (Note 9)	13,804,933	-	-	13,804,933
Property held for resale	10,309,260	-	-	10,309,260
Total Assets	\$ 447,806,050	\$ 309,330,886	\$ 82,297,232	\$ 839,434,168
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ 61,583,159	\$ 2,481,604	\$ 1,972,430	\$ 66,037,193
Due to:				
U.S. Department of Transportation	-	-	33,394	33,394
Other funds (Note 6)	-	-	3	3
Other state agencies (Note 7)	104,923	-	463,129	568,052
Local governments (Note 8)	3,780,544	6,229,210	7,521,717	17,531,471
Component units of the state (Note 13)	132,213	-	-	132,213
Higher Ed Institution (Note 14)	198,006	-	130,008	328,014
Unearned revenue	21,443,202	-	-	21,443,202
Other accrued expenses	7,249,156	-	81,903	7,331,059
Deficiency in SGFIP	10,572,852	-	5,078,855	15,651,707
Other liabilities	84,671	-	183,125	267,796
Total Liabilities	105,148,726	8,710,814	15,464,564	129,324,104
Deferred Inflows of Resources:				
Amounts unavailable (not received within period of availability)	1,020,456	-	3,034,905	4,055,361
Total Deferred Inflows of Resources	1,020,456	-	3,034,905	4,055,361
Fund Balance:				
Non-spendable	24,114,193	-	-	24,114,193
Restricted	318,543,131	300,620,072	66,832,668	685,995,871
Unassigned (Note 16)	(1,020,456)	-	(3,034,905)	(4,055,361)
Total Fund Balance	341,636,868	300,620,072	63,797,763	706,054,703
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 447,806,050	\$ 309,330,886	\$ 82,297,232	\$ 839,434,168

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, 2020

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

\$ 706,054,703

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:

4,055,361

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

The cost of capital assets is 14,987,110,583

Accumulated depreciation is (9,598,336,526)

Total capital assets 5,388,774,057

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:

5,415,000

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) (881,060,000)

Deferred loss on refunding (net of current period amortization) 60,211,659

Compensated absences (8,386,470)

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

(125,549,008)

Net Position of Governmental Activities (Statement of Net Position)

\$ 5,149,515,302

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, 2020

	Major Funds		Non Major	Total
	State Road	GF Capital	Governmental	Governmental
	Fund(s)	Outlay Fund	Funds	Funds
	(SHARE 10040	(SHARE 93100)		
	and 20100)			
Revenues:				
User and fuel taxes	\$ 472,573,128	\$ -	\$ 27,178,458	\$ 499,751,586
U.S. Department of Transportation	423,323,462	-	29,084,979	452,408,441
Fees and fines	-	-	54,629	54,629
Licenses and permits	9,464,884	-	11,957,242	21,422,126
Charges for services	3,228,663	-	-	3,228,663
Other revenue	8,624,219	-	17,979	8,642,198
Interest earnings	6,318,659	-	2,311,455	8,630,114
Total Revenues	923,533,015	-	70,604,742	994,137,757
Expenditures:				
Current:				
Programs and infrastructure	72,913,465	98,079,550	28,060,679	199,053,694
Transportation and highway operations	253,248,656	-	-	253,248,656
Business support	46,627,793	-	-	46,627,793
Modal	16,739,689	-	40,821,533	57,561,222
Capital outlay	330,824,907	33,195,727	341,707	364,362,341
Debt service:				
Principal	102,955,000	-	4,155,000	107,110,000
Interest	44,185,850	-	3,930,000	48,115,850
Total Expenditures	867,495,360	131,275,277	77,308,919	1,076,079,556
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	56,037,655	(131,275,277)	(6,704,177)	(81,941,799)
Other Financing Sources (Uses):				
General fund special appropriations (Note 12)	-	201,325,000	-	201,325,000
Severance tax bond appropriations (Note 12)	-	-	8,500,820	8,500,820
Reversions (Note 12)	-	(75,072,978)	-	(75,072,978)
Transfers in: (Note 12)				
Inter-Agency	3,219,400	11,000,000	300,000	14,519,400
Intra-Agency	7,146	-	-	7,146
Transfers (out): (Note 12)				
Inter-Agency	(10,000,000)	-	-	(10,000,000)
Intra-Agency	-	-	(7,146)	(7,146)
Total Other Financing Sources (Uses)	(6,773,454)	137,252,022	8,793,674	139,272,242
Net Changes in Fund Balance	49,264,201	5,976,745	2,089,497	57,330,443
Fund Balance, June 30, 2019	292,372,667	294,643,327	61,708,266	648,724,260
Fund Balance, June 30, 2020	\$ 341,636,868	\$ 300,620,072	\$ 63,797,763	\$ 706,054,703

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, 2020

Net Changes in Fund Balance - Total Governmental Funds

(Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds) **\$ 57,330,443**

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.) 1,343,024

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: (1,125,897)

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	364,362,341	
Depreciation expense	(415,932,081)	
Sale of capital asset and adjustments, net book value	<u>(56,533)</u>	
Excess of depreciation expense over capital outlay		(51,626,273)

(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: 107,110,000

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:

(10,689,188)

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 \$125,549,008 in the Statement of Net Position, net of \$18,586,556 of amortization, recorded as a decrease to interest expense in the Statement of Net Position:

18,586,556

Change in Net Position of Governmental Activities (Statement of Activities)

\$ 118,221,165

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position - Proprietary Fund

As of June 30, 2020

	State Infrastructure Bank
	(SHARE 89300)
Assets:	
Current Assets:	
Cash:	
Unrestricted	\$ -
Cash equivalents: (Note 2)	
Investment in SGFIP	10,655,400
Receivables:	
Interest receivable	-
Notes and loans receivable (Note 4)	88,704
Total Current Assets	10,744,104
Non-Current Assets:	
Notes and loans receivable (Note 4)	11,263,776
Total Non-Current Assets	11,263,776
Total Assets	\$ 22,007,880
Liabilities and Net Position:	
Liabilities:	
Current Liabilities:	
Accounts payable	\$ -
Total Current Liabilities	-
Total Liabilities	-
Net Position:	
Restricted for:	
Loans	22,007,880
Total Net Position	22,007,880
Total Liabilities and Net Position	\$ 22,007,880

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, 2020

	<u>State Infrastructure Bank</u> <u>(SHARE 89300)</u>
Operating Revenues (Expenses):	
Loan interest income	\$ 25,113
Total Operating Revenues (Expenses)	<u>25,113</u>
Non-Operating Revenues (Expenses):	
Interest income	<u>328,137</u>
Total Non-Operating Revenues (Expenses)	<u>328,137</u>
Change in Net Position/Operating Income	353,250
Net Position, Beginning of Fiscal Year	<u>21,654,630</u>
Net Position, End of Fiscal Year	<u><u>\$ 22,007,880</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, 2020

	State Infrastructure Bank (SHARE 89300)
Cash Flows from Operating Activities:	
Cash received from interest on loans	\$ 25,113
Loans repaid	87,826
Net Cash Provided (Used) by Operating Activities	112,939
Cash Flows from Investing Activities:	
Cash received from interest	328,137
Net Cash Provided (Used) by Investing Activities	328,137
Net Increase (Decrease) in Cash and Cash Equivalents	441,076
Cash and Cash Equivalents at June 30, 2019	10,214,324
Cash and Cash Equivalents at June 30, 2020	\$ 10,655,400
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 25,113
Change in assets and liabilities:	
(Increase) decrease in notes and loans receivable	87,826
Net Cash Provided (Used) by Operating Activities	\$ 112,939

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) - General Fund

For the Year Ended June 30, 2020

	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	\$ 821,906,632	\$ 423,323,462	\$ (398,583,170)
Other state funds	444,559,900	448,449,500	493,890,894	45,441,394
Transfers intra-inter-agency	3,219,400	3,219,400	3,226,546	7,146
Interest revenue	3,010,100	3,010,100	6,318,659	3,308,559
Total Revenues and Other Financing Sources	819,922,400	1,276,585,632	926,759,561	\$ (349,826,071)
Prior Year Funds Rebudgeted	25,865,300	201,993,052		
	\$ 845,787,700	\$ 1,478,578,684		
Expenditures and Other Financing Uses:				
Project Design & Construction:				
Personal services/employee benefits	\$ 26,404,800	\$ 26,404,800	24,525,919	\$ 1,878,881
Contractual services	341,886,700	870,298,655	374,067,088	496,231,567
Other	155,969,100	161,827,380	152,199,431	9,627,949
	524,260,600	1,058,530,835	550,792,438	507,738,397
Highway Operations:				
Personal services/employee benefits	109,630,800	109,630,800	106,863,829	2,766,971
Contractual services	54,698,600	86,264,024	59,290,116	26,973,908
Other	87,250,800	120,858,236	87,094,711	33,763,525
	251,580,200	316,753,060	253,248,656	63,504,404
Business Support:				
Personal services/employee benefits	25,698,500	25,698,500	24,152,848	1,545,652
Contractual services	4,615,400	13,615,400	11,648,801	1,966,599
Other	13,292,800	13,292,800	10,912,929	2,379,871
Transfers (in) out	-	10,000,000	10,000,000	-
	43,606,700	62,606,700	56,714,578	5,892,122
Modal:				
Personal services/employee benefits	3,371,500	3,371,500	3,118,843	252,657
Contractual services	18,828,000	31,665,260	11,345,251	20,320,009
Other	4,140,700	5,651,329	2,275,594	3,375,735
	26,340,200	40,688,089	16,739,688	23,948,401
Total Budgeted Expenditures and Other Financing Uses	\$ 845,787,700	\$ 1,478,578,684	877,495,360	\$ 601,083,324
Non-Budgeted Items:				
Reversions			-	
Total Expenditures and Other Financing Uses			877,495,360	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 49,264,201	

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) - General Fund

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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 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, 2020.

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 department within the agency where all construction type activities are managed. Highway Operations is where the Department implements all maintenance type activities. Business Support is the administrative support for the agency such as accounting, budget, training or HR. The Modal department 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.

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, 2020, 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 (HIF) Fund 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 (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 (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.

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 FY20 was \$4,910,961 and a net total of \$137,846 was moved to the uncollectible account during the current fiscal year. A total of \$480,144 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 and therefore there is no Severance Tax Bonds Proceeds Receivable as of June 30, 2020 (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, 2020. 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 U.S. Department of Transportation

Due from the U.S. Department of Transportation 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 2020. As expenditures are determined to be unallowable, this amount is classified as Due to the U.S. Department of Transportation 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 CAFR 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 Ed 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 2020 the total prepaid expense unamortized value was \$5,415,000.

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 Departments 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 infrastructure assets recorded at the implementation of GASB 34 (FY01) 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. The Department 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	7 - 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, 2020, 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 2019, 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, 2020 for other multiple year appropriation periods are as follows:

STB Capital Outlay Fund	89200	\$ 3,338,706
GF Capital Outlay Fund	93100	140,126,046
		<u>\$ 143,464,752</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 \$0.88 billion in State Transportation Revenue and Refunding Bonds issued between 2006 and 2018. 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 \$1.08 billion. Debt Service principal and interest paid for the current year and total pledged revenues were \$155,225,850 and \$918,965,067, 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.

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 Comprehensive Annual Financial Report (CAFR) 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 CAFR 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.

New Accounting Pronouncements

The Government Accounting Standards Board's (GASB) following standards have been issued, but are not yet effective as of June 30, 2020:

- GASB Statement No. 87, Leases
- GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

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.

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 2020. 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 Comprehensive Annual Financial Report. These reviews have deemed the process sound and the Department fully compliant with reconciliation requirements.

The State Controller indicated on September 10, 2020 that as of June 30, 2020, 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, 2020. 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, 2020 the Department had the following invested in the General Fund Investment Pool:

General Fund Investment Pool	\$ 694,002,076
State Infrastructure Bank	10,655,400
	<u>\$ 704,657,476</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 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, 2020.

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, 2020.

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, 2020 the Department had the following managed by NMFA held with Bank of Albuquerque:

Bank of Albuquerque, trustee account (Managed by NMFA)	<u>\$ 9,329,074</u>
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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, 2020 is as follows:

<u>Number of Days Outstanding</u>	
0 - 30	\$ 497,235
31 - 60	30,964
61 - 90	8,918
91 - 120	502,330
Beyond 120	4,910,961
	<u>5,950,408</u>
Allowance for uncollectible accounts	(4,910,961)
	<u><u>\$ 1,039,447</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	\$ 88,704	\$ 363,776
A seventeen (17) year note receivable from Rio Metro Regional Transit District secured by gross receipts tax	-	10,900,000
	<u>\$ 88,704</u>	<u>\$ 11,263,776</u>

5. DUE FROM U.S. DEPARTMENT OF TRANSPORTATION

Due from U.S. Department of Transportation (USDOT) consists of the following at June 30, 2020:

<u>Agency</u>	
Federal Highway Administration	\$ 52,701,454
Less allowance for uncollectible amounts	-
Total Federal Highway Administration	<u>52,701,454</u>
Other USDOT Agencies	<u>10,717,343</u>
Total USDOT	<u><u>\$ 63,418,797</u></u>

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, 2020 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	\$ 3	\$ -	
Total General Funds		3	-	\$ 3
Debt Service Funds:				
2010A Bond Debt Service Fund	11140	-	3	
Total Debt Service Funds		-	3	(3)
Total Interfund Receivables and Payables		\$ 3	\$ 3	\$ -
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	\$ 19,012,134		33300	82500
		25,285,868		33300	82800
HIF Bond Fund	20200	219,918		33300	83200
Local Government Road Fund	20300	2,469,594		33300	82800
		73,306		33300	83200
State Aviation Fund	20500	41,387		33300	82800
		381,210		33300	83200
Total taxes due from Taxation and Revenue Department			\$ 47,483,417		
Total Government-wide			\$ 47,483,417		

Due To Other State Agencies

Fund Description	Fund Number	Sub-total	Total	Business Unit	Fund Affiliate
State Road Fund(s)	10040 / 20100	\$ 99,865		79000	12802
		5,058		79000	12804
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	130,073		79000	12802
		333,056		79000	12804
Total grant expenses due to Department of Public Safety			\$ 568,052		
Total Government-wide			\$ 568,052		

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE FROM AND DUE TO LOCAL GOVERNMENTS

Due From Local Governments

Fund Description	Fund Number	Due From	Total
Governmental Funds			
GF Capital Outlay	93100	Village of Corrales	\$ 21,200
Total Governmental Funds			<u>21,200</u>
Total Government-wide			<u><u>\$ 21,200</u></u>

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	\$ 32,470
		Chaves County	901
		City of Alamogordo	2,286
		City of Albuquerque	65,264
		City of Aztec	302
		City of Bloomfield	145
		City of Carlsbad New Mexico	1,677
		City of Clovis	8,073
		City of Espanola	438
		City of Farmington	11,529
		City of Gallup	1,993
		City of Moriarty	1,246
		City of Portales	1,873
		City of Rio Rancho	33,461
		City of Sunland Park	836
		County of Eddy	2,053
		County of McKinley	44,302
		County of Mora	672
		County of Sandoval	20,744
		County of Torrance	2,567
		Incorporated County of Los Alamos	702
		Lea County	8,895
		Ohkay Owingeh Pueblo	1,542
		San Juan County	8,254
		San Miguel County	765

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE FROM AND DUE TO LOCAL GOVERNMENTS - continued

Due To Local Governments - continued

Fund Description	Fund Number	Due To	Total
Governmental Funds			
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	Santa Fe County	\$ 18,585
		Socorro County	202
		Town of Grants	227
		Town of Silver City	1,270
		Village of Bosque Farms	856
		Village of Ruidoso	500
Federal Planning & Development Fund	10030	Board of Commissioners	16,676
		City of Carlsbad New Mexico	170,332
		City of Clovis	109,076
		City of Farmington	30,677
		City of Hobbs	65,358
		City of Las Vegas	18,953
		City of Portales	17,269
		City of Roswell	124,811
		City of Santa Fe	14,984
		City of Socorro	20,080
		Gallup Rural Transit	31,168
		Grant, County of	195,524
		Incorporated County of Los Alamos	1,079,771
		Mid-Region Council of Governments	8,520
		North Central Regional Transit District	861,329
		Pueblo of Laguna	76,633
		Pueblo of Zuni	53,036
		Rio Metro Regional Transit District	267,178
		South Central Regional Transit	56,460
		The Navajo Nation	48,665
		Town of Red River	17,405
		Village of Milan	34,379
State Road Fund(s)	10040 and 20100	Bernalillo County	3,241
		Board of Commissions	65,509
		Catron County	557
		Chaves County	512
		City of Albuquerque	984,594
		City of Anthony	682,359
		City of Artesia	590
		City of Aztec	950

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE FROM AND 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 Belen	\$ 2,297
		City of Bloomfield	1,265
		City of Carlsbad New Mexico	547
		City of Clovis	1,470
		City of Deming	1,486
		City of Espanola	570
		City of Eunice	1,908
		City of Farmington	65,290
		City of Gallup	1,829
		City of Jal	45
		City of Las Vegas	9,922
		City of Lordsburg	3,042
		City of Lovington	167,271
		City of Moriarty	277
		City of Portales	293
		City of Rio Rancho	209,851
		City of Roswell	3,493
		City of Ruidoso Downs	164
		City of Santa Fe	157,519
		City of Santa Rosa	1,277
		City of Socorro	3,183
		City of Sunland Park	896
		City of Truth or Consequences	3,045
		City of Tucumcari	942
		County of Cibola	2,079
		County of Eddy	3,258
		County of Luna	3,073
		County of McKinley	13,087
		County of Mora	1,471
		County of Otero	4,425
		County of Roosevelt	216
		County of Sandoval	2,597
		County of Taos	358
		County of Torrance	965
		County of Valencia	700
		De Baca County	297

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE FROM AND 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	Dona Ana County	\$ 32,694
		Eastern Plains Council of Governments	18,926
		Grant County	3,956
		Guadalupe County	1,656
		Incorporated County of Los Alamos	20,335
		Lea County	2,306
		Mid-Region Council of Governments	492,171
		Pueblo Laguna	45,486
		Quay County	126
		Rio Metro Regional Transit District	459,202
		San Juan County	2,907
		San Miguel County	1,650
		Santa Fe County	192,771
		Socorro County	47,718
		South Central Council of Governments	22,778
		Town of Bernalillo	1,647
		Town of Carrizozo	1,216
		Town of Clayton	691
		Town of Edgewood	1,368
		Town of Estancia	190
		Town of Grants	1,921
		Town of Hagerman	1,612
		Town of Mountainair	163
		Town of Silver City	4,994
		Town of Springer	85
		Town of Taos	80
		Town of Tatum	444
		Town of Vaughn	415
		Treasurer of Union County	92
		Village of Bosque Farms	249
		Village of Capitan	129
		Village of Cimarron	531
		Village of Corona	83
		Village of Cuba	1,419
		Village of Des Moines	30
		Village of Eagle Nest	142

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE FROM AND 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	Village of Hatch	\$ 1,824
		Village of Hope	283
		Village of Logan	110
		Village of Los Lunas	400
		Village of Milan	3,714
		Village of Mosquero	18
		Village of Questa	95
		Village of Roy	253
		Village of Ruidoso	714
		Village of San Jon	1,104
		Village of San Ysidro	47
		Village of Tijeras	33
		Village of Wagon Mound	1,046
Local Government Road Fund	20300	City of Raton	190,167
		City of Sunland Park	43,941
		County of Mora	149,518
		Town of Elida	78,250
		Village of Santa Clara	30,000
State Aviation Fund	20500	Board of Commissioners	56,195
		City of Alamogordo	3,634
		City of Artesia	3,767
		City of Carlsbad New Mexico	121,708
		City of Clovis	972,951
		City of Deming	792
		City of Farmington	20,228
		City of Moriarty	748,018
		City of Roswell	14,067
		City of Santa Fe	172,050
		City of Socorro	810
		Colfax County Treasurer	80,277
		Dona Ana County	9,618
		Lea County	159,380
STB Capital Outlay Fund	89200	Bernalillo County	314,110
		Chaves County	1,736
		City of Albuquerque	16,364
		City of Deming	164,024

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE FROM AND DUE TO LOCAL GOVERNMENTS - continued

Due To Local Governments - continued

Fund Description	Fund Number	Due To	Total
Governmental Funds			
STB Capital Outlay Fund	89200	Dona Ana County	\$ 72,124
		San Miguel County	3,495
		The Navajo Nation	120,000
		Town of Bernalillo	319,010
		Town of Mesilla	2,558
		Town of Silver City	40,085
		Village of Los Lunas	19,926
GF Capital Outlay	93100	Bernalillo County	29,160
		Chaves County	69,699
		City of Clovis	17,345
		City of Deming	2,465,715
		County of Eddy	66,725
		Dona Ana County	1,548,239
		San Miguel County	26,276
		The Navajo Nation	27,595
		Town of Clayton	1,641
		Town of Grants	1,425,000
		Town of Silver City	110,824
		Village of Columbus	437,911
		Village of Hatch	3,080
Total Governmental Funds			<u>17,531,471</u>
Total Enterprise Funds			<u>-</u>
Total Government-wide			<u><u>\$ 17,531,471</u></u>

9. INVENTORIES

Inventory as of June 30, 2020 consists of the following:

Highway maintenance materials stockpiled	\$ 7,660,419
Repair parts and expendable supplies	5,747,709
Fuel, oil and lubricants	396,805
	<u>13,804,933</u>
	<u><u>\$ 13,804,933</u></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, 2020 follows:

	Beginning Balance June 30, 2019	Additions	Adjustments & Transfers	Deletions
Non-Depreciable Assets:				
Construction in Progress	\$ 440,669,451	\$ 341,789,876	\$ -	\$ -
Rail System Infrastructure - Right of Way	72,204,581	-	-	-
Land	5,215,358	-	-	-
Right of Way	440,573,205	-	-	-
Total Non-Depreciable Assets	958,662,595	341,789,876	-	-
Depreciable Assets:				
Infrastructure	13,027,186,832	-	-	(67,623,240)
Automotive and Major Road Fund Equipment	254,557,705	2,137,288	-	(4,471,466)
Rail System Infrastructure	373,559,062	-	-	-
Buildings	51,461,853	2,003,869	-	-
Equipment and Furniture	30,560,348	18,431,308	-	(1,259,013)
Library	113,566	-	-	-
Total Depreciable Assets	13,737,439,366	22,572,465	-	(73,353,719)
Total Assets	14,696,101,961	364,362,341	-	(73,353,719)
Less Accumulated Depreciation:				
Infrastructure	(8,857,923,438)	(385,313,724)	-	67,623,240
Automotive and Major Road Fund Equipment	(175,368,570)	(12,354,630)	-	4,449,722
Rail System Infrastructure	(166,261,118)	(14,943,062)	-	-
Buildings	(32,709,968)	(1,375,961)	-	-
Equipment and Furniture	(23,329,050)	(1,943,140)	-	1,224,224
Library	(109,487)	(1,564)	-	-
Total Accumulated Depreciation	(9,255,701,631)	(415,932,081)	-	73,297,186
Net Total	\$ 5,440,400,330	\$ (51,569,740)	\$ -	\$ (56,533)

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

Depreciation:

Programs and infrastructure	\$ 385,557,171
Transportation and highway operations	14,686,525
Business support	722,777
Modal	14,965,608
	<u>415,932,081</u>

Amortization

Total Depreciation and Amortization	<u><u>\$ 418,639,581</u></u>
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10. CAPITAL ASSETS - continued

CIP Reclassifications	Ending Balance June 30, 2020
\$ (282,415,405)	\$ 500,043,922
-	72,204,581
-	5,215,358
3,296,451	443,869,656
(279,118,954)	1,021,333,517
279,118,954	13,238,682,546
-	252,223,527
-	373,559,062
-	53,465,722
-	47,732,643
-	113,566
279,118,954	13,965,777,066
-	14,987,110,583
-	(9,175,613,922)
-	(183,273,478)
-	(181,204,180)
-	(34,085,929)
-	(24,047,966)
-	(111,051)
-	(9,598,336,526)
\$ -	\$ 5,388,774,057

The Department had major contractual commitments related to various capital projects as of June 30, 2020 for the construction of various highway projects related to construction in progress. At June 30, 2020 the Department had spent \$500,043,922 on these projects and had remaining contractual commitments with contractors of \$275,770,124. 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, 2020, 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	\$ 28,082,389
Sale and reauthorization of severance tax bonds	2,198,400
Funding received from the State Board of Finance	(8,500,820)
Reversion to the State Board of Finance (budget only)	<u>(932,555)</u>
Balance, end of year	<u>\$ 20,847,414</u>

The funding for the year ended June 30, 2020 was received under the Laws of 2016, Chapters 5, 81 and 83; Laws of 2017, Chapter 133; Laws of 2018, Chapters 68 and 80, Laws of 2019, Chapter 280, Laws of 2020, Chapters 81 and 82.

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 Cash equivalents - Investment in SGFIP.

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

12. TRANSFERS

Transfers within the Agency

	Fund Number		Transfers In	Transfers Out	Net (Sub-totals only)
General Funds:					
State Road Fund(s)	10040 / 20100	(1)	\$ 7,146	\$ -	
Total General Funds			7,146	-	\$ 7,146
Special Revenue Funds:					
Federal Planning and Development	10030	(1)	-	7,146	
Total Special Revenue Funds			-	7,146	(7,146)
			\$ 7,146	\$ 7,146	\$ -
Total Governmental – net					\$ -
Total Enterprise Funds – net					-
Total Transfers within the Agency					\$ -

(1) Reclass insurance reimbursement paid out of Fund 20100 from Fund 10030

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	(10)	\$ -	\$ (10,000,000)	
		(20)	3,219,400	-	
Total General Funds			3,219,400	(10,000,000)	\$ (6,780,600)
Special Revenue Funds:					
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	(9)	300,000	-	
Total Special Revenue Funds			300,000	-	300,000
Capital Projects Funds:					
STB Capital Outlay Fund	89200	(2)	(19,350)	-	
		(3)	592,702	-	
		(4)	2,750,781	-	
		(5)	779,268	-	
		(6)	4,132,627	-	
		(7)	254,075	-	
		(8)	10,717	-	
			8,500,820	-	8,500,820

- (2) State Board of Finance Severance Tax Bond Laws of 2015, Ch 3, Sec 43
- (3) State Board of Finance Severance Tax Bond Laws of 2016, Ch 81, Sec 24
- (4) State Board of Finance Severance Tax Bond Laws of 2016 SS, Ch 5, Sec 3H1 & 3H2
- (5) State Board of Finance Severance Tax Bond Laws of 2018, Ch 68, Sec 8
- (6) State Board of Finance Severance Tax Bond Laws of 2018, Ch 80, Sec 32
- (7) State Board of Finance Severance Tax Bond Laws of 2019, Ch 280, Sec 83
- (8) State Board of Finance Severance Tax Bond Laws of 2020, Ch 82, Sec 84
- (9) Transfer from Department of Finance and Administration for DWI Program as per section 11-6A-3, NMSA 1978
- (10) Transfer to Energy, Minerals and Natural Resources Department for HB2, Section 5, Laws of 2018 for Carlsbad brine well remediation fund - \$10,000,000.00 per year 2019, 2020, 2021
- (11) Transfer from the General Fund for Laws of 2019, HB2, CH 271, Section 9, Item (1) acquisition of ROW, planning, design, construction and match FHWA and other state funds projects
- (12) Transfer from the General Fund for Laws of 2019, HB2, CH 271, Section 9, item (2) roadway planning, design, construction & maintenance projects

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)
Capital Projects Funds:					
GF Capital Outlay Fund	93100	(11)	62,000,000	-	
		(12)	89,000,000	-	
		(13)	50,000,000	-	
		(14)	11,000,000	-	
		(15)	50,000	50,000	
		(16)	25,000	-	
		(17)	200,000	1	
		(18)	50,000	22,977	
		(19)	-	75,000,000	
Total Capital Projects Funds			220,825,820	75,072,978	145,752,842

Summary

Total General Funds - net	\$ (6,780,600)
Total Special Revenue Funds - net	300,000
Total Capital Projects Funds - net	145,752,842
Total Governmental – net	139,272,242
Total Enterprise Funds – net	-
Total Government Wide - Statement of Activities	\$ 139,272,242

- (13) Transfer from the General Fund for Laws of 2019, HB2, CH 271, Section 9, item (3) Local Government Transportation Project Fund
- (14) Transfer from the General Fund for Laws of 2019, HB2, CH 271, Section 34, for roadway planning, design, construction and maintenance in accordance with projects identified in the statewide transportation improvement program.
- (15) Transfer from the General Fund for Laws of 2019, HB548, CH 279, Section 24, for the pilot project using fast charging equipment for electric vehicles at a highway rest stop.
- (16) Transfer from the General Fund for Laws of 2019, HB548, CH 279, Section 59, for Milan to operate the Carrot Express.
- (17) General Fund for Laws of 2019, SB536, Section 25, Item A(1); B, Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.
- (18) General Fund for Laws of 2019, SB536, Section 60, Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.
- (19) Department of Transportation Projects, Appropriation Reversion, Laws of 2020 1st Special Session, SB5, Section 8, Notwithstanding the provision of Laws 2019, Chapter 271, Section 9, seventy-five million dollars shall revert to the general fund at the end of fiscal year 2020.
- (20) Transfer from the General Fund for Laws of 2019, HB2, CH 271, Section 4, page 126

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	\$ 132,213
Total Government-wide			<u>\$ 132,213</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	\$ 130,008
State Road Fund(s)	10040 and 20100	The University of New Mexico Regents of New Mexico State Univ.	138,028 59,978
Total Government-wide			<u>\$ 328,014</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, 2020:

Governmental Activities	Balance at June 30, 2019	Increase	Decrease	Ending Balance June 30, 2020	Amounts due within one year
2010A Refunding Bonds	\$ 51,600,000	\$ -	\$ (9,210,000)	\$ 42,390,000	\$ 9,470,000
2010B Refunding Bonds	214,765,000	-	(86,520,000)	128,245,000	91,265,000
2012A Refunding Bonds	164,030,000	-	(4,975,000)	159,055,000	4,965,000
2014A Revenue Bonds	62,480,000	-	(4,155,000)	58,325,000	2,750,000
2014B Refunding Bonds	76,470,000	-	(1,580,000)	74,890,000	1,660,000
2018A Refunding Bonds	418,825,000	-	(670,000)	418,155,000	630,000
Debentures	988,170,000	-	(107,110,000)	881,060,000	110,740,000
Compensated absences payable	7,260,573	7,727,349	(6,601,452)	8,386,470	8,386,470
Total obligations	995,430,573	\$ 7,727,349	\$ (113,711,452)	889,446,470	\$ 119,126,470
Less current portion	(114,370,573)			(119,126,470)	
Net long-term obligations	<u>\$ 881,060,000</u>			<u>\$ 770,320,000</u>	
Unamortized bond premium	\$ 144,135,564	\$ -	\$ (18,586,556)	\$ 125,549,008	\$ 18,586,556

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, 2019	Increase	Decrease	Ending Balance June 30, 2020	Amounts due within one year
Deferred loss on refunding	\$ 70,900,847	-	(10,689,188)	\$ 60,211,659	10,689,188

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, 2020, there were no bonds outstanding that were considered defeased in substance.

The cumulative deferred amount on the refundings of \$60,211,659 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.

Principal of the Bonds is payable as follows on December 15. Interest, with rates ranging from 1.5% to 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 \$4,445,050, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2010A Refunding:			
2021	\$ 9,470,000	\$ 1,834,100	\$ 11,304,100
2022	9,745,000	1,375,075	11,120,075
2023	16,290,000	737,800	17,027,800
2024	-	332,050	332,050
2025	6,885,000	166,025	7,051,025
Total	<u>\$ 42,390,000</u>	<u>\$ 4,445,050</u>	<u>\$ 46,835,050</u>

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.

Principal of the Bonds is payable as follows on June 15. Interest, with rates ranging from 3.0% to 5.0% per annum, is payable semi-annually on June 15 and December 15 through the year 2024.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$10,657,250, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2010B Refunding:			
2021	\$ 91,265,000	\$ 6,412,250	\$ 97,677,250
2022	-	1,849,000	1,849,000
2023	26,040,000	1,849,000	27,889,000
2024	10,940,000	547,000	11,487,000
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 128,245,000	\$ 10,657,250	\$ 138,902,250
	<u> </u>	<u> </u>	<u> </u>

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 \$20,476,400, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2012A Refunding:			
2021	\$ 4,965,000	\$ 7,029,750	\$ 11,994,750
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>\$ 159,055,000</u>	<u>\$ 20,476,400</u>	<u>\$ 179,531,400</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 \$24,349,500, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2014A Revenue:			
2021	\$ 2,750,000	\$ 2,916,250	\$ 5,666,250
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
2026-2030	34,715,000	9,219,000	43,934,000
2031-2032	15,165,000	1,099,250	16,264,250
Total	<u>\$ 58,325,000</u>	<u>\$ 24,349,500</u>	<u>\$ 82,674,500</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 \$24,317,000, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2014B Refunding:			
2021	\$ 1,660,000	\$ 3,744,500	\$ 5,404,500
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
2026-2027	65,725,000	6,466,500	72,191,500
Total	<u>\$ 74,890,000</u>	<u>\$ 24,317,000</u>	<u>\$ 99,207,000</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 \$110,328,500, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2018A Refunding:			
2021	\$ 630,000	\$ 20,907,750	\$ 21,537,750
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
2026-2030	<u>157,290,000</u>	<u>23,305,000</u>	<u>180,595,000</u>
Total	<u>\$ 418,155,000</u>	<u>\$ 110,328,500</u>	<u>\$ 528,483,500</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>
2021	\$ 153,584,600
2022	164,691,725
2023	163,362,700
2024	182,837,200
2025	75,063,925
2026-2030	319,829,300
2031-2032	16,264,250
Total	\$ 1,075,633,700

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 \$48,115,850 for the year-ended June 30, 2020.

Capital Leases

There are no future minimum lease obligations to report as of June 30, 2020.

Compensated Absences

An obligation amounting to \$8,386,470 at June 30, 2020 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 \$1,417,197

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

Fund 10030: Federal Planning and Development Fund \$1,617,708

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

Fund 10040 / 20100: State Road Fund(s) \$1,020,456 (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, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy

Plan members who earn over \$20,000 are required to contribute 8.92% 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 17.24% in FY20 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, 2020, 2019, 2018 were \$17,407,798, \$15,732,927, and \$15,622,151, 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, 2020.

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 Comprehensive Annual Financial Report (CAFR) 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 Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020 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 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. During the 2017-2018 fiscal year, the Department paid Risk Management \$6,515,377 in insurance premiums. The Department's exposure is limited to \$1,000 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, 2020, 2019, and 2018, 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 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, 2020 was \$1,001,200.

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, 2020 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 Schedule Footnote.

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). This is for several reasons, not the least of which, it is needed in order 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 FY21:

FY20 Legislation

Laws	Chapter	Section	Amount	Law Description
House Bill 2	83	9/1	\$ 135,000,000	For acquisition of ROW, planning, design & construction
House Bill 349	81	75/10-11	55,000.00	For acquisition of ROW, planning, design & construction

2020A Bond Series

The series 2020A Bonds are being issued by the New Mexico Finance Authority at the direction of the State Transportation Commission of the State of New Mexico. The proceeds will be used for the purposes of 1) refunding all or portions of the series 2010A-1, 2010A-2, and 2010B bonds to achieve debt service savings and 2) paying the costs of issuing the Series 2020 bonds. Interest on the bonds is payable on June 15, 2021 and semiannually thereafter on each December 15 and June 15 until maturity. Series 2020A Bonds are not subject to redemption prior to maturity. Bonds are special, limited obligations payable solely from and secured solely by proceeds received by the New Mexico Department of Transportation from the collection of taxes and fees that are required by law and/or federal funds not otherwise obligated, received into the State Road Fund (Fund 20100) and/or to the Highway Infrastructure Fund (fund 20200).

FEMA Grant

The Department applied for a FEMA grant in FY20 for \$2,151,502 to recoup certain eligible expenses related to COVID-19 pandemic operations and reimbursable from the CARES Act funding. The award was granted in FY21 and per federal guidance we will recognize the award in the FY21 financial statements.

COVID-19

In response to the COVID-19 (Coronavirus) Pandemic, the New Mexico Department of Transportation (NMDOT) has seen significant changes to the Department's operations since March 2020 into fiscal year 2021. In light of recent public health orders mandated by the Office of the Governor, all non-essential staff and the staff eligible to telecommute were sent home. The safety and health of our employees as well as the general public we serve is of great importance to NMDOT. We remain committed to our purpose to provide a safe and efficient transportation system for the traveling public, while promoting economic development and preserving the environment of New Mexico. Our highway workers are essential personnel and have continued to serve the public while using COVID-19 safe practices.

As a result of the pandemic, the State of New Mexico has seen significant declines in the market value of investments, gross receipts tax revenues, revenues derived from the oil and gas industry and gasoline revenues, all of which are significant sources of revenue for the State, which allocates these resources through appropriations to individual state agencies. A Special Session of the legislature was called in June of 2020 to consider and take action on proposed budget cuts to ensure the continued operations of state government. NMDOT reverted \$75 million in capital outlay appropriations and presented a budget for fiscal year 2021 using 5% less in expenditures. The NMDOT has seen moderate declines of 2% overall in our state legislated allocations and no decline in our federal revenue. NMDOT received some CARES Act grants for our Transit and Rail and Aviation divisions and has also pursued reimbursement of about \$2.1 million of eligible expenses from the Federal Emergency Administration Agency (FEMA). However, the full impact of COVID-19 is unknown and cannot be reasonable estimated as these events are still developing into fiscal year 2021.

SUPPLEMENTARY INFORMATION

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

As of June 30, 2020

	Departmental Services- Inventories Fund (SHARE 10040)	State Road Fund (SHARE 20100)	Interfund Activity	State Road Fund(s) (SHARE 10040 and 20100)
Assets:				
Cash:				
Unrestricted	\$ -	\$ 600	\$ -	\$ 600
Cash equivalents:				
Investment in SGFIP	-	325,444,510	-	325,444,510
Managed by NMFA	-	231,197	-	231,197
Receivables:				
Accounts receivable, net	-	1,001,799	-	1,001,799
Interest receivable	-	18	-	18
Notes and loans receivable	-	-	-	-
Other receivables	-	14,274	-	14,274
Due from:				
U.S. Department of Transportation	-	52,701,454	-	52,701,454
Other funds	-	3	-	3
Other state agencies	-	44,298,002	-	44,298,002
Local governments	-	-	-	-
Inventories	13,804,933	-	-	13,804,933
Prepaid expenses - other	-	-	-	-
Property held for resale	-	10,309,260	-	10,309,260
Total Assets	\$ 13,804,933	\$ 434,001,117	\$ -	\$ 447,806,050

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 113,472	\$ 61,469,687	\$ -	\$ 61,583,159
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	-	104,923	-	104,923
Local governments	-	3,780,544	-	3,780,544
Component units of the state	-	132,213	-	132,213
Higher Ed Institution	-	198,006	-	198,006
Unearned revenue	-	21,443,202	-	21,443,202
Other accrued expenses	-	7,249,156	-	7,249,156
Deficiency in SGFIP	10,572,852	-	-	10,572,852
Other liabilities	8,787	75,884	-	84,671
Total Liabilities	10,695,111	94,453,615	-	105,148,726

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	-	1,020,456	-	1,020,456
Total Deferred Inflows of Resources	-	1,020,456	-	1,020,456

Fund Balance:

Non-spendable	13,804,933	10,309,260	-	24,114,193
Restricted	-	329,238,242	(10,695,111)	318,543,131
Unassigned	(10,695,111)	(1,020,456)	10,695,111	(1,020,456)
Total Fund Balance	3,109,822	338,527,046	-	341,636,868

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

\$ 13,804,933	\$ 434,001,117	\$ -	\$ 447,806,050
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See Independent Auditors' Report

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, 2020

	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	\$ -	\$ 472,573,128	\$ -	\$ 472,573,128
U.S. Department of Transportation	-	423,323,462	-	423,323,462
Fees and fines	-	-	-	-
Licenses and permits	-	9,464,884	-	9,464,884
Charges for services	-	3,228,663	-	3,228,663
Other revenue	1	8,624,218	-	8,624,219
Interest earnings	-	6,318,659	-	6,318,659
Total Revenues	1	923,533,014	-	923,533,015
Expenditures:				
Current:				
Programs and infrastructure	-	72,913,465	-	72,913,465
Transportation and highway operations	46,293	253,202,363	-	253,248,656
Business support	-	46,627,793	-	46,627,793
Modal	-	16,739,689	-	16,739,689
Capital outlay	-	330,824,907	-	330,824,907
Debt service:				
Principal	-	102,955,000	-	102,955,000
Interest	-	44,185,850	-	44,185,850
Total Expenditures	46,293	867,449,067	-	867,495,360
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,292)	56,083,947	-	56,037,655
Other Financing Sources (Uses):				
General fund special appropriations	-	-	-	-
Severance tax bond appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers in:				
Inter-Agency	-	3,219,400	-	3,219,400
Intra-Agency	-	7,146	-	7,146
Transfers (out):				
Inter-Agency	-	(10,000,000)	-	(10,000,000)
Intra-Agency	-	-	-	-
Total Other Financing Sources (Uses)	-	(6,773,454)	-	(6,773,454)
Net Changes in Fund Balance	(46,292)	49,310,493	-	49,264,201
Fund Balance, June 30, 2019	3,156,114	289,216,553	-	292,372,667
Fund Balance, June 30, 2020	\$ 3,109,822	\$ 338,527,046	\$ -	\$ 341,636,868

See Independent Auditors' Report

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

As of June 30, 2020

	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	-	127,631	101,158	799,137
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	29,369	5,350	-	-
Interest receivable	-	-	-	-
Notes and loans receivable	-	-	-	-
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	3,352,932	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
Local governments	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 3,382,301	\$ 132,981	\$ 101,158	\$ 799,137

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 1,140,719	\$ -	\$ -	\$ 221
Due to:				
U.S. Department of Transportation	27,755	-	-	-
Other funds	-	-	-	-
Other state agencies	340,958	-	-	-
Local governments	188,045	-	-	11,548
Component units of the state	-	-	-	-
Higher Ed Institution	110,313	7,588	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	33,426	-	-	-
Deficiency in SGFIP	1,541,085	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	3,382,301	7,588	-	11,769

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	1,417,197	-	-	-
Total Deferred Inflows of Resources	1,417,197	-	-	-

Fund Balance:

Non-spendable	-	-	-	-
Restricted	-	125,393	101,158	787,368
Unassigned	(1,417,197)	-	-	-
Total Fund Balance	(1,417,197)	125,393	101,158	787,368

Total Liabilities, Deferred Inflows of Resources and Fund Balance

\$ 3,382,301	\$ 132,981	\$ 101,158	\$ 799,137
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Traffic Safety Fund Components - Balance Sheet

<div> <div>Traffic Safety Fund</div> <div>Ignition Interlock Fund</div> </div>		<div> <div>Traffic Safety Fund(s)</div> <div>(SHARE 10010, 10020, 20600, 20700, 20800, 82600)</div> </div>	
(SHARE 20800)	(SHARE 82600)		
\$ -	\$ -	\$ -	
2,094,774	2,157,010	5,279,710	
-	-	-	
-	-	34,719	
-	-	-	
-	-	-	
-	-	3,352,932	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
<u>\$ 2,094,774</u>	<u>\$ 2,157,010</u>	<u>\$ 8,667,361</u>	
\$ 206,291	\$ 12,711	\$ 1,359,942	
-	-	27,755	
-	-	-	
122,171	-	463,129	
75,037	-	274,630	
-	-	-	
-	12,107	130,008	
-	-	-	
-	3,163	36,589	
-	-	1,541,085	
-	-	-	
<u>403,499</u>	<u>27,981</u>	<u>3,833,138</u>	
-	-	1,417,197	
-	-	<u>1,417,197</u>	
-	-	-	
1,691,275	2,129,029	4,834,223	
-	-	(1,417,197)	
<u>1,691,275</u>	<u>2,129,029</u>	<u>3,417,026</u>	
<u>\$ 2,094,774</u>	<u>\$ 2,157,010</u>	<u>\$ 8,667,361</u>	

See Independent Auditors' Report

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, 2020

	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	\$ -	\$ -	\$ -	\$ -
U.S. Department of Transportation	11,123,216	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	186,987	115,244	368,185
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Interest earnings	-	-	1,254	-
Total Revenues	<u>11,123,216</u>	<u>186,987</u>	<u>116,498</u>	<u>368,185</u>
Expenditures:				
Current:				
Programs and infrastructure	-	-	-	-
Transportation and highway operations	-	-	-	-
Business support	-	-	-	-
Modal	12,330,009	187,500	15,340	199,381
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>12,330,009</u>	<u>187,500</u>	<u>15,340</u>	<u>199,381</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,206,793)</u>	<u>(513)</u>	<u>101,158</u>	<u>168,804</u>
Other Financing Sources (Uses):				
General fund special appropriations	-	-	-	-
Severance tax bond appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers in:				
Inter-Agency	-	-	-	-
Intra-Agency	-	-	-	-
Transfers (out):				
Inter-Agency	-	-	-	-
Intra-Agency	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	<u>(1,206,793)</u>	<u>(513)</u>	<u>101,158</u>	<u>168,804</u>
Fund Balance, June 30, 2019	<u>(210,404)</u>	<u>125,906</u>	<u>-</u>	<u>618,564</u>
Fund Balance, June 30, 2020	<u>\$ (1,417,197)</u>	<u>\$ 125,393</u>	<u>\$ 101,158</u>	<u>\$ 787,368</u>

See Independent Auditors' Report

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)	
\$ -	\$ -	\$ -
-	-	11,123,216
-	-	-
796,979	352,016	1,819,411
-	-	-
870	50	920
62,429	-	63,683
<u>860,278</u>	<u>352,066</u>	<u>13,007,230</u>
-	-	-
-	-	-
-	-	-
1,082,858	627,679	14,442,767
30,941	-	30,941
-	-	-
-	-	-
<u>1,113,799</u>	<u>627,679</u>	<u>14,473,708</u>
<u>(253,521)</u>	<u>(275,613)</u>	<u>(1,466,478)</u>
-	-	-
-	-	-
-	-	-
-	300,000	300,000
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>300,000</u>	<u>300,000</u>
<u>(253,521)</u>	<u>24,387</u>	<u>(1,166,478)</u>
<u>1,944,796</u>	<u>2,104,642</u>	<u>4,583,504</u>
<u>\$ 1,691,275</u>	<u>\$ 2,129,029</u>	<u>\$ 3,417,026</u>

See Independent Auditors' Report

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

As of June 30, 2020

	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	5,279,710	-	3,579,998	33,492,309
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	34,719	-	-	-
Interest receivable	-	-	-	-
Other receivables	-	5,637	-	-
Due from:				
U.S. Department of Transportation	3,352,932	7,364,411	-	-
Other funds	-	-	-	-
Other state agencies	-	-	219,918	2,542,900
Local governments	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 8,667,361	\$ 7,370,048	\$ 3,799,916	\$ 36,035,209

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 1,359,942	\$ 341,890	\$ -	\$ 10,979
Due to:				
U.S. Department of Transportation	27,755	5,639	-	-
Other funds	-	-	-	-
Other state agencies	463,129	-	-	-
Local governments	274,630	3,318,284	-	491,876
Component units of the state	-	-	-	-
Higher Ed Institution	130,008	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	36,589	22,836	-	-
Deficiency in SGFIP	1,541,085	3,537,770	-	-
Other liabilities	-	143,629	-	39,496
Total Liabilities	3,833,138	7,370,048	-	542,351

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	1,417,197	1,617,708	-	-
Total Deferred Inflows of Resources	1,417,197	1,617,708	-	-

Fund Balance:

Non-spendable	-	-	-	-
Restricted	4,834,223	-	3,799,916	35,492,858
Unassigned	(1,417,197)	(1,617,708)	-	-
Total Fund Balance	3,417,026	(1,617,708)	3,799,916	35,492,858

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

\$ 8,667,361	\$ 7,370,048	\$ 3,799,916	\$ 36,035,209
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See Independent Auditors' Report

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)	
\$ -	\$ -	\$ -	\$ -	\$ -
15,438,252	112,078	-	-	57,902,347
-	-	1,193,176	6,725,935	7,919,111
2,929	-	-	-	37,648
-	-	96	533	629
-	-	-	-	5,637
-	-	-	-	10,717,343
-	-	-	-	-
422,597	-	-	-	3,185,415
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 15,863,778</u>	<u>\$ 112,078</u>	<u>\$ 1,193,272</u>	<u>\$ 6,726,468</u>	<u>\$ 79,768,130</u>
\$ 4,993	\$ -	\$ -	\$ -	\$ 1,717,804
-	-	-	-	33,394
-	-	-	-	-
-	-	-	-	463,129
2,363,495	-	-	-	6,448,285
-	-	-	-	-
-	-	-	-	130,008
-	-	-	-	-
22,478	-	-	-	81,903
-	-	-	-	5,078,855
-	-	-	-	183,125
<u>2,390,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,136,503</u>
-	-	-	-	3,034,905
-	-	-	-	3,034,905
-	-	-	-	-
13,472,812	112,078	1,193,272	6,726,468	65,631,627
-	-	-	-	(3,034,905)
<u>13,472,812</u>	<u>112,078</u>	<u>1,193,272</u>	<u>6,726,468</u>	<u>62,596,722</u>
<u>\$ 15,863,778</u>	<u>\$ 112,078</u>	<u>\$ 1,193,272</u>	<u>\$ 6,726,468</u>	<u>\$ 79,768,130</u>

See Independent Auditors' Report

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

As of June 30, 2020

	Capital Projects Fund	STB Capital Outlay Fund	Total Capital Projects Funds
	(SHARE 10050)	(SHARE 89200)	
Assets:			
Cash:			
Unrestricted	\$ -	\$ -	\$ -
Cash equivalents:			
Investment in SGFIP	-	1,328,058	1,328,058
Managed by NMFA	-	-	-
Receivables:			
Accounts receivable, net	-	-	-
Interest receivable	-	-	-
Other receivables	-	-	-
Due from:			
U.S. Department of Transportation	-	-	-
Other funds	-	-	-
Other state agencies	-	-	-
Local governments	-	-	-
Inventories	-	-	-
Prepaid expenses - other	-	-	-
Property held for resale	-	-	-
Total Assets	\$ -	\$ 1,328,058	\$ 1,328,058
Liabilities, Deferred Inflows of Resources and Fund Balance:			
Liabilities:			
Accounts payable	\$ -	\$ 254,626	\$ 254,626
Due to:			
U.S. Department of Transportation	-	-	-
Other funds	-	-	-
Other state agencies	-	-	-
Local governments	-	1,073,432	1,073,432
Component units of the state	-	-	-
Higher Ed Institution	-	-	-
Unearned revenue	-	-	-
Other accrued expenses	-	-	-
Deficiency in SGFIP	-	-	-
Other liabilities	-	-	-
Total Liabilities	-	1,328,058	1,328,058
Deferred Inflows of Resources:			
Amounts unavailable (not received within period of availability)	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balance:			
Non-spendable	-	-	-
Restricted	-	-	-
Unassigned	-	-	-
Total Fund Balance	-	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ -	\$ 1,328,058	\$ 1,328,058

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Balance Sheet - 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)
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	17,475	-
49,361	827,994	86,014	58,146	38,495
-	-	-	-	-
44	3,617	338	226	138
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 49,405</u>	<u>\$ 831,611</u>	<u>\$ 86,352</u>	<u>\$ 75,847</u>	<u>\$ 38,633</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
3	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
49,402	831,611	86,352	75,847	38,633
-	-	-	-	-
<u>49,402</u>	<u>831,611</u>	<u>86,352</u>	<u>75,847</u>	<u>38,633</u>
\$ 49,405	\$ 831,611	\$ 86,352	\$ 75,847	\$ 38,633

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

As of June 30, 2020

	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	59,247,880
Managed by NMFA	118,756	1,178,766	9,097,877
Receivables:			
Accounts receivable, net	-	-	37,648
Interest receivable	440	4,803	5,432
Other receivables	-	-	5,637
Due from:			
U.S. Department of Transportation	-	-	10,717,343
Other funds	-	-	-
Other state agencies	-	-	3,185,415
Local governments	-	-	-
Inventories	-	-	-
Prepaid expenses - other	-	-	-
Property held for resale	-	-	-
Total Assets	<u>\$ 119,196</u>	<u>\$ 1,201,044</u>	<u>\$ 82,297,232</u>
Liabilities, Deferred Inflows of Resources and Fund Balance:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,972,430
Due to:			
U.S. Department of Transportation	-	-	33,394
Other funds	-	3	3
Other state agencies	-	-	463,129
Local governments	-	-	7,521,717
Component units of the state	-	-	-
Higher Ed Institution	-	-	130,008
Unearned revenue	-	-	-
Other accrued expenses	-	-	81,903
Deficiency in SGFIP	-	-	5,078,855
Other liabilities	-	-	183,125
Total Liabilities	<u>-</u>	<u>3</u>	<u>15,464,564</u>
Deferred Inflows of Resources:			
Amounts unavailable (not received within period of availability)	<u>-</u>	<u>-</u>	<u>3,034,905</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>3,034,905</u>
Fund Balance:			
Non-spendable	-	-	-
Restricted	119,196	1,201,041	66,832,668
Unassigned	-	-	(3,034,905)
Total Fund Balance	<u>119,196</u>	<u>1,201,041</u>	<u>63,797,763</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 119,196</u>	<u>\$ 1,201,044</u>	<u>\$ 82,297,232</u>

See Independent Auditors' Report

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, 2020

	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	\$ -	\$ -	\$ 5,344,778	\$ 16,317,697
U.S. Department of Transportation	11,123,216	17,961,763	-	-
Fees and fines	-	-	-	-
Licenses and permits	1,819,411	-	1,849,182	8,288,649
Charges for services	-	-	-	-
Other revenue	920	-	-	16,159
Interest earnings	63,683	-	93,926	907,853
Total Revenues	13,007,230	17,961,763	7,287,886	25,530,358
Expenditures:				
Current:				
Programs and infrastructure	-	-	-	19,774,042
Transportation and highway operations	-	-	-	-
Business support	-	-	-	-
Modal	14,442,767	18,177,385	-	-
Capital outlay	30,941	-	-	-
Debt service:				
Principal	-	-	4,155,000	-
Interest	-	-	3,857,000	-
Total Expenditures	14,473,708	18,177,385	8,012,000	19,774,042
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,466,478)	(215,622)	(724,114)	5,756,316
Other Financing Sources (Uses):				
General fund special appropriations	-	-	-	-
Severance tax bond appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers in:				
Inter-Agency	300,000	-	-	-
Intra-Agency	-	-	-	-
Transfers (out):				
Inter-Agency	-	-	-	-
Intra-Agency	-	(7,146)	-	-
Total Other Financing Sources (Uses)	300,000	(7,146)	-	-
Net Changes in Fund Balance	(1,166,478)	(222,768)	(724,114)	5,756,316
Fund Balance, June 30, 2019	4,583,504	(1,394,940)	4,524,030	29,736,542
Fund Balance, June 30, 2020	\$ 3,417,026	\$ (1,617,708)	\$ 3,799,916	\$ 35,492,858

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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)	
\$ 5,515,983	\$ -	\$ -	\$ -	\$ 27,178,458
-	-	-	-	29,084,979
54,629	-	-	-	54,629
-	-	-	-	11,957,242
-	-	-	-	-
900	-	-	-	17,979
492,660	-	16,209	86,092	1,660,423
6,064,172	-	16,209	86,092	69,953,710
-	-	96,583	-	19,870,625
-	-	-	-	-
-	-	-	-	-
8,201,381	-	-	-	40,821,533
-	-	-	-	30,941
-	-	-	-	4,155,000
-	-	-	-	3,857,000
8,201,381	-	96,583	-	68,735,099
(2,137,209)	-	(80,374)	86,092	1,218,611
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	300,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(7,146)
-	-	-	-	292,854
(2,137,209)	-	(80,374)	86,092	1,511,465
15,610,021	112,078	1,273,646	6,640,376	61,085,257
\$ 13,472,812	\$ 112,078	\$ 1,193,272	\$ 6,726,468	\$ 62,596,722

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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, 2020

	Capital Projects Fund	STB Capital Outlay Fund	Total Capital Projects Funds
	(SHARE 10050)	(SHARE 89200)	
Revenues:			
User and fuel taxes	\$ -	\$ -	\$ -
U.S. Department of Transportation	-	-	-
Fees and fines	-	-	-
Licenses and permits	-	-	-
Charges for services	-	-	-
Other revenue	-	-	-
Interest earnings	-	-	-
Total Revenues	-	-	-
Expenditures:			
Current:			
Programs and infrastructure	-	8,190,054	8,190,054
Transportation and highway operations	-	-	-
Business support	-	-	-
Modal	-	-	-
Capital outlay	-	310,766	310,766
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	-	8,500,820	8,500,820
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(8,500,820)	(8,500,820)
Other Financing Sources (Uses):			
General fund special appropriations	-	-	-
Severance tax bond appropriations	-	8,500,820	8,500,820
Reversions	-	-	-
Transfers in:			
Inter-Agency	-	-	-
Intra-Agency	-	-	-
Transfers (out):			
Inter-Agency	-	-	-
Intra-Agency	-	-	-
Total Other Financing Sources (Uses)	-	8,500,820	8,500,820
Net Changes in Fund Balance	-	-	-
Fund Balance, June 30, 2019	-	-	-
Fund Balance, June 30, 2020	\$ -	\$ -	\$ -

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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)
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
39,089	457,597	44,718	29,276	18,525
39,089	457,597	44,718	29,276	18,525
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	73,000	-	-	-
-	73,000	-	-	-
39,089	384,597	44,718	29,276	18,525
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
39,089	384,597	44,718	29,276	18,525
10,313	447,014	41,634	46,571	20,108
\$ 49,402	\$ 831,611	\$ 86,352	\$ 75,847	\$ 38,633

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, 2020

	2018A Bond Debt Service Fund (SHARE 20770)	Total Debt Service Funds	Total Non Major Governmental Funds
Revenues:			
User and fuel taxes	\$ -	\$ -	\$ 27,178,458
U.S. Department of Transportation	-	-	29,084,979
Fees and fines	-	-	54,629
Licenses and permits	-	-	11,957,242
Charges for services	-	-	-
Other revenue	-	-	17,979
Interest earnings	61,827	651,032	2,311,455
Total Revenues	<u>61,827</u>	<u>651,032</u>	<u>70,604,742</u>
Expenditures:			
Current:			
Programs and infrastructure	-	-	28,060,679
Transportation and highway operations	-	-	-
Business support	-	-	-
Modal	-	-	40,821,533
Capital outlay	-	-	341,707
Debt service:			
Principal	-	-	4,155,000
Interest	-	73,000	3,930,000
Total Expenditures	<u>-</u>	<u>73,000</u>	<u>77,308,919</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>61,827</u>	<u>578,032</u>	<u>(6,704,177)</u>
Other Financing Sources (Uses):			
General fund special appropriations	-	-	-
Severance tax bond appropriations	-	-	8,500,820
Reversions	-	-	-
Transfers in:			
Inter-Agency	-	-	300,000
Intra-Agency	-	-	-
Transfers (out):			
Inter-Agency	-	-	-
Intra-Agency	-	-	(7,146)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>8,793,674</u>
Net Changes in Fund Balance	<u>61,827</u>	<u>578,032</u>	<u>2,089,497</u>
Fund Balance, June 30, 2019	<u>57,369</u>	<u>623,009</u>	<u>61,708,266</u>
Fund Balance, June 30, 2020	<u>\$ 119,196</u>	<u>\$ 1,201,041</u>	<u>\$ 63,797,763</u>

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

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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, 2020

	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	\$ 401,613,800	\$ 889,344,731	\$ 452,408,441	\$ (436,936,290)
Other state funds	485,364,900	489,254,500	533,099,202	43,844,702
Transfers intra-inter-agency	3,519,400	3,519,400	3,519,400	-
Interest revenue	3,854,100	3,854,100	8,527,813	4,673,713
Total Revenues and Other Financing Sources	894,352,200	1,385,972,731	997,554,856	\$ (388,417,875)
Prior Year Funds Rebudgeted	25,955,300	232,712,458		
	\$ 920,307,500	\$ 1,618,685,189		
Expenditures and Other Financing Uses:				
Project Design & Construction:				
Personal services/employee benefits	\$ 26,404,800	\$ 26,404,800	24,525,919	\$ 1,878,881
Contractual services	341,886,700	870,298,655	374,067,088	496,231,567
Other	189,246,100	212,789,512	180,058,473	32,731,039
	557,537,600	1,109,492,967	578,651,480	530,841,487
Highway Operations:				
Personal services/employee benefits	109,630,800	109,630,800	106,863,829	2,766,971
Contractual services	54,698,600	86,264,024	59,290,116	26,973,908
Other	87,250,800	120,858,236	87,094,711	33,763,525
	251,580,200	316,753,060	253,248,656	63,504,404
Business Support:				
Personal services/employee benefits	25,698,500	25,698,500	24,152,848	1,545,652
Contractual services	4,615,400	13,615,400	11,648,801	1,966,599
Other	13,292,800	13,292,800	10,912,929	2,379,871
Transfers (in) out	-	10,000,000	10,000,000	-
	43,606,700	62,606,700	56,714,578	5,892,122
Modal:				
Personal services/employee benefits	5,453,000	5,453,000	4,840,888	\$ 612,112
Contractual services	32,224,900	49,458,472	22,443,229	27,015,243
Other	29,905,100	74,920,990	30,308,045	44,612,945
	67,583,000	129,832,462	57,592,162	72,240,300
Total Budgeted Expenditures and Other Financing Uses	\$ 920,307,500	\$ 1,618,685,189	946,206,876	\$ 672,478,313
Non-Budgeted Items:				
Reversions				-
Total Expenditures and Other Financing Uses			946,206,876	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 51,347,980	

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, 2020

Laws	Chapter	Bonds Appropriated	Bonds Sold	Original Budget	Amounts AIPP	Funds Reauthorized
2013	226	\$ 493,670	\$ 493,670	\$ 493,670	\$ -	\$ -
2014	66	3,844,775	3,844,775	3,844,775	-	(3,525,703)
2015	3	28,852,400	28,852,400	28,852,400	-	-
2016	5	27,150,000	27,150,000	27,150,000	-	-
2016	81	10,857,428	10,857,428	10,857,428	-	(2,014,542)
2016	83	-	-	-	-	175,000
2017	133	-	-	-	-	353,223
2018	68	-	-	-	-	1,777,675
2018	80	15,225,958	15,225,958	15,225,958	-	(75,000)
2019	280	-	-	-	-	4,335,596
2020	81	10,760,950	2,139,000	2,139,000	-	-
2020	82	-	-	-	-	5,992,091
		<u>\$ 97,185,181</u>	<u>\$ 88,563,231</u>	<u>\$ 88,563,231</u>	<u>\$ -</u>	<u>\$ 7,018,340</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
\$ (280,766)	\$ 212,904	\$ 212,904	\$ 212,904	\$ -	\$ -
(0)	319,072	319,072	319,072	-	-
(130,074)	28,722,326	28,722,326	28,722,326	-	-
(85,979)	27,064,021	27,064,021	27,064,021	-	-
(164,027)	8,678,859	8,678,859	8,678,859	-	-
(83,974)	91,026	91,026	91,026	-	-
(67,201)	286,022	286,022	286,022	-	-
(204,485)	1,573,190	1,573,190	1,573,190	-	-
-	15,150,958	6,333,109	6,333,109	8,817,849	-
-	4,335,596	426,405	426,405	3,909,191	-
-	2,139,000	-	-	2,139,000	-
-	5,992,091	10,717	10,717	5,981,374	-
<u>\$ (1,016,506)</u>	<u>\$ 94,565,065</u>	<u>\$ 73,717,651</u>	<u>\$ 73,717,651</u>	<u>\$ 20,847,414</u>	<u>\$ -</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Special Appropriations

As of June 30, 2020

<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 HB548	279	24	50,000	-	-	50,000
2019 HB548	279	59	25,000	-	-	25,000
2019 SB280	277	40	84,739,996	2,048,771	(10,840)	82,680,385
2019 SB536	278	25	265,000	-	-	265,000
2019 SB536	278	60	50,000	-	-	50,000
2020 HB1	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	-	-
Total Special Appropriations			<u>\$ 665,184,996</u>	<u>\$ 137,103,771</u>	<u>\$ (10,840)</u>	<u>\$ 528,070,385</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, 2020	Encumbrances Balance as of June 30, 2020	Reversion Amount	Balance as of June 30, 2020
\$ 23,962,942	\$ 34,962,942	\$ 30,805,122	\$ 1,583,348	\$ -	\$ 4,157,820
-	389,000,000	92,092,446	110,994,650	75,000,000	221,907,554
-	50,000	-	-	50,000	-
-	25,000	25,000	-	-	-
-	82,680,385	8,125,687	16,742,758	-	74,554,698
(65,000)	200,000	199,999	-	1	-
-	50,000	27,023	22,977	22,977	-
(45,000,000)	-	-	-	-	-
-	-	-	10,782,312	-	-
-	-	-	-	-	-
<u>\$ (21,102,058)</u>	<u>\$ 506,968,327</u>	<u>\$ 131,275,277</u>	<u>\$ 140,126,046</u>	<u>\$ 75,072,978</u>	<u>\$ 300,620,072</u>

See Independent Auditors' Report

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, Section 5(100-102), reauthorized the Department's appropriations period of time for expending the \$20,000,000 for the local government road fund to be disbursed in accordance with statute; \$44,000,000 for road improvement projects; \$4,000,000 for statewide rest area improvements, from the general fund in Item 105 Section 5 of Chapter 73 of Laws 2018 for the local government road fund is extended through fiscal year 2020.

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, House Bill 548, Chapter 279, Section 24, the Department was appropriated \$50,000 from the General Fund for expenditure in fiscal years 2019 and 2020 for a pilot project using fast-charging equipment for electric vehicles at a highway rest stop. Section 59 appropriates \$25,000 from the General Fund for expenditure in fiscal year 2020 for Milan to operate the Carrot express. Any unexpended or unencumbered balance remaining at the end of fiscal year 2020 shall revert to the general fund.

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.

GF Capital Outlay Fund

Under the Laws of 2019, Senate Bill 536, Chapter 278, Section 25, the Department was appropriated from the General Fund for expenditure in fiscal years 2019 and 2020 for the following purposes: Section 25 (1) \$200,000 to improve Isleta Boulevard Southwest in Bernalillo County; Section 25(3) \$15,000 for road rehabilitation of County Road A042 near Morphy Lake in Mora County; Section 25(4) \$50,000 to plan and design improvements to Steeplechase roadway in Edgewood, Section (60) \$50,000 to plan and design roadway improvements in Tijeras. (B) Any unexpended or unencumbered balance remaining at the end of fiscal year 2020 shall revert to the general fund.

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.

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

As of June 30, 2020

	Budgeted Amounts		Received Prior Year(s)	Received Current Year
	Original	Final		
Special Revenue Funds				
2014A Bond Project Fund	\$ -	\$ 80,000,000	\$ 80,730,704	\$ 86,092
Total	<u>\$ -</u>	<u>\$ 80,000,000</u>	<u>\$ 80,730,704</u>	<u>\$ 86,092</u>

See Independent Auditors' Report

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

<u>Total Revenue</u>	<u>Variance From Final Budget Over (Under)</u>	<u>Expended Prior Year(s)</u>	<u>Expended Current Year</u>	<u>Total Expenditures</u>	<u>Variance From Final Budget (Over) Under</u>
\$ 80,816,796	\$ 816,796	\$ 74,090,328	\$ -	\$ 74,090,328	\$ 5,909,672
<u>\$ 80,816,796</u>	<u>\$ 816,796</u>	<u>\$ 74,090,328</u>	<u>\$ -</u>	<u>\$ 74,090,328</u>	<u>\$ 5,909,672</u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Individual Bank Accounts

As of June 30, 2020

	SHARE Fund Number	Bank Balance	Book Balance	Book Total
Cash				
State Road Fund(s)	10040 and 20100	\$ 600	\$ 600	
Total Cash				<u>\$ 600</u>
Investment in SGFIP				
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	\$ 5,279,710	\$ 5,279,710	
State Road Fund(s)	10040 and 20100	325,444,510	325,444,510	
2014A Bond Debt Service Fund	11960	17,475	17,475	
HIF Bond Fund	20200	3,579,998	3,579,998	
Local Government Road Fund	20300	33,492,309	33,492,309	
2004A GRIP Bond Project Fund	20400	112,078	112,078	
State Aviation Fund	20500	15,438,252	15,438,252	
STB Capital Outlay Fund	89200	1,328,058	1,328,058	
State Infrastructure Bank	89300	10,655,400	10,655,400	
GF Capital Outlay Fund	93100	309,309,686	309,309,686	
Total Investment in SGFIP				<u>\$ 704,657,476</u>
Managed by NMFA:				
Bank of Albuquerque, trustee account				
State Road Fund(s)	10040 and 20100	\$ 231,197	\$ 231,197	
2006D GRIP Bond Project Fund	10270	1,193,176	1,193,176	
2010A Bond Debt Service Fund	11140	49,361	49,361	
2014A Bond Debt Service Fund	11960	58,146	58,146	
2014A Bond Project Fund	11970	6,725,935	6,725,935	
2010B Bond Debt Service Fund	20450	827,994	827,994	
2018A Bond Debt Service Fund	20770	118,756	118,756	
2012A Bond Debt Service Fund	30850	86,014	86,014	
2014B Bond Debt Service Fund	50110	38,495	38,495	
Total Managed by NMFA				<u>\$ 9,329,074</u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Pledged State Revenues

As of June 30, 2020

Pledged State Revenues

Pledged User & Fuel Taxes:

Gasoline excise taxes	\$ 111,778,224
Special fuel excise taxes	118,279,978
Weight/Distance taxes	92,251,301
Motor vehicle registration fees	79,311,630
Vehicle transaction fees	6,531,939
Oversize/Oversight permit fees	7,172,844
Trip (Mileage) tax	6,226,899
Motor vehicle excise tax	53,524,583
Driver's license fees	4,027,669
Tire recycling fees	1,849,182
Total Pledged User & Fuel Taxes	<u>480,954,249</u>

Other Pledged Revenue:

Leased vehicle gross receipts tax	5,344,778
Public regulation commission fees	2,932,945
Road fund interest income	6,315,707
HIF interest income	93,926
Total Other Pledged Revenue	<u>14,687,356</u>

Total Pledged State Revenues	<u><u>\$ 495,641,605</u></u>
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See Independent Auditors' Report

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

As of June 30, 2020

	2010A Refunding (SHARE 11140)	2010B Refunding (SHARE 20450)	2012A Refunding (SHARE 30850)
Gasoline excise taxes	\$ 18,629,704	\$ 18,629,704	\$ 18,629,704
Special fuel excise taxes	19,713,330	19,713,330	19,713,330
Weight/Distance taxes	15,375,217	15,375,217	15,375,217
Motor vehicle registration fees	13,218,605	13,218,605	13,218,605
Vehicle transaction fees	1,088,657	1,088,657	1,088,657
Oversize/Oversight permit fees	1,195,474	1,195,474	1,195,474
Trip (Mileage) tax	1,037,817	1,037,817	1,037,817
Motor vehicle excise tax	8,920,764	8,920,764	8,920,764
Driver's license fees	671,278	671,278	671,278
Tire recycling fees	308,197	308,197	308,197
Public regulation commission fees	488,824	488,824	488,824
Leased vehicle gross receipts tax	890,796	890,796	890,796
FHWA Revenues	70,553,910	70,553,910	70,553,910
	<u>152,092,573</u>	<u>152,092,573</u>	<u>152,092,573</u>
Interest on Cash Balances*	<u>1,068,272</u>	<u>1,068,272</u>	<u>1,068,272</u>
Total Pledged Revenues			
Received	<u><u>\$ 153,160,845</u></u>	<u><u>\$ 153,160,845</u></u>	<u><u>\$ 153,160,845</u></u>

	2010A Refunding	2010B Refunding	2012A Refunding
Debt Service Principal Expenditures	\$ 9,210,000	\$ 86,520,000	\$ 4,975,000
Debt Service Interest Expenditures	<u>2,279,600</u>	<u>10,738,250</u>	<u>7,209,250</u>
Total Debt Service	<u><u>\$ 11,489,600</u></u>	<u><u>\$ 97,258,250</u></u>	<u><u>\$ 12,184,250</u></u>
Debt Service Coverage	13.33	1.57	12.57

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

See Independent Auditors' Report

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

2014A Revenue (SHARE 11960)	2014B Refunding (SHARE 50110)	2018A Refunding (SHARE 20770)	TOTAL
\$ 18,629,704	\$ 18,629,704	\$ 18,629,704	\$ 111,778,224
19,713,330	19,713,329	19,713,329	118,279,978
15,375,217	15,375,216	15,375,217	92,251,301
13,218,605	13,218,605	13,218,605	79,311,630
1,088,656	1,088,656	1,088,656	6,531,939
1,195,474	1,195,474	1,195,474	7,172,844
1,037,816	1,037,816	1,037,816	6,226,899
8,920,764	8,920,764	8,920,763	53,524,583
671,278	671,278	671,279	4,027,669
308,197	308,197	308,197	1,849,182
488,824	488,824	488,825	2,932,945
890,796	890,797	890,797	5,344,778
70,553,910	70,553,911	70,553,911	423,323,462
152,092,571	152,092,571	152,092,573	912,555,434
1,068,272	1,068,272	1,068,273	6,409,633
<u>\$ 153,160,843</u>	<u>\$ 153,160,843</u>	<u>\$ 153,160,846</u>	<u>\$ 918,965,067</u>

2014A Revenue	2014B Refunding	2018A Refunding	TOTAL
\$ 4,155,000	\$ 1,580,000	\$ 670,000	\$ 107,110,000
3,124,000	3,823,500	20,941,250	48,115,850
<u>\$ 7,279,000</u>	<u>\$ 5,403,500</u>	<u>\$ 21,611,250</u>	<u>\$ 155,225,850</u>

21.04

28.34

7.09

5.92

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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 2020
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, 2020

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number
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Direct Assistance Programs:

U.S. Department of Transportation:

Federal Highway Administration (FHWA)

Highway Planning and Construction Cluster

Highway Planning and Construction

20.205

Recreational Trails Program

20.219

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)

Federal Transit Administration (FTA)

Federal Transit Cluster

Federal Transit Capital Investment Grants

20.500

Federal Transit Formula Grants

20.507

Bus and Bus Facilities Formula Program

20.526

Total Federal Transit Cluster

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
\$ 28,836,087	\$ 422,983,841
260,230	260,230
29,096,317	423,244,071
29,096,317	423,244,071
483,983	2,044,442
1,477,463	5,278,619
1,961,446	7,323,061
2,238,231	5,006,948
4,199,677	12,330,009
20,000	20,000
-	204,420
991,441	991,441
1,011,441	1,215,861

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, 2020

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number
U.S. Department of Transportation (continued):		
Federal Transit Administration (FTA) (continued):		
Transit Services Programs Cluster		
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	
Total Transit Services Programs Cluster		
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	
Formula Grants for Rural Areas		
Formula Grants for Rural Areas	20.509	
Formula Grants for Rural Areas (COVID-19)	20.509	
Total Formula Grants for Rural Areas		
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
\$ 704,383	\$ 704,383
704,383	704,383
383,126	427,126
6,173,453	9,353,375
6,476,640	6,476,640
12,650,093	15,830,015
14,749,043	18,177,385
48,045,037	453,751,465
\$ 48,045,037	\$ 453,751,465

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

NEW MEXICO DEPARTMENT OF TRANSPORTATION
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, 2020. 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:

U.S. Department of Transportation	\$ 452,408,441
Deferred U.S. Department of Transportation (2020)	4,055,361
Deferred U.S. Department of Transportation (2019)	<u>(2,712,337)</u>

Supplemental Schedule of Expenditures
of Federal Awards

\$ 453,751,465

See Independent Auditors' Report

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
State of New Mexico Department of Transportation

and

Mr. Brian S. 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 State of New Mexico Department of Transportation, (the "Department"), as of and for the year ended June 30, 2020, 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 6, 2020.

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 determination of financial statement amounts. 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* or under Section 12-6-5 NMSA 1978.

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, appearing to read "REDWILL". The letters are stylized and cursive.

Albuquerque, New Mexico
November 6, 2020

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
State of New Mexico Department of Transportation
and

Mr. Brian S. Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the State of New Mexico Department of Transportation's, (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, 2020. 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, 2020.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Albuquerque, New Mexico
November 6, 2020

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, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

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 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 ☒ No

Identification of Major Programs:

CFDA Number(s)

Name of Federal Program or Cluster

20.205, 20.219

Highway Planning and Construction Cluster

20.509

Formula Grants for Rural Areas

20.608

Minimum Penalties for Repeat Offenders for Driving While Intoxicated

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, 2020.

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

Our audit did not disclose any matters required to be reported in accordance with *Uniform Guidance* for the year ended June 30, 2020.

NEW MEXICO DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Section IV - Findings - Compliance and Other Matters

Section IV - Findings - Compliance and Other Matters

Our audit did not disclose any matters required to be reported in accordance with *Section 12-6-5 NMSA 1978* for the year ended June 30, 2020.

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

Section II - Findings – Financial Statement

2019-001 Infrastructure - Resolved

Section III - Findings and Questioned Costs – Major Federal Programs

2019-002 Subrecipient Monitoring - Resolved

Section IV - Findings - Compliance and Other Matters

2019-003 Segregation of Duties - User Access Rights - Resolved

2019-004 Use of State Issued Fuel Cards - Resolved

2019-005 Disposition of Capital Assets - Resolved

An exit conference was held with the Department on November 6, 2020. The conference was held by telephone and video conference. In attendance were:

STATE OF NEW MEXICO DEPARTMENT OF TRANSPORTATION

Michael Sandoval, Cabinet Secretary
Justin Reese, Deputy Secretary
Walter G. Adams, Commissioner Chairman
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

Tom Friend, CPA, Principal
Stephen Montoya, CPA, Principal
Carlos Aguilera, Senior Associate
Ernesto Ramirez, Senior Associate

PREPARATION OF FINANCIAL STATEMENTS

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