

2016

New Mexico Department of Transportation



FINANCIAL STATEMENTS &
OTHER FINANCIAL INFORMATION
(WITH INDEPENDENT AUDITORS' REPORT)
YEAR ENDED JUNE 30, 2016

ONE TEAM. ONE VISION. ONE VOICE.

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

Year Ended June 30, 2016

Commission

Ronald Schmeits	Chairman	District 4
Butch Mathews	Vice-Chair	District 5
Dr. Kenneth White	Secretary	District 1
David Sepich	Commissioner	District 2
Keith Mortensen	Commissioner	District 3
Jackson Gibson	Commissioner	District 6

Administrative Officers

Tom Church	Cabinet Secretary
Anthony Lujan	Deputy Secretary
Loren Hatch	Deputy Secretary

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

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 comparisons for the general fund and major special revenue fund of the State of New Mexico Department of Transportation (Department) as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Department's non-major governmental funds and the budgetary comparisons for the non-major funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 auditors' 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

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each non-major fund of the Department as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for the nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the State of New Mexico Department of Transportation, 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 State of New Mexico as of June 30, 2016, 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 through 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 which 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.

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

Other Information

Our audit was conducted for the purpose of forming opinions on the Department's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards 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 presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and other schedules required by *Section 2.2.2 NMAC* 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, except for the Schedule of Vendors, 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 schedule of expenditures of federal awards and other schedules required by *Section 2.2.2 NMAC*, except for the Schedule of Vendors, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendors has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of New Mexico Department of Transportation (Department), we offer the readers of the Department's financial statement this narrative overview and analysis of the financial activities of the Department for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in footnotes to the basic financial statements, which start on page 40 of this audit report.

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

1. Overview of the Financial Statements

Financial Highlights

The Department's net position decreased by \$170,423,946, and the net position of the Department's governmental activities decreased by \$170,480,343 primarily due to depreciation of infrastructure assets exceeding additions and improvements during the current fiscal year.

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 Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Department has 50 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.

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.

1. Overview of the Financial Statements - continued

Governmental Funds - continued

Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the two major funds. Data from the other 47 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 107 through 130.

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 cash flows statement 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 40.

Other Information

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

Government-wide Financial Analysis

As noted, net position may serve over time as a useful indicator of the Department's financial position. At June 30, 2016, the Department's assets and deferred outflows of resources exceeded liabilities by \$4,670,676,547.

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, 2016 and 2015, the Department has positive balances in two categories of net position, both for the government fund financial statement as a whole, as well as for its separate categories - governmental and business-type activities. Table A-1 summarizes the Department's net position as of June 30, 2016 and 2015.

Table A-1 The Department's Net Position

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Assets:				
Current and other assets	\$ 379,589,765	\$ 406,555,468	\$ 20,995,564	\$ 21,822,167
Capital assets and other	5,768,841,824	6,007,094,897	-	-
Total Assets	\$ 6,148,431,589	\$ 6,413,650,365	\$ 20,995,564	\$ 21,822,167
Deferred Outflows:				
Deferred loss on refunding	\$ 53,134,626	\$ 59,106,726	\$ -	\$ -
Deferred outflow of resources	72,554,752	61,106,526	-	-
Total Deferred Outflows	\$ 125,689,378	\$ 120,213,252	\$ -	\$ -
Liabilities:				
Current liabilities	\$ 210,316,452	\$ 210,809,435	\$ 180,000	\$ 1,063,000
Long-term liabilities	1,413,943,532	1,502,712,856	-	-
Total Liabilities	\$ 1,624,259,984	\$ 1,713,522,291	\$ 180,000	\$ 1,063,000
Net Position:				
Net investment in capital assets	\$ 4,447,749,634	\$ 4,397,532,074	\$ -	\$ -
Restricted	202,111,349	422,809,252	20,815,564	20,759,167
Total Net Position	\$ 4,649,860,983	\$ 4,820,341,326	\$ 20,815,564	\$ 20,759,167

1. Overview of the Financial Statements - continued

Total	
2016	2015
<hr/>	
\$ 400,585,329	\$ 428,377,635
5,768,841,824	6,007,094,897
<hr/>	
\$ 6,169,427,153	\$ 6,435,472,532
<hr/>	
\$ 53,134,626	\$ 59,106,726
72,554,752	61,106,526
<hr/>	
\$ 125,689,378	\$ 120,213,252
<hr/>	
\$ 210,496,452	\$ 211,872,435
1,413,943,532	1,502,712,856
<hr/>	
\$ 1,624,439,984	\$ 1,714,585,291
<hr/>	
\$ 4,447,749,634	\$ 4,397,532,074
222,926,913	443,568,419
<hr/>	
\$ 4,670,676,547	\$ 4,841,100,493
<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, 2016 and 2015. Governmental activities decreased the Department's net position by \$170,480,343 in 2016 and \$312,557,231 in 2015. Business-type activities increased the Department's net position by \$56,397 in 2016 and by \$16,719 in 2015, due to interest income earned during the year.

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

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Revenues:				
Program revenues:				
Charges for services	\$ 39,697,728	\$ 37,937,263	\$ 11,836	\$ -
Operating grants	27,790,078	23,693,826	-	-
Capital grants	378,820,223	379,838,986	-	-
General revenues:				
User and fuel taxes	412,076,367	403,519,316	-	-
Interest income	1,861,721	1,196,352	44,561	16,719
Special revenues:				
Gain (loss) on disposal of assets	-	(3,820,275)	-	-
Total Revenues	860,246,117	842,365,468	56,397	16,719
Expenses:				
Programs and infrastructure	741,775,263	843,078,614	-	-
Transportation and highway operations	269,915,606	279,701,560	-	-
Program support	55,003,958	56,805,582	-	-
Total Expenses	1,066,694,827	1,179,585,756	-	-
Net Revenues Before Transfers and Reversions	(206,448,710)	(337,220,288)	56,397	16,719
Transfers and Reversions	35,968,367	24,663,057	-	-
(Decrease) Increase in Net Position	(170,480,343)	(312,557,231)	56,397	16,719
Net Position, Beginning of Fiscal Year	4,820,341,326	5,132,898,557	20,759,167	20,742,448
Net Position, End of Fiscal Year	\$ 4,649,860,983	\$ 4,820,341,326	\$ 20,815,564	\$ 20,759,167

1. Overview of the Financial Statements - continued

Total	
2016	2015
<hr/>	
\$ 39,709,564	\$ 37,937,263
27,790,078	23,693,826
378,820,223	379,838,986
412,076,367	403,519,316
1,906,282	1,213,071
-	(3,820,275)
<hr/> 860,302,514	<hr/> 842,382,187
741,775,263	843,078,614
269,915,606	279,701,560
55,003,958	56,805,582
<hr/> 1,066,694,827	<hr/> 1,179,585,756
(206,392,313)	(337,203,569)
<hr/> 35,968,367	<hr/> 24,663,057
(170,423,946)	(312,540,512)
4,841,100,493	5,153,641,005
<hr/> \$ 4,670,676,547	<hr/> \$ 4,841,100,493

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 2016 fiscal year, the Department's governmental funds reported combined ending fund balances of \$294,237,889 a decrease of \$1,324,941 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 \$41,062,967.

The changes in fund balance for the Department's major funds for 2016 are as follows:

State Road Fund(s) (Fund #10040 and #20100)	\$ 27,593,705
2014A Bond Project Fund (Fund #11970)	<u>(29,550,761)</u>
Major funds, net change in fund balances	<u>\$ (1,957,056)</u>

The net increase in the State Road Fund(s) is due to several factors, including transfers into the State Road Fund of residual fund balances from other funds, a net increase in revenues from the prior year and a reduction in scheduled debt service payments.

The net decrease in the 2014A Bond Project Fund is due to funding project expenditures in the current fiscal year.

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 \$100,948,861. Overall, these changes were caused by the following significant budget adjustments:

Increase-Heavy Construction Equipment Purchases from State Road Fund Balance	\$ 10,000,000
Increase-Conchas Lake Airport	948,861
Increase-Federal Aid Program	75,100,000
Increase-US 550 Warranty Program	3,500,000
Increase-Aggressive Recruitment Resulting in Reduced Vacancy Rates and Overtime	3,000,000
Increase-Due to Additional Monitoring by UNM per NHTSA Recommendation	200,000
Increase-Due to Revenue Shortfall	1,000,000
Increase-Due to Repave/Repair the WIPP North Access Road between Highway 62-180	7,200,000
	<u>\$ 100,948,861</u>

The Department's original operating budget for fiscal year 2016 was \$864,664,300. This budget included \$838,434,800 of new revenues and \$26,229,500 of prior year funds rebudgeted. The final budget for the fiscal year was \$1,302,313,565. The \$437,649,265 increase in budget was due to FY16 budget adjustments discussed above and the Department's authorized practice of rolling forward into FY16 its remaining FY15 unexpended purchase orders. The appropriation budgetary period for those FY15 unexpended purchase orders lapses at the end of the FY15 fiscal year and the Department has to re-establish the budget in FY16 to re-appropriate the balance of its unexpended purchase orders. The Department funds the budget increase by utilizing the balance of the unused FY15 budget revenues that were originally budgeted for the unexpended purchase orders. The roll forward budget of \$333,191,404 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, 2016, amounts to \$5,756,206,824 (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 2015-2016 Active Projects with a contract amount of \$10 million or more:

US 491, MP 15.03 to MP 37.00 for 21.97 miles - McKinley County
US 54, MP 130.000 to MP 146.000 for 15.912 miles - Lincoln County
NM 529, MP 0.000 to MP 22.165 for 22.165 miles - Eddy County
I-25/NM14 Interchange, MP 276.944 to MP 278.224 & NM 14, MP 46.044 to MP 46.270 for 1.201 miles - Santa Fe County
I-25, MP 216.250 to MP 220.000 for 3.750 miles - Bernalillo County
I-25, MP 0.850 to MP 3.400 for 2.55 miles - Doña Ana County
US 491, MP 36.962 to MP 42.427 for 5.465 miles - San Juan County
NM 529, MP 22.109 to MP 31.130 for 9.021 miles - Lea County
NM 47, MP 31.000 to MP 32.800 for 1.800 miles - Valencia County
I-10, MP 146.000 to MP 164.345 for 18.345 miles - Doña Ana County
I-25/South Raton Interchange and I-25, MP 450.232 to MP 454 for 3.768 miles - Colfax County
I-40/US 285 Interchange for 3.394 miles - Torrance County
US 64, MP 57.870 to MP 60.000 for 2.131 miles - San Juan County
NM 18, MP 22.000 to 31.800 for 9.800 miles - Lea County
NM 314, MP 2.940 to MP 3.470 for 0.530 miles - Valencia County

1. Overview of the Financial Statements - continued

Automotive and Major Road Fund Equipment

For fiscal year 2016, the Automotive and Major Road Fund Equipment modified accrual basis budget total was approximately \$23,276,686. Of this budget, approximately \$21,753,723 was fully expended at June 30, 2016. Automotive and Major Road Fund 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

	2016	2015
Land	\$ 5,177,044	\$ 5,177,044
Construction in Process	336,847,017	287,505,146
Right of Way	505,012,943	501,725,643
Infrastructure	14,244,898,022	14,511,399,048
Equipment and furniture	31,886,543	31,643,272
Library	113,566	113,566
Buildings	49,232,930	49,468,395
Automotive and Major Road Fund Equipment	236,176,078	221,799,395
Accumulated depreciation	(9,653,137,319)	(9,615,484,597)
Total	\$ 5,756,206,824	\$ 5,993,346,912

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, 2016, the Department had a total outstanding debt (bonds) of \$1,281,950,000. Outstanding bond debt is backed by the Department's anticipated state tax revenues and FHWA revenues.

Table A-4
Department's Outstanding Debt

	2016	2015
Bonds (excludes deferred amounts on refunding)	<u>\$ 1,281,950,000</u>	<u>\$ 1,350,590,000</u>

The Department's total bond debt decreased by 5.1%, or (\$68,640,000). Total outstanding bond debt at the end of the 2016 fiscal year was \$1,281,950,000 compared to \$1,350,590,000 at the end of the 2015 fiscal year. The decrease in debt resulted from \$68,640,000 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. According to the decennial census the State's population as of April 1, 2010 was 2,059,179. Between 2000 and 2010, the State was the fifteenth fastest growing state, as the population increased 13.2 percent from the 2000 population of 1,819,046. Over the same period of time, the national population grew 9.7 percent. Most of this population growth is occurring in or near the larger cities. 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. The fastest growing counties in the state are Sandoval, Dona Ana, Bernalillo and Lea.

Major industries in the State are energy resources, semi-conductor manufacturing, tourism, services, agriculture-agribusiness, government, and mining. In 2014, New Mexico was the 7th largest producing state of natural gas and the 6th largest producing state of onshore crude oil. In 2014 coal, copper and potash production value amounted to \$2.9 billion and the state ranked 12th, 3rd and 1st respectively in the US. The mining and logging industry employed more than 25 thousand New Mexicans in 2015. 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.

Revenue Forecasts and Budgets

Federal Revenue:

Federal Revenue – From July 1, 2015 through December 3, 2015 the amount of federal aid (obligation limitation) available to states was being administered by the Highway and Transportation Funding Act of 2014 known as MAP-21 Extension FFY16 (Federal Fiscal Year). It 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 from \$354.4 million in FY2015 to \$378.7 million in FY2016 which represents an \$24 million or 6.9% increase. Year over year from FY2016 to FY2020 New Mexico will see a 2% to 2.4% increase.

Federal Transit Administration Funds - NMDOT reported revenue of \$14,948,091 in FY 2016 Federal Transit Administration grant funds.

National Highway Traffic Safety Administration Funds - NMDOT reported revenue of \$12,623,143 in FY 2016 of National Highway Traffic Safety Administration grant funds.

2. Economic Factors and Revenue Forecasts - continued

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% and from 2003 to 2007 it was 7.5%.

Department of Transportation revenues were not immune from the latest recession. However, diversity of revenue sources helped to moderate the impact. State Road Fund revenues are split roughly half and half between passenger car based and interstate trucking sourced. Those revenues associated with trucking (Special Fuel and Weight Distance tax) were negatively influenced by the US economic recession during FY 2008 through FY 2010 and fell about 15% while passenger cars based revenues (gasoline and vehicle registrations) were comparatively more stable. With recent improvements in the US economy, trucking activity has begun to improve and concurrently trucking related revenues have also begun to improve. FY 2007 was the peak year for Road Fund revenues before the recession; FY 2010 was the low point with revenues falling by over \$35 million or 9%. FY 2016 has been the year that revenues finally surpassed the FY 2007 level, with the peak-to-return cycle lasting 9 years: falling for 3 years by 10% and slowly climbing for 6 years to fully recover.

Following strong tax revenue growth of about 3% in FY 2016, the latest (July 2016) recurring revenue forecast for the State Road Fund expects a revenue growth of 1.5% in FY 2017, followed by growth in the 0.9% to 2% range during the subsequent four fiscal years. The revenue forecast for the Department as a whole is 1.2% for FY 2017, followed by growth in the 0.9% to 2.3% range during the subsequent four fiscal years.

State Revenue Forecasts - Major Revenue Sources

The budget estimate for state tax and fee revenue is prepared in June/July and December/January for each year for the budget year ending 24 months (or 18 months) later. Each fiscal year's revenue estimate is tracked monthly to examine actual revenue receipts and changes in economic conditions. With that information executive management prioritizes maintenance and construction needs of the state.

In particular, 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 three main sources of forecast input parameters, which are:

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

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.

2. Economic Factors and Revenue Forecasts - continued

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, Taxation and Revenue Department, and Department of Finance and Administration.

Revenues from gasoline, special fuels, Weight Distance and vehicle registration constitute 93% of the State Road Fund and 85% of all the NMDOT's funds.

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 Road Fund growth. On the other hand, gasoline revenue is expected to be flat in the next few years, because of increasing passenger vehicle efficiency and only modest increases in NM's population.

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 is the largest of State's revenue sources, providing about \$110.9 million in revenue in FY 2016. This tax is 17 cents per gallon of gasoline sold, with about three-fourths distributed to the State Road Fund and the remainder distributed primarily to municipalities and counties. It is the one major tax that was not increased during the special session of 2003. Historically, gasoline gallons sold increased until 1995, remained relatively stable from 1995 to 1999, and decreased in 2001, when they again stabilized. The peak years were 1995 to 1999, with 1998 providing \$117.9 million.

Of much interest and frequent query, is how New Mexico's gasoline usage (gallons) was impacted by the dramatic price increase between 2004 and 2008 and in light of the economic slowdown. Somewhat surprisingly, for New Mexico, there was very little change in gasoline usage. For the past 16 years, between FY 2000 and FY 2016, Road Fund gasoline revenues have averaged \$110 million; gasoline revenues have only varied by more than a few million from that average twice (less than \$5 million above average in FY 2007 and \$5 million below average in FY 2012).

2. Economic Factors and Revenue Forecasts - continued

Special fuel tax (primarily diesel) is the second largest of the state's revenue sources, providing about \$97.3 million in FY 2016, down from the peak of \$101.6 in FY 2008. 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 \$85.6 million in FY 2009 and has since climbed slowly to \$97.3 million in FY 2016.

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 \$83 million in revenue in FY 2016. 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 FY2009. The full year impact in FY2010 of this Weight Distance tax revenue decline was a \$7.8 million decrease relative to FY2008. With recent improvements in the US economy, trucking activity has begun to improve and concurrently trucking related revenues have also begun to improve. In FY 2015 and FY 2016 Weight Distance revenue grew at a 6.1% and 3.8% rate per year, respectively. In the next few years Weight Distance revenue is forecast to continue to grow around 3% yearly, with only a slowdown in FY 2017.

Motor vehicle registration fees are the fourth largest revenue source at about \$80.8 million in FY 2016. 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 in FY 2016 this source of revenue registered a growth of about 7%. This significant increase in revenue was primarily due to strong consumer spending and low gas prices that boosted car and SUV sales.

2. Economic Factors and Revenue Forecasts - continued

One revenue source, the Trip Tax, has been impacted negatively by recent federal procedure rulings and legislation. 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. What was called a cab card and carried in each truck was used for Weight Distance registration identification. Federal regulations now prevent states from requiring the showing of state-specific taxpayer documentation cards. Trip tax rose to a peak of \$8.6 million in FY 2006 and provided revenues of about \$5.9 million in FY 2016. New Mexico is one of four states that impose a Weight Distance tax and its associated trip tax. 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.

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 55 million and 69 million gallons per year (around 6% or 7% of total gasoline sales). On tribal gasoline sales totaled to 67.4 million gallons in FY 2015 and 71.2 million gallons in FY 2016.

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) 827-5108

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FINANCIAL STATEMENTS

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position

As of June 30, 2016

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Current Assets:			
Cash:			
Unrestricted	\$ 2,100	\$ -	\$ 2,100
Cash equivalents (Note 2):			
Investment in SGFIP	154,905,669	19,120,728	174,026,397
Managed by NMFA	82,617,931	-	82,617,931
Receivables:			
Accounts receivable, net (Note 3)	1,361,475	-	1,361,475
Interest receivable	28,041	11,836	39,877
Notes and loans receivable (Note 5)	-	1,863,000	1,863,000
Other receivables	62,283	-	62,283
Due from:			
U.S. Department of Transportation (Note 6)	41,010,775	-	41,010,775
Other funds (Note 7)	-	-	-
Other state agencies (Note 8)	71,172,757	-	71,172,757
Inventories (Note 9)	15,786,441	-	15,786,441
Prepaid expense - other	15,983	-	15,983
Prepaid expense - NM44 warranty	1,805,000	-	1,805,000
Property held for resale, net	10,821,310	-	10,821,310
Total Current Assets	379,589,765	20,995,564	400,585,329
Non-Current Assets:			
Prepaid expense - NM44 warranty, net	12,635,000	-	12,635,000
Capital assets, net (Note 10)	5,756,206,824	-	5,756,206,824
Total Non-Current Assets	5,768,841,824	-	5,768,841,824
Total Assets	6,148,431,589	20,995,564	6,169,427,153
Deferred Outflows of Resources:			
Deferred loss on refunding (Note 15)	53,134,626	-	53,134,626
Deferred outflow of resources (Note 15)	72,554,752	-	72,554,752
Total Deferred Outflows of Resources	125,689,378	-	125,689,378
Total Assets and Deferred Outflows of Resources	\$ 6,274,120,967	\$ 20,995,564	\$ 6,295,116,531

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position

As of June 30, 2016

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Current Liabilities:			
Accounts payable and contracts payable, including retainage of \$6,700,070	\$ 62,459,593	\$ -	\$ 62,459,593
Due to:			
Other state agencies (Note 12)	612,989	-	612,989
State general fund	2,916	-	2,916
Local governments (Note 13)	1,703,398	180,000	1,883,398
Universities (Note 14)	569,154	-	569,154
Unearned revenue	1,295	-	1,295
Other accrued expenses	5,101,284	-	5,101,284
Bank overdrafts	11,418,374	-	11,418,374
Other liabilities	24,325	-	24,325
Short-term note payable (taxable line of credit) (Note 15)	14,000,000	-	14,000,000
Current portion of long-term obligations (Note 15):			
Compensated absences	6,806,142	-	6,806,142
Debentures payable	93,655,000	-	93,655,000
Capitalized bond premium	13,961,982	-	13,961,982
Total Current Liabilities	210,316,452	180,000	210,496,452
Long-Term Liabilities:			
Long-term obligations (Note 15):			
Derivative instruments interest rate swap	119,015,023	-	119,015,023
Debentures payable	1,188,295,000	-	1,188,295,000
Capitalized bond premium, net	106,633,509	-	106,633,509
Total Long-Term Liabilities	1,413,943,532	-	1,413,943,532
Total Liabilities	1,624,259,984	180,000	1,624,439,984
Net Position:			
Net investment in capital assets	4,447,749,634	-	4,447,749,634
Restricted for:			
Loans	-	20,815,564	20,815,564
Specific purposes	202,111,349	-	202,111,349
Total Net Position	4,649,860,983	20,815,564	4,670,676,547
Total Liabilities and Net Position	\$ 6,274,120,967	\$ 20,995,564	\$ 6,295,116,531

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Activities

For the Year Ended June 30, 2016

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Program Expenses:			
Programs and infrastructure	\$ 741,775,263	\$ -	\$ 741,775,263
Transportation and highway operations	269,915,606	-	269,915,606
Program support	55,003,958	-	55,003,958
Total Program Expenses	<u>1,066,694,827</u>	<u>-</u>	<u>1,066,694,827</u>
Program Revenues:			
Charges for services	39,697,728	11,836	39,709,564
Operating grants	27,790,078	-	27,790,078
Capital grants	378,820,223	-	378,820,223
Total Program Revenues	<u>446,308,029</u>	<u>11,836</u>	<u>446,319,865</u>
Net Program Revenue (Expense)	<u>(620,386,798)</u>	<u>11,836</u>	<u>(620,374,962)</u>
General Revenues:			
User and fuel taxes	412,076,367	-	412,076,367
Interest income	1,861,721	44,561	1,906,282
Total General Revenues	<u>413,938,088</u>	<u>44,561</u>	<u>413,982,649</u>
Transfers:			
State general fund appropriation	27,150,000	-	27,150,000
Transfers from: severance tax bond appropriation	10,318,367	-	10,318,367
Transfers from (to) other state agencies and local governments, net (Note 11)	(1,500,000)	-	(1,500,000)
Total Transfers	<u>35,968,367</u>	<u>-</u>	<u>35,968,367</u>
Net General Revenues and Transfers	<u>449,906,455</u>	<u>44,561</u>	<u>449,951,016</u>
Change in Net Position/Operating Income (Loss)	<u>(170,480,343)</u>	<u>56,397</u>	<u>(170,423,946)</u>
Net Position, Beginning of Fiscal Year	4,820,341,326	20,759,167	4,841,100,493
Net Position, End of Fiscal Year	<u>\$ 4,649,860,983</u>	<u>\$ 20,815,564</u>	<u>\$ 4,670,676,547</u>

See Independent Auditors' Report and Notes to Financial Statements

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Balance Sheet - Governmental Funds

As of June 30, 2016

	Major Funds		Non Major	Total
	State Road	2014A Bond	Governmental	Governmental
	Fund(s)	Project Fund	Funds	Funds
	(SHARE 10040	(SHARE 11970)		
	and 20100)			
Assets:				
Cash:				
Unrestricted	\$ 2,100	\$ -	\$ -	\$ 2,100
Cash equivalents: (Note 2)				
Investment in SGFIP	92,967,286	(6,953,579)	68,891,962	154,905,669
Managed by NMFA	-	56,580,527	26,037,404	82,617,931
Receivables:				
Accounts receivable, net (Note 3)	1,343,967	-	17,508	1,361,475
Interest receivable	-	12,207	15,834	28,041
Other receivables	14,162	-	48,121	62,283
Due from:				
U.S. Department of Transportation (Note 6)	33,642,661	-	7,368,114	41,010,775
Other funds (Note 7)	3,881,876	-	250	3,882,126
Other state agencies (Note 8)	62,960,488	-	8,212,269	71,172,757
Inventories (Note 9)	15,786,441	-	-	15,786,441
Prepaid expenses - other	15,216	-	767	15,983
Prepaid expense - NM44 warranty	14,440,000	-	-	14,440,000
Property held for resale	10,821,310	-	-	10,821,310
Total Assets	\$ 235,875,507	\$ 49,639,155	\$ 110,592,229	\$ 396,106,891
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ 54,383,804	\$ 2,130,000	\$ 5,945,789	\$ 62,459,593
Due to:				
Other funds (Note 7)	-	-	3,882,126	3,882,126
Other state agencies (Note 12)	498,216	-	114,773	612,989
State general fund	2,358	-	558	2,916
Local governments (Note 13)	988,879	-	714,519	1,703,398
Universities (Note 14)	445,959	-	123,195	569,154
Unearned revenue	1,295	-	-	1,295
Other accrued expenses	5,049,019	-	52,265	5,101,284
Bank overdrafts	6,784,094	-	4,634,280	11,418,374
Other liabilities	24,325	-	-	24,325
Short-term notes payable				
(taxable line of credit) (Note 15)	-	-	14,000,000	14,000,000
Total Liabilities	68,177,949	2,130,000	29,467,505	99,775,454
Deferred Inflows of Resources:				
Amounts unavailable (not received within period of availability)	325,939	-	1,767,609	2,093,548
Total Deferred Inflows of Resources	325,939	-	1,767,609	2,093,548
Fund Balance:				
Non-spendable	41,062,967	-	-	41,062,967
Restricted	138,191,194	47,509,155	81,367,233	267,067,582
Committed	-	-	-	-
Unassigned	(11,882,542)	-	(2,010,118)	(13,892,660)
Total Fund Balance	167,371,619	47,509,155	79,357,115	294,237,889
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 235,875,507	\$ 49,639,155	\$ 110,592,229	\$ 396,106,891

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, 2016

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

\$ 294,237,889

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:

2,093,548

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

The cost of capital assets is

15,409,344,143

Accumulated depreciation is

(9,653,137,319)

Total capital assets

5,756,206,824

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)

(1,281,950,000)

Deferred loss on refunding (net of current period amortization)

53,134,626

Compensated absences

(6,806,142)

Ineffective swaps

(46,460,271)

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

(120,595,491)

Net Position of Governmental Activities (Statement of Net Position)

\$ 4,649,860,983

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, 2016

	Major Funds		Non Major	Total
	State Road	2014A Bond	Governmental	Governmental
	Fund(s)	Project Fund	Funds	Funds
	(SHARE 10040	(SHARE 11970)		
	and 20100)			
Revenues:				
User and fuel taxes	\$ 386,757,337	\$ -	\$ 25,319,030	\$ 412,076,367
U.S. Department of Transportation	378,693,823	-	28,684,479	407,378,302
Fees and fines	-	-	64,146	64,146
Licenses and permits	10,148,651	-	12,786,125	22,934,776
Charges for services	2,989,564	-	-	2,989,564
Other revenue	12,655,043	-	1,054,199	13,709,242
Interest earnings	133,347	78,470	1,649,904	1,861,721
Total Revenues	791,377,765	78,470	69,557,883	861,014,118
Expenditures:				
Current:				
Operating costs	11,248,910	-	92,411	11,341,321
Personal services	100,105,206	-	1,107,266	101,212,472
Out-of-state travel	126,233	-	33,981	160,214
Grants and services	2,187,840	-	62,675,687	64,863,527
Travel	16,638,621	-	6,880	16,645,501
Maintenance and repairs	10,663,944	-	11,979	10,675,923
Supplies	34,836,284	-	63,301	34,899,585
Contractual services	134,585,113	1,316,290	11,814,803	147,716,206
Other costs	4,268,536	-	22,258	4,290,794
Employee benefits	53,982,119	-	446,755	54,428,874
Capital outlay	284,773,898	28,312,941	5,593,247	318,680,086
Debt service:				
Principal	63,050,000	-	5,590,000	68,640,000
Interest	58,870,355	-	5,882,568	64,752,923
Total Expenditures	775,337,059	29,629,231	93,341,136	898,307,426
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	16,040,706	(29,550,761)	(23,783,253)	(37,293,308)
Other Financing Sources (Uses):				
Appropriations	-	-	27,150,000	27,150,000
Reversions (Note 17)	535,880	-	(535,880)	-
Transfers: severance	-	-	10,318,367	10,318,367
tax bond appropriation	-	-	(12,517,119)	(1,500,000)
Transfers: intra/inter-agency (Note 11)	11,017,119	-	-	-
Total Other Financing Sources (Uses)	11,552,999	-	24,415,368	35,968,367
Net Changes in Fund Balance	27,593,705	(29,550,761)	632,115	(1,324,941)
Fund Balance, June 30, 2015	139,777,914	77,059,916	78,725,000	295,562,830
Fund Balance, June 30, 2016	\$ 167,371,619	\$ 47,509,155	\$ 79,357,115	\$ 294,237,889

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, 2016

Net Changes in Fund Balance - Total Governmental Funds

(Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds) **\$ (1,324,941)**

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 a liability in the Balance Sheet - Governmental Funds and reported as revenue in the Statement of Activities.) (612,756)

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: (633,008)

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	318,680,086	
Depreciation expense	(555,011,287)	
Sale of capital asset and adjustments, net book value	<u>(808,887)</u>	
Excess of depreciation expense over capital outlay		(237,140,088)

(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:

Principal payments	68,640,000
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Change in value of ineffective swaps recorded in Statement of Activities	(7,399,432)
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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: (5,972,100)

NEW MEXICO DEPARTMENT OF TRANSPORTATION

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

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 \$120,595,491 in the Statement of Net Position, net of \$13,961,982 of amortization, recorded as a decrease to interest expense in the Statement of Net Position:

Amortization of bond premium	<u>13,961,982</u>
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Change in Net Position of Governmental Activities (Statement of Activities)	<u><u>\$ (170,480,343)</u></u>
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See Independent Auditors' Report and Notes to Financial Statements

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

As of June 30, 2016

	State Infrastructure Bank (SHARE 89300)
Assets:	
Current Assets:	
Cash: (Note 2)	
Unrestricted	\$ -
Cash equivalents: (Note 2)	
(Investment in state general fund investment pool)	
Restricted	19,120,728
Receivables:	
Interest receivable	11,836
Notes and loans receivable (Note 5)	1,863,000
Due from:	
Other state agencies (Note 8)	-
Total Current Assets	<u>20,995,564</u>
Total Assets	<u><u>\$ 20,995,564</u></u>
Liabilities and Net Position:	
Liabilities:	
Current Liabilities:	
Accounts payable	\$ -
Due to:	
Other state agencies (Note 12)	-
Local governments (Note 13)	180,000
Total Current Liabilities	<u>180,000</u>
Total Liabilities	<u>180,000</u>
Net Position:	
Restricted for:	
Loans	20,815,564
Total Net Position	<u>20,815,564</u>
Total Liabilities and Net Position	<u><u>\$ 20,995,564</u></u>

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Activities - Proprietary Fund

For the Year Ended June 30, 2016

	State Infrastructure Bank (SHARE 89300)
Operating Revenues (Expenses):	
Interest income	\$ 11,836
Total Operating Revenues (Expenses)	<u>11,836</u>
Non-Operating Revenues (Expenses):	
Interest income	44,561
Interest expense	-
Total Non-Operating Revenues (Expenses)	<u>44,561</u>
Change in Net Position/Operating Income	56,397
Net Position, Beginning of Fiscal Year	<u>20,759,167</u>
Net Position, End of Fiscal Year	<u><u>\$ 20,815,564</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, 2016

	State Infrastructure Bank (SHARE 89300)
Cash Flows from Operating Activities:	
Loans issued	\$ (883,000)
Net Cash Provided (Used) by Operating Activities	<u>(883,000)</u>
Cash Flows from Investing Activities:	
Cash received from interest	45,969
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>45,969</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(837,031)
Cash and Cash Equivalents at June 30, 2015	<u>19,957,759</u>
Cash and Cash Equivalents at June 30, 2016	<u><u>\$ 19,120,728</u></u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 11,836
Change in assets and liabilities:	
(Increase) decrease in due from other agency	(11,836)
(Increase) decrease in due to local governments	<u>(883,000)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (883,000)</u></u>

See Independent Auditors' Report and Notes to Financial Statements

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

For the Year Ended June 30, 2016

	STATE ROAD FUND(S) (SHARE 10040 and 20100)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ 376,748,800	\$ 440,848,800	\$ 378,693,823	\$ (62,154,977)
Other state funds	391,045,100	393,490,550	412,550,595	19,060,045
Transfers outside the agency	-	-	-	-
Interest revenue	440,000	440,000	133,347	(306,653)
Total Revenues and Other Financing Sources	768,233,900	834,779,350	791,377,765	\$ (43,401,585)
Prior Year Funds Rebudgeted	21,954,100	327,611,740		
	\$ 790,188,000	\$ 1,162,391,090		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ 25,598,000	\$ 25,598,000	23,741,249	\$ 1,856,751
Contractual services	349,586,500	687,658,953	343,027,000	344,631,953
Other	138,328,400	140,306,982	128,268,206	12,038,776
Transfers (in) out	-	-	(11,126,119)	11,126,119
	513,512,900	853,563,935	483,910,336	369,653,599
Transportation and Highway Ops:				
Personal services/employee benefits	103,897,500	106,897,500	105,620,251	1,277,249
Contractual services	50,544,600	64,585,645	50,898,550	13,687,095
Other	79,310,700	94,312,710	83,973,316	10,339,394
	233,752,800	265,795,855	240,492,117	25,303,738
Program Support:				
Personal services/employee benefits	25,820,900	25,820,900	24,725,825	1,095,075
Contractual services	4,492,200	4,492,200	1,650,516	2,841,684
Other	12,609,200	12,609,200	10,935,131	1,674,069
Transfers (in) out	-	109,000	109,000	-
	42,922,300	43,031,300	37,420,472	5,610,828
Total Annual Budgeted Expenditures and Other Financing Uses	\$ 790,188,000	\$ 1,162,391,090	761,822,925	\$ 400,568,165
Non-Budgeted Items:				
Reversions			(535,880)	
Amortization			2,497,015	
Total Expenditures and Other Financing Uses			763,784,060	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 27,593,705	

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 and Major Special Revenue Funds

For the Year Ended June 30, 2016

	2014A BOND PROJECT FUND (SHARE 11970)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	78,470	78,470
Total Revenues and Other Financing Sources:	-	-	78,470	\$ 78,470
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	29,629,231	(29,629,231)
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	29,629,231	(29,629,231)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	29,629,231	\$ (29,629,231)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			29,629,231	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (29,550,761)	

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 and Major Special Revenue Funds

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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, 2016.

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 and other items not properly included among program revenues are reported instead as general revenues. 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).

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.

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.

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, 2016, 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.

Executory purchase orders and contracts are recorded as a restriction of fund balance in the Capital Project Funds and Special Revenue Funds.

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. The governmental fund types used by the Department were evaluated based on the provisions of GASB Statement No. 54.

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.

1993 Bond Project Fund (#39400). The bond project fund was created by Section 67-3-59.3 NMSA 1978 with the issuance of the December 1993 \$50,000,000 State of New Mexico Highway debentures. The funds from the sale of all of the debentures were required to be deposited in a special account with the State Treasurer. Proceeds can also be invested in U.S. Treasury obligations held by the State Treasurer with maturities of no more than one year until needed. The funds are to be used to finance state highway 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 reversion.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Special Revenue Funds – continued

1999A CHAT Bond Project Fund (#43000). The bond project fund was created by Section 67-3-59.3 NMSA 1978 with the issuance of the October 1998 \$105,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 1998A and the \$100,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 1999 issued in November 1999. The funds from the sale of the debentures were required to be deposited in a special account with the State Treasurer. Also, proceeds can be invested in U.S. Treasury obligations and repurchase agreements with maturities of no more than one year until needed. The funds are to be used to finance state highway 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 reversion.

WIPP Bond Project Fund (#43100). The Waste Isolation Pilot Plant (WIPP) Bond Project Fund was created under US congress Public Laws Waste Isolation Pilot Plant Withdrawal Act Public Law 102-579 of 1992 and National Defense Act Public Law 104-201 of 1997. The funds provided under these acts become state funds under the purposes specified under the acts. These funds are required to be used for road projects related to the Waste Isolation Pilot Plant in Carlsbad, New Mexico. This is a non-reverting fund.

2001A CHAT Bond Project Fund (#00600). The bond project fund was created by Section 67-3-59.3 NMSA 1978 with the issuance of the March 2001 \$198,800,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2001A. The funds from the sale of the debentures were required to be deposited in a special account with the State Treasurer. Proceeds can also be invested in U.S. Treasury obligations and repurchase agreements with maturities of no more than one year until needed. The funds are to be used to finance state highway 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 reversion.

2002C HIF Bond Project Fund (#36100). The bond project fund was created by Section 67-3-59.3 NMSA 1978 with the issuance of the May 2002 \$67,750,000 New Mexico State Highway Commission Infrastructure Fund Revenue Highway Bonds Series 2002C. The funds from the sale of the debentures were required to be deposited in a special account with the State Treasurer. Proceeds can also be invested in U.S. Treasury obligations and repurchase agreements with maturities of no more than one year until needed. The funds are to be used to finance state highway 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 reversion.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Special Revenue Funds – continued

2002D CHAT Bond Project Fund (#11500). The bond project fund was created by Section 67-3-59.3 NMSA 1978 with the issuance of the December 2002 \$16,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2002D. The funds from the sale of the debentures were required to be deposited in a special account with the State Treasurer. Proceeds can also be invested in U.S. Treasury obligations and repurchase agreements with maturities of no more than one year until needed. The funds are to be used to finance state highway 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 reversion.

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.

2006A GRIP Bond Project Fund (#10210). The bond project fund was created by Section 67-3-59.3 NMSA 1978 with the issuance of the September 2006 \$150,000,000 Revenue Bond Series 2006A. The 2006A Bonds were issued to provide funds for certain transportation projects authorized by the Legislature that the New Mexico Department of Transportation has deemed necessary or desirable as part of the GRIP transportation projects. The fund does not receive state general fund appropriations that are subject to reversion.

2006B GRIP Bond Project Fund (#10230). The bond project fund was created by Section 67-3-59.3 NMSA 1978 with the issuance of the September 2006 \$40,085,000 of State Transportation, Series 2006B Refunding Revenue Bonds. The series 2006B Bonds were issued to provide funds to refund and restructure certain outstanding bonds of the State Transportation Commission.

2006C GRIP Bond Project Fund (#10250). The bond project fund was created by Section 67-3-59.3 NMSA 1978 with the issuance of the September 2006 \$220,000,000 of State Transportation, Series 2006C Revenue Bonds. The series 2006C Bonds were issued as adjustable rate securities and were issued to provide funds for certain transportation projects authorized by the Legislature that the New Mexico Department of Transportation has deemed necessary or desirable as part of the GRIP transportation projects. 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

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.

2010A Bond Project Fund (#10450). The 2010A Bond Project Fund was created by Section 67-3-59.3 NMSA 1978 with the engagement of \$200,000,000 Line of Credit June 2008. The Line of Credit was engaged in with an adjustable rate and to provide funds for certain transportation projects authorized by the Legislature that the New Mexico Department of Transportation has deemed necessary or desirable as part of the GRIP transportation projects. The fund does not receive state general fund appropriations that are subject to reversion. In September 2010, the Department refunded the Line of Credit with the NMFA State Transportation Revenue and Refunding Revenue Bonds Series 2010A.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Capital Project Funds - continued

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.

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.

1998A WIPP Bond Debt Service Fund (#97200). The fund was created when the \$100,000,000 New Mexico State Highway Commission Subordinate Lien Tax Revenue Highway Bond Series 1998A were issued in October 1998.

1998A CHAT Bond Debt Service Fund (#54800). The fund was created when the \$105,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 1998A were issued in October 1998.

1999 CHAT Bond Debt Service Fund (#43400). The fund was created when the \$100,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 1999 were issued in November 1999.

2000 CHAT Bond Debt Service Fund (#43200). The fund was created when the \$201,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2000 were issued in May 2001.

2001A CHAT Bond Debt Service Fund (#00700). The fund was created when the \$198,800,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2001A were issued in March 2001.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Debt Service Funds - continued

2002A CHAT Bond Debt Service Fund (#54700). The fund was created when the \$95,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2002A were issued in January 2002.

2002B WIPP Bond Debt Service Fund (#75000). The fund was created when the \$79,920,000 New Mexico State Highway Commission Lien Tax Revenue Bonds Series 2002B were issued in January 2002.

2002C HIF Bond Debt Service Fund (#36300). The fund was created when the \$67,750,000 New Mexico State Highway Commission Infrastructure Fund Revenue Bonds Series 2002C were issued in May 2002.

2002D CHAT Bond Debt Service Fund (#18700). The fund was created when the \$16,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2002D were issued in December 2002.

2004A GRIP Bond Debt Service Fund (#10080). The fund was created when the \$700,000,000 New Mexico State Transportation Subordinate Lien Refunding Revenue Bond Series 2004A were issued through the New Mexico Finance Authority in 2004.

2004B GRIP Bond Debt Service Fund (#10090). The fund was created when the \$237,950,000 and \$200,000,000 New Mexico State Transportation Subordinate Lien Refunding Revenue Bonds Series 2004B and Series 2004C were issued through the New Mexico Finance Authority in May 2004. The 2004C Revenue Bond was refunded in 2008 by the 2008A and 2008C Refunding Revenue Bonds.

2006A GRIP Bond Debt Service Fund (#10220). The fund was created when the \$150,000,000 New Mexico State Highway Commission Revenue Bonds Series 2006A were issued in September 2006.

2006B GRIP Bond Debt Service Fund (#10240). The fund was created when the \$40,085,000 New Mexico State Highway Commission Revenue Bonds Series 2006B were issued in September 2006.

2008A GRIP Bond Debt Service Fund (#10410). The fund was created when the \$115,200,000 New Mexico State Transportation Commission Revenue Bonds Series 2008A were issued in April 2008 to refund certain outstanding bonds of the NMFA which were issued for the purpose of financing projects administered by the New Mexico Department of Transportation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Debt Service Funds - continued

2008B GRIP Bond Debt Service Fund (#10420). The fund was created when the \$220,000,000 New Mexico State Transportation Commission Revenue Bonds Series 2008B were issued in April 2008 to refund certain outstanding bonds of the NMFA which were issued for the purpose of financing projects administered by the New Mexico Department of Transportation.

2008C GRIP Bond Debt Service Fund (#10430). The fund was created when the \$84,800,000 New Mexico State Transportation Commission Revenue Bonds Series 2008C were issued in May 2008 to refund certain outstanding bonds of the NMFA which were issued for the purpose of financing projects administered by the New Mexico Department of Transportation.

2009A Bond Debt Service Fund (#11130). The fund was created when the \$112,345,000 NMFA State Transportation Senior Lien Refunding Revenue Bonds, Series 2009A were issued in November 2009 to refund portions of series 1998A, 1998B, 2001A, 2002A and 2002C.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budgets and Budgetary Accounting

Per the General Appropriations Act of 2013, Section 3M, "For the purpose of administering the General Appropriation Act of 2013, 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.

Interfund and Interagency 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 11) 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 received from the Department of Energy (for the WIPP Project fund) in advance of incurring the eligible expenditures is also reflected as restricted cash because the cash can only be used on specified road projects. 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 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 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 deemed uncollectible through the end of FY16 was \$5,066,248 and a net total of \$859,220 was moved to the uncollectible account during the current fiscal year. A total of \$1,465,345 was recovered from the uncollectible account during the current fiscal year. (Note 3)

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 (Note 4).

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, 2016. 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 5).

Due From the 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 6). There was no allowance for FY 2016.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Due From/To Other Funds

Due from/to other funds represent amounts due from and to other funds within the Department (Note 7) and are included in the governmental fund financial statements. Inter-fund transactions are eliminated in the Accrual-basis governmental-wide financial statements.

Due to State General Fund (Reversions)

Reversions to the State General Fund by the Department are based on the definitions of both reverting and non-reverting funds. Reversions are calculated by applying the percentage of reverting fund (to total budget for the category) to the amount unexpended for the category at fiscal year-end.

Due to Local Governments

The amount due back to local governments for unearned revenue for cooperative agreement and State Infrastructure loans (Note 13).

Due to Universities

The amount due to universities of the State of New Mexico related to activity from the State Road Fund, Traffic Safety Funds and the State Aviation Fund (Note 14).

Bank Overdrafts

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

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 3 categories of costs that will meet performance criteria: The pavement, which originally cost \$36,100,000, is being amortized over 20 years. At the end of the fiscal year 2016 the unamortized value was \$14,440,000. The structures, which originally cost \$15,916,345 is being amortized over 11 1/2 years. At the end of fiscal year 2016 this was fully amortized and has no net book value. The remaining amount which originally cost \$13,564,126, is fully amortized and has no net book value after fiscal year ending June 30, 2007 when it became fully amortized. Total prepaid expense at June 30, 2016 was \$14,440,000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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. As a result of House Bill 1074, effective date June 17, 2005, and Section 12-6-10 NMSA 1978 the State’s capitalization policy threshold was changed from \$1,000 to \$5,000, requiring agencies to capitalize acquisitions 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 estimated fair value at the date of donation.

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. Current year activity is shown in Note 10 to the financial statements.

The Department follows the depreciation method to record infrastructure assets. This method requires the Department to allocate the cost of infrastructure assets over their useful lives as depreciation expense.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - continued

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 and Equipment	7 - 14 years
Buildings and Other Improvements	40 years
Infrastructure	25 - 30 years

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, 2016, and includes direct and incremental salary related payments, such as the employees' 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.

Arbitrage Rebate Liability - Any arbitrage rebate is recorded as a liability when it is determined to be owed to the Internal Revenue Service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 Assets - are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory or granting agency) limitation on their use. When there is an option, the Department spends restricted resources first.

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

Encumbrances

With the General Appropriations Act of 2013, Section 3M 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, 2016 for other multiple year appropriation periods are as follows:

Capital Projects Fund	10050	\$ 860,412
STB Capital Outlay Fund	89200	7,982,648
		<u>\$ 8,843,060</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 \$1.28 billion in State Transportation Revenue and Refunding Bonds issued between 2006 and 2015. 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 25% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$1.66 billion. Principal and interest paid for the current year and total pledged revenues were \$133,392,923 and \$783,638,123, 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.

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 two items that qualify for reporting in this category. They are the deferred loss on refunding and the fair value of the swap agreements deemed effective per GASB 53.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Outflows/Inflows of Resources - continued

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.

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

Compliant with statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

Agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims were not reconciled from the inception of SHARE (the State's centralized accounting system), in July 2006 through January 2013, which caused uncertainty as to the validity of the claims and the ability of fiduciary resources to fulfill those claims. As a result of business process and systems configuration changes made during the Cash Management Remediation Project Phase I, the Board of Finance and Administration's Financial Control Division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a point-forward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation.

The State Controller indicated on August 8, 2016 that calculated difference between resources maintained by STO and the agency claims has remained stable and within a narrow and acceptable range (< \$200k standard deviation) over the last twelve months; resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the SGFIP and that all claims will 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 is aware that the General Fund Investment Pool balances have not been reconciled at the Agency and Fund level by the Department of Finance and Administration. However, 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, 2016. 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, 2016 the Department had the following invested in the General Fund Investment Pool:

General Fund Investment Pool	\$ 154,905,669
State Infrastructure Bank	19,120,728
	<u>\$ 174,026,397</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, 2016.

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, 2016.

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, 2016 the Department had the following managed by NMFA held with Bank of Albuquerque:

Bank of Albuquerque, trustee account (Managed by NMFA)	<u>\$ 82,617,931</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, 2016 is as follows:

<u>Number of Days Outstanding</u>	
0 - 30	\$ 571,261
31 - 60	760,477
61 - 90	27,890
91 - 120	1,847
Beyond 120	5,066,248
	<u>6,427,723</u>
Allowance for uncollectible accounts	<u>(5,066,248)</u>
	<u><u>\$ 1,361,475</u></u>

4. SEVERANCE TAX BOND PROCEEDS RECEIVABLE

Severance tax bonds proceeds receivable as of June 30, 2016, 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	\$ 28,660,858
Sale and reauthorization of severance tax bonds	53,306,588
Funding from the State Board of Finance	(9,566,910)
Reversion to the State Board of Finance	<u>(466,028)</u>
Balance, end of year	<u><u>\$ 71,934,508</u></u>

The funding for the year ended June 30, 2016 was received under the Laws of 2012, Chapters 64 and 353; Laws of 2013, Chapters 3, 9, 92 and 226; Laws of 2014, Chapters 66 and 226; Laws of 2015, Chapters 3 and 147; Laws of 2016, Chapters 81 and 83.

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 severance tax bond proceeds receivable represents the amounts due and available from the State Board of Finance as of year-end.

Receivable at year end (Note 8)	<u><u>\$ 2,280,125</u></u>
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5. NOTES AND LOANS RECEIVABLE

Loans receivable funded by the SIB consist of the following:

A ten (10) year State Infrastructure Bank note receivable from Town of Peralta at 1% interest secured by property taxes and sewer funds.	\$ 883,000
A two (2) year State Infrastructure Bank note receivable from City of Albuquerque at 1% interest secured by federal funds.	800,000
A three (3) year State Infrastructure Bank note receivable from Silver City at 1% interest secured by water and sewer funds.	<u>180,000</u>
	<u><u>\$ 1,863,000</u></u>

6. DUE FROM U.S. DEPARTMENT OF TRANSPORTATION

Due from U.S. Department of Transportation (USDOT) consists of the following at June 30, 2016:

<u>Agency</u>	
Federal Highway Administration	\$ 33,642,661
Less allowance for uncollectible amounts	<u>-</u>
Total Federal Highway Administration	33,642,661
Other USDOT Agencies	<u>7,368,114</u>
Total USDOT	<u><u>\$ 41,010,775</u></u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

7. 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, 2016 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	\$ 3,881,876	\$ -	
Total General Funds		3,881,876	-	\$ 3,881,876
Special Revenue Funds:				
2006A GRIP Bond Project Fund	10210	-	162,514	
2006B GRIP Bond Project Fund	10230	-	10,401	
2006C GRIP Bond Project Fund	10250	-	179,404	
Total Special Revenue Funds		-	352,319	(352,319)
Debt Service Funds:				
2008AGRIP Bond Debt Service Fund	10410	-	550,033	
2008B GRIP Bond Debt Service Fund	10420	250	2,570,292	
2008C GRIP Bond Debt Service Fund	10430	-	404,702	
2014B Bond Debt Service Fund	50110	-	4,780	
Total Debt Service Funds		250	3,529,807	(3,529,557)
Total Capital Projects Funds		-	-	-
Total Enterprise Funds		-	-	-
Total Interfund Receivables and Payables		\$ 3,882,126	\$ 3,882,126	\$ -
Summary				
Total General Funds - net				\$ 3,881,876
Total Special Revenue Funds - net				(352,319)
Total Debt Service Funds - net				(3,529,557)
Total Capital Projects Funds - net				-
Total Governmental – net				-
Total Enterprise Funds – net				-
Total All Funds				\$ -

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE FROM OTHER STATE AGENCIES

Fund Description	Fund Number	Sub-total	Total	Due From
Traffic Safety Fund	20800	\$ 56,242		Administrative Office of the Courts
Total fees due			<u>\$ 56,242</u>	
State Road Fund	20100	62,953,538		Taxation and Revenue Department
HIF Bond Fund	20200	1,248,584		Taxation and Revenue Department
Local Government Road Fund	20300	3,661,572		Taxation and Revenue Department
State Aviation Fund	20500	846,489		Taxation and Revenue Department
Motorcycle Training Fund	20600	15,234		Taxation and Revenue Department
DWI Prevention and Education Fund	20700	37,440		Taxation and Revenue Department
Traffic Safety Fund	20800	30,483		Taxation and Revenue Department
Ignition Interlock Fund	82600	36,100		Taxation and Revenue Department
Total taxes due			<u>68,829,440</u>	
State Road Fund	20100	5		Department of Health
State Road Fund	20100	6,000		Department of Information Tech
State Road Fund	20100	93		Energy, Minerals & Natural Resources
State Road Fund	20100	50		Military Affairs Department
State Road Fund	20100	802		Public Regulation Commission
STB Capital Outlay Fund	89200	2,280,125		DFA Board of Finance
Total reimbursement due			<u>2,287,075</u>	
Total Government-wide			<u><u>\$ 71,172,757</u></u>	

9. INVENTORY

Inventory as of June 30, 2016 consists of the following:

Highway maintenance materials stockpiled	\$ 9,946,782
Repair Parts and expendable supplies	5,392,662
Fuel, oil and lubricants	<u>446,997</u>
	<u><u>\$ 15,786,441</u></u>

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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, 2016 follows:

	Beginning Balance June 30, 2015	Additions	Adjustments & Transfers	Retirements
Non-Depreciable Assets:				
Construction in Progress	\$ 287,505,146	\$ 294,726,347	\$ -	\$ -
Rail System Infrastructure - Right of Way	77,252,100	-	(2,655)	-
Land	5,177,044	-	-	-
Right of Way	424,473,543	-	(134,400)	-
Total Non-Depreciable Assets	794,407,833	294,726,347	(137,055)	-
Depreciable Assets:				
Infrastructure	14,143,630,369	-	-	(508,461,147)
Automotive and Major Road Fund Equipment	221,799,395	21,753,723	974,410	(8,351,450)
Rail System Infrastructure	367,768,679	-	-	-
Buildings	49,468,395	170,794	(333,674)	(72,585)
Equipment and Furniture	31,643,272	2,029,222	(221,401)	(1,564,550)
Library	113,566	-	-	-
Total Depreciable Assets	14,814,423,676	23,953,739	419,335	(518,449,732)
Total Assets	15,608,831,509	318,680,086	282,280	(518,449,732)
Less Accumulated Depreciation:				
Infrastructure	(9,301,056,429)	(525,824,650)	-	508,461,147
Automotive and Major Road Fund Equipment	(153,964,714)	(11,811,382)	(25,306)	7,316,319
Rail System Infrastructure	(105,612,169)	(14,710,747)	-	-
Buildings	(29,474,097)	(807,667)	114	27,683
Equipment and Furniture	(25,273,959)	(1,855,276)	25,192	1,553,416
Library	(103,229)	(1,565)	-	-
Total Accumulated Depreciation	(9,615,484,597)	(555,011,287)	-	517,358,565
Net Total	\$ 5,993,346,912	\$ (236,331,201)	\$ 282,280	\$ (1,091,167)

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

Depreciation:

Programs and infrastructure	\$ 525,824,650
Transportation and highway operations	14,710,747
Program support	14,475,890
	<u>555,011,287</u>

Amortization

Total Depreciation and Amortization	<u><u>\$ 557,508,302</u></u>
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10. CAPITAL ASSETS - continued

CIP Reclassifications	Ending Balance June 30, 2016
\$ (245,384,476)	\$ 336,847,017
-	77,249,445
-	5,177,044
3,424,355	427,763,498
(241,960,121)	847,037,004
241,960,121	13,877,129,343
-	236,176,078
-	367,768,679
-	49,232,930
-	31,886,543
-	113,566
241,960,121	14,562,307,139
-	15,409,344,143
-	(9,318,419,932)
-	(158,485,083)
-	(120,322,916)
-	(30,253,967)
-	(25,550,627)
-	(104,794)
-	(9,653,137,319)
\$ -	\$ 5,756,206,824

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

11. OPERATING TRANSFERS

Transfers within the Agency - Transfers in (Transfers out):

	State Road Fund(s) (Multi)	2001A CHAT Bond Project Fund (SHARE 00600)	2001A CHAT Bond Debt Service Fund (SHARE 00700)	Federal Plan & Dev Fund (SHARE 10030)	Capital Projects Fund (SHARE 10050)	2004A GRIP Bond Debt Service Fund (SHARE 10080)
(1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (963)
(2)	-	-	-	-	1,600,000	-
(3)	414,716	-	-	(414,716)	-	-
(4)	6,605	-	-	-	-	-
(5)	529,275	-	-	-	(529,275)	-
(6)	-	-	(1,651,520)	-	-	-
(7)	10,711,403	(4,752,908)	(235,499)	-	-	-
(8)	(109,000)	-	-	-	109,000	-
	<u>\$ 11,552,999</u>	<u>\$ (4,752,908)</u>	<u>\$ (1,887,019)</u>	<u>\$ (414,716)</u>	<u>\$ 1,179,725</u>	<u>\$ (963)</u>

- (1) Transfer of residual cash within Debt Service funds for current year debt obligations
- (2) Transfer of funds out of the Special Revenue Bond Projects Fund 39400 and into the Capital Projects Fund 10050
- (3) Transfer excess Fund Balance created from accounting adjustments in Prior Years
- (4) Transfer of funds Motorcycle Training funds per NMSA 66-10-10 (F)
- (5) Capital Project Reversions from Fund 10050 to 20100
- (6) Transfer of due to/due from related to swap funds 10410, 10420 and 10430
- (7) Transfer of residual fund balances to the Road Fund
- (8) Transfer of funds for boiler replacement per Chapter 3, Section 83, Laws of 2015

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

11. OPERATING TRANSFERS - continued

	2004B GRIP Bond Debt Service Fund (SHARE 10090)	2006A GRIP Bond Project Fund (SHARE 10210)	2006B GRIP Bond Project Fund (SHARE 10230)	2006C GRIP Bond Project Fund (SHARE 10250)	2008A GRIP Bond Debt Service Fund (SHARE 10410)	2008B GRIP Bond Debt Service Fund (SHARE 10420)
(1)	\$ (1,541,501)	\$ -	\$ -	\$ -	\$ 422,812	\$ 808,416
(2)	-	-	-	-	-	-
(3)	-	-	-	-	-	-
(4)	-	-	-	-	-	-
(5)	-	-	-	-	-	-
(6)	-	-	-	-	821,159	3,839,003
(7)	-	(487,488)	(60,073)	(179,403)	-	-
(8)	-	-	-	-	-	-
	<u>\$ (1,541,501)</u>	<u>\$ (487,488)</u>	<u>\$ (60,073)</u>	<u>\$ (179,403)</u>	<u>\$ 1,243,971</u>	<u>\$ 4,647,419</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

11. OPERATING TRANSFERS - continued

Transfers within the Agency - Transfers in (Transfers out):

	2008C GRIP	2002D CHAT	2002D CHAT	Motorcycle	2002C HIF	2002C HIF
	Bond Debt	Bond Project	Bond Debt	Training	Bond Project	Bond Debt
	Service Fund	Fund	Service Fund	Fund	Fund	Service Fund
	(SHARE 10430)	(SHARE 11500)	(SHARE 18700)	(SHARE 20600)	(SHARE 36100)	(SHARE 36300)
(1)	\$ 311,236	\$ -	\$ -	\$ -	\$ -	\$ -
(2)	-	-	-	-	-	-
(3)	-	-	-	-	-	-
(4)	-	-	-	(6,605)	-	-
(5)	-	-	-	-	-	-
(6)	604,465	-	-	-	-	-
(7)	-	(641,758)	(12,903)	-	(1,313,633)	(62,697)
(8)	-	-	-	-	-	-
	<u>\$ 915,701</u>	<u>\$ (641,758)</u>	<u>\$ (12,903)</u>	<u>\$ (6,605)</u>	<u>\$ (1,313,633)</u>	<u>\$ (62,697)</u>

- (1) Transfer of residual cash within Debt Service funds for current year debt obligations
- (2) Transfer of funds out of the Special Revenue Bond Projects Fund 39400 and into the Capital Projects Fund 10050
- (3) Transfer excess Fund Balance created from accounting adjustments in Prior Years
- (4) Transfer of funds Motorcycle Training funds per NMSA 66-10-10 (F)
- (5) Capital Project Reversions from Fund 10050 to 20100
- (6) Transfer of due to/due from related to swap funds 10410, 10420 and 10430
- (7) Transfer of residual fund balances to the Road Fund
- (8) Transfer of funds for boiler replacement per Chapter 3, Section 83, Laws of 2015

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

11. OPERATING TRANSFERS - continued

	1993 Bond Project Fund (SHARE 39400)	1999A CHAT Bond Project Fund (SHARE 43000)	2000 CHAT Bond Debt Service Fund (SHARE 43200)	1999 CHAT Bond Debt Service Fund (SHARE 43400)	2002A CHAT Bond Debt Service Fund (SHARE 54700)	1998A CHAT Bond Debt Service Fund (SHARE 54800)
(1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2)	(1,600,000)	-	-	-	-	-
(3)	-	-	-	-	-	-
(4)	-	-	-	-	-	-
(5)	-	-	-	-	-	-
(6)	-	-	(1,184,452)	(750,144)	(690,434)	(86,180)
(7)	(4,774)	(2,133,351)	(205,584)	(268,168)	(84,187)	(142,628)
(8)	-	-	-	-	-	-
	<u>\$ (1,604,774)</u>	<u>\$ (2,133,351)</u>	<u>\$ (1,390,036)</u>	<u>\$ (1,018,312)</u>	<u>\$ (774,621)</u>	<u>\$ (228,808)</u>

11. OPERATING TRANSFERS - continued

Transfers within the Agency - Transfers in (Transfers out):

	2002B WIPP Bond Debt Service Fund (SHARE 75000)	1998A WIPP Bond Debt Service Fund (SHARE 97200)	Total all Intra-agency Transfers
(1)	\$ -	\$ -	\$ -
(2)	-	-	-
(3)	-	-	-
(4)	-	-	-
(5)	-	-	-
(6)	(702,644)	(199,253)	-
(7)	(111,733)	(14,616)	-
(8)	-	-	-
	<u>\$ (814,377)</u>	<u>\$ (213,869)</u>	<u>\$ -</u>

- (1) Transfer of residual cash within Debt Service funds for current year debt obligations
- (2) Transfer of funds out of the Special Revenue Bond Projects Fund 39400 and into the Capital Projects Fund 10050
- (3) Transfer excess Fund Balance created from accounting adjustments in Prior Years
- (4) Transfer of funds Motorcycle Training funds per NMSA 66-10-10 (F)
- (5) Capital Project Reversions from Fund 10050 to 20100
- (6) Transfer of due to/due from related to swap funds 10410, 10420 and 10430
- (7) Transfer of residual fund balances to the Road Fund
- (8) Transfer of funds for boiler replacement per Chapter 3, Section 83, Laws of 2015

11. OPERATING TRANSFERS - continued

Transfers outside of Agency - Transfer in (Transfer out):

	DWI Prevention and Education Fund (SHARE 20700)	Ignition Interlock Fund (SHARE 82600)	Total all Inter-agency Transfers
(9)	\$ -	\$ 300,000	\$ 300,000
(10)	(200,000)	-	(200,000)
(11)	(100,000)	-	(100,000)
(12)	-	(1,000,000)	(1,000,000)
(13)	-	(500,000)	(500,000)
	<u>\$ (300,000)</u>	<u>\$ (1,200,000)</u>	<u>\$ (1,500,000)</u>

- (9) Transfer from Department of Finance and Administration to the Department of Transportation for DWI program
- (10) Transfer to Admin Office of the Courts per 2015 1st SS - SB1, Section 57 - (DWI Prevention and Education Fund)
- (11) Transfer to Bernalillo Metro Court per 2015 1st SS - SB1, Section 58 - (DWI Prevention and Education Fund)
- (12) Transfer to General Services Dept (for State Police/DPS) per 2015 1st SS - SB1, Section 65 - (Interlock Device Fund)
- (13) Transfer to Admin Office of the Courts per 2015 1st SS - SB1, Section 66 - (Interlock Device Fund)

12. DUE TO OTHER STATE AGENCIES

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

13. DUE TO LOCAL GOVERNMENTS

Fund Description	Fund Number	Due To	Total
General Funds:			
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	City of Albuquerque	\$ 64,177
		City of Artesia	951
		City of Aztec	1,154
		City of Bayard	2,561
		Town of Bernalillo	2,275
		City of Bloomfield	979
		Village of Bosque Farms	636
		Village of Capitan	421
		Town of Carrizozo	1,020
		Chaves County	941
		Town of Clayton	1,044
		City of Clovis	6,266
		Colfax County	1,978
		Village of Cuba	1,523
		County of Dona Ana	9,268
		Town of Edgewood	966
		Town of Estancia	43
		City of Farmington	13,006
		Grant County Clerk	2,501
		City of Hobbs	2,815
		Town of Hurley	899
		City of Las Cruces	20,989
		County of Lincoln	10,000
		County of Los Alamos	466
		City of Lovington	2,465
		County of Mora	291
		Ohkay Owingeh Tribal Council	416
		Otero County	206
		City of Portales	301
		Ramah Navajo Chapter	197
		City of Raton	991
		County of Rio Arriba	13,014
		City of Rio Rancho	75,343
		County of Roosevelt	553
		Village of Ruidoso	1,986
		San Juan County	7,134

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

13. DUE TO LOCAL GOVERNMENTS - continued

Fund Description	Fund Number	Due To	Total
General Funds - continued:			
Traffic Safety Fund(s) - continued	10010, 10020, 20600, 20700, 20800, 82600	Sandoval County	15,612
		City of Santa Fe	4,362
		Santa Fe County	20,630
		Silver City/Grant County	1,071
		Socorro County	504
		Treasurer of Sunland Park	4,066
		Taos County	6,214
		Torrance County	5,932
		City of Truth or Consequences	630
		City of Tucumcari	666
		County of Valencia	2,140
Federal Planning & Development Fund	10030	El Paso Metropolitan Planning Organ.	8,474
		Grant County	35,694
		City of Las Cruces	20,308
		City of Las Vegas	10,603
		Mid-Region Council of Governments	18,164
		Village of Milan	10,941
		The Navajo Nation	21,002
		City of Ruidoso Downs	11,684
State Road Fund	20100	City of Albuquerque	149,751
		Albuquerque Bernalillo County Water	17,847
		City of Artesia	55
		Town of Bernalillo	340
		City of Bloomfield	345
		Village of Capitan	149
		City of Carlsbad	269
		Town of Carrizozo	36
		Village of Chama	96
		Town of Clayton	77
		Village of Corona	78
		Eastern Plains Council of Govmts.	24,659
		El Paso Metropolitan Planning Organ.	155,325
		City of Farmington	38,212
		City of Jal	36
		Jicarilla Tribe	52
		Kit Carson Electric	3,150
		City of Las Vegas	8,540

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

13. DUE TO LOCAL GOVERNMENTS - continued

Fund Description	Fund Number	Due To	Total
General Funds - continued:			
State Road Fund - continued	20100	Lea County	118
		Lea County Electric	59
		County of Los Alamos	500
		Mid-Region Council of Governments	274,188
		City of Moriarty	315
		Town of Mountainair	274
		Navajo Tribal Utility	2,464
		North Central New Mexico Economic	44,686
		Otero County Electric Company	2,512
		Penasco Mutual	65
		Penasco Valley Telephone	141
		Raton Natural Gas	1,237
		Raton Public Service	1,488
		City of Rio Rancho	91,443
		Roosevelt County Water Coop	68
		City of Roswell	90
		S. Sandoval Cnty Arroyo Flood Contr.	44,117
		City of Santa Fe	102,322
		Santa Fe Solid Waste	739
		Southwest New Mexico Council	20,248
		Town of Taos	100
		Town of Tatum	23
		Tierra Amarilla Mutual	42
		Village of Tijeras	115
		Tres Piedras Water Association	42
		Town of Vaughn	100
		Wagon Mound	200
		Waste Management of New Mexico	2,166
Local Government Road Fund	20300	City of Espanola	41,657
		Village of Jemez Springs	35,000
		Village of Milan	137,238
State Aviation Fund	20500	City of Albuquerque	5,576
STB Capital Outlay Fund	89200	Treasurer of Sunland Park	46,575
Total Government Funds			1,703,398

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

13. DUE TO LOCAL GOVERNMENTS - continued

Fund Description	Fund Number	Due To	Total
Enterprise Funds:			
State Infrastructure Fund	89300	Town of Silver City	180,000
Total Enterprise Funds			<u>180,000</u>
Total Government-wide			<u><u>\$ 1,883,398</u></u>

14. DUE TO UNIVERSITIES

Fund Description	Fund Number	Due To	Total
State Road Fund	20100	New Mexico State University	\$ 300,343
		The University of New Mexico	145,616
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	The University of New Mexico	120,663
State Aviation Fund	20500	The University of New Mexico	<u>2,532</u>
Total Government-wide			<u><u>\$ 569,154</u></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, 2016:

Governmental Activities	Balance at June 30, 2015	Increase	Decrease	Ending Balance June 30, 2016	Amounts due within one year
2006A GRIP Bonds	\$ 11,305,000	\$ -	\$ (3,535,000)	\$ 7,770,000	\$ 3,550,000
2006B GRIP Bonds	2,935,000	-	(1,435,000)	1,500,000	1,500,000
2008A GRIP Bonds	115,200,000	-	-	115,200,000	-
2008B GRIP Bonds	220,000,000	-	-	220,000,000	-
2008C GRIP Bonds	84,800,000	-	-	84,800,000	-
2009A Refunding Bonds	10,260,000	-	(5,195,000)	5,065,000	5,065,000
2010A Refunding Bonds	95,220,000	-	(12,595,000)	82,625,000	13,265,000
2010B Refunding Bonds	444,800,000	-	(395,000)	444,405,000	69,180,000
2012A Refunding Bonds	216,555,000	-	(45,485,000)	171,070,000	1,095,000
2014A Revenue Bonds	70,110,000	-	-	70,110,000	-
2014B Refunding Bonds	79,405,000	-	-	79,405,000	-
Debentures	1,350,590,000	-	(68,640,000)	1,281,950,000	93,655,000
Compensated absences payable	6,173,134	6,068,177	(5,435,169)	6,806,142	6,806,142
Total obligations	1,356,763,134	\$ 6,068,177	\$ (74,075,169)	1,288,756,142	\$ 100,461,142
Less current portion	(74,813,134)			(100,461,142)	
Net long-term obligations	<u>\$ 1,281,950,000</u>			<u>\$ 1,188,295,000</u>	
Unamortized bond premium	\$ 134,557,473	\$ -	\$ (13,961,982)	\$ 120,595,491	\$ 13,961,982

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, 2015	Increase	Decrease	Ending Balance June 30, 2016	Amounts due within one year
Deferred loss on refunding	\$ 59,106,726	-	(5,972,100)	\$ 53,134,626	6,097,553

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. The bonds outstanding of \$154,065,000 were considered defeased in substance as of June 30, 2016.

The cumulative deferred amount on the refundings of \$53,134,626 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.

Derivative Instruments

At the time of the 2004 GRIP bond issuance, NMFA, on behalf of the Department, entered into interest rate exchange agreements ("swaps") with respect to both of the adjustable rate bonds then issued and the adjustable rate bonds anticipated to be issued in 2006. All of the 2004 adjustable rate bonds were hedged at issuance with immediately-starting swaps and approximately one-half of the anticipated total 2006 issuance was hedged with forward-starting swaps that became effective in 2006.

In all of the swaps, NMFA, on behalf of the Department, receives a variable-interest rate payment based on an index, and makes a fixed-rate interest payment. This arrangement has the effect of converting the variable rate bonds to "synthetic fixed-rate" issues.

As in the case of the GRIP bonds, NMFA has entered into the swaps as an agent for the Department. These swap agreements remained in effect following the 2008 refunding and reissuance of the 2004 and 2006 adjustable rate bonds as Variable Rate Demand Notes (the 2008A through D series).

Objectives of the Swaps

The objective in entering into the swap agreements was to obtain a lower interest cost for the 2004 bonds than could have been obtained at the time had they been issued as fixed-rate bonds. With respect to the planned 2006 issuance, NMFA believed in 2004 that it would be desirable to "lock in" a synthetic fixed rate of 5% or less for a portion of the bonds anticipated to be issued in 2006.

15. LONG-TERM OBLIGATIONS - continued

Significant Terms

2004 Swaps:

<u>Counterparty</u>	<u>Royal Bank of Canada</u>	<u>Goldman Sachs</u>	<u>Deutsche Bank</u>
Notional Amount	\$100,000,000	\$50,000,000	\$50,000,000
Receipt Rate	68 % of 1 month LIBOR	68 % of 1 month LIBOR	68 % of 1 month LIBOR
Payment Rate (Synthetic Fixed Rate)	3.934%	3.934%	3.934%
Embedded Option(s)	None	None	None
Effective Date	May 20, 2004	May 20, 2004	October 6, 2008
Termination Date:	June 15, 2024	June 15, 2024	June 15, 2024

2006 Forward Starting Swaps:

<u>Counterparty</u>	<u>JP Morgan Chase Bank</u>	<u>UBS AG</u>
Notional Amount	\$110,000,000	\$110,000,000
Receipt Rate	SIFMA Municipal Swap Index	SIFMA Municipal Swap Index
Payment Rate	5.072%	5.072%
Embedded Option(s)	"Knockout" option – Counterparty may cancel if the index remains above 7% for more than 180 days	"Knockout" option – Counterparty may cancel if the index remains above 7% for more than 180 days
Option premium to NMFA	0.34%	0.34%
Net payment rate ("Synthetic Fixed Rate"), equals the payment rate less option premium	4.732%	4.732%
Effective Date	December 15, 2006	December 15, 2006
Termination Date:	December 15, 2026	December 15, 2026

No cash was paid or received at the initiation of any of the above swaps.

15. LONG-TERM OBLIGATIONS - continued

Fair Value

The estimated fair value of the swaps at June 30, 2016 was as follows:

<u>Counterparty</u>	<u>Notional Value</u>	<u>Fair Value *</u>
Goldman Sachs	\$ 50,000,000	\$ (11,615,068)
Deutsche	50,000,000	(11,615,068)
Royal Bank of Canada	100,000,000	(23,230,135)
JPMorgan Chase Bank	110,000,000	(36,277,376)
UBS AG	110,000,000	(36,277,376)
	<u>\$ 420,000,000</u>	<u>\$ (119,015,023)</u>

* The Fair Value is the estimated amount that would have been received by or paid by the Department if the agreements had been terminated at June 30, 2016 under the terms of the agreement. This value is the net present value of the receipts and payments anticipated to be made pursuant to the agreements. The net present values are calculated based on discount rates indicated by actual swap transactions that occurred on or around June 30, 2016. Negative amounts indicate payments that would have been made by the Department to the counterparties.

Investments Measured at Fair Value

The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Department has the following recurring fair value measurements as of June 30, 2016:

- Interest Rate Swaps of \$119,015,023 are valued in Level 2 of the fair value hierarchy using a market approach that considers benchmark interest rates and are disclosed as a liability at the fiscal year end.

Management evaluated the effectiveness of the swap agreements and found Goldman Sachs, Deutsche and Royal Bank of Canada to be ineffective in the prior year. As a result, the change in Fair Value of the ineffective swaps are reported as an expense in the amount of \$7,399,432. The remaining effective swaps are deemed a hedge and reported as a deferred outflow of resources in the amount of \$72,554,752, which consists of the JP Morgan Chase Bank and UBS AG swap agreements.

15. LONG-TERM OBLIGATIONS - continued

Fair Value - continued

Associated Debt

Variable Rate Debt*	Par Value	2016 Debt Service		Net Variable Made (Received)	Total Net Interest Paid	Effective Interest Rate
		Principal	Fixed Interest			
Series 2008A and C	\$ 200,000,000	\$ -	\$ 7,868,000	\$ 932,908	\$ 8,800,908	4.400%
Series 2008B	220,000,000	-	11,158,400	63,883	11,222,283	5.101%

* The interest and swap payments for these bonds include the payments for the 2004 and 2006 series bonds that the 2008 series bonds replaced during the prior fiscal year.

The interest includes amounts paid within the fiscal year without regard to the costs associated with the Swap Collateral (Taxable) Line of Credit.

Risks

Credit Risk

Credit risk is the possibility that a counterparty will not fulfill its obligations.

The credit ratings of the counterparties, at June 30, 2016, were:

	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
Goldman Sachs	Aa2	AA-	N/A
Deutsche	A3	BBB+	A-
Royal Bank of Canada	Aa3	AA-	AA
JP Morgan Chase	Aa3	A+	AA-
UBS AG	A2	A	A

Presently, the Department has no exposure to loss with respect to the counterparties, as the termination values of the swaps are negative. That is, no amounts would be owed to the Department if any swaps were terminated at present. Each swap agreement contains provisions requiring the posting of collateral in the event that termination values exceed certain amounts. Termination values currently exceeded these limits, and, accordingly, collateral was posted for \$9,890,000 at UBS, \$9,570,000 at JPM, and \$4,780,000 at RBC as of June 30, 2016. The swap agreements permit the netting of amounts owed between the Department and a counterparty, mitigating, to some extent, the level of credit risk. The Department believes it has an adequate degree of diversification with regard to counterparties.

15. LONG-TERM OBLIGATIONS - continued

Swap Collateral Requirements – Taxable Line of Credit

Negative balances at the end of the fiscal year were such that collateral needed to be posted. For that purpose short-term Taxable Lines of Credit were established. There was \$14,000,000 outstanding on the line of credit from the Royal Bank of Canada at the end of the fiscal year, with no beginning balance, \$16,000,000 borrowed and \$2,000,000 repaid during the year. In addition, during the year there was a line of credit from the Bank of America that did not have a balance at the end of the fiscal year, a beginning balance of \$10,500,000, \$8,000,000 borrowed and \$18,500,000 repaid during the fiscal year.

SHARE Fund 10410 - 2008A GRIP Bond Debt Service Fund	\$ 3,840,000
SHARE Fund 10420 - 2008B GRIP Bond Debt Service Fund	7,333,333
SHARE Fund 10430 - 2008C GRIP Bond Debt Service Fund	2,826,667
Total Short-term Notes Payable (Taxable Line of Credit)	<u>\$ 14,000,000</u>

Interest Rate Risk

The knock-out option in the 2006 swaps leaves the Department open to interest rate risk. If the SIFMA municipal swap index averages above 7% for 180 consecutive days, then, as provided by the terms of the knockout option, swap agreements could be cancelled by the counterparties and the Department would have outstanding unhedged variable rate debt in a 7% interest rate environment.

Basis Risk

Basis risk is the possibility that the variable rate paid on the bonds may not be adequately offset by the variable index payment received under the swap agreement. The Department has little or no such risk with respect to the 2006 bonds as the 2006 swaps pay a variable rate equal to the SIFMA Municipal Swap index which has very closely approximated, historically, to the rates paid on variable rate municipal debt. The Department has basis risk, however, with respect to the 2004 swaps. The variable rate the Department receives with respect to the 2004 swaps is 68% of one-month LIBOR. While this rate has closely tracked the SIFMA Municipal Swap Index for a long period of time, there has recently been some divergence between the two indices. There is no guarantee that the two indices will remain as closely correlated in the future as they were in the past. There is a possibility, therefore, of a mismatch between actual variable rate bond debt service payments and the variable rate receipts under the 2004 swap agreements, resulting in a failure to achieve the synthetic fixed rate expected when the swaps initiated.

One event that would cause a divergence between the indices would be a significant change in U.S. income tax rates. This might result in 68% of LIBOR no longer approximating the tax-exempt rate set by the market for the Department's variable rate debt.

Termination Risk

The unplanned termination of one or more of the swaps exposes the Department to the possibility that the synthetic fixed rate expected to be obtained on the variable rate debt will not, in fact, be achieved. The swap agreements contain the standard ISDA provisions for termination, including events such as bankruptcy, ratings downgrades, and failure to post collateral when required. In addition, the Department, but not the counterparties, can terminate the swaps at any time with 30-day notice.

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 2006A GRIP

On September 19, 2006, the Authority issued \$150,000,000 of State Transportation, Series 2006A Revenue Bonds. The Series 2006A Bonds were issued to provide funds for certain transportation projects authorized by the Legislature that the New Mexico Department of Transportation has determined to be necessary or desirable as part of GRIP transportation projects. Due to certain facts and circumstances specific to this bond issue, the liability associated with this debt is reflected by the New Mexico Department of Transportation and not the books of the Authority. The Authority serves in an agency capacity with respect to this bond issue.

Principal of the Bonds is payable as follows on December 15. Interest, with rates ranging from 3.6% to 5.0% per annum, is payable semi-annually on June 15 and December 15 through the year 2023.

In December 2012, \$66,040,000 was refunded by the 2012A Refunding Revenue Bonds.

In December 2014, \$68,250,000 was refunded by the 2014B Refunding Revenue Bonds.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$495,069, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2006A GRIP:			
2017	\$ 3,550,000	\$ 287,388	\$ 3,837,388
2018	3,570,000	114,775	3,684,775
2019	150,000	22,906	172,906
2020	-	20,000	20,000
2021	-	20,000	20,000
2022-2023	500,000	30,000	530,000
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 7,770,000</u>	<u>\$ 495,069</u>	<u>\$ 8,265,069</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2006B GRIP

On September 19, 2006, the Authority issued \$40,085,000 of State Transportation, Series 2006B Refunding Revenue Bonds. The Series 2006B Bonds were issued to provide funds to refund and restructure certain outstanding bonds of the State Transportation Commission. Due to certain facts and circumstances specific to this bond issue, the liability associated with this debt is reflected by the New Mexico Department of Transportation and not the books of the Authority. The Authority serves in an agency capacity with respect to this bond issue.

Principal of the Bonds is payable as follows on December 15. Interest, with rates ranging from 3.5% to 5.0% per annum, is payable semi-annually on June 15 and December 15 through the year 2017.

In December 2014, \$19,775,000 was refunded by the 2014B Refunding Revenue Bonds.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$29,544, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2006B GRIP:			
2017	\$ 1,500,000	\$ 29,544	\$ 1,529,544
Total	<u>\$ 1,500,000</u>	<u>\$ 29,544</u>	<u>\$ 1,529,544</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2008A GRIP

The Department issued \$115,200,000 NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008A in April of 2008. There was no original issue premium. The cost of issuance was \$457,260.

The \$115,200,000 Series 2008A Bonds, together with additional bonds hereafter issued, 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 issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued 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 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 \$34,814,350, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008A GRIP:			
2017	\$ -	\$ 4,549,301	\$ 4,549,301
2018	-	4,531,968	4,531,968
2019	-	4,531,968	4,531,968
2020	-	4,531,968	4,531,968
2021	-	4,531,968	4,531,968
2022-2025	115,200,000	12,137,177	127,337,177
Total	<u>\$ 115,200,000</u>	<u>\$ 34,814,350</u>	<u>\$ 150,014,350</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2008B GRIP

The Department issued \$220,000,000 NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008B in April of 2008. There was no original issue premium. The cost of issuance was \$873,240.

The \$220,000,000 Series 2008B Bonds, together with additional bonds hereafter issued, 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 issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued 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 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 \$98,304,908, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008B GRIP:			
2017	\$ -	\$ 10,436,400	\$ 10,436,400
2018	-	10,410,400	10,410,400
2019	-	10,410,400	10,410,400
2020	-	10,410,400	10,410,400
2021	-	10,410,400	10,410,400
2022-2026	207,600,000	45,933,524	253,533,524
2027	12,400,000	293,384	12,693,384
Total	<u>\$ 220,000,000</u>	<u>\$ 98,304,908</u>	<u>\$ 318,304,908</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2008C GRIP

The Department issued \$84,800,000 NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008C in May of 2008. There was no original issue premium. The cost of issuance was \$448,194.

The \$84,800,000 Series 2008C Bonds, together with additional bonds hereafter issued, 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 issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued 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 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 \$25,632,844, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008C GRIP:			
2017	\$ -	\$ 3,354,405	\$ 3,354,405
2018	-	3,336,032	3,336,032
2019	-	3,336,032	3,336,032
2020	-	3,336,032	3,336,032
2021	-	3,336,032	3,336,032
2022-2024	84,800,000	8,934,311	93,734,311
Total	<u>\$ 84,800,000</u>	<u>\$ 25,632,844</u>	<u>\$ 110,432,844</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2009A Refunding

The Department issued \$112,345,000 NMFA State Transportation Refunding Revenue Bonds (Senior Lien) Series 2009A in November 2009. The gross proceeds to the Department were \$120,756,035, including \$8,411,035 of an original issue premium. The cost of issuance, including the underwriter's discount, was \$899,329.

The Series 2009A Bonds, together with additional bonds hereafter issued, 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 issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued 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 2.0% to 5.0% per annum, is payable semi-annually on June 15 and December 15 through the year 2017.

The Department's future scheduled annual requirement to amortize the Bonds, including interest payments of \$202,600, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2009A Refunding:			
2017	\$ 5,065,000	\$ 202,600	\$ 5,267,600
Total	<u>\$ 5,065,000</u>	<u>\$ 202,600</u>	<u>\$ 5,267,600</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

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 \$16,045,275, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2010A Refunding:			
2017	\$ 13,265,000	\$ 3,585,375	\$ 16,850,375
2018	8,770,000	3,060,625	11,830,625
2019	8,990,000	2,674,625	11,664,625
2020	9,210,000	2,279,600	11,489,600
2021	9,470,000	1,834,100	11,304,100
2022-2025	32,920,000	2,610,950	35,530,950
Total	<u>\$ 82,625,000</u>	<u>\$ 16,045,275</u>	<u>\$ 98,670,275</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 \$76,034,500, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2010B Refunding:			
2017	\$ 69,180,000	\$ 21,820,250	\$ 91,000,250
2018	78,075,000	18,361,250	96,436,250
2019	82,385,000	14,457,500	96,842,500
2020	86,520,000	10,738,250	97,258,250
2021	91,265,000	6,412,250	97,677,250
2022-2024	36,980,000	4,245,000	41,225,000
Total	<u>\$ 444,405,000</u>	<u>\$ 76,034,500</u>	<u>\$ 520,439,500</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 \$49,946,626, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2012A Refunding:			
2017	\$ 1,095,000	\$ 7,454,963	\$ 8,549,963
2018	1,305,000	7,411,163	8,716,163
2019	4,640,000	7,394,850	12,034,850
2020	4,975,000	7,209,250	12,184,250
2021	4,965,000	7,029,750	11,994,750
2022-2026	154,090,000	13,446,650	167,536,650
Total	<u>\$ 171,070,000</u>	<u>\$ 49,946,626</u>	<u>\$ 221,016,626</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 \$37,801,250, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2014A Revenue:			
2017	\$ -	\$ 3,505,500	\$ 3,505,500
2018	3,775,000	3,505,500	7,280,500
2019	3,855,000	3,316,750	7,171,750
2020	4,155,000	3,124,000	7,279,000
2021	2,750,000	2,916,250	5,666,250
2022-2026	11,775,000	13,609,000	25,384,000
2027-2031	36,980,000	7,483,250	44,463,250
2032	6,820,000	341,000	7,161,000
Total	<u>\$ 70,110,000</u>	<u>\$ 37,801,250</u>	<u>\$ 107,911,250</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2014B Revenue and Refundings

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

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

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

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$39,979,750, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2014B Refunding:			
2017	\$ -	\$ 3,970,250	\$ 3,970,250
2018	1,430,000	3,970,250	5,400,250
2019	1,505,000	3,898,750	5,403,750
2020	1,580,000	3,823,500	5,403,500
2021	1,660,000	3,744,500	5,404,500
2022-2026	9,625,000	17,392,250	27,017,250
2027	63,605,000	3,180,250	66,785,250
Total	<u>\$ 79,405,000</u>	<u>\$ 39,979,750</u>	<u>\$ 119,384,750</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>
2017	\$ 152,850,976
2018	151,626,963
2019	151,568,781
2020	151,913,000
2021	150,345,250
2022-2026	771,828,862
2027-2031	123,941,884
2032-2036	7,161,000
Total	\$ 1,661,236,716

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 \$64,752,623 for the year-ended June 30, 2016.

Capital Leases

There are no future minimum lease obligations to report as of June 30, 2016.

Compensated Absences

An obligation amounting to \$6,806,142 at June 30, 2016 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 \$1,842,800

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

Fund 10030: Federal Planning and Development Fund \$167,318

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

Fund 10040: Departmental Services - Inventories Fund \$11,882,542

This amount represents monies owed from the State Road Fund for inventory.

17. REVERSIONS

Reversions are calculated based on an original appropriation amount less total expenditures until the appropriation is expired or closed by the capital projects division.

Current year reversions to the State Road Fund as of June 30, 2016 were as follows:

Fund Description	Fund Number	Total
Capital Projects Fund	10050	\$ 529,275
Motorcycle Training Fund	20600	6,605
Total of all reversions		\$ 535,880

18. 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 16.99% in FY16 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, 2016, 2015, and 2014 were \$16,153,446, \$15,109,550, and \$14,365,606, respectively, equal to the amount of the required contribution for each year.

19. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description

The Department contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

19. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN - continued

Plan Description - continued

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were member of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1: municipal police member coverage 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislation shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Department's contributions to the RHCA for the years ended June 30, 2016, 2015, 2014 were \$1,900,841, \$1,886,077, and \$1,743,824, respectively, which equal the required contributions for each year.

20. 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 2013-2014 fiscal year, the Department paid Risk Management \$7,381,657 in insurance premiums. During the 2014-2015 fiscal year, the Department paid Risk Management \$10,236,822 in insurance premiums. During the 2015-2016 fiscal year, the Department paid Risk Management \$9,034,681 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, 2014, 2015 and 2016, the Department had no claims for which the Risk Management Division has returned as "not covered" that would become the responsibility of the Department.

21. 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. There are various contractor lawsuits and claims against the Department for various reasons. 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.

22. 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, 2016 was \$1,177,402.

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.

23. 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, 2016 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.

24. 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. Any one fund presentation will show a variance over or under budget since in general transfers are not budgeted. See Note 11 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.

25. SUBSEQUENT EVENTS

Updated Fair Value of Swaps

The estimated fair value of the swaps and collateral posting report at November 22, 2016 was as follows:

<u>Counterparty</u>	<u>Notional Value</u>	<u>Fair Value</u>
Goldman Sachs	\$ 50,000,000	\$ (9,927,446)
Deutsche	50,000,000	(9,927,446)
Royal Bank of Canada	100,000,000	(19,854,892)
JPMorgan Chase Bank	110,000,000	(30,474,722)
UBS AG	110,000,000	(30,474,722)
Total	<u>\$ 420,000,000</u>	<u>\$ (100,659,228)</u>

SUPPLEMENTARY INFORMATION

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

As of June 30, 2016

	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	-	427,284	-	619,366
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	-	14,650	-	-
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	3,506,648	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	15,234	37,440
Inventories	-	-	-	-
Prepaid expenses - other	767	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 3,507,415	\$ 441,934	\$ 15,234	\$ 656,806

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 1,391,690	\$ -	\$ -	\$ 58,350
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	114,773	-	-	-
State general fund	558	-	-	-
Local governments	272,371	-	-	18,690
Universities	120,663	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	21,511	-	-	-
Bank overdrafts	1,828,357	-	15,234	-
Other liabilities	-	-	-	-
Short-term notes payable (taxable line of credit)	-	-	-	-
Total Liabilities	3,749,923	-	15,234	77,040

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	1,600,292	-	-	-
Total Deferred Inflows of Resources	1,600,292	-	-	-

Fund Balance:

Non-spendable	-	-	-	-
Restricted	-	441,934	-	579,766
Committed	-	-	-	-
Unassigned	(1,842,800)	-	-	-
Total Fund Balance	(1,842,800)	441,934	-	579,766

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

\$ 3,507,415	\$ 441,934	\$ 15,234	\$ 656,806
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Traffic Safety Fund Components - Balance Sheet

Traffic Safety Fund (SHARE 20800)	Ignition Interlock Fund (SHARE 82600)	Traffic Safety Fund(s) (SHARE 10010, 10020, 20600, 20700, 20800, 82600)
\$ -	\$ -	\$ -
1,505,392	2,442,673	4,994,715
-	-	-
-	-	14,650
-	-	-
-	-	-
-	-	3,506,648
-	-	-
86,725	36,100	175,499
-	-	-
-	-	767
-	-	-
<u>\$ 1,592,117</u>	<u>\$ 2,478,773</u>	<u>\$ 8,692,279</u>
\$ 506,995	\$ 30,739	\$ 1,987,774
-	-	-
-	-	-
-	-	114,773
-	-	558
20,542	-	311,603
-	-	120,663
-	-	-
-	1,912	23,423
-	-	1,843,591
-	-	-
-	-	-
<u>527,537</u>	<u>32,651</u>	<u>4,402,385</u>
-	-	1,600,292
<u>-</u>	<u>-</u>	<u>1,600,292</u>
-	-	-
1,064,580	2,446,122	4,532,402
-	-	-
-	-	(1,842,800)
<u>1,064,580</u>	<u>2,446,122</u>	<u>2,689,602</u>
<u>\$ 1,592,117</u>	<u>\$ 2,478,773</u>	<u>\$ 8,692,279</u>

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, 2016

	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	12,623,143	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	260,072	133,166	471,906
Charges for services	-	-	-	-
Other revenue	179,816	-	-	3,303
Interest earnings	-	-	55	-
Total Revenues	12,802,959	260,072	133,221	475,209
Expenditures:				
Current:				
Operating costs	-	-	-	-
Personal services	426,835	-	-	-
Out-of-state travel	12,801	-	-	-
Grants and services	11,089,812	174,425	126,616	577,863
Travel	165	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	-	-	27,337
Other costs	4,947	105	-	-
Employee benefits	182,040	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	11,716,600	174,530	126,616	605,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,086,359	85,542	6,605	(129,991)
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	-	(6,605)	-
Transfers: severance	-	-	-	-
tax bond appropriation	-	-	-	-
Transfers: intra/inter-agency	-	-	-	(300,000)
Total Other Financing Sources (Uses)	-	-	(6,605)	(300,000)
Net Changes in Fund Balance	1,086,359	85,542	-	(429,991)
Fund Balance, June 30, 2015	(2,929,159)	356,392	-	1,009,757
Fund Balance, June 30, 2016	\$ (1,842,800)	\$ 441,934	\$ -	\$ 579,766

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

Traffic Safety Fund	Ignition Interlock Fund	Traffic Safety Fund(s) (SHARE 10010, 10020, 20600, 20700, 20800, 82600)
(SHARE 20800)	(SHARE 82600)	
\$ -	\$ -	\$ -
-	-	12,623,143
-	-	-
1,602,981	455,978	2,924,103
-	-	-
5,572	350	189,041
1,995	-	2,050
<u>1,610,548</u>	<u>456,328</u>	<u>15,738,337</u>
-	-	-
-	33,789	460,624
-	-	12,801
715,287	712,737	13,396,740
-	-	165
-	-	-
-	-	-
139,707	-	167,044
-	10,975	16,027
-	22,686	204,726
-	-	-
-	-	-
-	-	-
<u>854,994</u>	<u>780,187</u>	<u>14,258,127</u>
755,554	(323,859)	1,480,210
-	-	-
-	-	(6,605)
-	-	-
-	(1,200,000)	(1,500,000)
-	(1,200,000)	(1,506,605)
<u>755,554</u>	<u>(1,523,859)</u>	<u>(26,395)</u>
309,026	3,969,981	2,715,997
<u>\$ 1,064,580</u>	<u>\$ 2,446,122</u>	<u>\$ 2,689,602</u>

See Independent Auditors' Report

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

As of June 30, 2016

	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	4,994,715	-	4,500,343	20,018,697
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	14,650	-	-	-
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	3,506,648	3,252,426	-	-
Other funds	-	-	-	-
Other state agencies	175,499	-	1,248,584	3,661,572
Inventories	-	-	-	-
Prepaid expenses - other	767	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 8,692,279	\$ 3,252,426	\$ 5,748,927	\$ 23,680,269

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 1,987,774	\$ 1,516,946	\$ -	\$ 1,094,880
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	114,773	-	-	-
State general fund	558	-	-	-
Local governments	311,603	136,870	-	213,895
Universities	120,663	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	23,423	14,624	-	-
Bank overdrafts	1,843,591	1,583,987	-	-
Other liabilities	-	-	-	-
Short-term notes payable (taxable line of credit)	-	-	-	-
Total Liabilities	4,402,385	3,252,427	-	1,308,775

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	1,600,292	167,317	-	-
Total Deferred Inflows of Resources	1,600,292	167,317	-	-

Fund Balance:

Non-spendable	-	-	-	-
Restricted	4,532,402	-	5,748,927	22,371,494
Committed	-	-	-	-
Unassigned	(1,842,800)	(167,318)	-	-
Total Fund Balance	2,689,602	(167,318)	5,748,927	22,371,494

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

\$ 8,692,279	\$ 3,252,426	\$ 5,748,927	\$ 23,680,269
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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	1993 Bond Project Fund	1999A CHAT Bond Project Fund	WIPP Bond Project Fund	2001A CHAT Bond Project Fund	2002C HIF Bond Project Fund
(SHARE 20500)	(SHARE 39400)	(SHARE 43000)	(SHARE 43100)	(SHARE 00600)	(SHARE 36100)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,080,380	-	-	-	-	-
-	-	-	-	-	-
2,858	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
609,040	-	-	-	-	-
-	-	-	-	-	-
846,489	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 11,538,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 230,106	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,576	-	-	-	-	-
2,532	-	-	-	-	-
-	-	-	-	-	-
14,218	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>252,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,286,335	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,286,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 11,538,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

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

As of June 30, 2016

	2002D CHAT Bond Project Fund	2004A GRIP Bond Project Fund	2006A GRIP Bond Project Fund	2006B GRIP Bond Project Fund
	(SHARE 11500)	(SHARE 20400)	(SHARE 10210)	SHARE (10230)
Assets:				
Cash:				
Unrestricted	\$ -	\$ -	\$ -	\$ -
Cash equivalents:				
Investment in SGFIP	-	112,078	-	-
Managed by NMFA	-	-	162,479	10,399
Receivables:				
Accounts receivable, net	-	-	-	-
Interest receivable	-	-	35	2
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ -	\$ 112,078	\$ 162,514	\$ 10,401

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	162,514	10,401
Other state agencies	-	-	-	-
State general fund	-	-	-	-
Local governments	-	-	-	-
Universities	-	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	-	-	-	-
Bank overdrafts	-	-	-	-
Other liabilities	-	-	-	-
Short-term notes payable (taxable line of credit)	-	-	-	-
Total Liabilities	-	-	162,514	10,401

Deferred Inflows of Resources:

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

Fund Balance:

Non-spendable	-	-	-	-
Restricted	-	112,078	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	-	112,078	-	-

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

\$ -	\$ 112,078	\$ 162,514	\$ 10,401
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See Independent Auditors' Report

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

2006C GRIP Bond Project Fund	2006D GRIP Bond Project Fund	2010A Bond Project Fund	Total Special Revenue Funds
(SHARE 10250)	(SHARE 10270)	(SHARE 10450)	
\$ -	\$ -	\$ -	\$ -
-	-	17,475	39,723,688
179,365	-	15,016	367,259
-	-	-	17,508
39	-	21	97
-	-	-	-
-	-	-	7,368,114
-	-	-	-
-	-	-	5,932,144
-	-	-	-
-	-	-	767
-	-	-	-
-	-	-	-
<u>\$ 179,404</u>	<u>\$ -</u>	<u>\$ 32,512</u>	<u>\$ 53,409,577</u>
\$ -	\$ -	\$ -	\$ 4,829,706
-	-	-	-
179,404	-	-	352,319
-	-	-	114,773
-	-	-	558
-	-	-	667,944
-	-	-	123,195
-	-	-	-
-	-	-	52,265
-	-	-	3,427,578
-	-	-	-
-	-	-	-
<u>179,404</u>	<u>-</u>	<u>-</u>	<u>9,568,338</u>
-	-	-	1,767,609
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,767,609</u>
-	-	-	-
-	-	32,512	44,083,748
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,010,118)</u>
<u>-</u>	<u>-</u>	<u>32,512</u>	<u>42,073,630</u>
<u>\$ 179,404</u>	<u>\$ -</u>	<u>\$ 32,512</u>	<u>\$ 53,409,577</u>

See Independent Auditors' Report

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

As of June 30, 2016

	Capital Projects Fund	STB Capital Outlay Fund	GF Capital Outlay Fund	Total Capital Projects Funds
	(SHARE 10050)	(SHARE 89200)	(SHARE 93100)	
Assets:				
Cash:				
Unrestricted	\$ -	\$ -	\$ -	\$ -
Cash equivalents:				
Investment in SGFIP	2,018,274	-	27,150,000	29,168,274
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	-	-	-	-
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	-	2,280,125	-	2,280,125
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 2,018,274	\$ 2,280,125	\$ 27,150,000	\$ 31,448,399
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ -	\$ 1,026,848	\$ -	\$ 1,026,848
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
State general fund	-	-	-	-
Local governments	-	46,575	-	46,575
Universities	-	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	-	-	-	-
Bank overdrafts	-	1,206,702	-	1,206,702
Other liabilities	-	-	-	-
Short-term notes payable (taxable line of credit)	-	-	-	-
Total Liabilities	-	2,280,125	-	2,280,125
Deferred Inflows of Resources:				
Amounts unavailable (not received within period of availability)	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balance:				
Non-spendable	-	-	-	-
Restricted	2,018,274	-	27,150,000	29,168,274
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	2,018,274	-	27,150,000	29,168,274
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,018,274	\$ 2,280,125	\$ 27,150,000	\$ 31,448,399

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 Balance Sheet - By Fund Type - Non Major Funds

As of June 30, 2016

	2002B WIPP Bond Debt Service Fund	2002C HIF Bond Debt Service Fund	2002D CHAT Bond Debt Service Fund	2004A GRIP Bond Debt Service Fund
	(SHARE 75000)	(SHARE 36300)	(SHARE 18700)	(SHARE 10080)
Assets:				
Cash:				
Unrestricted	\$ -	\$ -	\$ -	\$ -
Cash equivalents:				
Investment in SGFIP	-	-	-	-
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	-	-	-	-
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ -	\$ -	\$ -	\$ -
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
State general fund	-	-	-	-
Local governments	-	-	-	-
Universities	-	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	-	-	-	-
Bank overdrafts	-	-	-	-
Other liabilities	-	-	-	-
Short-term notes payable				
(taxable line of credit)	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources:				
Amounts unavailable (not received within period of availability)	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balance:				
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	-	-	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report

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

2004B GRIP Bond Debt Service Fund	2006A GRIP Bond Debt Service Fund	2006B GRIP Bond Debt Service Fund	2008A GRIP Bond Debt Service Fund	2008B GRIP Bond Debt Service Fund	2008C GRIP Bond Debt Service Fund
(SHARE 10090)	(SHARE 10220)	(SHARE 10240)	(SHARE 10410)	(SHARE 10420)	(SHARE 10430)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	2,928	2,947	6,160,676	14,847,980	4,375,362
-	-	-	-	-	-
-	18	3	2,426	4,565	1,751
-	-	-	13,199	25,206	9,716
-	-	-	-	-	-
-	-	-	-	250	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 2,946	\$ 2,950	\$ 6,176,301	\$ 14,878,001	\$ 4,386,829
\$ -	\$ -	\$ -	\$ 25,700	\$ 53,819	\$ 9,716
-	-	-	-	-	-
-	-	-	550,033	2,570,292	404,702
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,840,000	7,333,333	2,826,667
-	-	-	4,415,733	9,957,444	3,241,085
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,946	2,950	1,760,568	4,920,557	1,145,744
-	-	-	-	-	-
-	-	-	-	-	-
-	2,946	2,950	1,760,568	4,920,557	1,145,744
\$ -	\$ 2,946	\$ 2,950	\$ 6,176,301	\$ 14,878,001	\$ 4,386,829

See Independent Auditors' Report

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

As of June 30, 2016

	2009A Bond Debt Service Fund	2010A Bond Debt Service Fund	2010B Bond Debt Service Fund	2012A Bond Debt Service Fund
	(SHARE 11130)	(SHARE 11140)	(SHARE 20450)	(SHARE 30850)
Assets:				
Cash:				
Unrestricted	\$ -	\$ -	\$ -	\$ -
Cash equivalents:				
Investment in SGFIP	-	-	-	-
Managed by NMFA	9,688	7,775	13,401	42,853
Receivables:				
Accounts receivable, net	-	-	-	-
Interest receivable	519	188	1,085	4,780
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 10,207	\$ 7,963	\$ 14,486	\$ 47,633

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
State general fund	-	-	-	-
Local governments	-	-	-	-
Universities	-	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	-	-	-	-
Bank overdrafts	-	-	-	-
Other liabilities	-	-	-	-
Short-term notes payable				
(taxable line of credit)	-	-	-	-
Total Liabilities	-	-	-	-

Deferred Inflows of Resources:

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

Fund Balance:

Non-spendable	-	-	-	-
Restricted	10,207	7,963	14,486	47,633
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	10,207	7,963	14,486	47,633

Total Liabilities, Deferred Inflows of Resources and Fund Balance

\$ 10,207	\$ 7,963	\$ 14,486	\$ 47,633
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Balance Sheet - By Fund Type - Non Major Funds

2014A Bond Debt Service Fund (SHARE 11960)	2014B Bond Debt Service Fund (SHARE 50110)	Total Debt Service Funds	Total Non Major Governmental Funds
\$ -	\$ -	\$ -	\$ -
-	-	-	68,891,962
56,788	149,747	25,670,145	26,037,404
-	-	-	17,508
180	222	15,737	15,834
-	-	48,121	48,121
-	-	-	7,368,114
-	-	250	250
-	-	-	8,212,269
-	-	-	-
-	-	-	767
-	-	-	-
-	-	-	-
<u>\$ 56,968</u>	<u>\$ 149,969</u>	<u>\$ 25,734,253</u>	<u>\$ 110,592,229</u>
\$ -	\$ -	\$ 89,235	\$ 5,945,789
-	-	-	-
-	4,780	3,529,807	3,882,126
-	-	-	114,773
-	-	-	558
-	-	-	714,519
-	-	-	123,195
-	-	-	-
-	-	-	52,265
-	-	-	4,634,280
-	-	-	-
-	-	14,000,000	14,000,000
-	4,780	17,619,042	29,467,505
-	-	-	1,767,609
-	-	-	1,767,609
-	-	-	-
56,968	145,189	8,115,211	81,367,233
-	-	-	-
-	-	-	(2,010,118)
<u>56,968</u>	<u>145,189</u>	<u>8,115,211</u>	<u>79,357,115</u>
<u>\$ 56,968</u>	<u>\$ 149,969</u>	<u>\$ 25,734,253</u>	<u>\$ 110,592,229</u>

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, 2016

	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	\$ -	\$ -	\$ 5,948,952	\$ 14,385,394
U.S. Department of Transportation	12,623,143	14,948,091	-	-
Fees and fines	-	-	-	-
Licenses and permits	2,924,103	-	1,943,164	7,918,858
Charges for services	-	-	-	-
Other revenue	189,041	-	-	-
Interest earnings	2,050	-	12,849	50,115
Total Revenues	15,738,337	14,948,091	7,904,965	22,354,367
Expenditures:				
Current:				
Operating costs	-	11,038	-	-
Personal services	460,624	358,587	-	-
Out-of-state travel	12,801	9,734	-	-
Grants and services	13,396,740	14,439,698	-	25,316,702
Travel	165	3,434	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	11,428	-	-
Contractual services	167,044	97,932	-	-
Other costs	16,027	-	-	-
Employee benefits	204,726	119,147	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	5,590,000	-
Interest	-	-	4,750,998	-
Total Expenditures	14,258,127	15,050,998	10,340,998	25,316,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,480,210	(102,907)	(2,436,033)	(2,962,335)
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	(6,605)	-	-	-
Transfers: severance	-	-	-	-
tax bond appropriation	-	-	-	-
Transfers: intra/inter-agency	(1,500,000)	(414,716)	-	-
Total Other Financing Sources (Uses)	(1,506,605)	(414,716)	-	-
Net Changes in Fund Balance	(26,395)	(517,623)	(2,436,033)	(2,962,335)
Fund Balance, June 30, 2015	2,715,997	350,305	8,184,960	25,333,829
Fund Balance, June 30, 2016	\$ 2,689,602	\$ (167,318)	\$ 5,748,927	\$ 22,371,494

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

State Aviation Fund	1993 Bond Project Fund	1999A CHAT Bond Project Fund	WIPP Bond Project Fund	2001A CHAT Bond Project Fund	2002C HIF Bond Project Fund
(SHARE 20500)	(SHARE 39400)	(SHARE 43000)	(SHARE 43100)	(SHARE 00600)	(SHARE 36100)
\$ 4,984,684	\$ -	\$ -	\$ -	\$ -	\$ -
1,113,245	-	-	-	-	-
64,146	-	-	-	-	-
-	-	-	-	-	-
903	-	-	-	-	-
30,877	2,053	4,847	-	10,796	2,985
6,193,855	2,053	4,847	-	10,796	2,985
81,373	-	-	-	-	-
288,055	-	-	-	-	-
11,446	-	-	-	-	-
9,522,547	-	-	-	-	-
3,281	-	-	-	-	-
9,216	-	-	-	-	-
51,873	-	-	-	-	-
1,373,865	-	-	-	-	-
6,231	-	-	-	-	-
122,882	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,470,769	-	-	-	-	-
(5,276,914)	2,053	4,847	-	10,796	2,985
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(1,604,774)	(2,133,351)	-	(4,752,908)	(1,313,633)
-	(1,604,774)	(2,133,351)	-	(4,752,908)	(1,313,633)
(5,276,914)	(1,602,721)	(2,128,504)	-	(4,742,112)	(1,310,648)
16,563,249	1,602,721	2,128,504	-	4,742,112	1,310,648
\$ 11,286,335	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2016

	2002D CHAT Bond Project Fund	2004A GRIP Bond Project Fund	2006A GRIP Bond Project Fund	2006B GRIP Bond Project Fund
	(SHARE 11500)	(SHARE 20400)	(SHARE 10210)	SHARE (10230)
Revenues:				
User and fuel taxes	\$ -	\$ -	\$ -	\$ -
U.S. Department of Transportation	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Interest earnings	1,458	-	208	14
Total Revenues	<u>1,458</u>	<u>-</u>	<u>208</u>	<u>14</u>
Expenditures:				
Current:				
Operating costs	-	-	-	-
Personal services	-	-	-	-
Out-of-state travel	-	-	-	-
Grants and services	-	-	-	-
Travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,458</u>	<u>-</u>	<u>208</u>	<u>14</u>
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers: severance	-	-	-	-
tax bond appropriation	-	-	-	-
Transfers: intra/inter-agency	(641,758)	-	(487,488)	(60,073)
Total Other Financing Sources (Uses)	<u>(641,758)</u>	<u>-</u>	<u>(487,488)</u>	<u>(60,073)</u>
Net Changes in Fund Balance	<u>(640,300)</u>	<u>-</u>	<u>(487,280)</u>	<u>(60,059)</u>
Fund Balance, June 30, 2015	<u>640,300</u>	<u>112,078</u>	<u>487,280</u>	<u>60,059</u>
Fund Balance, June 30, 2016	<u>\$ -</u>	<u>\$ 112,078</u>	<u>\$ -</u>	<u>\$ -</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

2006C GRIP Bond Project Fund	2006D GRIP Bond Project Fund	2010A Bond Project Fund	Total Special Revenue Funds
(SHARE 10250)	(SHARE 10270)	(SHARE 10450)	
\$ -	\$ -	\$ -	\$ 25,319,030
-	-	-	28,684,479
-	-	-	64,146
-	-	-	12,786,125
-	-	-	-
-	-	-	189,944
229	-	2,512	120,993
229	-	2,512	67,164,717
-	-	-	92,411
-	-	-	1,107,266
-	-	-	33,981
-	-	-	62,675,687
-	-	-	6,880
-	-	-	9,216
-	-	-	63,301
-	-	-	1,638,841
-	-	-	22,258
-	-	-	446,755
-	-	4,728,668	4,728,668
-	-	-	5,590,000
-	-	-	4,750,998
-	-	4,728,668	81,166,262
229	-	(4,726,156)	(14,001,545)
-	-	-	-
-	-	-	(6,605)
-	-	-	-
(179,403)	-	-	(13,088,104)
(179,403)	-	-	(13,094,709)
(179,174)	-	(4,726,156)	(27,096,254)
179,174	-	4,758,668	69,169,884
\$ -	\$ -	\$ 32,512	\$ 42,073,630

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, 2016

	Capital Projects Fund	STB Capital Outlay Fund	GF Capital Outlay Fund	Total Capital Projects Funds
	(SHARE 10050)	(SHARE 89200)	(SHARE 93100)	
Revenues:				
User and fuel taxes	\$ -	\$ -	\$ -	\$ -
U.S. Department of Transportation	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Other revenue	864,255	-	-	864,255
Interest earnings	-	-	-	-
Total Revenues	864,255	-	-	864,255
Expenditures:				
Current:				
Operating costs	-	-	-	-
Personal services	-	-	-	-
Out-of-state travel	-	-	-	-
Grants and services	-	-	-	-
Travel	-	-	-	-
Maintenance and repairs	2,763	-	-	2,763
Supplies	-	-	-	-
Contractual services	-	10,175,962	-	10,175,962
Other costs	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay	722,174	142,405	-	864,579
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	724,937	10,318,367	-	11,043,304
Excess (Deficiency) of Revenues Over (Under) Expenditures	139,318	(10,318,367)	-	(10,179,049)
Other Financing Sources (Uses):				
Appropriations	-	-	27,150,000	27,150,000
Reversions	(529,275)	-	-	(529,275)
Transfers: severance	-	-	-	-
tax bond appropriation	-	10,318,367	-	10,318,367
Transfers: intra/inter-agency	1,709,000	-	-	1,709,000
Total Other Financing Sources (Uses)	1,179,725	10,318,367	27,150,000	38,648,092
Net Changes in Fund Balance	1,319,043	-	27,150,000	28,469,043
Fund Balance, June 30, 2015	699,231	-	-	699,231
Fund Balance, June 30, 2016	\$ 2,018,274	\$ -	\$ 27,150,000	\$ 29,168,274

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

1998A WIPP Bond Debt Service Fund	1998A CHAT Bond Debt Service Fund	1999 CHAT Bond Debt Service Fund	2000 CHAT Bond Debt Service Fund	2001A CHAT Bond Debt Service Fund	2002A CHAT Bond Debt Service Fund
(SHARE 97200)	(SHARE 54800)	(SHARE 43400)	(SHARE 43200)	(SHARE 00700)	(SHARE 54700)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33	324	609	467	535	191
33	324	609	467	535	191
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33	324	609	467	535	191
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(213,869)	(228,808)	(1,018,312)	(1,390,036)	(1,887,019)	(774,621)
(213,869)	(228,808)	(1,018,312)	(1,390,036)	(1,887,019)	(774,621)
(213,836)	(228,484)	(1,017,703)	(1,389,569)	(1,886,484)	(774,430)
213,836	228,484	1,017,703	1,389,569	1,886,484	774,430
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2016

	2002B WIPP Bond Debt Service Fund	2002C HIF Bond Debt Service Fund	2002D CHAT Bond Debt Service Fund	2004A GRIP Bond Debt Service Fund
	(SHARE 75000)	(SHARE 36300)	(SHARE 18700)	(SHARE 10080)
Revenues:				
User and fuel taxes	\$ -	\$ -	\$ -	\$ -
U.S. Department of Transportation	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Interest earnings	253	143	29	-
Total Revenues	<u>253</u>	<u>143</u>	<u>29</u>	<u>-</u>
Expenditures:				
Current:				
Operating costs	-	-	-	-
Personal services	-	-	-	-
Out-of-state travel	-	-	-	-
Grants and services	-	-	-	-
Travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>253</u>	<u>143</u>	<u>29</u>	<u>-</u>
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers: severance	-	-	-	-
tax bond appropriation	-	-	-	-
Transfers: intra/inter-agency	(814,377)	(62,697)	(12,903)	(963)
Total Other Financing Sources (Uses)	<u>(814,377)</u>	<u>(62,697)</u>	<u>(12,903)</u>	<u>(963)</u>
Net Changes in Fund Balance	<u>(814,124)</u>	<u>(62,554)</u>	<u>(12,874)</u>	<u>(963)</u>
Fund Balance, June 30, 2015	<u>814,124</u>	<u>62,554</u>	<u>12,874</u>	<u>963</u>
Fund Balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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

2004B GRIP Bond Debt Service Fund	2006A GRIP Bond Debt Service Fund	2006B GRIP Bond Debt Service Fund	2008A GRIP Bond Debt Service Fund	2008B GRIP Bond Debt Service Fund	2008C GRIP Bond Debt Service Fund
(SHARE 10090)	(SHARE 10220)	(SHARE 10240)	(SHARE 10410)	(SHARE 10420)	(SHARE 10430)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
545	448	154	259,470	1,014,274	190,791
545	448	154	259,470	1,014,274	190,791
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	138,780	863,097	129,692
-	-	-	138,780	863,097	129,692
545	448	154	120,690	151,177	61,099
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,541,501)	-	-	1,243,971	4,647,419	915,701
(1,541,501)	-	-	1,243,971	4,647,419	915,701
(1,540,956)	448	154	1,364,661	4,798,596	976,800
1,540,956	2,498	2,796	395,907	121,961	168,944
\$ -	\$ 2,946	\$ 2,950	\$ 1,760,568	\$ 4,920,557	\$ 1,145,744

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, 2016

	2009A Bond Debt Service Fund	2010A Bond Debt Service Fund	2010B Bond Debt Service Fund	2012A Bond Debt Service Fund
	(SHARE 11130)	(SHARE 11140)	(SHARE 20450)	(SHARE 30850)
Revenues:				
User and fuel taxes	\$ -	\$ -	\$ -	\$ -
U.S. Department of Transportation	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Interest earnings	4,606	2,519	8,355	42,164
Total Revenues	<u>4,606</u>	<u>2,519</u>	<u>8,355</u>	<u>42,164</u>
Expenditures:				
Current:				
Operating costs	-	-	-	-
Personal services	-	-	-	-
Out-of-state travel	-	-	-	-
Grants and services	-	-	-	-
Travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	1	-	-
Total Expenditures	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,606</u>	<u>2,518</u>	<u>8,355</u>	<u>42,164</u>
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers: severance	-	-	-	-
tax bond appropriation	-	-	-	-
Transfers: intra/inter-agency	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	<u>4,606</u>	<u>2,518</u>	<u>8,355</u>	<u>42,164</u>
Fund Balance, June 30, 2015	<u>5,601</u>	<u>5,445</u>	<u>6,131</u>	<u>5,469</u>
Fund Balance, June 30, 2016	<u>\$ 10,207</u>	<u>\$ 7,963</u>	<u>\$ 14,486</u>	<u>\$ 47,633</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

2014A Bond Debt Service Fund (SHARE 11960)	2014B Bond Debt Service Fund (SHARE 50110)	Total Debt Service Funds	Total Non Major Governmental Funds
\$ -	\$ -	\$ -	\$ 25,319,030
-	-	-	28,684,479
-	-	-	64,146
-	-	-	12,786,125
-	-	-	-
-	-	-	1,054,199
1,357	1,644	1,528,911	1,649,904
1,357	1,644	1,528,911	69,557,883
-	-	-	92,411
-	-	-	1,107,266
-	-	-	33,981
-	-	-	62,675,687
-	-	-	6,880
-	-	-	11,979
-	-	-	63,301
-	-	-	11,814,803
-	-	-	22,258
-	-	-	446,755
-	-	-	5,593,247
-	-	-	5,590,000
-	-	1,131,570	5,882,568
-	-	1,131,570	93,341,136
1,357	1,644	397,341	(23,783,253)
-	-	-	27,150,000
-	-	-	(535,880)
-	-	-	10,318,367
-	-	(1,138,015)	(12,517,119)
-	-	(1,138,015)	24,415,368
1,357	1,644	(740,674)	632,115
55,611	143,545	8,855,885	78,725,000
\$ 56,968	\$ 145,189	\$ 8,115,211	\$ 79,357,115

See Independent Auditors' Report

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

For the Year Ended June 30, 2016

DEPARTMENT OF TRANSPORTATION				
agency wide including enterprise fund excluding multi-year funds				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ 408,591,700	\$ 480,745,675	\$ 407,378,302	\$ (73,367,373)
Other state funds	429,089,100	431,534,550	450,909,840	19,375,290
Transfers outside the agency	-	-	300,000	300,000
Interest revenue	754,000	754,000	1,837,136	1,083,136
Total Revenues and Other Financing Sources	838,434,800	913,034,225	860,425,278	\$ (52,608,947)
Prior Year Funds Rebudgeted	26,229,500	389,279,340		
	\$ 864,664,300	\$ 1,302,313,565		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ 27,353,000	\$ 27,429,000	25,295,270	\$ 2,133,730
Contractual services	350,306,500	698,542,754	344,665,841	353,876,913
Other	210,329,700	259,194,834	199,697,383	59,497,451
Transfers (in) out	-	3,400,000	3,400,000	-
	587,989,200	988,566,588	573,058,494	415,508,094
Transportation and Highway Ops:				
Personal services/employee benefits	103,897,500	106,897,500	105,620,251	1,277,249
Contractual services	50,544,600	64,585,645	50,898,550	13,687,095
Other	79,310,700	99,232,532	86,920,441	12,312,091
	233,752,800	270,715,677	243,439,242	27,276,435
Program Support:				
Personal services/employee benefits	25,820,900	25,820,900	24,725,825	1,095,075
Contractual services	4,492,200	4,492,200	1,650,516	2,841,684
Other	12,609,200	12,609,200	10,935,131	1,674,069
Transfers (in) out	-	109,000	109,000	-
	42,922,300	43,031,300	37,420,472	5,610,828
Total Annual Budgeted Expenditures and Other Financing Uses	\$ 864,664,300	\$ 1,302,313,565	853,918,208	\$ 448,395,357
Non-Budgeted Items:				
Reversions			(529,275)	
Amortization			2,497,015	
Total Expenditures and Other Financing Uses			855,885,948	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 4,539,330	

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

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

For the Year Ended June 30, 2016

	FEDERAL TRAFFIC SAFETY FUND (SHARE 10010)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ 15,731,400	\$ 15,731,400	\$ 12,623,143	\$ (3,108,257)
Other state funds	-	-	179,816	179,816
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	-	-
Total Revenues and Other Financing Sources	15,731,400	15,731,400	12,802,959	\$ (2,928,441)
Prior Year Funds Rebudgeted	-	7,247,465		
	\$ 15,731,400	\$ 22,978,865		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ 745,800	\$ 745,800	608,875	\$ 136,925
Contractual services	-	-	-	-
Other	14,985,600	22,233,065	11,107,725	11,125,340
Transfers (in) out	-	-	-	-
	15,731,400	22,978,865	11,716,600	11,262,265
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ 15,731,400	\$ 22,978,865	11,716,600	\$ 11,262,265
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			11,716,600	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 1,086,359	

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

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

For the Year Ended June 30, 2016

	DRIVER IMPROVEMENT FUND (SHARE 10020)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	250,000	250,000	260,072	10,072
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	-	-
Total Revenues and Other Financing Sources	<u>250,000</u>	<u>250,000</u>	<u>260,072</u>	<u>\$ 10,072</u>
Prior Year Funds Rebudgeted	-	328,030		
	<u>\$ 250,000</u>	<u>\$ 578,030</u>		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	250,000	578,030	174,530	403,500
Transfers (in) out	-	-	-	-
	<u>250,000</u>	<u>578,030</u>	<u>174,530</u>	<u>403,500</u>
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Annual Budgeted Expenditures and Other Financing Uses	<u>\$ 250,000</u>	<u>\$ 578,030</u>	<u>174,530</u>	<u>\$ 403,500</u>
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			<u>174,530</u>	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			<u>\$ 85,542</u>	

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

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

For the Year Ended June 30, 2016

	MOTORCYCLE TRAINING FUND (SHARE 20600)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	140,000	140,000	133,166	(6,834)
Transfers outside the agency	-	-	-	-
Interest revenue	1,000	1,000	55	(945)
Total Revenues and Other Financing Sources	141,000	141,000	133,221	\$ (7,779)
Prior Year Funds Rebudgeted	-	-		
	\$ 141,000	\$ 141,000		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	141,000	141,000	126,616	14,384
Transfers (in) out	-	-	-	-
	141,000	141,000	126,616	14,384
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ 141,000	\$ 141,000	126,616	\$ 14,384
Non-Budgeted Items:				
Reversions			6,605	
Amortization			-	
Total Expenditures and Other Financing Uses			133,221	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ -	

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

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

For the Year Ended June 30, 2016

	DWI PREVENTION AND EDUCATION FUND (SHARE 20700)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	470,000	470,000	475,209	5,209
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	-	-
Total Revenues and Other Financing Sources	<u>470,000</u>	<u>470,000</u>	<u>475,209</u>	<u>\$ 5,209</u>
Prior Year Funds Rebudgeted	-	725,382		
	<u>\$ 470,000</u>	<u>\$ 1,195,382</u>		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ 80,900	\$ 80,900	-	\$ 80,900
Contractual services	-	-	27,337	(27,337)
Other	389,100	814,482	577,863	236,619
Transfers (in) out	-	300,000	300,000	-
	<u>470,000</u>	<u>1,195,382</u>	<u>905,200</u>	<u>290,182</u>
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Annual Budgeted Expenditures and Other Financing Uses	<u>\$ 470,000</u>	<u>\$ 1,195,382</u>	<u>905,200</u>	<u>\$ 290,182</u>
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			<u>905,200</u>	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			<u>\$ (429,991)</u>	

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

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

For the Year Ended June 30, 2016

	TRAFFIC SAFETY FUND (SHARE 20800)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	960,000	960,000	1,608,553	648,553
Transfers outside the agency	-	-	-	-
Interest revenue	1,000	1,000	1,995	995
Total Revenues and Other Financing Sources	<u>961,000</u>	<u>961,000</u>	<u>1,610,548</u>	<u>\$ 649,548</u>
Prior Year Funds Rebudgeted	-	384,530		
	<u>\$ 961,000</u>	<u>\$ 1,345,530</u>		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	139,707	(139,707)
Other	961,000	1,345,530	715,287	630,243
Transfers (in) out	-	-	-	-
	<u>961,000</u>	<u>1,345,530</u>	<u>854,994</u>	<u>490,536</u>
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Annual Budgeted Expenditures and Other Financing Uses	<u>\$ 961,000</u>	<u>\$ 1,345,530</u>	<u>854,994</u>	<u>\$ 490,536</u>
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			<u>854,994</u>	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			<u>\$ 755,554</u>	

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

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

For the Year Ended June 30, 2016

	IGNITION INTERLOCK FUND (SHARE 82600)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	750,000	750,000	456,328	(293,672)
Transfers outside the agency	-	-	300,000	300,000
Interest revenue	-	-	-	-
Total Revenues and Other Financing Sources	750,000	750,000	756,328	\$ 6,328
Prior Year Funds Rebudgeted	-	1,700,000		
	\$ 750,000	\$ 2,450,000		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ 58,000	\$ 58,000	56,475	\$ 1,525
Contractual services	-	-	-	-
Other	692,000	892,000	723,712	168,288
Transfers (in) out	-	1,500,000	1,500,000	-
	750,000	2,450,000	2,280,187	169,813
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ 750,000	\$ 2,450,000	2,280,187	\$ 169,813
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			2,280,187	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (1,523,859)	

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See Independent Auditors' Report

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

For the Year Ended June 30, 2016

	FEDERAL PLANNING AND DEVELOPMENT FUND (SHARE 10030)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ 16,111,500	\$ 16,111,500	\$ 14,948,091	\$ (1,163,409)
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	-	-
Total Revenues and Other Financing Sources	16,111,500	16,111,500	14,948,091	\$ (1,163,409)
Prior Year Funds Rebudgeted	-	7,325,158		
	\$ 16,111,500	\$ 23,436,658		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ 456,500	\$ 526,500	477,734	\$ 48,766
Contractual services	470,000	470,000	97,932	372,068
Other	15,185,000	22,440,158	14,475,332	7,964,826
Transfers (in) out	-	-	414,716	(414,716)
	16,111,500	23,436,658	15,465,714	7,970,944
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ 16,111,500	\$ 23,436,658	15,465,714	\$ 7,970,944
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			15,465,714	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (517,623)	

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See Independent Auditors' Report

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

For the Year Ended June 30, 2016

	HIF BOND FUND (SHARE 20200)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	7,570,000	7,570,000	7,892,116	322,116
Transfers outside the agency	-	-	-	-
Interest revenue	75,000	75,000	12,849	(62,151)
Total Revenues and Other Financing Sources	7,645,000	7,645,000	7,904,965	\$ 259,965
Prior Year Funds Rebudgeted	2,775,400	2,775,400		
	\$ 10,420,400	\$ 10,420,400		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	10,420,400	10,420,400	10,340,998	79,402
Transfers (in) out	-	-	-	-
	10,420,400	10,420,400	10,340,998	79,402
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ 10,420,400	\$ 10,420,400	10,340,998	\$ 79,402
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			10,340,998	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (2,436,033)	

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See Independent Auditors' Report

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

For the Year Ended June 30, 2016

	LOCAL GOVERNMENT ROAD FUND (SHARE 20300)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	22,327,000	22,327,000	22,304,252	(22,748)
Transfers outside the agency	-	-	-	-
Interest revenue	140,000	140,000	50,115	(89,885)
Total Revenues and Other Financing Sources	22,467,000	22,467,000	22,354,367	\$ (112,633)
Prior Year Funds Rebudgeted	1,500,000	23,833,139		
	\$ 23,967,000	\$ 46,300,139		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	23,967,000	41,380,317	22,369,577	19,010,740
Transfers (in) out	-	-	-	-
	23,967,000	41,380,317	22,369,577	19,010,740
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	4,919,822	2,947,125	1,972,697
	-	4,919,822	2,947,125	1,972,697
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ 23,967,000	\$ 46,300,139	25,316,702	\$ 20,983,437
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			25,316,702	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (2,962,335)	

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See Independent Auditors' Report

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

For the Year Ended June 30, 2016

	STATE AVIATION FUND (SHARE 20500)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ 853,975	\$ 1,113,245	\$ 259,270
Other state funds	5,577,000	5,577,000	5,049,733	(527,267)
Transfers outside the agency	-	-	-	-
Interest revenue	97,000	97,000	30,877	(66,123)
Total Revenues and Other Financing Sources	5,674,000	6,527,975	6,193,855	\$ (334,120)
Prior Year Funds Rebudgeted	-	14,682,958		
	\$ 5,674,000	\$ 21,210,933		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ 413,800	\$ 419,800	410,937	\$ 8,863
Contractual services	250,000	2,148,263	1,373,865	774,398
Other	5,010,200	18,642,870	9,685,967	8,956,903
Transfers (in) out	-	-	-	-
	5,674,000	21,210,933	11,470,769	9,740,164
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ 5,674,000	\$ 21,210,933	11,470,769	\$ 9,740,164
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			11,470,769	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (5,276,914)	

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The Department is compliant with the budgets at the P-code level.

See Independent Auditors' Report

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

For the Year Ended June 30, 2016

	1993 BOND PROJECT FUND (SHARE 39400)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	2,053	2,053
Total Revenues and Other Financing Sources	-	-	2,053	\$ 2,053
Prior Year Funds Rebudgeted	-	1,600,000		
	\$ -	\$ 1,600,000		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	1,600,000	1,604,774	(4,774)
	-	1,600,000	1,604,774	(4,774)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ 1,600,000	1,604,774	\$ (4,774)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			1,604,774	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (1,602,721)	

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The Department is compliant with the budgets at the P-code level.

See Independent Auditors' Report

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

For the Year Ended June 30, 2016

1999A CHAT BOND PROJECT FUND (SHARE 43000)					
	Budgeted Amounts		Actual Amounts (Modified Accrual)	Variance	
	Original	Final		Over (Under)	
Revenues and Other Financing Sources:					
Federal funds	\$ -	\$ -	\$ -	\$ -	
Other state funds	-	-	-	-	
Transfers outside the agency	-	-	-	-	
Interest revenue	-	-	4,847	4,847	
Total Revenues and Other Financing Sources	-	-	4,847	\$ 4,847	
Prior Year Funds Rebudgeted	-	-			
	\$ -	\$ -			
Expenditures and Other Financing Uses - current and capital outlay:					
Programs and Infrastructure:					
Personal services/employee benefits	\$ -	\$ -	-	\$ -	
Contractual services	-	-	-	-	
Other	-	-	-	-	
Transfers (in) out	-	-	2,133,351	(2,133,351)	
	-	-	2,133,351	(2,133,351)	
Transportation and Highway Ops:					
Personal services/employee benefits	-	-	-	-	
Contractual services	-	-	-	-	
Other	-	-	-	-	
	-	-	-	-	
Program Support:					
Personal services/employee benefits	-	-	-	-	
Contractual services	-	-	-	-	
Other	-	-	-	-	
Transfers (in) out	-	-	-	-	
	-	-	-	-	
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	2,133,351	\$ (2,133,351)	
Non-Budgeted Items:					
Reversions			-	-	
Amortization			-	-	
Total Expenditures and Other Financing Uses			2,133,351		
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources and Uses			\$ (2,128,504)		

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

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

For the Year Ended June 30, 2016

	WIPP BOND PROJECT FUND (SHARE 43100)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ 7,200,000	\$ -	\$ (7,200,000)
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	-	-
Total Revenues and Other Financing Sources	-	7,200,000	-	\$ (7,200,000)
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ 7,200,000		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	7,200,000	-	7,200,000
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	7,200,000	-	7,200,000
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ 7,200,000	-	\$ 7,200,000
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			-	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ -	

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The Department is compliant with the budgets at the P-code level.

See Independent Auditors' Report

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

For the Year Ended June 30, 2016

2001A CHAT BOND PROJECT FUND (SHARE 00600)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	10,796	10,796
Total Revenues and Other Financing Sources	-	-	10,796	\$ 10,796
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	4,752,908	(4,752,908)
	-	-	4,752,908	(4,752,908)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	4,752,908	\$ (4,752,908)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			4,752,908	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (4,742,112)	

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

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

For the Year Ended June 30, 2016

2002C HIF BOND PROJECT FUND (SHARE 36100)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	2,985	2,985
Total Revenues and Other Financing Sources	-	-	2,985	\$ 2,985
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	1,313,633	(1,313,633)
	-	-	1,313,633	(1,313,633)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	1,313,633	\$ (1,313,633)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			1,313,633	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (1,310,648)	

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

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

For the Year Ended June 30, 2016

	2002D CHAT BOND PROJECT FUND (SHARE 11500)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	1,458	1,458
Total Revenues and Other Financing Sources	-	-	1,458	\$ 1,458
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	641,758	(641,758)
	-	-	641,758	(641,758)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	641,758	\$ (641,758)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			641,758	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (640,300)	

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

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

For the Year Ended June 30, 2016

2004A GRIP BOND PROJECT FUND (SHARE 20400)					
	Budgeted Amounts		Actual		Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)		
Revenues and Other Financing Sources:					
Federal funds	\$ -	\$ -	\$ -	\$ -	-
Other state funds	-	-	-	-	-
Transfers outside the agency	-	-	-	-	-
Interest revenue	-	-	-	-	-
Total Revenues and Other Financing Sources	-	-	-	\$ -	-
Prior Year Funds Rebudgeted	-	-			
	\$ -	\$ -			
Expenditures and Other Financing Uses - current and capital outlay:					
Programs and Infrastructure:					
Personal services/employee benefits	\$ -	\$ -	-	\$ -	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (in) out	-	-	-	-	-
	-	-	-	-	-
Transportation and Highway Ops:					
Personal services/employee benefits	-	-	-	-	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
	-	-	-	-	-
Program Support:					
Personal services/employee benefits	-	-	-	-	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (in) out	-	-	-	-	-
	-	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	-	\$ -	-
Non-Budgeted Items:					
Reversions				-	
Amortization				-	
Total Expenditures and Other Financing Uses				-	
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources and Uses				\$ -	

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

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

For the Year Ended June 30, 2016

2006A GRIP BOND PROJECT FUND (SHARE 10210)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	208	208
Total Revenues and Other Financing Sources	-	-	208	\$ 208
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	487,488	(487,488)
	-	-	487,488	(487,488)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	487,488	\$ (487,488)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			487,488	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (487,280)	

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

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

For the Year Ended June 30, 2016

2006B GRIP BOND PROJECT FUND (SHARE 10230)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	14	14
Total Revenues and Other Financing Sources	-	-	14	\$ 14
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	60,073	(60,073)
	-	-	60,073	(60,073)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	60,073	\$ (60,073)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			60,073	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (60,059)	

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

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

For the Year Ended June 30, 2016

2006C GRIP BOND PROJECT FUND (SHARE 10250)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	229	229
Total Revenues and Other Financing Sources	-	-	229	\$ 229
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	179,403	(179,403)
	-	-	179,403	(179,403)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	179,403	\$ (179,403)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			179,403	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (179,174)	

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

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

For the Year Ended June 30, 2016

2006D GRIP BOND PROJECT FUND (SHARE 10270)					
	Budgeted Amounts		Actual		Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)		
Revenues and Other Financing Sources:					
Federal funds	\$ -	\$ -	\$ -	\$ -	-
Other state funds	-	-	-	-	-
Transfers outside the agency	-	-	-	-	-
Interest revenue	-	-	-	-	-
Total Revenues and Other Financing Sources	-	-	-	\$ -	-
Prior Year Funds Rebudgeted	-	-			
	\$ -	\$ -			
Expenditures and Other Financing Uses - current and capital outlay:					
Programs and Infrastructure:					
Personal services/employee benefits	\$ -	\$ -	-	\$ -	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (in) out	-	-	-	-	-
	-	-	-	-	-
Transportation and Highway Ops:					
Personal services/employee benefits	-	-	-	-	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
	-	-	-	-	-
Program Support:					
Personal services/employee benefits	-	-	-	-	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (in) out	-	-	-	-	-
	-	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	-	\$ -	-
Non-Budgeted Items:					
Reversions				-	
Amortization				-	
Total Expenditures and Other Financing Uses				-	
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources and Uses				\$ -	

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

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

For the Year Ended June 30, 2016

	2010A BOND PROJECT FUND (SHARE 10450)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	2,512	2,512
Total Revenues and Other Financing Sources	-	-	2,512	\$ 2,512
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	4,728,668	(4,728,668)
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	4,728,668	(4,728,668)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	4,728,668	\$ (4,728,668)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			4,728,668	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (4,726,156)	

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

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

For the Year Ended June 30, 2016

1998A WIPP BOND DEBT SERVICE FUND (SHARE 97200)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	33	33
Total Revenues and Other Financing Sources	-	-	33	\$ 33
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	213,869	(213,869)
	-	-	213,869	(213,869)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	213,869	\$ (213,869)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			213,869	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (213,836)	

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

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

For the Year Ended June 30, 2016

1998A CHAT BOND DEBT SERVICE FUND (SHARE 54800)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	324	324
Total Revenues and Other Financing Sources	-	-	324	\$ 324
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	228,808	(228,808)
	-	-	228,808	(228,808)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	228,808	\$ (228,808)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			228,808	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (228,484)	

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

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

For the Year Ended June 30, 2016

1999 CHAT BOND DEBT SERVICE FUND (SHARE 43400)					
	Budgeted Amounts		Actual		Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)		
Revenues and Other Financing Sources:					
Federal funds	\$ -	\$ -	\$ -	\$ -	-
Other state funds	-	-	-	-	-
Transfers outside the agency	-	-	-	-	-
Interest revenue	-	-	609	609	
Total Revenues and Other Financing Sources	-	-	609	\$ 609	
Prior Year Funds Rebudgeted	-	-			
	\$ -	\$ -			
Expenditures and Other Financing Uses - current and capital outlay:					
Programs and Infrastructure:					
Personal services/employee benefits	\$ -	\$ -	-	\$ -	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (in) out	-	-	1,018,312	(1,018,312)	
	-	-	1,018,312	(1,018,312)	
Transportation and Highway Ops:					
Personal services/employee benefits	-	-	-	-	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
	-	-	-	-	-
Program Support:					
Personal services/employee benefits	-	-	-	-	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (in) out	-	-	-	-	-
	-	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	1,018,312	\$ (1,018,312)	
Non-Budgeted Items:					
Reversions			-	-	
Amortization			-	-	
Total Expenditures and Other Financing Uses			1,018,312		
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources and Uses			\$ (1,017,703)		

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

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

For the Year Ended June 30, 2016

2000 CHAT BOND DEBT SERVICE FUND (SHARE 43200)					
	Budgeted Amounts		Actual		Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)		
Revenues and Other Financing Sources:					
Federal funds	\$ -	\$ -	\$ -	\$ -	-
Other state funds	-	-	-	-	-
Transfers outside the agency	-	-	-	-	-
Interest revenue	-	-	467		467
Total Revenues and Other Financing Sources	-	-	467	\$	467
Prior Year Funds Rebudgeted	-	-			
	\$ -	\$ -			
Expenditures and Other Financing Uses - current and capital outlay:					
Programs and Infrastructure:					
Personal services/employee benefits	\$ -	\$ -	-	\$ -	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (in) out	-	-	1,390,036		(1,390,036)
	-	-	1,390,036		(1,390,036)
Transportation and Highway Ops:					
Personal services/employee benefits	-	-	-	-	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
	-	-	-	-	-
Program Support:					
Personal services/employee benefits	-	-	-	-	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (in) out	-	-	-	-	-
	-	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	1,390,036	\$	(1,390,036)
Non-Budgeted Items:					
Reversions			-		
Amortization			-		
Total Expenditures and Other Financing Uses			1,390,036		
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources and Uses			\$	(1,389,569)	

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

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

For the Year Ended June 30, 2016

2001A CHAT BOND DEBT SERVICE FUND (SHARE 00700)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	535	535
Total Revenues and Other Financing Sources	-	-	535	\$ 535
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	1,887,019	(1,887,019)
	-	-	1,887,019	(1,887,019)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	1,887,019	\$ (1,887,019)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			1,887,019	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (1,886,484)	

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

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

For the Year Ended June 30, 2016

2002A CHAT BOND DEBT SERVICE FUND (SHARE 54700)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	191	191
Total Revenues and Other Financing Sources	-	-	191	\$ 191
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	774,621	(774,621)
	-	-	774,621	(774,621)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	774,621	\$ (774,621)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			774,621	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (774,430)	

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

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

For the Year Ended June 30, 2016

2002B WIPP BOND DEBT SERVICE FUND (SHARE 75000)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	253	253
Total Revenues and Other Financing Sources	-	-	253	\$ 253
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	814,377	(814,377)
	-	-	814,377	(814,377)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	814,377	\$ (814,377)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			814,377	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (814,124)	

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

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

For the Year Ended June 30, 2016

2002C HIF BOND DEBT SERVICE FUND (SHARE 36300)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	143	143
Total Revenues and Other Financing Sources	-	-	143	\$ 143
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	62,697	(62,697)
	-	-	62,697	(62,697)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	62,697	\$ (62,697)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			62,697	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (62,554)	

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

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

For the Year Ended June 30, 2016

2002D CHAT BOND DEBT SERVICE FUND (SHARE 18700)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	29	29
Total Revenues and Other Financing Sources	-	-	29	\$ 29
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	12,903	(12,903)
	-	-	12,903	(12,903)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	12,903	\$ (12,903)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			12,903	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (12,874)	

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

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

For the Year Ended June 30, 2016

2004A GRIP BOND DEBT SERVICE FUND (SHARE 10080)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	-	-
Total Revenues and Other Financing Sources	-	-	-	\$ -
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	963	(963)
	-	-	963	(963)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	963	\$ (963)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			963	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (963)	

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

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

For the Year Ended June 30, 2016

2004B GRIP BOND DEBT SERVICE FUND (SHARE 10090)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	545	545
Total Revenues and Other Financing Sources	-	-	545	\$ 545
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	1,541,501	(1,541,501)
	-	-	1,541,501	(1,541,501)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	1,541,501	\$ (1,541,501)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			1,541,501	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ (1,540,956)	

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

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

For the Year Ended June 30, 2016

2006A GRIP BOND DEBT SERVICE FUND (SHARE 10220)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	448	448
Total Revenues and Other Financing Sources	-	-	448	\$ 448
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	-	\$ -
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			-	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 448	

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

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

For the Year Ended June 30, 2016

2006B GRIP BOND DEBT SERVICE FUND (SHARE 10240)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	154	154
Total Revenues and Other Financing Sources	-	-	154	\$ 154
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	-	\$ -
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			-	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 154	

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

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

For the Year Ended June 30, 2016

2008A GRIP BOND DEBT SERVICE FUND (SHARE 10410)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	259,470	259,470
Total Revenues and Other Financing Sources	-	-	259,470	\$ 259,470
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	138,780	(138,780)
Transfers (in) out	-	-	(1,243,971)	1,243,971
	-	-	(1,105,191)	1,105,191
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	(1,105,191)	\$ 1,105,191
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			(1,105,191)	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 1,364,661	

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

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

For the Year Ended June 30, 2016

2008B GRIP BOND DEBT SERVICE FUND (SHARE 10420)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	1,014,274	1,014,274
Total Revenues and Other Financing Sources	-	-	1,014,274	\$ 1,014,274
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	863,097	(863,097)
Transfers (in) out	-	-	(4,647,419)	4,647,419
	-	-	(3,784,322)	3,784,322
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	(3,784,322)	\$ 3,784,322
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			(3,784,322)	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 4,798,596	

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

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

For the Year Ended June 30, 2016

2008C GRIP BOND DEBT SERVICE FUND (SHARE 10430)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	190,791	190,791
Total Revenues and Other Financing Sources	-	-	190,791	\$ 190,791
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	129,692	(129,692)
Transfers (in) out	-	-	(915,701)	915,701
	-	-	(786,009)	786,009
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	(786,009)	\$ 786,009
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			(786,009)	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 976,800	

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

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

For the Year Ended June 30, 2016

2009A BOND DEBT SERVICE FUND (SHARE 11130)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	4,606	4,606
Total Revenues and Other Financing Sources	-	-	4,606	\$ 4,606
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	-	\$ -
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			-	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 4,606	

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

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

For the Year Ended June 30, 2016

2010A BOND DEBT SERVICE FUND (SHARE 11140)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	2,519	2,519
Total Revenues and Other Financing Sources	-	-	2,519	\$ 2,519
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	1	(1)
Transfers (in) out	-	-	-	-
	-	-	1	(1)
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	1	\$ (1)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			1	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 2,518	

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

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

For the Year Ended June 30, 2016

2010B BOND DEBT SERVICE FUND (SHARE 20450)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	8,355	8,355
Total Revenues and Other Financing Sources	-	-	8,355	\$ 8,355
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	-	\$ -
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			-	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 8,355	

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

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

For the Year Ended June 30, 2016

2012A BOND DEBT SERVICE FUND (SHARE 30850)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	42,164	42,164
Total Revenues and Other Financing Sources	-	-	42,164	\$ 42,164
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	-	\$ -
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			-	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 42,164	

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

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

For the Year Ended June 30, 2016

2014A BOND DEBT SERVICE FUND (SHARE 11960)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	1,357	1,357
Total Revenues and Other Financing Sources	-	-	1,357	\$ 1,357
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	-	\$ -
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			-	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 1,357	

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

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

For the Year Ended June 30, 2016

2014B BOND DEBT SERVICE FUND (SHARE 50110)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	1,644	1,644
Total Revenues and Other Financing Sources	-	-	1,644	\$ 1,644
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	-	\$ -
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			-	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 1,644	

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

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

For the Year Ended June 30, 2016

	STATE INFRASTRUCTURE BANK (SHARE 89300)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	56,397	56,397
Total Revenues and Other Financing Sources	-	-	56,397	\$ 56,397
Prior Year Funds Rebudgeted	-	1,065,538		
	\$ -	\$ 1,065,538		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	1,065,538	-	1,065,538
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	1,065,538	-	1,065,538
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ 1,065,538	-	\$ 1,065,538
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			-	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 56,397	

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

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

For the Year Ended June 30, 2016

	CAPITAL PROJECTS FUND (SHARE 10050)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Other state funds	\$ -	\$ -	\$ 864,255	\$ 864,255
State general fund	-	-	-	-
Transfers outside the agency	-	-	-	-
Interest revenue	-	-	-	-
Total Revenues and Other Financing Sources	-	-	864,255	\$ 864,255
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	551,379	(551,379)
Other	-	-	86,983	(86,983)
Transfers (in) out	-	-	(1,600,000)	1,600,000
	-	-	(961,638)	961,638
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	86,575	(86,575)
Transfers (in) out	-	-	(109,000)	109,000
	-	-	(22,425)	22,425
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	(984,063)	\$ 984,063
Non-Budgeted Items:				
Reversions			529,275	
Amortization			-	
Total Expenditures and Other Financing Uses			(454,788)	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 1,319,043	

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

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

For the Year Ended June 30, 2016

	STB CAPITAL OUTLAY FUND (SHARE 89200)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Other state funds	\$ -	\$ -	\$ -	\$ -
State general fund	-	-	-	-
Transfers outside the agency	-	-	10,318,367	10,318,367
Interest revenue	-	-	-	-
Total Revenues and Other Financing Sources	-	-	10,318,367	\$ 10,318,367
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	10,318,367	(10,318,367)
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	10,318,367	(10,318,367)
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	10,318,367	\$ (10,318,367)
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			10,318,367	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ -	

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

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

For the Year Ended June 30, 2016

	GF CAPITAL OUTLAY FUND (SHARE 93100)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
Revenues and Other Financing Sources:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
State general fund	-	-	27,150,000	27,150,000
Transfers outside the agency	-	-	-	-
Total Revenues and Other Financing Sources	-	-	27,150,000	\$ 27,150,000
Prior Year Funds Rebudgeted	-	-		
	\$ -	\$ -		
Expenditures and Other Financing Uses - current and capital outlay:				
Programs and Infrastructure:				
Personal services/employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Program Support:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Total Annual Budgeted Expenditures and Other Financing Uses	\$ -	\$ -	-	\$ -
Non-Budgeted Items:				
Reversions			-	
Amortization			-	
Total Expenditures and Other Financing Uses			-	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 27,150,000	

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
Schedule of General Fund Components - Balance Sheet

As of June 30, 2016

	Departmental Services- Inventories Fund (SHARE 10040)	State Road Fund (SHARE 20100)	Interfund Activity	State Road Fund(s) (SHARE 10040 and 20100)
Assets:				
Cash:				
Unrestricted	\$ -	\$ 2,100		\$ 2,100
Cash equivalents:				
Investment in SGFIP	-	92,967,286		92,967,286
Managed by NMFA	-	-		-
Receivables:				
Accounts receivable, net	-	1,343,967		1,343,967
Interest receivable	-	-		-
Other receivables	-	14,162		14,162
Due from:				
U.S. Department of Transportation	-	33,642,661		33,642,661
Other funds	-	8,595,432	(4,713,556)	3,881,876
Other state agencies	-	62,960,488		62,960,488
Inventories	15,786,441	-		15,786,441
Prepaid expenses - other	-	15,216		15,216
Prepaid expenses - NM44 warranty	-	14,440,000		14,440,000
Property held for resale	-	10,821,310		10,821,310
Total Assets	\$ 15,786,441	\$ 224,802,622	\$ (4,713,556)	\$ 235,875,507

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 387,074	\$ 53,996,730		\$ 54,383,804
Due to:				
U.S. Department of Transportation	-	-		-
Other funds	4,713,556	-	(4,713,556)	-
Other state agencies	-	498,216		498,216
State general fund	-	2,358		2,358
Local governments	-	988,879		988,879
Universities	-	445,959		445,959
Unearned revenue	-	1,295		1,295
Other accrued expenses	-	5,049,019		5,049,019
Bank overdrafts	6,784,094	-		6,784,094
Other liabilities	(2,182)	26,507		24,325
Short-term notes payable (taxable line of credit)	-	-		-
Total Liabilities	11,882,542	61,008,963	(4,713,556)	68,177,949

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	-	325,939		325,939
Total Deferred Inflows of Resources	-	325,939	-	325,939

Fund Balance:

Non-spendable	15,786,441	25,276,526		41,062,967
Restricted	-	138,191,194		138,191,194
Committed	-	-		-
Unassigned	(11,882,542)	-		(11,882,542)
Total Fund Balance	3,903,899	163,467,720	-	167,371,619

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

\$ 15,786,441	\$ 224,802,622	\$ (4,713,556)	\$ 235,875,507
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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, 2016

	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	\$ -	\$ 386,757,337		\$ 386,757,337
U.S. Department of Transportation	-	378,693,823		378,693,823
Fees and fines	-	-		-
Licenses and permits	-	10,148,651		10,148,651
Charges for services	-	2,989,564		2,989,564
Other revenue	9,848	12,645,195		12,655,043
Interest earnings	-	133,347		133,347
Total Revenues	9,848	791,367,917	-	791,377,765
Expenditures:				
Current:				
Operating costs	-	11,248,910		11,248,910
Personal services	-	100,105,206		100,105,206
Out-of-state travel	-	126,233		126,233
Grants and services	-	2,187,840		2,187,840
Travel	-	16,638,621		16,638,621
Maintenance and repairs	-	10,663,944		10,663,944
Supplies	-	34,836,284		34,836,284
Contractual services	-	134,585,113		134,585,113
Other costs	(386,554)	4,655,090		4,268,536
Employee benefits	-	53,982,119		53,982,119
Capital outlay	-	284,773,898		284,773,898
Debt service:				
Principal	-	63,050,000		63,050,000
Interest	-	58,870,355		58,870,355
Total Expenditures	(386,554)	775,723,613	-	775,337,059
Excess (Deficiency) of Revenues Over (Under) Expenditures	396,402	15,644,304	-	16,040,706
Other Financing Sources (Uses):				
Appropriations	-	-		-
Reversions	-	535,880		535,880
Transfers: severance	-	-		-
tax bond appropriation	-	-		-
Transfers: intra/inter-agency	-	11,017,119		11,017,119
Total Other Financing Sources (Uses)	-	11,552,999	-	11,552,999
Net Changes in Fund Balance	396,402	27,197,303	-	27,593,705
Fund Balance, June 30, 2015	3,507,497	136,270,417		139,777,914
Fund Balance, June 30, 2016	\$ 3,903,899	\$ 163,467,720		\$ 167,371,619

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Capital Projects

As of June 30, 2016

	Budgeted Amounts		Prior Years Expenditures
	Original	Final	
Expenditures for 2011 multi-year projects			
Capital outlay	\$ 350,000	\$ 350,000	\$ 215,814
Expenditures for 2012 multi-year projects			
Capital outlay	350,000	350,000	348,335
Expenditures for 2014 multi-year projects			
Capital outlay	50,442,894	50,442,894	49,495,666
Expenditures for 2015 multi-year projects			
Capital outlay	1,709,000	1,709,000	-
Total Expenditures	\$ 52,851,894	\$ 52,851,894	\$ 50,059,815

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Capital Projects

Current Year Expenditures	Total Actual	Outstanding Encumbrances	Current Year Reversion	Remaining Balance
<u>\$ 86,983</u>	<u>\$ 302,797</u>	<u>\$ -</u>	<u>\$ 47,203</u>	<u>\$ -</u>
<u>-</u>	<u>348,335</u>	<u>-</u>	<u>1,665</u>	<u>-</u>
<u>551,379</u>	<u>50,047,045</u>	<u>-</u>	<u>-</u>	<u>395,849</u>
<u>86,575</u>	<u>86,575</u>	<u>-</u>	<u>-</u>	<u>1,622,425</u>
<u><u>\$ 724,937</u></u>	<u><u>\$ 50,784,752</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 48,868</u></u>	<u><u>\$ 2,018,274</u></u>

Capital Projects Funds

Under the Laws of 2011 Special Session, Chapter 5, the Department was appropriated \$350,000 from the State Road Fund for the construction of Salt Domes. Any unexpended or unencumbered balance remaining at the end of the 2016 fiscal year will revert to the State Road Fund. The appropriation period is for 4 years unless re-authorized or extended by enabling legislation.

Under the Laws of 2012, Chapter 64, the Department was appropriated \$350,000 from the State Road Fund for the construction of Salt Domes. Any unexpended or unencumbered balance remaining at the end of the 2016 fiscal year will revert to the State Road Fund. The appropriation period is for 4 years unless re-authorized or extended by enabling legislation.

Under the Laws of 2012, HB 191, Section 27 and a capital budget adjustment (CBAR) approved by the State Transportation Commission in September of 2013. The Department received \$45,442,894 from the City of Albuquerque and \$5,000,000 from Bernalillo County as a local match towards the I-25 and Paseo Del Norte interchange reconstruction project.

Under the Laws of 2015, SB1, Chapter 3, Section 50, the Department was appropriated \$1,600,000 from the 1993 Bond Project Fund to the Department for construction of a bridge across the Puerco river on Allison road in Gallup in McKinley county. Any unexpended or unencumbered balance remaining at the end of the 2019 fiscal year will revert to the State Road Fund. The appropriation period is for 4 years unless re-authorized or extended by enabling legislation.

Under the Laws of 2015, SB1, Chapter 3, Section 83, the Department was appropriated \$109,000 from the State Road Fund to replace the boiler, including piping and related infrastructure, in the annex of the general office complex in Santa Fe. Any unexpended or unencumbered balance remaining at the end of the 2019 fiscal year will revert to the State Road Fund. The appropriation period is for 4 years unless re-authorized or extended by enabling legislation.

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Severance Tax Bonds

As of June 30, 2016

<u>Laws</u>	<u>Chapter</u>	<u>Bonds Appropriated</u>	<u>Bonds Sold</u>	<u>Amounts AIPP</u>	<u>Funds Reauthorized</u>
2012	64	\$ 34,273,051	\$ 34,273,051	\$ -	\$ (337,165)
2012	353	-	-	-	247,500
2013	3	-	-	-	190,477
2013	9	-	-	-	6,887,242
2013	92	-	-	-	473,963
2013	226	11,344,070	11,344,070	-	(792,086)
2014	66	18,500,162	18,500,162	(4,250)	(105,000)
2014	226	638,000	638,000	-	-
2015	3	40,205,376	40,205,376	-	-
2015	147	35,000	35,000	-	787,086
2016	81	10,857,428	10,253,428	-	-
2016	83	-	-	-	859,550
		<u>\$ 115,853,087</u>	<u>\$ 115,249,087</u>	<u>\$ (4,250)</u>	<u>\$ 8,211,567</u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Severance Tax Bonds

Funds Reverted	Bond Balance After Reauthorization	Funds Received	Expended To Date	Balance Available	Due from Board of Finance
\$ -	\$ 33,935,886	\$ 33,380,588	\$ 33,743,781	\$ 555,298	\$ 363,193
(247,500)	-	-	-	-	-
(190,477)	-	-	-	-	-
-	6,887,242	7,026,969	6,906,769	-	-
(28,052)	445,911	445,911	445,911	-	-
-	10,551,984	5,741,074	6,262,382	4,810,910	521,308
-	18,390,912	4,147,649	5,288,078	14,282,598	1,140,429
-	638,000	76,045	76,045	561,955	-
-	40,205,376	377,358	567,553	39,788,683	190,195
-	822,086	-	65,000	822,086	65,000
-	10,253,428	-	-	10,253,428	-
-	859,550	-	-	859,550	-
<u>\$ (466,029)</u>	<u>\$ 122,990,375</u>	<u>\$ 51,195,594</u>	<u>\$ 53,355,519</u>	<u>\$ 71,934,508</u>	<u>\$ 2,280,125</u>

Balance Available (Note 4)	\$ 71,934,508
Due from Board of Finance (Note 4)	<u>2,280,125</u>
Total	<u><u>\$ 74,214,633</u></u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Special Appropriations

As of June 30, 2016

	Appropriation Amount	Expenditures Inception to June 30, 2016
Special Revenue Funds		
Laws of 2015 Special Session 1, Chapter 3	\$ 22,500,000	\$ -
Laws of 2015 Special Session 1, Chapter 3	4,000,000	-
Laws of 2015 Special Session 1, Chapter 3	650,000	-
	<u>27,150,000</u>	<u>-</u>
Capital Projects Funds		
Laws of 2011, Chapter 5	350,000	302,797
Laws of 2012, Chapter 64	350,000	348,335
Laws of 2012, HB 191 Section 27 and CBAR 2013	50,442,894	50,047,045
Laws of 2015 Special Session 1, Chapter 3	1,709,000	86,575
	<u>52,851,894</u>	<u>50,784,752</u>
Total all Fund Types	<u><u>\$ 80,001,894</u></u>	<u><u>\$ 50,784,752</u></u>

** Note: State House and Senate Memorials are directions on how appropriated monies should be spent. They are not laws.

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Special Appropriations

Encumbrances Balance as of June 30, 2016	Re-appropriation Amount	Reversion Amount	Balance as of June 30, 2016
\$ -	\$ -	\$ -	\$ 22,500,000
-	-	-	4,000,000
-	-	-	650,000
-	-	-	27,150,000
-	-	47,203	-
-	-	1,665	-
-	-	-	395,849
-	-	-	1,622,425
-	-	48,868	2,018,274
\$ -	\$ -	\$ 48,868	\$ 29,168,274

See Independent Auditors' Report

Special Revenue Funds

Under the Laws of Special Session 2015, Chapter 3, the Department was appropriated \$22,500,000 for State Road Improvements. Any unexpended or unencumbered balance remaining at the end of the 2018 fiscal year will revert to the State General Fund. The appropriation period is for 3 years unless re-authorized or extended by enabling legislation.

Under the Laws of Special Session 2015, Chapter 3, the Department was appropriated \$4,000,000 for Santa Teresa, NM Road Improvements. Any unexpended or unencumbered balance remaining at the end of the 2018 fiscal year will revert to the State General Fund. The appropriation period is for 3 years unless re-authorized or extended by enabling legislation.

Under the Laws of Special Session 2015, Chapter 3, the Department was appropriated \$650,000 for Allison Road Bridge Replacement in Gallup, NM. Any unexpended or unencumbered balance remaining at the end of the 2018 fiscal year will revert to the State General Fund. The appropriation period is for 3 years unless re-authorized or extended by enabling legislation.

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

As of June 30, 2016

	Budgeted Amounts		Received Prior Year(s)	Received Current Year
	Original	Final		
Special Revenue Funds				
2010A Bond Project Fund	\$ 200,000,000	\$ 200,000,000	\$ 200,122,403	\$ 2,512
2014A Bond Project Fund	-	80,000,000	80,013,169	78,470
Total	<u>\$ 200,000,000</u>	<u>\$ 280,000,000</u>	<u>\$ 280,135,572</u>	<u>\$ 80,982</u>

See Independent Auditors' Report

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

Total Revenue	Variance From Final Budget Over (Under)	Expended Prior Year(s)	Expended Current Year	Total Expenditures	Variance From Final Budget (Over) Under
\$ 200,124,915	\$ 124,915	\$ 195,363,735	\$ 4,728,668	\$ 200,092,403	\$ (92,403)
80,091,639	91,639	2,953,253	29,629,231	32,582,484	47,417,516
<u>\$ 280,216,554</u>	<u>\$ 216,554</u>	<u>\$ 198,316,988</u>	<u>\$ 34,357,899</u>	<u>\$ 232,674,887</u>	<u>\$ 47,325,113</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Individual Bank Accounts

As of June 30, 2016

	SHARE Fund Number	Bank Balance	Book Balance	Book Total
Cash				
State Road Fund(s)	10040 and 20100	\$ 2,100	\$ 2,100	
Total Cash				<u><u>\$ 2,100</u></u>
Investment in SGFIP				
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	\$ 4,994,715	\$ 4,994,715	
State Road Fund(s)	10040 and 20100	92,967,286	92,967,286	
Capital Projects Fund	10050	2,018,274	2,018,274	
2010A Bond Project Fund	10450	17,475	17,475	
2014A Bond Project Fund	11970	(6,953,579)	(6,953,579)	
HIF Bond Fund	20200	4,500,343	4,500,343	
Local Government Road Fund	20300	20,018,697	20,018,697	
2004A GRIP Bond Project Fund	20400	112,078	112,078	
State Aviation Fund	20500	10,080,380	10,080,380	
State Infrastructure Bank	89300	19,120,728	19,120,728	
GF Capital Outlay Fund	93100	27,150,000	27,150,000	
Total Investment in SGFIP				<u><u>\$ 174,026,397</u></u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Individual Bank Accounts

As of June 30, 2016

	SHARE Fund Number	Bank Balance	Book Balance	Book Total
Managed by NMFA:				
Bank of Albuquerque, trustee account				
2006A GRIP Bond Project Fund	10210	\$ 162,479	\$ 162,479	
2006A GRIP Bond Debt Service Fund	10220	2,928	2,928	
2006B GRIP Bond Project Fund	10230	10,399	10,399	
2006B GRIP Bond Debt Service Fund	10240	2,947	2,947	
2006C GRIP Bond Project Fund	10250	179,365	179,365	
2008A GRIP Bond Debt Service Fund	10410	6,160,676	6,160,676	
2008B GRIP Bond Debt Service Fund	10420	14,847,980	14,847,980	
2008C GRIP Bond Debt Service Fund	10430	4,375,362	4,375,362	
2010A Bond Project Fund	10450	15,016	15,016	
2009A Bond Debt Service Fund	11130	9,688	9,688	
2010A Bond Debt Service Fund	11140	7,775	7,775	
2014A Bond Debt Service Fund	11960	56,788	56,788	
2014A Bond Project Fund	11970	56,580,527	56,580,527	
2010B Bond Debt Service Fund	20450	13,401	13,401	
2012A Bond Debt Service Fund	30850	42,853	42,853	
2014B Bond Debt Service Fund	50110	149,747	149,747	
Total Managed by NMFA				<u><u>\$ 82,617,931</u></u>

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Pledged State Revenues

As of June 30, 2016

Pledged State Revenues

Pledged User & Fuel Taxes:

Gasoline excise	\$ 110,891,564
Special fuel	97,296,390
Weight/distance tax	82,990,310
Motor vehicle registrations	80,789,299
Vehicle transaction	6,730,127
Trip (mileage) tax	5,973,053
Oversize/oversight permit fees	4,996,816
Drivers license	3,835,406
Tire recycling fees	1,943,164
Total Pledged User & Fuel Taxes	<u>395,446,129</u>

Other Pledged Revenue:

Leased vehicles gross receipts tax	5,948,952
PRC fees	3,403,023
Road fund interest income	133,347
HIF interest income	12,849
Total Other Pledged Revenue	<u>9,498,171</u>

Total Pledged State Revenues	<u><u>\$ 404,944,300</u></u>
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Debt Service and Coverage

As of June 30, 2016

	<u>2006A GRIP</u> <u>(SHARE 10220)</u>	<u>2006B GRIP</u> <u>(SHARE 10240)</u>	<u>2008A GRIP</u> <u>(SHARE 10410)</u>	<u>2008B GRIP</u> <u>(SHARE 10420)</u>
Gasoline Excise Taxes	\$ 10,081,051	\$ 10,081,051	\$ 10,081,051	\$ 10,081,051
Special Fuel Excise Taxes	8,845,126	8,845,126	8,845,126	8,845,126
Weight/Distance Taxes	7,544,574	7,544,574	7,544,574	7,544,574
Motor Vehicle Registration Fees	7,344,482	7,344,482	7,344,482	7,344,482
Vehicle Transaction Fees	611,830	611,830	611,830	611,830
Trip (Mileage) Tax	543,005	543,005	543,005	543,005
Oversize/Oversight Permit Fees	454,256	454,256	454,256	454,256
Driver's License Fees	348,673	348,673	348,673	348,673
Tire Recycling Fees	176,651	176,651	176,651	176,651
Public Regulation Commission Fees	309,366	309,366	309,366	309,366
Leased Vehicle Gross Receipts Taxes	540,814	540,814	540,814	540,814
FHWA Revenues	34,426,711	34,426,711	34,426,711	34,426,711
	<u>71,226,539</u>	<u>71,226,539</u>	<u>71,226,539</u>	<u>71,226,539</u>
Interest on Cash Balances*	<u>13,291</u>	<u>13,291</u>	<u>13,291</u>	<u>13,291</u>
Total Pledged Revenues				
Received	<u><u>\$ 71,239,830</u></u>	<u><u>\$ 71,239,830</u></u>	<u><u>\$ 71,239,830</u></u>	<u><u>\$ 71,239,830</u></u>

	<u>2006A GRIP</u>	<u>2006B GRIP</u>	<u>2008A GRIP</u>	<u>2008B GRIP</u>
Debt Service Principal Expenditures	\$ 3,535,000	\$ 1,435,000	\$ -	\$ -
Debt Service Interest Expenditures	<u>459,413</u>	<u>93,244</u>	<u>5,229,483</u>	<u>12,250,725</u>
Total Debt Service	<u><u>\$ 3,994,413</u></u>	<u><u>\$ 1,528,244</u></u>	<u><u>\$ 5,229,483</u></u>	<u><u>\$ 12,250,725</u></u>
Debt Service Coverage	17.83	46.62	13.62	5.82

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

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

2008C GRIP (SHARE 10430)	2009A Bond (SHARE 11130)	2010A Bond (SHARE 11140)	2010B Bond (SHARE 20450)	2012A Bond (SHARE 30850)	2014A Bond (SHARE 11960)
\$ 10,081,051	\$ 10,081,051	\$ 10,081,051	\$ 10,081,052	\$ 10,081,051	\$ 10,081,052
8,845,126	8,845,126	8,845,126	8,845,127	8,845,127	8,845,127
7,544,574	7,544,574	7,544,574	7,544,573	7,544,573	7,544,573
7,344,482	7,344,482	7,344,482	7,344,482	7,344,481	7,344,481
611,830	611,830	611,830	611,830	611,829	611,829
543,005	543,005	543,005	543,005	543,005	543,004
454,256	454,256	454,256	454,256	454,256	454,256
348,673	348,673	348,673	348,673	348,674	348,674
176,651	176,651	176,651	176,651	176,652	176,652
309,366	309,366	309,366	309,366	309,365	309,365
540,814	540,814	540,814	540,814	540,814	540,814
34,426,711	34,426,711	34,426,711	34,426,711	34,426,711	34,426,712
71,226,539	71,226,539	71,226,539	71,226,540	71,226,538	71,226,539
13,291	13,291	13,290	13,290	13,290	13,290
<u>\$ 71,239,830</u>	<u>\$ 71,239,830</u>	<u>\$ 71,239,829</u>	<u>\$ 71,239,830</u>	<u>\$ 71,239,828</u>	<u>\$ 71,239,829</u>

2008C GRIP	2009A Bond	2010A Bond	2010B Bond	2012A Bond	2014A Bond
\$ -	\$ 5,195,000	\$ 12,595,000	\$ 395,000	\$ 45,485,000	\$ -
4,034,546	410,399	4,202,600	21,832,100	8,764,663	3,505,500
<u>\$ 4,034,546</u>	<u>\$ 5,605,399</u>	<u>\$ 16,797,600</u>	<u>\$ 22,227,100</u>	<u>\$ 54,249,663</u>	<u>\$ 3,505,500</u>
17.66	12.71	4.24	3.21	1.31	20.32

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

As of June 30, 2016

	2014B Bond (SHARE 50110)	TOTAL
Gasoline Excise Taxes	\$ 10,081,052	\$ 110,891,564
Special Fuel Excise Taxes	8,845,127	97,296,390
Weight/Distance Taxes	7,544,573	82,990,310
Motor Vehicle Registration Fees	7,344,481	80,789,299
Vehicle Transaction Fees	611,829	6,730,127
Trip (Mileage) Tax	543,004	5,973,053
Oversize/Oversight Permit Fees	454,256	4,996,816
Driver's License Fees	348,674	3,835,406
Tire Recycling Fees	176,652	1,943,164
Public Regulation Commission Fees	309,365	3,403,023
Leased Vehicle Gross Receipts Taxes	540,812	5,948,952
FHWA Revenues	34,426,712	378,693,823
	<u>71,226,537</u>	<u>783,491,927</u>
Interest on Cash Balances*	<u>13,290</u>	<u>146,196</u>
Total Pledged Revenues		
Received	<u><u>\$ 71,239,827</u></u>	<u><u>\$ 783,638,123</u></u>

	2014B Bond	TOTAL
Debt Service Principal Expenditures	\$ -	\$ 68,640,000
Debt Service Interest Expenditures	<u>3,970,250</u>	<u>64,752,923</u>
Total Debt Service	<u><u>\$ 3,970,250</u></u>	<u><u>\$ 133,392,923</u></u>
Debt Service Coverage	17.94	5.87

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

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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 2016
J00813	Santo Domingo Tribe	Design, Planning and Construction	\$ -

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

<u>Date of Agreement</u>		Total Estimated	Portion Applicable	Party Responsible	Audit	Fiscal Agent	Agency Where Revenues/Expenditures are Reported
<u>Beginning</u>	<u>Ending</u>						
		<u>Amt of Project</u>	<u>To Agency</u>	<u>for Operations</u>	<u>Responsibility</u>	<u>(if applicable)</u>	
10/5/2015	12/31/2016	\$ 100,000	75%	Contractor	Department		Department

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Contract			Expended
Number	Contractor	Description	in 2016
M01376	Good Shepherd Lutheran Church	Use Of Parking Lot Agreement	\$ -
M01378	City of Santa Fe	Unified Planning Work Program	49,502
M01380	NM Transit Association	Annual Conference/Training	76,707
M01382	North Central Regional Transit District	Purchase Capital Equipment	147,652
M01383	Incorporated County of Los Alamos	Public Transportation Services	873,560
M01384	Zia Therapy Ctr Inc	Public Transportation Services	324,305
M01385	Zia Therapy Ctr Inc	Purchase Capital Equipment	-
M01386	Liferoots Inc	Purchase Capital Equipment	-
M01387	Zuni Entrepreneurial Ent Inc	Purchase Capital Equipment	-
M01388	North Central Regional Transit District	Public Transportation Services	1,503,980
M01389	City of El Paso	Unified Planning Work Program	-
M01389A	El Paso Metropolitan Planning	Unified Planning Work Program	1,556
M01390	ARCA	Purchase Capital Equipment	36,662
M01391	Coyote Canyon Rehab Ctr Inc	Purchase Capital Equipment	-
M01392	Rio Metro Regional Transit District	Purchase Capital Equipment	-
M01393	Rio Metro Regional Transit District	Public Transportation Services	343,262
M01394	Village of Milan	Public Transportation Services	126,442
M01395	City of Las Cruces	Unified Planning Work Program	33,437
M01396	Town of Red River	Public Transportation Services	42,491
M01397	Tresco Inc.	Purchase Capital Equipment	-
M01398	Adelante Development Center, Inc	Purchase Capital Equipment	-
M01399	Dream Tree Project	Purchase Capital Equipment	-
M01400	City of Santa Fe	Purchase Capital Equipment	-
M01401	City of Socorro	Public Transportation Services	67,563
M01403	City of Las Vegas	Public Transportation Services	97,024
M01405	City of Portales	Public Transportation Services	61,318
M01406	Golden Spread Rural Frontier	Public Transportation Services	80,274
M01407	The Community Pantry	Public Transportation Services	136,810
M01408	Pueblo of Laguna	Public Transportation Services	90,492
M01409	City of Roswell	Public Transportation Services	472,504
M01410	City of Clovis	Public Transportation Services	278,803
M01411	Mandys Special Farm	Purchase Capital Equipment	-
M01412	City of Hobbs	Public Transportation Services	241,757
M01413	Presbyterian Medical Services	Purchase Capital Equipment	-
M01414	USGS National Center MS270	Investigation/Flood Analysis	-

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		Total Estimated	Portion	Party	Audit	Fiscal Agent	Agency Where
Beginning	Ending	Amt of Project	Applicable To Agency	Responsible for Operations	Responsibility	(if applicable)	Revenues/Expenditures are Reported
7/1/2015	6/30/2017	\$ 21,500	100%	Contractor	Department		Department
7/7/2015	9/30/2018	102,671	0%	Contractor	Department		Department
7/16/2015	6/30/2016	108,300	100%	Contractor	Department		Department
7/14/2015	9/30/2016	208,800	80%	Contractor	Department		Department
7/16/2015	9/30/2016	1,751,494	80%	Contractor	Department		Department
7/20/2015	9/30/2016	705,435	80%	Contractor	Department		Department
7/21/2015	9/30/2016	48,000	80%	Contractor	Department		Department
7/20/2015	9/30/2016	103,231	80%	Contractor	Department		Department
7/20/2015	9/30/2016	88,000	80%	Contractor	Department		Department
7/15/2015	9/30/2016	2,115,741	80%	Contractor	Department		Department
7/24/2015	9/30/2018	15,237	100%	Contractor	Department		Department
7/24/2015	9/30/2018	15,237	100%	Contractor	Department		Department
7/22/2015	9/30/2016	154,842	80%	Contractor	Department		Department
7/22/2015	9/30/2016	81,440	80%	Contractor	Department		Department
7/22/2015	9/30/2016	272,000	80%	Contractor	Department		Department
7/23/2015	9/30/2016	749,500	80%	Contractor	Department		Department
7/22/2015	9/30/2016	212,783	80%	Contractor	Department		Department
7/30/2015	9/30/2018	131,079	100%	Contractor	Department		Department
7/23/2015	9/30/2016	96,785	80%	Contractor	Department		Department
7/27/2015	9/30/2016	240,000	80%	Contractor	Department		Department
7/20/2015	9/30/2016	138,957	80%	Contractor	Department		Department
7/24/2015	6/30/2016	28,776	80%	Contractor	Department		Department
7/27/2015	9/30/2016	154,267	80%	Contractor	Department		Department
7/30/2015	9/30/2016	160,514	80%	Contractor	Department		Department
7/15/2015	9/30/2016	197,887	80%	Contractor	Department		Department
7/28/2015	9/30/2016	142,230	80%	Contractor	Department		Department
7/20/2015	9/30/2016	174,396	80%	Contractor	Department		Department
7/21/2015	9/30/2016	420,656	80%	Contractor	Department		Department
7/28/2015	9/30/2016	129,381	80%	Contractor	Department		Department
8/3/2015	9/30/2016	1,070,358	80%	Contractor	Department		Department
7/28/2015	9/30/2016	560,946	80%	Contractor	Department		Department
7/21/2015	9/30/2016	88,464	80%	Contractor	Department		Department
8/3/2015	9/30/2016	460,469	80%	Contractor	Department		Department
8/10/2015	9/30/2016	184,062	80%	Contractor	Department		Department
10/1/2015	9/30/2018	597,162	50%	Contractor	Department		Department

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Contract			Expended
Number	Contractor	Description	in 2016
M01415	City of Carlsbad	Public Transportation Services	\$ 306,558
M01416	City of Ruidoso Downs	Public Transportation Services	43,493
M01417	Progressive Residential Service of NM	Purchase Capital Equipment	-
M01420	County of Grant	Public Transportation Services	254,510
M01421	Cornucopia Adult Day Services	Purchase Capital Equipment	-
M01422	The Navajo Nation	Public Transportation Services	198,918
M01423	The University of New Mexico	State & Regional Forecasting	13,393
M01426	Rio Metro Regional Transit District	Public Transportation Services	-
M01427	Mid-Region Council of Governments	Unified Planning Work Program	126,957
M01429	City of Las Cruces	Public Transportation Services	-
M01430	State Personnel office	Study & Implementation	-
M01431	City of Farmington	Unified Planning Work Program	63,527
M01432	City of Farmington	Public Transportation Services	-
M01433	Mid-Region Council of Governments	Digital Orthophotography Svcs	-
M01434	San Miguel County	Maintain State Roads/Highways	2,244
M01435	San Juan County	Plan Design Construct	-
M01436	City of Santa Fe	Transit & Mobility Study	-
M01437	Incorporated County of Los Alamos	Public Transportation Services	-
M01438	North Central Regional Transit District	Study Merger Santa Fe Transit	-
M01439	City of Santa Fe	Replace/Rehab Bus-Related Equipment	-
M01440	NM Transit Association	Annual Conference / Road-E-O	-
M01441	Town of Taos	Public Transportation Services	-

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		Total Estimated	Portion	Party Responsible	Audit	Fiscal Agent	Agency Where Revenues/Expenditures are Reported
Beginning	Ending	Amt of Project	Applicable To Agency				
8/21/2015	9/30/2016	\$ 417,620	80%	Contractor	Department		Department
8/10/2015	9/30/2016	84,860	80%	Contractor	Department		Department
7/31/2015	9/30/2016	56,000	80%	Contractor	Department		Department
8/25/2015	9/30/2016	772,796	80%	Contractor	Department		Department
7/20/2015	9/30/2016	82,400	80%	Contractor	Department		Department
9/11/2015	9/30/2016	462,094	80%	Contractor	Department		Department
7/4/2015	6/30/2016	13,393	15%	Contractor	Department		Department
10/8/2015	9/30/2016	69,956	80%	Contractor	Department		Department
10/13/2015	9/30/2018	317,912	80%	Contractor	Department		Department
10/16/2015	9/30/2016	186,695	80%	Contractor	Department		Department
10/19/2015	10/19/2016	49,829	100%	Contractor	Department		Department
11/6/2015	9/30/2018	140,690	0%	Contractor	Department		Department
11/20/2015	9/30/2016	66,509	80%	Contractor	Department		Department
12/22/2015	12/22/2016	50,000	100%	Contractor	Department		Department
1/7/2016	12/31/2019	80,000	0%	Contractor	Department		Department
3/2/2016	6/30/2018	110,000	100%	Contractor	Department		Department
4/1/2016	3/31/2017	24,000	80%	Contractor	Department		Department
4/26/2016	9/30/2016	45,132	80%	Contractor	Department		Department
5/16/2016	6/30/2017	120,000	80%	Contractor	Department		Department
5/16/2016	3/31/2017	155,667	80%	Contractor	Department		Department
6/13/2016	6/30/2017	108,300	100%	Contractor	Department		Department
6/13/2016	9/30/2016	98,000	80%	Contractor	Department		Department

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

RFP # / RFB #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
16-01	RFP	The Louis Berger Group, Inc.	\$ 1,320,738	\$ -
16-02	RFP	WH Pacific	798,923	-
16-03	RFP	Smith Engineering Inc.	871,110	-
16-04	RFP	Radian Engineering LLC	740,809	-
16-05	RFP	OCCAM/EC Consulting Engineers Inc.	697,985	-
16-07	RFP	Smith Engineering Company	458,235	-
16-08	RFP	Smith Engineering Company	1,076,345	-

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded	In-State Out-of-State Vendor (Y or N)	Was the Vendor In-State and Chose Veteran's Preference (Y or N)	Brief Description of the Scope of Work
Louis Berger Group, 2019 Galisteo St. Unit M-1 Santa Fe NM 87505	Y	N	NM 96, Reconstruction/Shoulder Widening (STATE) Phase IC, ID, II & III Services - CN 5100850
Wilson & Company, 4900 Lang Ave. NE Albuquerque NM 87109	Y	N	
Huitt- Zollars, 333 Rio Rancho Dr. NE Ste101 Rio Rancho NM 87124	Y	N	
Bohannon Houston Inc, Ctyd I. 7500 Jefferson St. NE Alb NM 87109-4331	Y	N	
Advisory Inspection & Oper Co. Inc, 460 St. Michael's Dr Ste. 801 Santa Fe NM 87505	Y	Y	
Souder Miller & Assocs, 3451 Candelaria Rd NE, Ste D, Alb NM 87107	Y	N	
HDR Engineering Inc, 2155 Louisiana Blvd NE Ste. 9500 Alb, NM 87110-	Y	N	
Engineers Inc., 3400 Highway 180 E Ste, A Silver City NM 88061	Y	N	
WH Pacific, 6501 Americas Parkway NE Ste. 400 Alb NM 87110	Y	N	NM 68 Rehabilitation, Reconstruction and Drainage Improvements (Phase IC, ID, II, & III) (STATE) CN 5100460
CH2Mill, 3721 Rutledge Road NE Ste. B-1 Albuquerque NM 87109	Y	N	
Wilson & Company, 4900 Lang Ave. NE Albuquerque NM 87109	Y	N	
Smith Engineering, 201 N Church St, Ste 310 Las Cruces NM 88001	Y	N	NM 273, Roadway Improvements Services to Sunland Park, NM (MP 0.80 to 3.10) (STATE) - CN E100160
Huitt- Zollars, 333 Rio Rancho Dr. NE Ste. 101 Rio Rancho NM 87124	Y	N	
Molzen Corbin, 2701 Miles Rd SE Albuquerque 87106	Y	N	
Radian Engineering, LLC, 509 Camino de los Marquez, Ste 2, Santa Fe, NM 87505	Y	N	US 54 MP 146 to MP 163 Phase II (STATE) CN - 2102110
Bohannon Houston Inc, Ctyd I. 7500 Jefferson St. NE Alb NM 87109-4331	Y	N	
Santa Fe Engineering Cnslt LLC, 1599 S. St. Francis Dr, Ste B, Santa Fe, NM 87505	Y	N	
Parametrix Inc., 8801 Jefferson NE Building B, Alb, NM 87113	Y	N	
OCCAM/EC Consulting Engineers Inc., 200 East 4th St, Ste 100, Roswell NM 87505	Y	N	US 54 MP 146 to MP 163 Phase II (STATE) CN - 2102110
Bohannon Houston Inc, Ctyd I. 7500 Jefferson St. NE Alb NM 87109-4331	Y	N	
Huitt- Zollars, 333 Rio Rancho Dr. NE Ste. 101 Rio Rancho NM 87124	Y	N	
Souder Miller & Assocs, 3451 Candelaria Rd NE Ste D Alb NM 87107	Y	N	
Smith Engineering, 201 N Church St, Ste 310 Las Cruces NM 88001	Y	N/A	US 70, MP 162-170 (FEDERAL) CN & PN LC00240
OCCAM/EC Consulting Engineers Inc., 200 East 4th St, Ste 100, Roswell NM 87505	Y	N/A	
Smith Engineering, 201 N Church St, Ste. 310 Las Cruces NM 88001	Y	N	US 70, Three Crosses to I-25, Phase A, B, C & D (STATE) CN & PN LC00270
Wilson & Company, 4900 Lang Ave. NE Albuquerque NM 87109	Y	N	
Zia Engineering & Environ Cnslt LLC, 755 S. Telshor Blvd., Ste F-201, La Jolla NM 87506	Y	N	

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

RFP # / RFB #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
16-09	RFP	Bohannon Huston Inc	492,939	-
16-10	RFP	Parson Brinckerhoff	779,831	-
16-11	RFP	Robert B. Olcott	520,000	-
16-13	RFP	HDR Inc.	415,073	-
16-14	RFP	WH Pacific	634,486	-
16-16	RFP	Del Curto Appraisal Services	535,313	-
		Brooks Pearsall Zantow LLC	535,938	-
		Shipman/Foley & Associates	535,938	-
		Godfrey Appraisal Services, Inc.	535,938	-
		Hoover Appraisal Company	525,625	-
		Commercial Appraisal, Inc.	535,938	-
		Denton Colvin & Associates	543,125	-
		Gipson Investments, Inc.	536,875	-
		Pinnacle West Investments	535,938	-
		Kenneally Appraisal Services	540,000	-
16-17	RFP	Commercial Appraisal, Inc.	267,969	-
		Del Curto Appraisal Services	268,656	-
		Brooks Pearsall Zantow LLC	267,969	-
		Pinnacle West Investments	267,969	-
		Godfrey Appraisal Services, Inc.	267,969	-
		Hoover Appraisal Company	250,000	-
		Kenneally Appraisal Services	540,000	-

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded	In-State Out-of-State Vendor (Y or N)	Was the Vendor In-State and Chose Veteran's Preference (Y or N)	Brief Description of the Scope of Work
Bohannon Houston Inc, Ctyd I. 7500 Jefferson St. NE Alb NM 87109-4335	Y	N	NM 404, NM 213 to NM 460 Capacity & Safety Study Phase A, B, C & D (STATE) CN & PN E100200
Molzen Corbin, 1155 Commerce Dr, Ste F, Las Cruces, NM 88011	Y	N	
Engineers Inc., 3400 Highway 180 E Ste A Silver City NM 88061	Y	N	
CH2M Hill Inc., 3721 Rutledge Road NE, Ste B-1, Alb, NM 87109	Y	N	
Parsons Brinckerhoff Inc, 6100 Uptown Blvd, Ste700, Alb NM 87110	Y	N/A	NM 6, Bridge Replacement (Rio Grande Bridge #7453) Phase A, B, C & Final Design (FEDERAL) CN & PN A300423
Huitt- Zollars, 333 Rio Rancho Dr. NE Ste. 101 Rio Rancho NM 87124	Y	N/A	
T.Y. Lin International, 500 Fourth St NW, Ste 403, Alb, NM 87102	Y	N/A	
Parametrix Inc., 8801 Jefferson NE Building B, Alb, NM 87113	Y	N/A	
Robert B. Olcott, PO Box 4445, Santa Fe, NM 87502	Y	N	Economic and Legislative Analysis and Support
UNM, 1700 Lomas NE, Suite 2200, MSC01-1247, Alb, NM 87131	y	N	
HDR Engineering Inc., 2155 Louisiana Blvd NE Ste. 9500 Alb, NM 87110-	y	y	
HDR Engineering Inc., 2155 Louisiana Blvd NE Ste. 9500 Alb, NM 87110-	Y	N/A	NM 6, Bridge Replacement MP 0-1 (Suwannee Bridge) Phase A, B, C, D & Final (FEDERAL) CN & PN 6101000
T.Y. Lin International, 500 Fourth Street NW, Ste 403, Alb, NM 87102	Y	N/A	
WH Pacific, 6501 Americas Parkway NE Ste. 400 Alb NM 87110	Y	N/A	US 82 & NM 18 Pavement Rehab Phase A, B, C & D (FEDERAL) CN & PN 2101380
Souder Miller & Assocs, 3451 Candelaria Rd NE, Ste D Alb NM 87107	Y	N/A	
Smith Engineering, 201 N Church St, Ste. 310 Las Cruces NM 88001	Y	N/A	
Del Curto Appraisal Services, 1210 Lopezville Rd, Socorro, NM 87801	Y	N	Real Property Valuation Services
Brooks Pearsall Zantow LLC, 7000 Prospect PI, Ste B, Alb, NM 87110	Y	N	
Shipman/Foley & Assocs Inc, 2420 Midtown PI NE Ste A, Alb, NM 87107	Y	N	
Godfrey Appraisal Svcs Inc, 5600 McLeod Rd NE, Ste C, Alb, NM 87109	Y	N	
Hoover Appraisal Co., 8001-E N. Mesa St, #252, El Paso, TX 79932	N	N	
Commercial Appraisal, Inc., 7000 Prospect PI NE, Ste D, Alb, NM 87110	Y	N	
Denton Colvin & Assocs, 1221 Mecham Dr, Ste 3, Ruidoso, NM 88345	Y	N	
Gipson Investments, Inc., PO Box 2458, Farmington, NM 87499	Y	N	
Pinnacle West Investments, PO Box 92121, Alb, NM 87199	Y	N	
Kenneally Appraisal Services, PO Box 4099, Silver City, NM 88062	Y	N	
Commercial Appraisal, Inc., 7000 Prospect PI NE, Ste D, Alb, NM 87110	Y	N	Right of Way Appraisal Review and Feasibility Services
Del Curto Appraisal Services, 1210 Lopezville Rd, Socorro, NM 87801	Y	N	
Brooks Pearsall Zantow LLC, 7000 Prospect PI, Ste B Alb, NM 87110	Y	N	
Pinnacle West Investments, PO Box 92121, Alb, NM 87199	Y	N	
Godfrey Appraisal Svcs Inc, 5600 McLeod Rd NE, Ste C, Alb, NM 87109	Y	N	
Hoover Appraisal Co., 8001-E N. Mesa St, #252, El Paso, TX 79932	N	N	
Kenneally Appraisal Services, PO Box 4099, Silver City, NM 88062	Y	N	

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RFP # / RFB #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
16-18	RFP	Molzen Corbin	1,432,067	-
16-20	RFP	URS Corporation	799,988	-
16-21	RFP	Precision Compliance	420,500	-
16-22	RFP	Precision Compliance	525,625	-
16-23	RFP	CH2M Hill Inc.	500,000	-
16-28	RFP	AMEC Foster Wheeler Environ. & Infrastr., Inc.	374,624	-
16-29	RFP	MADD	857,500	-
16-30	RFP	Innovative Reasoning LLC	382,500	-
16-31	RFP	Molzen-Corbin & Associates, Inc.	2,451,096	-
16-33	RFP	Bohannon Huston Inc.	2,000,000	-
		Parsons Brinkerhoff	2,000,000	-
		HDR Engineering	2,000,000	-
16-34	RFP	Santa Fe Public Schools	118,483	-
		Taos Health Systems	100,000	-
16-36	RFP	Kutok Rock	800,000	-

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
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Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded	In-State Out-of-State Vendor (Y or N)	Was the Vendor In-State and Chose Veteran's Preference (Y or N)	Brief Description of the Scope of Work
Molzen Corbin, 2701 Miles Rd SE Albuquerque 87106	Y	N/A	I-25/ University Ave, Phase 1C follow up & 1D (FEDERAL) CN & PN LC00250
Souder Miller & Assocs, 3451 Candelaria Road NE, Ste D, Alb NM 87107	Y	N/A	
URS Corporation, 6501 Americas Pkwy NE, Ste 900, Alb, NM 87110	Y	N/A	I-25, Corridor North Study from Big I to Tramway Blvd Study (FEDERAL) CN & PN A301101
HDR Engineering Inc., 2155 Louisiana Blvd NE Ste. 9500 Alb, NM 87110-	Y	N/A	
Wilson & Company, 4900 Lang Ave. NE Albuquerque NM 87109	Y	N/A	
WH Pacific, 6501 Americas Parkway NE Ste. 400 Alb NM 87110	Y	N/A	
Huitt- Zollars, 333 Rio Rancho Dr. NE Ste 101 Rio Rancho NM 87124	Y	N/A	
Precision Compliance, 1220 Ravenwood Road, Boulder, CO 80303	N	N	Transit Drug and Alcohol Compl. Oversight (FED)
Precision Compliance, 1220 Ravenwood Road, Boulder, CO 80303	N	N	Transit Training and Technical Assistance (FEDERAL)
CH2M Hill Inc., 3721 Rutledge Road NE, Ste B-1, Alb, NM 87109	Y	N/A	NM 423, PDN PCCP Intersection (FEDERAL) CN & PN A301020
Lee Engineering, 8220 San Pedro Drive NE, Ste 150, Alb, NM 87113	Y	N/A	
AMEC Foster Wheeler Environ. & Infrass, Inc., 8519 Jefferson NE, Alb, NM	Y	N	NM 423, PDN PCCP Intersection (FEDERAL) CN & PN A301020
M.A.D.D., 3411 Candelaria Rd NE, Ste B, Alb, NM 87107	Y	N	Court Monitoring Services for the NMDOT
DWI Resource Center Inc., PO Box 30514, Albuquerque, NM 87109	Y	N	
Innovative Reasoning LLC, 12 Alicia Road, Cedar Crest, NM 87008	Y	N	Drug Recognition Expert Program
Molzen-Corbin & Associates, Inc., 2701 Miles Rd SE, Alb, NM 87106	Y	N/A	US 285 is MP 0 to 22 CN & PN 2102160 (FEDERAL)
Bohannon Houston Inc, Ctyd I. 7500 Jefferson St. NE Alb NM 87109-4335	Y	N/A	
Parsons Brinckerhoff Inc., 6100 Uptown Blvd, Ste 700, Alb, NM 87110	Y	N/A	
Wilson & Company, 4900 Lang Ave. NE Alb NM 87109	Y	N/A	
HDR Engineering Inc., 2155 Louisiana Blvd NE Ste. 9500 Alb, NM 87110-	Y	N/A	
Parametrix Inc., 8801 Jefferson NE Building B, Alb, NM 87113	Y	N/A	
Engineers Inc., 3400 Hwy 180 East, Ste A, Silver City, NM 88061	Y	N/A	
Bohannon Houston Inc, Ctyd I. 7500 Jefferson St. NE Alb NM 87109-4335	Y	N/A	
Parsons Brinckerhoff Inc, 6100 Uptown Blvd, Ste 700, Alb, NM 87110	Y	N/A	Construction Management/Augmentation Services for the NMDOT
HDR Engineering Inc., 2155 Louisiana Blvd NE Ste. 9500 Alb, NM 87110-	Y	N/A	
Santa Fe Public Schools, 610 Alta Vista Street, Santa Fe, NM 87505	Y	N/A	Underage Drinking Prevention
Taos Health Systems, 1397 Weimer Road, Taos, NM 87571	Y	N/A	
Kutok Rock, 1801 California Street, Suite 3000, Denver, CO 80202	N	N	Bond Counsel

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

RFP # / RFB #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
16-37	RFP	Public Financial Management Inc.	800,000	-
16-38	RFP	SWTC	1,400,000	-
		Safer New Mexico Now	800,000	-
16-39	RFP	Stream Dynamics, Inc.	349,916	-
		Gordon Tooley DBA Tooley's Trees and Keyline	114,250	-
16-40	RFP	High Street Consulting	475,000	-
I 50-805-15-130	IFB	Advanced Environmental Solutions, Inc	1,730,294	21,228
I 50-805-15-131	IFB	Jim Sena Construction Company Inc.	672,335	-
CN 1101010	July ITB	Mountain States Constructor, Inc.	4,442,375	-
CN 6101100R	July ITB	AUI, Inc.	3,347,529	-
CN 9900361	July ITB	J-H Supply, Inc.	2,712,094	-
CN 9900362	July ITB	MWI, Inc.	304,181	-

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The PFM Group, 50 California St, Ste 2300 San Francisco, CA 94111	N	N	Financial Advisor
Southwest Training Cnslt, LLC, 13 Calle Alfredo, Algodones, NM 87001	Y	N	SW Law Enforcement Training
Safer New Mexico Now, 9400 Holly Ave NE, Ste 201, Alb, NM 87122	Y	N	
LIT Services, PO Box 609, Bernalillo, NM 87004	Y	N	
OSS Academy, 19018 Candleview Drive, Spring, TX 77388	N	N	
Stream Dynamics, Inc., PO Box 785, Silver City, NM 88062	Y	N/A	Dust Mitigation
Gordon Tooley DBA Tooley's Trees and Keyline, PO Box 392, Truchas, NI	Y	N/A	
Caldon Seeding & Reclamation LLC, 170 Hickory, Unit B, Sanford, CO 81	N	N/A	
Sites Southwest, 121 Tijeras NE, Suite 3100, Alb, NM 87102	Y	N/A	
High Street Consulting Group, 650 Emerson St, Denver, CO 80218	N	N/A	Implementation of NMDOT "New Mexico 2040 Plan and Additional Planning Services"
Cambridge Systematics, 555 12th St, Ste 1600, Oakland, CA 94607	N	N/A	
Bohannon Houston Inc, Ctyd I. 7500 Jefferson St. NE Alb NM 87109-4335	Y	N/A	
Advanced Environmental Soln, Inc, 2318 Roland Dr Belen, NM 87002	Y	N/A	Groundwater Remediation NMDOT District-4 Patrol Yard and Service Center
Jim Sena Construction Co Inc., 6811 Huseman PL SW Alb, NM 87121	Y	N/A	E89 Grade Runway 9-27 Safety Area Conchas Lake Airport
Meridian Contracting, Inc. 3223 Los Arboles Ave. NE Alb, NM 87107	Y	N/A	
AUI, Inc. P.O. Box 9825 Albuquerque, NM 87119	Y	N/A	
Mtn States Constructor, Inc. , 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	US 180 Road Rehabilitation Grant County
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	
James Hamilton Construction Co, PO Box 1287 Silver City, NM 88062	Y	N	
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	I-40 Replace existing CMP Arh w/CBC Cibola County
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
J-H Supply, Inc., 2132 Osuna Road Suite A Albuquerque, NM 87113	Y	N	I-25 Safety Post & Cable Barrier installation Sierra County
Kimo Construction, Inc., 3681 HWY47 Bosque Farms, NM 87068	Y	N	
Villalobos Construction Co., Inc., PO Box 6188 Las Cruces, NM 88006	Y	N	
San Bar Construction Corp., 9101 Broadway SE Alb, NM 87105	Y	N	
Nationwide Construction Group, 5361 Gratiot Ave Chesterfield, MI 48051	N	N	
Apache Const Co Inc, dba Valley Fence Co, 1932 Coors SW Alb, NM 871	Y	N	
MWI, Inc., P.O. Box 30670 Albuquerque, NM 87190	Y	N	I-10Safety Lighting, Traffic Control Dona Ana County
RT Electric, Inc., 480 N. 17th Street Las Cruces, NM 88005	Y	N	
Bixby Electric, Inc., 521 Wheeler SE Albuquerque, NM 87102	Y	N	

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

RFP # / RFB #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
CN 9900368	July ITB	Fisher Sand & Gravel -NM, Inc.	130,003	7,448
CN 2101820	July ITB	AUI, Inc.	488,116	-
CN LC00150	August ITB	Mountain States Constructor, Inc.	6,656,412	-
CN 2100900	August ITB	Mountain States Constructor, Inc.	5,048,920	-
CN 4101020	August ITB	G. Sandoval Construction Inc.	3,806,943	-
CN 4100580	August ITB	El Terrero Construction, LLC	3,396,605	-
CN 1101240	August ITB	Kimo Construction, Inc.	648,568	-
CN 6100223	August ITB	Fisher Sand & Gravel -NM, Inc.	7,615,745	-

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Fisher Sand & Gravel -NM, Inc. , PO Box 2340 Placitas, NM 87043	Y	N	NM 134Permanent Signing, Traffic Control San Juan County
San Bar Construction Corp., 9101 Broadway SE Alb, NM 87105	Y	N	
JH Supply, Inc., 2132 Osuna Road NE Albuquerque, NM 87113	Y	N	
Highway Supply LLC, 6221 Chappell Rd. NE Alb, NM 87113	Y	N	
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	NM 395 Bridge Rehabilitation Lincoln County
Mtn States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	I-10 Roadway Rehabilitation Dona Ana County
Man's Construction Co., 1001 E. University Ave. Las Cruces, NM 88001	Y	N	
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
James Hamilton Construction Co, PO Box 1287 Silver City, NM 88062	Y	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	US 54 Roadway Rehabilitation Otero County
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
James Hamilton Construction Co, PO Box 1287 Silver City, NM 88062	Y	N	
Mesa Verde Enterprises, P.O. Box 907 Alamogordo, NM 88311	Y	N	
G. Sandoval Constrn Inc, 2000 E. Lohman, Ste C Las Cruces, NM 88001	Y	N	NM 209 Bridge Replacement Quay County
El Terrero Construction, LLC, PO Box 46185 Rio Rancho, NM 87174	Y	N	
Vital Consulting Group LLC, 5770 Pino Ave. NE Alb, NM 87109	Y	N	
Interstate Hwy Construction Inc, PO Box 4356 Englewood, CO 80155	N	N	
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
El Terrero Construction, LLC, PO Box 46185 Rio Rancho, NM 87174	Y	N	NM 102 Bridge Replacement Harding County
Vital Consulting Group LLC, 5770 Pino Ave. NE Alb, NM 87109	Y	N	
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
Interstate Hwy Construction Inc, PO Box 4356 Englewood, CO 80155	NY	N	
Kimo Construction, Inc., 3681 HWY47 Bosque Farms, NM 87068	Y	N	NM 27 Bridge Rehabilitation Sierra County
Villalobos Construction Co, Inc., PO Box 6188 Las Cruces, NM 88006	Y	N	
Smith Aguirre Constrn Co. Inc, PO Box Drawer 2276 Las Cruces, NM 88001	Y	N	
Meridian Contracting, Inc., 3223 Los Arboles NE Alb, NM 87107	Y	N	
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	I-40/NM 122 Roadway Reconstruction McKinley County
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

RFP # / RFB #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
CN 9900367	August ITB	Vital Consulting Group LLC	310,242	47,430
CN A300074	Sept. ITB	Interstate Highway Construction, Inc.	4,183,028	-
CN 4100070	Sept. ITB	El Terrero Construction, LLC	2,406,475	-
CN 2100911	Oct. ITB	James Hamilton Construction Co.	25,199,423	-
CN 5101180	Oct. ITB	Mountain States Constructor, Inc.	5,163,952	-
CN F100115	Oct. ITB	Hasse Contracting Co. Inc.	1,299,025	-
CN 1100840	Nov. ITB	FNF Construction, Inc.	2,848,257	-
CN 4100770	Nov. ITB	Fisher Sand & Gravel -NM, Inc.	4,018,831	-

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded	In-State Out-of-State Vendor (Y or N)	Was the Vendor In-State and Chose Veteran's Preference (Y or N)	Brief Description of the Scope of Work
Fisher Sand & Gravel -NM, Inc., 5770 Pino Ave. NE Alb, NM 87109	Y	N	I-40 Safety Concrete Wall Barrier Cibola County
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	
Star Paving Company, 3109 Love Road SW Alb, NM 87105	Y	N	
Interstate Hwy Construction Inc, PO Box 4356 Englewood, CO 80155	N	N	
Interstate Hwy Construction Inc, PO Box 4356 Englewood, CO 80155	N	N	I-40 Ramp/Roadway Reconstruction Bernalillo County
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
El Terrero Construction, LLC, PO Box 46185 Rio Rancho, NM 87174	Y	N	NM 3 Roadway Reconstruction San Miguel County
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
James Hamilton Construction Co, PO Box 1287 Silver City, NM 88062	Y	N	NM 529 Roadway Rehab/Reconstruction Eddy County
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	I-40 Roadway Rehab/Ramp Reconstruction Torrance County
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
Hasse Contracting Co. Inc., PO Box 26808 Albuquerque, NM 87125	Y	N	US 550 Bridge Rehabilitation San Juan County
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
Kimo Construction, Inc., 3681 HWY47 Bosque Farms, NM 87068	Y	N	
Vital Consulting Group LLC, 5770 Pino Ave. NE Alb, NM 87109	Y	N	
Interstate Hwy Construction Inc, PO Box 4356 Englewood, CO 80155	N	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	US 60 Bridge Replacement Socorro County
Vital Consulting Group LLC, 5770 Pino Ave. NE Alb, NM 87109	Y	N	
Meridian Contracting, Inc., 3223 Los Arboles NE Alb, NM 87107	N	N	
Constructors, Inc., 3003 South Boyd Drive Carlsbad, NM 88220	Y	N	
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
El Terrero Construction, LLC, PO Box 46185 Rio Rancho, NM 87174	Y	N	
Interstate Hwy Construction Inc, PO Box 4356 Englewood, CO 80155	N	N	
Fisher Sand & Gravel -NM, Inc. PO Box 2340 Placitas, NM 87043	Y	N	US 64 Roadway Rehabilitation Union County
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
A & S Construction, P.O. Box 2235 Taos, NM 87571	N	N	

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

RFP # / RFB #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
CN 4100780	Nov. ITB	Fisher Sand & Gravel -NM, Inc.	2,636,928	-
CN 4100800	Nov. ITB	Fisher Sand & Gravel -NM, Inc.	4,433,007	-
CN A300076	Nov. ITB	AUI, Inc.	2,817,112	-
CN 1100650	Nov. ITB	The Truesdell Corporation	1,174,734	-
CN 1100620	December ITB	Mountain States Constructor, Inc.	12,252,407	-
CN 1100890	December ITB	Mountain States Constructor, Inc.	5,768,906	-
CN 9900365R	December ITB	Highway Supply LLC	2,100,579	-
CN 9900366R	December ITB	Highway Supply LLC	2,776,469	-
CN 5100794R	December ITB	Kimo Construction, Inc.	969,003	-
CN E100100R	January ITB	AUI, Inc.	1,540,220	-
CN A301590R	January ITB	MWI, Inc.	350,445	-

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded	In-State Out-of-State Vendor (Y or N)	Was the Vendor In-State and Chose Veteran's Preference (Y or N)	Brief Description of the Scope of Work
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	US 64 Roadway Rehab/Reconstruction Union County
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
Northern Mountain Constructors, P.O. Box 348 El Prado, NM 87529	Y	N	
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	I-25 Roadway Rehab/Reconstruction San Miguel County
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	I-40 Miscellaneous Precast Concrete Sound Wall/Lighting Bernalillo County
Interstate Hwy Construction Inc, PO Box 4356 Englewood, CO 80155	N	N	
The Truesdell Corporation, 1310 West 23rd St Tempe, AZ 85282	N	N	I-25 Bridge Rehabilitation Bernalillo County
RAM Constrn Svcs of Michigan Inc., 13800 Eckles Rd Livonia, MI 48150	N	N	
Meridian Contracting, Inc., 3223 Los Arboles NE Alb, NM 87107	Y	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	I-10 Roadway Rehab/Reconstruction Dona Ana County
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	I-25 Roadway Rehabilitation Sierra & Socorro County
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	
Highway Supply LLC, 6221 Chappell Rd. NE Alb, NM 87113	Y	N	I-10 Safety Striping Hidalgo, Grant, Luna and Dona Ana County
San Bar Construction Corp., 9101 Broadway SE Alb, NM 87105	Y	N	
Highway Supply LLC, 6221 Chappell Rd. NE Alb, NM 87113	Y	N	I-25 Safety Striping Dona Ana, Sierra and Socorro County
San Bar Construction Corp., 9101 Broadway SE Alb, NM 87105	Y	N	
Kimo Construction, Inc., 3681 HWY47 Bosque Farms, NM 87068	Y	N	NM 95 Bridge Rehabilitation Rio Arriba County
Hasse Contracting Co. Inc., PO Box 26808 Albuquerque, NM 87125	Y	N	
Vital Consulting Group LLC, 5770 Pino Ave. NE Alb, NM 87109	Y	N	
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	NM 28 Bridge Replacement Dona Ana County
La Calerita Construction, LLC, PO Box 756 Las Cruces, NM 88004	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
MWI, Inc., PO Box 30670 Albuquerque, NM 87190	Y	N	US 550 Lighting, Signalization, ITS Sandoval County
Bixby Electric, Inc., 521 Wheeler SE Albuquerque, NM 87102	Y	N	

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

RFP # / RFB #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
CN 4101140R	January ITB	Hasse Contracting Co. Inc.	3,398,762	-
CN 4100810	February ITB	Fisher Sand & Gravel -NM, Inc.	5,195,683	-
CN 2101370	February ITB	Constructors, Inc.	4,184,837	-
4101190	February ITB	Hasse Contracting Co. Inc.	887,803	-
CN 2100890	March ITB	Mountain States Constructor, Inc.	11,302,659	-
CN A300420	April ITB	Mountain States Constructor, Inc.	5,613,511	168,926
CN 1100610	April ITB	Mountain States Constructor, Inc.	3,757,997	-
CN 2101840	April ITB	Interstate Highway Construction, Inc.	356,877	-

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded	In-State Out-of-State Vendor (Y or N)	Was the Vendor In-State and Chose Veteran's Preference (Y or N)	Brief Description of the Scope of Work
Hasse Contracting Co. Inc., PO Box 26808 Albuquerque, NM 87125	Y	N	NM 456 Bridge Replacement Union County
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
El Terrero Construction, LLC, PO Box 46185 Rio Rancho, NM 87174	Y	N	
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	I-40 Roadway Rehab/Ramp Reconstruction Guadalupe County
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
Constructors, Inc., 3003 South Boyd Drive Carlsbad, NM 88220	Y	N	US 285 Roadway Rehabilitation Eddy County
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	
James Hamilton Construction Co, PO Box 1287 Silver City, NM 88062	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	
Hasse Contracting Co. Inc., PO Box 26808 Albuquerque, NM 87125	Y	N	I-40 Bridge Rehabilitation Quay County
Villalobos Construction Co, Inc, PO Box 6188 Las Cruces, NM 88006	Y	N	
The Truesdell Corporation, 1310 West 23rd Street Tempe, AZ 85282	N	N	
Interstate Hwy Construction, Inc., PO Box 4356 Englewood, CO 80155	N	N	
Kimo Construction, Inc., 3681 HWY47 Bosque Farms, NM 87068	Y	N	
El Terrero Construction, LLC, PO Box 46185 Rio Rancho, NM 87174	Y	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	NM 18 Roadway Reconstruction Lea County
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
Constructors, Inc., 3003 South Boyd Drive Carlsbad, NM 88220	Y	N	
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	
James Hamilton Construction Co, PO Box 1287 Silver City, NM 88062	Y	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	NM 6 Roadway Reconstruction/Rehabilitation Valencia County
Albuquerque Asphalt Inc., PO Box 66450 Albuquerque, NM 87193	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	I-10 Roadway Rehabilitation Hidalgo County
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
Interstate Hwy Construction Inc, PO Box 4356 Englewood, CO 80155	N	N	US 380 Bridge Rehabilitation Lincoln County
El Terrero Construction, LLC, PO Box 46185 Rio Rancho, NM 87174	Y	N	
Hasse Contracting Co. Inc., PO Box 26808 Albuquerque, NM 87125	Y	N	
Kimo Construction, Inc., 3681 HWY47 Bosque Farms, NM 87068	Y	N	
A & A Painting, 74 Creed Circle Camobell, OH 44405	N	N	

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

RFP # / RFB #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
CN 4101200	April ITB	El Terrero Construction, LLC	647,315	-
CN F100221	April ITB	MWI, Inc.	90,858	-
CN 6101030	May ITB	La Calerita Construction, LLC	9,149,504	-
CN A300816	May ITB	Albuquerque Asphalt Inc.	3,859,252	-
CN 5101200	May ITB	Albuquerque Asphalt Inc.	626,082	-
CN 1101250	June ITB	La Calerita Construction, LLC	5,125,127	-
A300016/A300	June ITB	Mountain States Constructor, Inc.	3,576,361	-
CN 5100820	June ITB	Oldcastle SW Group, Inc.	1,907,431	-
CN 6100289R	June ITB	C & E Concrete Inc.	1,181,576	-

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Vendor Information

Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded	In-State Out-of-State Vendor (Y or N)	Was the Vendor In-State and Chose Veteran's Preference (Y or N)	Brief Description of the Scope of Work
El Terrero Construction, LLC, PO Box 46185 Rio Rancho, NM 87174	Y	N	I-25 Bridge Rehabilitation Mora County
Hasse Contracting Co. Inc., PO Box 26808 Albuquerque, NM 87125	Y	N	
Interstate Hwy Construction Inc, PO Box 4356 Englewood, CO 80155	N	N	
Villalobos Construction Co, Inc, PO Box 6188 Las Cruces, NM 88006	Y	N	
Kimo Construction, Inc., 3681 HWY47 Bosque Farms, NM 87068	Y	N	
The Truesdell Corporation, 1310 West 23rd Street Tempe, AZ 85282	N	N	
Meridian Contracting, Inc., 3223 Los Arboles NE Alb, NM 87107	Y	N	
MWI, Inc., P.O. Box 30670 Albuquerque, NM 87190	Y	N	NM 371 Signalization San Juan County
Bixby Electric, Inc., 521 Wheeler SE Albuquerque, NM 87102	Y	N	
La Calerita Construction, LLC, PO Box 756 Las Cruces, NM 88004	Y	N	NM 159 Roadway Reconstruction Catron County
Meridian Contracting, Inc., 3223 Los Arboles NE Alb, NM 87107	Y	N	
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
El Terrero Construction, LLC, PO Box 46185 Rio Rancho, NM 87174	Y	N	
Albuquerque Asphalt Inc., PO Box 66450 Albuquerque, NM 87193	Y	N	NM 423 Roadway Rehabilitation Bernalillo County
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	
Albuquerque Asphalt Inc., PO Box 66450 Albuquerque, NM 87193	Y	N	NM 344 Roadway Reconstruction Santa Fe County
Star Paving Company, 3109 Love Road SW Alb, NM 87105	Y	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	
La Calerita Construction, LLC, PO Box 756 Las Cruces, NM 88004	Y	N	I-10 Bridge Rehabilitation Luna County
El Terrero Construction, LLC, PO Box 46185 Rio Rancho, NM 87174	Y	N	
FNF Construction, Inc., 115 S. 48th Street Tempe, AZ 85281	N	N	
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
Interstate Hwy Construction Inc, PO Box 4356 Englewood, CO 80155	N	N	
La Calerita Construction, LLC, 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	NM 45 Roadway Rehab/ADA Ramp Reconstruction Bernalillo County
Albuquerque Asphalt, Inc., PO Box 66450 Albuquerque, NM 87193	Y	N	
AUI, Inc., PO Box 9825 Albuquerque, NM 87119	Y	N	
Oldcastle SW Group, Inc., PO Box 16 Farmington, NM 87499	Y	N	US 64 Roadway Reconstruction San Juan County
C & E Concrete Inc., PO Box 2547 Milan, NM 87021	Y	N	Stockpiling District 6
Fisher Sand & Gravel -NM, Inc., PO Box 2340 Placitas, NM 87043	Y	N	
Mtn. States Constructor, Inc., 3601 Pan Amer Fwy # 111 Alb, NM 87107	Y	N	

See Independent Auditors' Report

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SINGLE AUDIT

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number
Direct Assistance Programs:		
U.S. Department of Transportation:		
Federal Highway Administration (FHWA)		
Highway Planning and Construction:		
Highway Planning and Construction	20.205	
Total Federal Highway Administration (FHWA)		
National Highway Traffic Safety Administration (NHTSA)		
Highway Safety Cluster		
State and Community Highway Safety	20.600	
Incentive Grant Program to Increase Motorcyclist Safety	20.612	
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 Aviation Administrative (FAA)		
Airport Improvement Program	20.106	
Total Federal Aviation Administrative (FAA)		
Federal Transit Administration (FTA)		
Federal Transit Cluster		
Federal Transit Capital Investment Grants	20.500	
Federal Transit Formula Grants	20.526	
Total Federal Transit Cluster		
Transit Services Programs Cluster		
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	
Federal Transit Veterans Award	20.514	
Total Transit Services Programs 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
<hr/>	<hr/>
\$ 20,741,089	\$ 378,820,223
<hr/>	<hr/>
20,741,089	378,820,223
<hr/>	<hr/>
940,177	2,662,392
-	13,984
1,155,120	2,617,779
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2,095,297	5,294,155
<hr/>	<hr/>
2,224,964	6,422,445
<hr/>	<hr/>
4,320,261	11,716,600
<hr/>	<hr/>
-	1,027,967
<hr/>	<hr/>
-	1,027,967
<hr/>	<hr/>
853,600	853,600
1,776,426	1,776,426
<hr/>	<hr/>
2,630,026	2,630,026
<hr/>	<hr/>
278,791	2,246,100
-	4,025
<hr/>	<hr/>
278,791	2,250,125
<hr/>	<hr/>

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, 2016

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number
U.S. Department of Transportation (continued):		
Federal Transit Administration (FTA) (continued):		
Metropolitan Transportation Planning	20.505	
Formula Grants for Other Than Urbanized Areas	20.509	
Total Federal Transit Administration (FTA)		
Total U.S. Department of Transportation		
Total Federal Financial Assistance		

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

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Expenditures of Federal Awards

Passed Through to Subrecipients	Federal Participation Expenditures
426,571	426,571
8,495,612	9,744,276
11,831,000	15,050,998
36,892,350	406,615,788
<u>\$ 36,892,350</u>	<u>\$ 406,615,788</u>

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, 2016. 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 New Mexico Department of Transportation (Department) does not utilize the 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	\$ 407,378,302
Deferred U.S. Department of Transportation (2016)	1,894,008
Deferred U.S. Department of Transportation (2015)	(2,662,010)
Other Adjustment	<u>5,488</u>

Supplemental Schedule of Expenditures
of Federal Awards

\$ 406,615,788

See Independent Auditors' Report

**INDEPENDENT AUDITORS' 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. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

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 comparisons of the general fund and major special revenue funds of the State of New Mexico Department of Transportation (the "Department") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and the combining and individual funds and the related budgetary comparisons of the Department presented as supplementary information, and have issued our report thereon dated November 30, 2016.

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) to determine the 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.

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-004, that we consider to be a significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, and 2016-003.

Responses to Findings

The State of New Mexico Department of Transportation's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of New Mexico Department of Transportation's responses and, accordingly, we express no opinion on them.

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 result 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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 30, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

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, 2016. The Department's major federal programs are identified in the summary of auditors' 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.

Auditors' 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 the 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 State of New Mexico Department of Transportation 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, 2016.

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-004. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-004, which we consider to be significant deficiency.

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

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 30, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

For the Year Ended June 30, 2016

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal Control over financial reporting:

• Material weakness(es) identified?

☐ Yes ☒ No

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

☐ Yes ☒ None Reported

Non-compliance material to financials statements noted?

☐ Yes ☒ No

Federal Awards

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

☒ Yes ☐ None Reported

Identification of Major Programs:

Name of Federal Program or Cluster
Highway Planning and Construction
Federal Transit Cluster

CFDA Number(s)
20.205
20.500, 20.526

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

\$3,000,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings for the year ended June 30, 2016

C. FINDINGS – FEDERAL AWARDS

2016-004 Federal Awards: Award Information (Significant Deficiency and Instances of Non-Compliance)

FEDERAL PROGRAMS:

- Federal Highway Administration (FHWA), 20.205
- Federal Transit Cluster (FTC), 20.500 & 20.506

FEDERAL AGENCY

US Department of Transportation

APPLICABLE COMPLIANCE REQUIREMENT

Subrecipient Monitoring

CONDITION

• FHWA - Out of 10 subrecipient contracts tested, the 10 contracts did not include the CFDA number that the pass-through award was awarded from nor was the information communicated separately. During review of subrecipient procedures, it was noted that financial records were not being reviewed prior to issuing sub awards.

• FTC - Out of three subrecipient contracts tested, the three contracts did not include the CFDA number that the pass-through award was awarded from. The awards only disclosed one of the CFDA numbers that were the source of the funding and omitted the FTC CFDA numbers.

CRITERIA

According to 31 USC 7502(f)(2):

- a: "Each pass-through entity shall provide such subrecipient the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements which govern the use of such awards and the requirements of this chapter"
- c: "review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to Federal awards provided to the subrecipient by the pass-through entity"

CAUSE

Management oversight.

EFFECT

Subrecipients could improperly report federal expenditures.

RECOMMENDATION

We recommend management create a procedure to review subrecipient audits and to disclose the required information to all subrecipients.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Findings and Questioned Costs - Major Federal Award Programs Audit**

C. FINDINGS – FEDERAL AWARDS (Continued)

**2016-004 Federal Awards: Award Information (Significant Deficiency and Instances of Non-Compliance)
(continued)**

MANAGEMENT RESPONSE

Contracts and agreements released prior to the change in the 2 CFR 200 reporting were not updated to include the CFDA or the FAIN number as required in the new requirements. A letter is being sent to all sub recipients of all the major federal programs notifying them of the CFDA number, funding source and FAIN number if applicable. Future Contracts and agreements will include the required disclosures.

All sub recipients requesting funding through the state's Severance Tax Bond program must have their financial statements reviewed. Accounting Services and Project Oversight Division will create a checklist to include in the federal project file for any sub recipients who also receive federal funding through the New Mexico Department of Transportation. For all other sub recipients who receive federal funding through the New Mexico Department of Transportation, Accounting Services and Project Oversight Division will check the financial statements for any entity in the top 10% of NMDOT distributions and for any entity with publicized financial issues. Accounting Services and Project Oversight Division will sample the remaining entities yearly for review.

D. FINDINGS – COMPLIANCE AND OTHER MATTERS

2016-001 Capital Assets: Property Loss (Compliance and Other Matters)

CONDITION

The Department identified to the engagement team two instances of noncompliance with internal controls over capital assets.

- The Department disposed of a 2000 Chevy Silverado without approval of the Department's Policy and Procedure Committee.
- The Department also identified 90 IT assets, acquired between 1995 and 2011, that could not be located during the physical inventory conducted during FY 2016.

CRITERIA

According to Section 13-6-1 (B) (1) NMSA 1978, "The governing authority shall, as a prerequisite to the disposition of any items of tangible personal property: designate a committee of at least three officials of the governing authority to approve and oversee the disposition; and give notification at least thirty days prior to its action making the deletion by sending a copy of its official finding and the proposed disposition of the property to the state auditor and the appropriate approval authority designated in Section 13-6-2 NMSA 1978, duly sworn and subscribed under oath by each member of the authority approving the action."

CAUSE

Management oversight.

EFFECT

Non-compliance with state statute and internal procedures.

RECOMMENDATION

We recommend management evaluate the applicable statutes and review current procedures to ensure compliance. Revised procedures would include notifying NMDOT's Policy and Procedures Committee of all disposals.

MANAGEMENT RESPONSE

NMDOT's process for the disposal of vehicles damaged beyond repair did not include review by Policy and Procedures Committee (PPC). The department was contacted about this discrepancy by the Office of the State Auditor in June. NMDOT has changed the process to include these disposals using the same process as all other types of disposals.

The Department has been working on verifying disposals and certifications to validate all capital assets including IT equipment. There has been uncertainty about when to go ahead and file the request to dispose and how quickly to actually dispose on the equipment once it has been approved for disposal. The missing equipment was obsolete and thought to be stored but a thorough inspection could not locate the equipment. The department is following published procedures to dispose of obsolete equipment as soon as it is approved and reduce the risk of equipment going missing. Accounting Services is responsible for the oversight of all asset disposals.

D. FINDINGS – COMPLIANCE AND OTHER MATTERS (Continued)

2016-002 Inventory (Compliance and Other Matters)

CONDITION

During procedures over inventory, the following was noted:

- The Department incorrectly identified a part of an inventory item as a separate inventory item, overstating inventory by \$1,360
- The Department could not locate four tires, worth \$1,626, that were on the inventory listing, nor identify the requisition forms for the use of the items.

CRITERIA

Per DOT Internal procedures, all inventory items must be tracked from initial receipt through time the items are taken out of inventory.

CAUSE

Management oversight.

EFFECT

Non-compliance with internal procedures.

RECOMMENDATION

We recommend management evaluate the current ongoing inventory process to ensure compliance with internal procedures and accuracy of the inventory listing.

MANAGEMENT RESPONSE

The Accounting Services Bureau will provide continued communication, training, and oversight to District 5 in order to ensure that inventory is recognized and recorded per the State of New Mexico's Model Accounting Practices (MAPS).

D. FINDINGS – COMPLIANCE AND OTHER MATTERS (Continued)

2016-003 Per Diem Expenditures (Compliance and Other Matters)

CONDITION

During compliance testwork, instances of noncompliance with internal administrative directives (AD) over per diem were identified.

- Two instances where employees did not fill out the proper forms A-1219 or A-476, per AD 902.
- The Department is not following AD 902 for the related to the \$1,500 rule over employees who are not considered "transient employees".

CRITERIA

According to the Department's AD 902, 4.10:

- B: "Any employee who is reimbursed for per diem in an amount that singly or in the aggregate exceeds \$1,500 in any one year shall not be entitled to further per diem reimbursement until the employee furnishes in writing to the Cabinet Secretary, or from the Cabinet Secretary to the Governor, an itemized statement on each separate instance of travel covered within the reimbursement, the place to which traveled and the Department purpose served by the travel."
- D: "Employees requesting per diem reimbursement for in-state per diem shall submit said request via Form A-1219, State of New Mexico Itemized Schedule of Travel Expenses".
- F: "Transient crew employees requesting per diem reimbursement for in-state per diem that relates specifically to the performance of their particular assignment (or reassignment) shall submit said request via Form A-476, Operational Per Diem Certification."

CAUSE

Management oversight.

EFFECT

Non-compliance with internal administrative directives.

RECOMMENDATION

We recommend management evaluate the applicable statutes and review current procedures to ensure compliance. Revised procedures would include revising AD 902.

MANAGEMENT RESPONSE

The Administrative Directive was updated in 2015 to put controls in place for payment of per diem. The lack of forms is both a training and an oversight issue. The NM Department of Transportation SHARE support team will train HR employees on the consistent use of the required forms.

The Administrative Directive explicitly states that operational employees who exceed \$1,500 in a calendar year of per diem will notify the Cabinet Secretary by providing a schedule. The Administrative Directive will be updated to include more comprehensive procedures and a schedule will be provided to the Secretary at the beginning of every calendar year listing all potential employees who will exceed the \$1,500 in that calendar year. The Secretary delegates the actual notification and approval of per diem the does exceed \$1,500 through the chain of command to the actual manager/supervisor of the employee.

B. Financial Statement Audit

There were no findings for the year ended June 30, 2015

C. Federal Awards

There were no findings for the year ended June 30, 2015

D. Compliance and Other Matters

2014-001 Deposit of Public Funds - Resolved
2015-001 Emergency Procurement - Resolved

An exit conference was held with the Department on November 29, 2016. The conference was held at the Department's offices in Santa Fe, New Mexico. In attendance were:

STATE OF NEW MEXICO DEPARTMENT OF TRANSPORTATION

Tom Church, Cabinet Secretary
Loren Hatch, Deputy Secretary
Ronald L. Schmeits, Commissioner Chairman
Butch Matthews, Commissioner Vice Chairman
Ron Baca, Administrative Services Director
Michael S. Friel, Chief Financial Officer & Accounting Services Director
Kristen Dorland, Accounting Services Deputy Director
Gilbert Gurule, Senior Accountant
Jeremy F. Romero, Consultant Contractor

CLIFTONLARSONALLEN, LLP

Raul Anaya, CPA, CFE, CGFM, Principal
Andres Gamez, CPA, Senior Associate

PREPARATION OF FINANCIAL STATEMENTS

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



2017

Financial Statements & Other Financial Information

(Independent Auditor's Report included)
Year ended June 30, 2017

NMDOT

**New Mexico Department of Transportation
Financial Statements
for the Year Ended
June 30, 2017
and Independent Auditors' Report**

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

Year Ended June 30, 2017

Commission

Ronald Schmeits	Chairman	District 4
Butch Mathews	Vice-Chair	District 5
Dr. Kenneth White	Secretary	District 1
David Sepich	Commissioner	District 2
Keith Mortensen	Commissioner	District 3
Jackson Gibson	Commissioner	District 6

Administrative Officers

Tom Church	Cabinet Secretary
Anthony Lujan	Deputy Secretary
Ronald V. Baca	Administrative Services Director

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, the aggregate remaining fund information and the budgetary comparison for the general fund of the State of New Mexico Department of Transportation (Department), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Department as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the State of New Mexico Department of Transportation, 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, 2017, 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 through 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 New Mexico Department of Transportation's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, 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 purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2017, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 27, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of New Mexico Department of Transportation (Department), we offer the readers of the Department's financial statement this narrative overview and analysis of the financial activities of the Department for the fiscal year ended June 30, 2017. 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 decreased by \$40,244,065, and the net position of the Department's governmental activities decreased by \$40,365,338 primarily due to depreciation of infrastructure assets exceeding additions and improvements during the current fiscal year.

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 30 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 fund is as follows:

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.

Information is presented separately in the Balance Sheet - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for the major fund. Data from the other 28 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report. See pages 93 through 108.

1. Overview of the Financial Statements - continued

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 Schedule of General Fund Components - Balance Sheet and Schedule of General Fund Components - Statement of Revenues, Expenditures and Changes in Fund Balance, Supplemental Schedule of Capital Projects, Supplemental Schedule of Severance Tax Bonds, Supplemental Schedule of Special Appropriations, Supplemental Schedule of Special Revenue - Bond Projects, Supplemental Schedule of Individual Bank Accounts, Supplemental Schedule of Pledged State Revenues, Supplemental Schedule of Debt Service and Coverage, Supplemental Schedule of Joint Powers Agreements and the Schedule of Expenditures of Federal Awards.

Government-wide Financial Analysis

As noted, net position may serve over time as a useful indicator of the Department's financial position. At June 30, 2017, the Department's assets and deferred outflows of resources exceeded liabilities by \$4,630,432,482.

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, 2017 and 2016, 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, 2017 and 2016.

Table A-1 The Department's Net Position

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Assets:				
Current and other assets	\$ 358,194,342	\$ 379,589,765	\$ 20,936,837	\$ 20,995,564
Capital assets and other	5,625,679,361	5,768,841,824	-	-
Total Assets	\$ 5,983,873,703	\$ 6,148,431,589	\$ 20,936,837	\$ 20,995,564
Deferred Outflows:				
Deferred loss on refunding	\$ 47,037,073	\$ 53,134,626	\$ -	\$ -
Deferred outflow of resources	51,917,706	72,554,752	-	-
Total Deferred Outflows	\$ 98,954,779	\$ 125,689,378	\$ -	\$ -
Liabilities:				
Current liabilities	\$ 204,111,126	\$ 210,316,452	\$ -	\$ 180,000
Long-term liabilities	1,269,221,711	1,413,943,532	-	-
Total Liabilities	\$ 1,473,332,837	\$ 1,624,259,984	\$ -	\$ 180,000
Net Position:				
Net investment in capital assets	\$ 4,383,791,100	\$ 4,447,749,634	\$ -	\$ -
Restricted	225,704,545	202,111,349	20,936,837	20,815,564
Total Net Position	\$ 4,609,495,645	\$ 4,649,860,983	\$ 20,936,837	\$ 20,815,564

1. Overview of the Financial Statements - continued

Total	
2017	2016
<hr/>	
\$ 379,131,179	\$ 400,585,329
5,625,679,361	5,768,841,824
<hr/>	
\$ 6,004,810,540	\$ 6,169,427,153
<hr/>	
\$ 47,037,073	\$ 53,134,626
51,917,706	72,554,752
<hr/>	
\$ 98,954,779	\$ 125,689,378
<hr/>	
\$ 204,111,126	\$ 210,496,452
1,269,221,711	1,413,943,532
<hr/>	
\$ 1,473,332,837	\$ 1,624,439,984
<hr/>	
\$ 4,383,791,100	\$ 4,447,749,634
246,641,382	222,926,913
<hr/>	
\$ 4,630,432,482	\$ 4,670,676,547
<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, 2017 and 2016. Governmental activities decreased the Department's net position by \$40,365,338 in 2017 and \$170,480,343 in 2016. Business-type activities increased the Department's net position by \$121,273 in 2017 and by \$56,397 in 2016, due to interest income earned during the year.

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

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Revenues:				
Program revenues:				
Charges for services	\$ 32,767,170	\$ 39,697,728	\$ 16,592	\$ 11,836
Operating grants	27,027,815	27,790,078	-	-
Capital grants	368,186,368	378,820,223	-	-
General revenues:				
User and fuel taxes	416,840,157	412,076,367	-	-
Interest income	4,169,156	1,861,721	104,681	44,561
Special revenues:				
Gain (loss) on disposal of assets	334,709	-	-	-
Total Revenues	849,325,375	860,246,117	121,273	56,397
Expenses:				
Programs and infrastructure	555,218,409	741,775,263	-	-
Transportation and highway operations	231,134,138	269,915,606	-	-
Program support	39,942,887	55,003,958	-	-
Modal	53,834,651	-	-	-
Total Expenses	880,130,085	1,066,694,827	-	-
Net Revenues Before Transfers and Reversions	(30,804,710)	(206,448,710)	121,273	56,397
Transfers and Reversions	(9,560,628)	35,968,367	-	-
(Decrease) Increase in Net Position	(40,365,338)	(170,480,343)	121,273	56,397
Net Position, Beginning of Fiscal Year	4,649,860,983	4,820,341,326	20,815,564	20,759,167
Net Position, End of Fiscal Year	\$ 4,609,495,645	\$ 4,649,860,983	\$ 20,936,837	\$ 20,815,564

1. Overview of the Financial Statements - continued

Total	
2017	2016
<hr/>	
\$ 32,783,762	\$ 39,709,564
27,027,815	27,790,078
368,186,368	378,820,223
416,840,157	412,076,367
4,273,837	1,906,282
334,709	-
<hr/> 849,446,648	<hr/> 860,302,514
555,218,409	741,775,263
231,134,138	269,915,606
39,942,887	55,003,958
53,834,651	-
<hr/> 880,130,085	<hr/> 1,066,694,827
(30,683,437)	(206,392,313)
<hr/> (9,560,628)	<hr/> 35,968,367
(40,244,065)	(170,423,946)
4,670,676,547	4,841,100,493
<hr/> \$ 4,630,432,482	<hr/> \$ 4,670,676,547

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 2017 fiscal year, the Department's governmental funds reported combined ending fund balances of \$279,230,629 a decrease of \$15,007,260 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 \$37,047,313.

The change in fund balance for the Department's major fund for 2017 is:

State Road Fund(s) (Fund #10040 and #20100)	\$ 33,382,558
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The net increase in the State Road Fund(s) is primarily due to a decrease in revenues and expenditures as a result of the FY17 letting schedule in the fourth quarter of the Federal fiscal year and the subsequent completion of projects in FY18. In addition we received an inter-agency transfer for infrastructure needs at the various ports-of-entry to be expensed in FY18.

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 \$137,820,800. Overall, these changes were caused by the following significant budget adjustments:

Increase-WIPP: Repave/Repair the WIPP North Access Roads between HWY 62-180	\$ 7,200,000
Increase-Federal Aid Program	110,850,000
Increase-US 550 Warranty Program	6,500,000
Increase-Ports of Entry (Hire Temp Agency)	2,000,000
Increase-Ports of Entry (Transfer from Taxation and Revenue Dept.)	6,500,000
Increase-Traffic Safety Funds (Underage Drinking Campaign)	400,000
Increase-Traffic Safety Funds (Education and Enforcement)	600,000
Increase-Traffic Safety Funds (Driver Improvements)	400,000
Increase-Aviation Division (28 Airports Maintenance Work)	2,750,000
Increase-Aviation Division (Las Conchas Airport)	305,000
Increase-Federal Transit (Small Urban Vanpool and Ridesharing)	315,800
	\$ 137,820,800

The Department's original operating budget for fiscal year 2017 was \$867,553,000. This budget included \$846,551,800 of new revenues and \$21,001,200 of prior year funds rebudgeted. The final budget for the fiscal year was \$1,376,339,202. The \$508,786,202 increase in budget was due to FY17 budget adjustments discussed above and the Department's authorized practice of rolling forward into FY17 its remaining FY16 unexpended purchase orders. The appropriation budgetary period for those FY16 unexpended purchase orders lapses at the end of the FY16 fiscal year and the Department has to re-establish the budget in FY17 to re-appropriate the balance of its unexpended purchase orders. The Department funds the budget increase by utilizing the balance of the unused FY16 budget revenues that were originally budgeted for the unexpended purchase orders. The roll forward budget of \$370,965,402 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, 2017, amounts to \$5,614,849,361 (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 2016-2017 Active Projects with a contract amount of \$10 million or more:

US 70, MP 166.25 to MP 177.8 for 11.55 miles - Dona Ana County
I-25, MP 153.5 to MP 158.2 for 4.7 miles - Socorro County
I-25, MP 40.5 to MP 59 for 18.5 miles - Dona Ana County
I-10, MP 83.5 to MP 100.5 for 17 miles - Luna County
NM 209, MP 2.4 to MP 7.1 for 4.7 miles - Curry County
US 54, MP 69.5 to MP 78.2 for 8.7 miles - Otero County
NM 18, MP 22 to MP 31.8 for 9.8 miles - Lea County
US 70, MP 285 to MP 302 for 17 miles - Lincoln County
US 82, MP 107.4 to MP 139.1 for 31.7 miles - Eddy County
NM 128, MP 38.8 to MP 51.6 for 12.8 miles - Lea County
US 54, MP 324.9 to MP 326.3 for 1.4 miles - Quay County
NM 41, MP 46.1 to MP 52.81 for 6.71 miles - Santa Fe County
NM 502, MP 1.248 to MP 2.07 for 0.82 miles - Los Alamos County
NM 124, MP 6.4 to MP 8.4 for 2 miles - Cibola County
NM 6, MP 0 to MP 7.75 for 7.75 miles - Valencia County
NM 6, MP 7.75 to MP 18.5 for 10.75 miles - Valencia County
I-40, MP 154.7 to MP 158.21 for 3.51 miles - Bernalillo County
I-25, MP 219.8 to MP 221.4 for 1.6 miles - Bernalillo County
FL 4014, MP 2.05 to MP 3.22 for 1.17 miles - Bernalillo County
ITS Regional Transportation Management Center (TMC) - Various Counties
US 550, MP 1.35 to MP 2.45 for 1.1 miles - Sandoval County
Albuquerque City-Wide Pavement Preservation - Bernalillo County
NM 136, MP 0.4 to MP 4.7 for 4.3 miles - Dona Ana County
NM 136, MP 5.5 to MP 9.2 for 3.7 miles - Dona Ana County
NM 273, MP 0.8 to MP 3.1 for 2.3 miles - Dona Ana County

1. Overview of the Financial Statements - continued

Fiscal Year 2016-2017 Active Projects with a contract amount of \$10 million or more - continued:

NM 159, MP 8 to MP 10 for 2 miles - Catron County
 NM 188, MP 1 to MP 3 for 2 miles - Dona Ana County
 ABQ Ride - Vehicles & Equip. Purchase - ABQ Ride System Wide - Bernalillo County
 Commuter Rail Maint. of Equip. & Maint. Of Way - NMRRX Service Area - Various Counties
 FL 4016, MP 4.71 to MP 13.46 for 8.75 miles - Bernalillo County
 Santa Fe Trails: FTA Sections 5307 & 5340 Funding - Santa Fe County

Automotive and Major Road Equipment

For fiscal year 2017, the Automotive and Major Road Equipment modified accrual basis budget total was approximately \$11,529,978. Of this budget, approximately \$7,158,999 was fully expended at June 30, 2017. 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

	2017	2016
Land	\$ 5,177,044	\$ 5,177,044
Construction in Process	264,678,417	336,847,017
Right of Way	504,480,664	505,012,943
Infrastructure	14,041,731,982	14,244,898,022
Equipment and furniture	28,170,998	31,886,543
Library	113,566	113,566
Buildings	49,365,551	49,232,930
Automotive and Major Road Fund Equipment	236,164,112	236,176,078
Accumulated depreciation	(9,515,032,973)	(9,653,137,319)
Total	\$ 5,614,849,361	\$ 5,756,206,824

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, 2017, the Department had a total outstanding debt (bonds) of \$1,188,295,000. Outstanding bond debt is backed by the Department's anticipated state tax revenues and FHWA revenues.

Table A-4
Department's Outstanding Debt

	2017	2016
Bonds (excludes deferred amounts on refunding)	\$ 1,188,295,000	\$ 1,281,950,000

The Department's total bond debt decreased by 7.3%, or (\$93,655,000). Total outstanding bond debt at the end of the 2017 fiscal year was \$1,188,295,000 compared to \$1,281,950,000 at the end of the 2016 fiscal year. The decrease in debt resulted from \$93,655,000 in principal repayments. See Note 15 for a detail of all outstanding bonds.

The Department made \$133,196 in arbitrage payments to the Internal Revenue Service for excess interest earned on bond proceeds from the 2006 GRIP bonds 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 2016, according to the U.S. Census Bureau, New Mexico's population reached 2,081,015. Between 2000 and 2016, the State was the twenty-fourth fastest growing state, as the population increased 14.5 percent from the 2000 population of 1,819,046. Between 2010 and 2016, population increased by 0.8 percent. This rate ranked the State forty-first in the nation for population growth. Over the same period of time, the national population grew 4.5 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. The fastest growing counties in the state are Sandoval, Lea, Bernalillo and Santa Fe.

Major industries in the State are energy resources, semi-conductor manufacturing, tourism, services, agriculture-agribusiness, government, and mining. In 2015, New Mexico was the 7th largest producing state of natural gas and the 6th largest producing state of onshore crude oil. In 2015 coal, copper and potash production value amounted to \$2.5 billion and the state ranked 12th, 2nd and 1st respectively in the US. The mining and logging industry employed more than 20 thousand New Mexicans in 2016. 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.

Revenue Forecasts and Budgets

Federal Revenue:

Federal Revenue – From July 1, 2016 through December 3, 2016 the amount 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. Despite this increase in Obligation Limitation the Department's FY17's project letting schedule resulted in an overall decrease in Federal revenue from \$378.7 million in FY2016 to \$367.5 million in FY2017 or an \$11.2 million or 3% decrease.

Federal Aviation Administration Funds - NMDOT reported revenue of \$340,159 in FY 2017 Federal Aviation Administration grant funds.

2. Economic Factors and Revenue Forecasts - continued

Federal Revenue - continued:

Federal Transit Administration Funds - NMDOT reported revenue of \$13,290,348 in FY 2017 Federal Transit Administration grant funds.

National Highway Traffic Safety Administration Funds - NMDOT reported revenue of \$13,571,891 in FY 2017 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% and from 2003 to 2007 it was 7.5%.

Department of Transportation revenues were not immune from the latest recession. However, diversity of revenue sources helped to moderate the impact. State Road Fund revenues are split roughly half and half between passenger car based and interstate trucking sourced. Those revenues associated with trucking (Special Fuel and Weight Distance tax) were negatively influenced by the US economic recession during FY 2008 through FY 2010 and fell about 15% while passenger cars based revenues (gasoline and vehicle registrations) were comparatively more stable. With continuous improvements in the US economy, trucking activity has begun to improve and concurrently trucking related revenues have also begun to improve. FY 2007 was the peak year for Road Fund revenues before the recession; FY 2010 was the low point with revenues falling by over \$35 million or 9%. FY 2016 was the year that revenues finally surpassed the FY 2007 level, while Road Fund revenues in FY 2017 have been pretty flat, with an overall growth rate around 1%.

The latest (July 2017) recurring revenue forecast for the State Road Fund expects a revenue growth of 1.6% in FY 2018, followed by growth in the 0.6% to 1.2% range during the subsequent three fiscal years. The revenue forecast for the Department as a whole is 0.4% for FY 2018, followed by growth in the 0.7% to 1.5% range during the subsequent three fiscal years.

State Revenue Forecasts - Major Revenue Sources

The budget estimate for state tax and fee revenue is prepared in June/July and December/January for each year for the budget year ending 24 months (or 18 months) later. Each fiscal year's revenue estimate is tracked monthly to examine actual revenue receipts and changes in economic conditions. With that information executive management prioritizes maintenance and construction needs of the state.

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

2. Economic Factors and Revenue Forecasts - continued

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

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

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.

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, Taxation and Revenue Department, and Department of Finance and Administration.

Revenues from gasoline, special fuels, weight distance and vehicle registration constitute 93% of the State Road Fund and 85% of all the NMDOT's funds.

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. On the other hand, gasoline revenue is expected to be flat in the next few years, because of increasing passenger vehicle efficiency and only modest increases in NM's population.

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 is the largest of State's revenue sources, providing about \$113 million in revenue in FY 2017. This tax is 17 cents per gallon of gasoline sold, with about three-fourths distributed to the State Road Fund and the remainder distributed primarily to municipalities and counties. It is the one major tax that was not increased during the special session of 2003. Historically, gasoline gallons sold increased until 1995, remained relatively stable from 1995 to 1999, and decreased in 2001, when they again stabilized. The peak years were 1995 to 1999, with 1998 providing \$117.9 million.

2. Economic Factors and Revenue Forecasts - continued

Of much interest and frequent query, is how New Mexico's gasoline usage (gallons) was impacted by the dramatic price increase between 2004 and 2008 and in light of the economic slowdown. Somewhat surprisingly, for New Mexico, there was very little change in gasoline usage. For the past 17 years, between FY 2000 and FY 2017, Road Fund gasoline revenues have averaged \$110 million; gasoline revenues have only varied by more than a few million from that average twice (less than \$5 million above average in FY 2007 and \$5 million below average in FY 2012).

Special fuel tax (primarily diesel) is the second largest of the state's revenue sources, providing about \$100.1 million in FY 2017. 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 \$85.6 million in FY 2009 and has since climbed slowly to \$100.1 million in FY 2017, close to the peak of \$101.6 in FY 2008.

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 \$84 million in revenue in FY 2017. 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 FY2009. The full year impact in FY2010 of this Weight Distance tax revenue decline was a \$7.8 million decrease relative to FY2008. With recent improvements in the US economy, trucking activity has begun to improve and concurrently trucking related revenues have also begun to improve. In FY 2016 and FY 2017 Weight Distance revenue grew at a 3.8% and 1.2% rate per year, respectively. In the next few years Weight Distance revenue is forecast to continue to grow around 3% yearly.

Motor vehicle registration fees are the fourth largest revenue source at about \$79.2 million in FY 2017. 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 million in the following fiscal years.

2. Economic Factors and Revenue Forecasts - continued

One revenue source, the Trip Tax, has been impacted negatively by recent federal procedure rulings and legislation. 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. What was called a cab card and carried in each truck was used for Weight Distance registration identification. Federal regulations now prevent states from requiring the showing of state-specific taxpayer documentation cards. Trip tax rose to a peak of \$8.6 million in FY 2006 and provided revenues of about \$6 million in FY 2017. New Mexico is one of four states that impose a Weight Distance tax and its associated trip tax. 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.

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 55 million and 69 million gallons per year (around 6% or 7% of total gasoline sales). Tribal gasoline sales totaled to 71.2 million gallons in FY 2016 and 72.3 million gallons in FY 2017.

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) 827-5108

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FINANCIAL STATEMENTS

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position

As of June 30, 2017

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Current Assets:			
Cash:			
Unrestricted	\$ 1,100	\$ -	\$ 1,100
Cash equivalents (Note 2):			
Investment in SGFIP	203,684,906	20,223,479	223,908,385
Managed by NMFA	42,463,402	-	42,463,402
Receivables:			
Accounts receivable, net (Note 3)	1,566,761	-	1,566,761
Interest receivable	56,417	-	56,417
Notes and loans receivable (Note 4)	-	713,358	713,358
Other receivables	232,487	-	232,487
Due from:			
U.S. Department of Transportation (Note 5)	43,936,095	-	43,936,095
Other state agencies (Note 7)	40,022,352	-	40,022,352
Local governments (Note 8)	13,509	-	13,509
Inventories (Note 9)	13,715,593	-	13,715,593
Prepaid expense - other	15,710	-	15,710
Prepaid expense - NM44 warranty	1,805,000	-	1,805,000
Property held for resale, net	10,681,010	-	10,681,010
Total Current Assets	358,194,342	20,936,837	379,131,179
Non-Current Assets:			
Prepaid expense - NM44 warranty, net	10,830,000	-	10,830,000
Capital assets, net (Note 10)	5,614,849,361	-	5,614,849,361
Total Non-Current Assets	5,625,679,361	-	5,625,679,361
Total Assets	5,983,873,703	20,936,837	6,004,810,540
Deferred Outflows of Resources:			
Deferred loss on refunding (Note 15)	47,037,073	-	47,037,073
Deferred outflow of resources (Note 15)	51,917,706	-	51,917,706
Total Deferred Outflows of Resources	98,954,779	-	98,954,779
Total Assets and Deferred Outflows of Resources	\$ 6,082,828,482	\$ 20,936,837	\$ 6,103,765,319

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position

As of June 30, 2017

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Current Liabilities:			
Accounts payable and contracts payable, including retainage of \$7,257,601	\$ 57,557,557	\$ -	\$ 57,557,557
Due to:			
U.S. Department of Transportation	2,123	-	2,123
Other state agencies (Note 12)	498,793	-	498,793
Local governments (Note 13)	2,147,202	-	2,147,202
Component units of the state (Note 14)	194,892	-	194,892
Unearned revenue	4,869,008	-	4,869,008
Other accrued expenses	5,524,425	-	5,524,425
Deficiency in SGFIP	16,431,060	-	16,431,060
Other liabilities	(18,322)	-	(18,322)
Current portion of long-term obligations (Note 15):			
Compensated absences	7,107,508	-	7,107,508
Debentures payable	96,925,000	-	96,925,000
Capitalized bond premium	12,871,880	-	12,871,880
Total Current Liabilities	204,111,126	-	204,111,126
Long-Term Liabilities:			
Long-term obligations (Note 15):			
Derivative instruments interest rate swap	84,090,082	-	84,090,082
Debentures payable	1,091,370,000	-	1,091,370,000
Capitalized bond premium, net	93,761,629	-	93,761,629
Total Long-Term Liabilities	1,269,221,711	-	1,269,221,711
Total Liabilities	1,473,332,837	-	1,473,332,837
Net Position:			
Net investment in capital assets	4,383,791,100	-	4,383,791,100
Restricted for:			
Loans	-	20,936,837	20,936,837
Specific purposes	225,704,545	-	225,704,545
Total Net Position	4,609,495,645	20,936,837	4,630,432,482
Total Liabilities and Net Position	\$ 6,082,828,482	\$ 20,936,837	\$ 6,103,765,319

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, 2017

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Program Expenses:			
Programs and infrastructure	\$ 555,218,409	\$ -	\$ 555,218,409
Transportation and highway operations	231,134,138	-	231,134,138
Program support	39,942,887	-	39,942,887
Modal	53,834,651	-	53,834,651
Total Program Expenses	880,130,085	-	880,130,085
Program Revenues:			
Charges for services	32,767,170	16,592	32,783,762
Operating grants	27,027,815	-	27,027,815
Capital grants	368,186,368	-	368,186,368
Total Program Revenues	427,981,353	16,592	427,997,945
Net Program Revenue (Expense)	(452,148,732)	16,592	(452,132,140)
General Revenues:			
User and fuel taxes	416,840,157	-	416,840,157
Interest income	4,169,156	104,681	4,273,837
Gain on disposal of assets and adjustments	334,709	-	334,709
Total General Revenues	421,344,022	104,681	421,448,703
Transfers:			
Reversions to state general fund (Note 17)	(27,150,000)	-	(27,150,000)
Transfers from: severance tax bond appropriation	10,789,372	-	10,789,372
Transfers from (to) other state agencies and local governments, net (Note 11)	6,800,000	-	6,800,000
Total Transfers	(9,560,628)	-	(9,560,628)
Net General Revenues and Transfers	411,783,394	104,681	411,888,075
Change in Net Position/Operating Income (Loss)	(40,365,338)	121,273	(40,244,065)
Net Position, Beginning of Fiscal Year	4,649,860,983	20,815,564	4,670,676,547
Net Position, End of Fiscal Year	\$ 4,609,495,645	\$ 20,936,837	\$ 4,630,432,482

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Balance Sheet - Governmental Funds

As of June 30, 2017

	<u>Major Fund</u> <u>State Road</u> <u>Fund(s)</u> <u>(SHARE 10040 and</u> <u>20100)</u>	<u>Non Major</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets:			
Cash: (Note 2)			
Unrestricted	\$ 1,100	\$ -	\$ 1,100
Cash equivalents: (Note 2)			
Investment in SGFIP	159,457,376	44,227,530	203,684,906
Managed by NMFA	220,068	42,243,334	42,463,402
Receivables:			
Accounts receivable, net (Note 3)	1,420,661	146,100	1,566,761
Interest receivable	232	56,185	56,417
Other receivables	232,487	-	232,487
Due from:			
U.S. Department of Transportation (Note 5)	36,351,545	7,584,550	43,936,095
Other funds (Note 6)	3,564,979	56,057	3,621,036
Other state agencies (Note 7)	37,206,152	2,816,200	40,022,352
Local governments (Note 8)	3,600	9,909	13,509
Inventories (Note 9)	13,715,593	-	13,715,593
Prepaid expenses - other	15,710	-	15,710
Prepaid expense - NM44 warranty	12,635,000	-	12,635,000
Property held for resale	10,681,010	-	10,681,010
Total Assets	<u>\$ 275,505,513</u>	<u>\$ 97,139,865</u>	<u>\$ 372,645,378</u>
Liabilities, Deferred Inflows of Resources and Fund Balance:			
Liabilities:			
Accounts payable	\$ 51,941,102	\$ 5,616,455	\$ 57,557,557
Due to:			
U.S. Department of Transportation	-	2,123	2,123
Other funds (Note 6)	-	3,621,036	3,621,036
Other state agencies (Note 12)	114,735	384,058	498,793
Local governments (Note 13)	1,411,561	735,641	2,147,202
Component units of the state (Note 14)	171,949	22,943	194,892
Unearned revenue	4,869,008	-	4,869,008
Other accrued expenses	5,468,184	56,241	5,524,425
Deficiency in SGFIP	9,799,170	6,631,890	16,431,060
Other liabilities	(18,322)	-	(18,322)
Total Liabilities	<u>73,757,387</u>	<u>17,070,387</u>	<u>90,827,774</u>
Deferred Inflows of Resources:			
Amounts unavailable (not received within period of availability)	993,949	1,593,026	2,586,975
Total Deferred Inflows of Resources	<u>993,949</u>	<u>1,593,026</u>	<u>2,586,975</u>
Fund Balance:			
Non-spendable	37,047,313	-	37,047,313
Restricted	173,642,397	80,033,748	253,676,145
Unassigned	(9,935,533)	(1,557,296)	(11,492,829)
Total Fund Balance	<u>200,754,177</u>	<u>78,476,452</u>	<u>279,230,629</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 275,505,513</u>	<u>\$ 97,139,865</u>	<u>\$ 372,645,378</u>

See Independent Auditors' Report and Notes to Financial Statements

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

As of June 30, 2017

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

\$ 279,230,629

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:

2,586,975

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

The cost of capital assets is	15,129,882,334
Accumulated depreciation is	<u>(9,515,032,973)</u>

Total capital assets	5,614,849,361
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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)	(1,188,295,000)
Deferred loss on refunding (net of current period amortization)	47,037,073
Compensated absences	(7,107,508)
Ineffective swaps	(32,172,376)

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

(106,633,509)

Net Position of Governmental Activities (Statement of Net Position)

\$ 4,609,495,645

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, 2017

	Major Fund State Road Fund(s) (SHARE 10040 and 20100)	Non Major Governmental Funds	Total Governmental Funds
Revenues:			
User and fuel taxes	\$ 391,201,310	\$ 25,638,847	\$ 416,840,157
U.S. Department of Transportation	367,515,499	27,202,398	394,717,897
Fees and fines	-	49,631	49,631
Licenses and permits	9,730,711	12,019,559	21,750,270
Charges for services	4,989,357	-	4,989,357
Other revenue	5,594,229	792,205	6,386,434
Interest earnings	310,583	3,858,573	4,169,156
Total Revenues	779,341,689	69,561,213	848,902,902
Expenditures:			
Current:			
Operating costs	10,531,723	82,272	10,613,995
Personal services	97,177,610	1,097,649	98,275,259
Out-of-state travel	102,615	53,328	155,943
Grants and services	1,410,669	44,148,878	45,559,547
Travel	15,991,632	7,131	15,998,763
Maintenance and repairs	11,053,727	4,488	11,058,215
Supplies	34,353,185	52,128	34,405,313
Contractual services	156,961,565	20,497,811	177,459,376
Other costs	4,008,222	48,018	4,056,240
Employee benefits	50,368,769	449,610	50,818,379
Capital outlay	224,757,926	23,737,189	248,495,115
Debt service:			
Principal	87,422,258	6,232,742	93,655,000
Interest	58,319,230	5,479,159	63,798,389
Total Expenditures	752,459,131	101,890,403	854,349,534
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,882,558	(32,329,190)	(5,446,632)
Other Financing Sources (Uses):			
Appropriations	-	-	-
Reversions (Note 17)	-	(27,150,000)	(27,150,000)
Transfers: severance			
tax bond appropriation	-	10,789,372	10,789,372
Transfers: intra/inter-agency (Note 11)	6,500,000	300,000	6,800,000
Total Other Financing Sources (Uses)	6,500,000	(16,060,628)	(9,560,628)
Net Changes in Fund Balance	33,382,558	(48,389,818)	(15,007,260)
Fund Balance, June 30, 2016	167,371,619	126,866,270	294,237,889
Fund Balance, June 30, 2017	\$ 200,754,177	\$ 78,476,452	\$ 279,230,629

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, 2017

Net Changes in Fund Balance - Total Governmental Funds

(Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds) **\$ (15,007,260)**

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.) 493,427

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: (301,366)

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	248,495,115	
Depreciation expense	(389,781,625)	
Sale of capital asset and adjustments, net book value	<u>(70,953)</u>	
Excess of depreciation expense over capital outlay		(141,357,463)

(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:

Principal payments 93,655,000

Change in value of ineffective swaps recorded in the Statement of Activities 14,287,895

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: (6,097,553)

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**

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 \$120,595,491 in the Statement of Net Position, net of \$13,961,982 of amortization, recorded as a decrease to interest expense in the Statement of Net Position:

Amortization of bond premium	<u>13,961,982</u>
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Change in Net Position of Governmental Activities (Statement of Activities)	<u>\$ (40,365,338)</u>
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position - Proprietary Fund

As of June 30, 2017

	State Infrastructure Bank (SHARE 89300)
Assets:	
Current Assets:	
Cash: (Note 2)	
Unrestricted	\$ -
Cash equivalents: (Note 2)	
Investment in SGFIP	20,223,479
Receivables:	
Interest receivable	-
Notes and loans receivable (Note 4)	713,358
Total Current Assets	<u>20,936,837</u>
Total Assets	<u><u>\$ 20,936,837</u></u>
Liabilities and Net Position:	
Liabilities:	
Current Liabilities:	
Accounts payable	\$ -
Total Current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
Net Position:	
Restricted for:	
Loans	20,936,837
Total Net Position	<u>20,936,837</u>
Total Liabilities and Net Position	<u><u>\$ 20,936,837</u></u>

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, 2017

	<u>State Infrastructure Bank</u> <u>(SHARE 89300)</u>
Operating Revenues (Expenses):	
Loan interest income	\$ 16,592
Total Operating Revenues (Expenses)	<u>16,592</u>
Non-Operating Revenues (Expenses):	
Interest income	104,681
Interest expense	-
Total Non-Operating Revenues (Expenses)	<u>104,681</u>
Change in Net Position/Operating Income	121,273
Net Position, Beginning of Fiscal Year	<u>20,815,564</u>
Net Position, End of Fiscal Year	<u><u>\$ 20,936,837</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, 2017

	State Infrastructure Bank (SHARE 89300)
Cash Flows from Operating Activities:	
Cash received from interest on loans	\$ 28,428
Loans issued	(180,000)
Loans repaid	1,149,642
Net Cash Provided (Used) by Operating Activities	998,070
Cash Flows from Investing Activities:	
Cash received from interest	104,681
Net Cash Provided (Used) by Capital and Related Financing Activities	104,681
Net Increase (Decrease) in Cash and Cash Equivalents	1,102,751
Cash and Cash Equivalents at June 30, 2016	19,120,728
Cash and Cash Equivalents at June 30, 2017	\$ 20,223,479
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 16,592
Change in assets and liabilities:	
(Increase) decrease in due from other agency	11,836
(Increase) decrease in notes and loans receivable	1,149,642
(Increase) decrease in due to local governments	(180,000)
Net Cash Provided (Used) by Operating Activities	\$ 998,070

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, 2017

	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	\$ 377,029,800	\$ 751,824,766	\$ 367,515,499	\$ (384,309,267)
Other state funds	397,654,100	402,675,350	411,515,607	8,840,257
Transfers outside the agency	-	6,500,000	6,500,000	-
Interest revenue	899,900	899,900	310,583	(589,317)
Other appropriations	-	-	-	-
Total Revenues and Other Financing Sources	775,583,800	1,161,900,016	785,841,689	\$ (376,058,327)
Prior Year Funds Rebudgeted	16,000,000	90,911,219		
	\$ 791,583,800	\$ 1,252,811,235		
Expenditures and Other Financing Uses:				
Project Design & Construction:				
Personal services/employee benefits	\$ 25,729,300	\$ 25,229,300	23,102,841	\$ 2,126,459
Contractual services	316,915,300	743,477,483	306,584,637	436,892,846
Other	153,443,200	155,454,506	150,625,827	4,828,679
Transfers (in) out	-	-	-	-
	496,087,800	924,161,289	480,313,305	443,847,984
Highway Operations:				
Personal services/employee benefits	104,510,100	104,510,100	99,882,743	4,627,357
Contractual services	47,522,600	69,358,135	50,245,954	19,112,181
Other	81,762,200	84,080,611	67,882,931	16,197,680
	233,794,900	257,948,846	218,011,628	39,937,218
Business Support:				
Personal services/employee benefits	24,757,500	24,757,500	22,628,858	2,128,642
Contractual services	4,472,800	4,472,800	3,004,221	1,468,579
Other	12,941,600	12,941,600	12,621,896	319,704
	42,171,900	42,171,900	38,254,975	3,916,925
Modal:				
Personal services/employee benefits	1,783,900	2,583,900	1,931,937	651,963
Contractual services	16,068,900	20,868,900	13,222,084	7,646,816
Other	1,676,400	5,076,400	725,202	4,351,198
	19,529,200	28,529,200	15,879,223	12,649,977
Total Budgeted Expenditures and Other Financing Uses	\$ 791,583,800	\$ 1,252,811,235	752,459,131	\$ 500,352,104
Non-Budgeted Items:				
Reversions			-	
Total Expenditures and Other Financing Uses			752,459,131	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 33,382,558	

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, 2017.

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 and other items not properly included among program revenues are reported instead as general revenues. 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).

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 fund is as follows:

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.

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, 2017, 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

2010A Bond Project Fund (#10450). The 2010A Bond Project Fund was created by Section 67-3-59.3 NMSA 1978 with the engagement of \$200,000,000 Line of Credit June 2008. The Line of Credit was entered into with an adjustable rate and to provide funds for certain transportation projects authorized by the Legislature that the New Mexico Department of Transportation has deemed necessary or desirable as part of the GRIP transportation projects. The fund does not receive state general fund appropriations that are subject to reversion. In September 2010, the Department refunded the Line of Credit with the NMFA State Transportation Revenue and Refunding Revenue Bonds Series 2010A.

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.

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. 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.

2006A GRIP Bond Debt Service Fund (#10220). The fund was created when the \$150,000,000 New Mexico State Highway Commission Revenue Bonds Series 2006A were issued in September 2006.

2006B GRIP Bond Debt Service Fund (#10240). The fund was created when the \$40,085,000 New Mexico State Highway Commission Revenue Bonds Series 2006B were issued in September 2006.

2008A GRIP Bond Debt Service Fund (#10410). The fund was created when the \$115,200,000 New Mexico State Transportation Commission Revenue Bonds Series 2008A were issued in April 2008 to refund certain outstanding bonds of the NMFA which were issued for the purpose of financing projects administered by the New Mexico Department of Transportation.

2008B GRIP Bond Debt Service Fund (#10420). The fund was created when the \$220,000,000 New Mexico State Transportation Commission Revenue Bonds Series 2008B were issued in April 2008 to refund certain outstanding bonds of the NMFA which were issued for the purpose of financing projects administered by the New Mexico Department of Transportation.

2008C GRIP Bond Debt Service Fund (#10430). The fund was created when the \$84,800,000 New Mexico State Transportation Commission Revenue Bonds Series 2008C were issued in May 2008 to refund certain outstanding bonds of the NMFA which were issued for the purpose of financing projects administered by the New Mexico Department of Transportation.

2009A Bond Debt Service Fund (#11130). The fund was created when the \$112,345,000 NMFA State Transportation Senior Lien Refunding Revenue Bonds, Series 2009A were issued in November 2009 to refund portions of series 1998A, 1998B, 2001A, 2002A and 2002C.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Debt Service Funds - continued

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.

Budgets and Budgetary Accounting

Per the General Appropriations Act of 2017, Section 3K, "For the purpose of administering the General Appropriation Act of 2017, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Interfund and Interagency 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 11) 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 received from the Department of Energy (for the WIPP Project fund) in advance of incurring the eligible expenditures is also reflected as restricted cash because the cash can only be used on specified road projects. 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 year-end. Accordingly, no allowance for uncollectible amounts is necessary. The revenue related to taxes is recorded when the underlying transaction occurs.

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 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 deemed uncollectible through the end of FY17 was \$5,094,301 and a net total of \$120,334 was moved to the uncollectible account during the current fiscal year. A total of \$92,280 was recovered from the uncollectible account during the current fiscal year. (Note 3)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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. See page 118 for Notes to Supplemental Schedule of Severance Tax Bonds.

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, 2017. 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 the 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 2017.

Due From/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 Other State Agencies

Due from other state agencies represents amounts due from 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 Local Governments

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Due to State General Fund (Reversions)

Reversions to the State General Fund by the Department (Note 17) are based on the definitions of both reverting and non-reverting funds. Reversions are calculated by applying the percentage of reverting fund (to total budget for the category) to the amount unexpended for the category at fiscal year-end.

Due To Other State Agencies

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

Due to Local Governments

Due to other local governments represents amounts due to local governments from the Department (Note 13) 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 14) at the CAFR level 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.

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 3 categories of costs that will meet performance criteria: The pavement, which originally cost \$36,100,000, is being amortized over 20 years, the term of the warranty. At the end of the fiscal year 2017 the unamortized value was \$12,635,000. The structures, which originally cost \$15,916,345 is fully amortized and has no net book value after fiscal year ending June 30, 2016. The remaining amount which originally cost \$13,564,126, is fully amortized and has no net book value after fiscal year ending June 30, 2007 when it became fully amortized. Total prepaid expense at June 30, 2017 was \$12,635,000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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. As a result of House Bill 1074, effective date June 17, 2005, and Section 12-6-10 NMSA 1978 the State’s capitalization policy threshold was changed from \$1,000 to \$5,000, requiring agencies to capitalize acquisitions 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 estimated fair value at the date of donation.

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. Current year activity is shown in Note 10 to the financial statements.

The Department follows the depreciation method to record infrastructure assets. This method requires the Department to allocate the cost of infrastructure assets over their useful lives as depreciation expense.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - continued

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 and Equipment	7 - 14 years
Buildings and Other Improvements	40 years
Infrastructure	25 - 30 years

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, 2017, and includes direct and incremental salary related payments, such as the employees' 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.

Arbitrage Rebate Liability - Any arbitrage rebate is recorded as a liability when it is determined to be owed to the Internal Revenue Service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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."

Encumbrances

With the General Appropriations Act of 2013, Section 3M 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, 2017 for other multiple year appropriation periods are as follows:

Capital Projects Fund	10050	\$ 448,499
STB Capital Outlay Fund	89200	3,490,466
		<u>\$ 3,938,965</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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 \$1.19 billion in State Transportation Revenue and Refunding Bonds issued between 2006 and 2015. 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 \$1.51 billion. Debt Service principal and interest paid for the current year and total pledged revenues were \$157,453,389 and \$776,616,672, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 two items that qualify for reporting in this category. They are the deferred loss on refunding and the fair value of the swap agreements deemed effective per GASB 53.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 Organization (STO) acts as the State's bank. Agency cash receipts are deposited with STO and pooled in a State Investment Fund, when amounts are greater than immediate needs they 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 reduced.

The comprehensive cash reconciliation model, which compares aggregated agency claims on the State General Fund Investment Pool to the associated resources held by the State Treasurer's Office, is now in its third year. This process has been reviewed multiple times by the IPAs during the audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report. The reviews have deemed the process to be sound and the Department fully compliant with the requirements of the monthly process.

The State Controller indicated on August 11, 2017 that as of June 30, 2017, resources held in the pool were equivalent to the corresponding business unit claims on those resources and all claims as recorded in SHARE shall be honored at face value.

2. CASH AND CASH EQUIVALENTS - continued

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

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 is aware that the General Fund Investment Pool balances have not been reconciled at the Agency and Fund level by the Department of Finance and Administration. However, 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, 2017. 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.

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, 2017 the Department had the following invested in the General Fund Investment Pool:

General Fund Investment Pool	\$ 203,684,906
State Infrastructure Bank	<u>20,223,479</u>
	<u>\$ 223,908,385</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.

2. CASH AND CASH EQUIVALENTS - continued

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, 2017.

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, 2017.

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, 2017 the Department had the following managed by NMFA held with Bank of Albuquerque:

Bank of Albuquerque, trustee account (Managed by NMFA)	<u>\$ 42,463,402</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, 2017 is as follows:

<u>Number of Days Outstanding</u>	
0 - 30	\$ 1,376,396
31 - 60	645
61 - 90	8,305
91 - 120	181,415
Beyond 120	5,094,301
	<u>6,661,062</u>
Allowance for uncollectible accounts	<u>(5,094,301)</u>
	<u><u>\$ 1,566,761</u></u>

4. NOTES AND LOANS RECEIVABLE

Loans receivable funded by the SIB consist of the following:

A ten (10) year State Infrastructure Bank note receivable from Town of Peralta at 1% interest secured by property taxes and sewer funds.	<u><u>\$ 713,358</u></u>
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5. DUE FROM U.S. DEPARTMENT OF TRANSPORTATION

Due from U.S. Department of Transportation (USDOT) consists of the following at June 30, 2017:

<u>Agency</u>	
Federal Highway Administration	\$ 36,351,545
Less allowance for uncollectible amounts	-
Total Federal Highway Administration	<u>36,351,545</u>
Other USDOT Agencies	<u>7,584,550</u>
Total USDOT	<u><u>\$ 43,936,095</u></u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

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, 2017 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	\$ 3,564,979	\$ -	
Total General Funds		3,564,979	-	\$ 3,564,979
Special Revenue Funds:				
2010A Bond Project Fund	10450	-	32,577	
Total Special Revenue Funds		-	32,577	(32,577)
Debt Service Funds:				
2006A GRIP Bond Debt Service Fund	10220	32,577	-	
2008AGRIP Bond Debt Service Fund	10410	-	585,205	
2008B GRIP Bond Debt Service Fund	10420	-	2,570,292	
2008C GRIP Bond Debt Service Fund	10430	-	404,702	
2009A Bond Debt Service Fund	11130	-	23,480	
2012A Bond Debt Service Fund	30850	23,480	-	
2014B Bond Debt Service Fund	50110	-	4,780	
Total Debt Service Funds		56,057	3,588,459	(3,532,402)
Total Capital Projects Funds		-	-	-
Total Enterprise Funds		-	-	-
Total Interfund Receivables and Payables		\$ 3,621,036	\$ 3,621,036	\$ -
Summary				
Total General Funds - net				\$ 3,564,979
Total Special Revenue Funds - net				(32,577)
Total Debt Service Funds - net				(3,532,402)
Total Capital Projects Funds - net				-
Total Governmental – net				-
Total Enterprise Funds – net				-
Total All Funds				\$ -

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

7. DUE FROM OTHER STATE AGENCIES

Fund Description	Fund Number	Sub-total	Total	Due From
State Road Fund(s)	10040 / 20100	\$ 37,201,983		Taxation and Revenue Department
HIF Bond Fund	20200	520,280		Taxation and Revenue Department
Local Government Road Fund	20300	1,861,041		Taxation and Revenue Department
State Aviation Fund	20500	434,879		Taxation and Revenue Department
Total taxes due			\$ 40,018,183	
State Road Fund(s)	10040 / 20100	3,927		Department of Health
State Road Fund(s)	10040 / 20100	242		Department of Human Services
Total reimbursement due			4,169	
Total Government-wide			\$ 40,022,352	

8. DUE FROM LOCAL GOVERNMENTS

Fund Description	Fund Number	Due To	Total
Government Funds:			
State Road Fund(s)	10040 and 20100	Town of Silver City	\$ 3,600
STB Capital Outlay Fund	89200	Chaves County	9,909
Total Governmental Funds			13,509
Total Government-wide			\$ 13,509

9. INVENTORY

Inventory as of June 30, 2017 consists of the following:

Highway maintenance materials stockpiled	\$ 7,912,283
Repair Parts and expendable supplies	5,292,006
Fuel, oil and lubricants	511,304
	\$ 13,715,593

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, 2017 follows:

	Beginning Balance June 30, 2016	Additions	Adjustments & Transfers	Retirements
Non-Depreciable Assets:				
Construction in Progress	\$ 336,847,017	\$ 239,832,520	\$ -	\$ -
Rail System Infrastructure - Right of Way	77,249,445	-	(5,000,000)	-
Land	5,177,044	-	-	-
Right of Way	427,763,498	113,800	-	-
Total Non-Depreciable Assets	847,037,004	239,946,320	(5,000,000)	-
Depreciable Assets:				
Infrastructure	13,877,129,343	-	-	(516,349,535)
Automotive and Major Road Fund Equipment	236,176,078	7,158,999	51,114	(7,222,079)
Rail System Infrastructure	367,768,679	-	5,536,296	-
Buildings	49,232,930	66,797	86,983	(21,159)
Equipment and Furniture	31,886,543	1,322,999	(7,456)	(5,031,088)
Library	113,566	-	-	-
Total Depreciable Assets	14,562,307,139	8,548,795	5,666,937	(528,623,861)
Total Assets	15,409,344,143	248,495,115	666,937	(528,623,861)
Less Accumulated Depreciation:				
Infrastructure	(9,318,419,932)	(359,112,232)	-	516,349,535
Automotive and Major Road Fund Equipment	(158,485,083)	(12,216,690)	(30,633)	7,073,526
Rail System Infrastructure	(120,322,916)	(16,078,788)	-	-
Buildings	(30,253,967)	(807,044)	-	6,234
Equipment and Furniture	(25,550,627)	(1,565,307)	30,633	4,456,676
Library	(104,794)	(1,564)	-	-
Total Accumulated Depreciation	(9,653,137,319)	(389,781,625)	-	527,885,971
Net Total	\$ 5,756,206,824	\$ (141,286,510)	\$ 666,937	\$ (737,890)

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

Depreciation:

Programs and infrastructure	\$ 359,112,232
Transportation and highway operations	12,902,693
Program support	1,687,912
Modal	16,078,788
	389,781,625

Amortization

Total Depreciation and Amortization	1,805,000
	<u>\$ 391,586,625</u>

10. CAPITAL ASSETS - continued

CIP Reclassifications	Ending Balance June 30, 2017
\$ (312,001,120)	\$ 264,678,417
-	72,249,445
-	5,177,044
4,353,921	432,231,219
(307,647,199)	774,336,125
307,647,199	13,668,427,007
-	236,164,112
-	373,304,975
-	49,365,551
-	28,170,998
-	113,566
307,647,199	14,355,546,209
-	15,129,882,334
-	(9,161,182,629)
-	(163,658,880)
-	(136,401,704)
-	(31,054,777)
-	(22,628,625)
-	(106,358)
-	(9,515,032,973)
\$	\$ 5,614,849,361

11. OPERATING TRANSFERS

Transfers within the Agency - Transfers in (Transfers out):

	2006A GRIP Bond Debt Service Fund (SHARE 10220)	2006B GRIP Bond Debt Service Fund (SHARE 10240)	2010A Bond Project Fund (SHARE 10450)	2009A Bond Debt Service Fund (SHARE 11130)	2012A Bond Debt Service Fund (SHARE 30850)	Total all Intra-agency Transfers
(1)	\$ 36,450	\$ (3,873)	\$ (32,577)	\$ (23,480)	\$ 23,480	\$ -
	\$ 36,450	\$ (3,873)	\$ (32,577)	\$ (23,480)	\$ 23,480	\$ -

(1) Transfer of residual fund balance within Debt Service/Project funds to active funds

Transfers outside of Agency - Transfer in (Transfer out):

	State Road Fund(s) (SHARE 10040 and 20100)	Ignition Interlock Fund (SHARE 82600)	Total all Inter-agency Transfers
(2)	\$ 6,500,000	\$ -	\$ 6,500,000
(3)	-	300,000	300,000
	\$ 6,500,000	\$ 300,000	\$ 6,800,000

(2) Transfer from Taxation and Revenue Department for Ports of Entry MOU

(3) Transfer from Department of Finance and Administration for DWI program

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

12. DUE TO OTHER STATE AGENCIES

Fund Description	Fund Number	Due To	Total
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	Administrative Office of the Courts	\$ 95,050
		Office of the Attorney General	19,451
		Bernalillo County Metro Court	9,526
		Department of Public Safety	250,122
State Road Fund(s)	10040 and 20100	Corrections Department	37,621
		Department of Public Safety	26,744
		Energy, Minerals & Natural Resources	46,805
		Public Regulation Commission	3,562
		Taxation and Revenue Department	3
STB Capital Outlay Fund	89200	Department of Finance and Admin	9,909
Total Governmental Funds			\$ 498,793
		Administrative Office of the Courts	\$ 95,050
		Office of the Attorney General	19,451
		Bernalillo County Metro Court	9,526
		Corrections Department	37,621
		Department of Finance and Admin	9,909
		Department of Public Safety	276,866
		Energy, Minerals & Natural Resources	46,805
		Public Regulation Commission	3,562
		Taxation and Revenue Department	3
Total Government-wide			\$ 498,793

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

13. DUE TO LOCAL GOVERNMENTS

Fund Description	Fund Number	Due To	Total
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	Bernalillo County	\$ 29,980
		Chaves County	1,770
		City of Alamogordo	2,586
		City of Albuquerque	37,861
		City of Anthony New Mexico	1,282
		City of Farmington	92,121
		City of Gallup	5,738
		City of Las Cruces	4,915
		City of Las Vegas	1,305
		City of Portales	5,455
		City of Raton	820
		City of Rio Rancho	18,941
		City of Santa Fe	446
		City of Sunland Park	1,756
		City of Tucumcari	300
		County of Eddy	10,636
		County of McKinley	26,227
		County of Otero	702
		County of Sandoval	1,092
		County of Taos	1,017
		Dona Ana County	44,810
		Lea County	15,670
		Ohkay Owingeh	1,112
		Pueblo of Pojoaque	260
		Quay County Government	4,805
		San Juan County	4,271
		Santa Fe County	17,470
		Silver City/Grant County	1,840
		Town of Grants	925
Federal Planning & Development Fund	10030	City of Carlsbad	16,481
		City of Hobbs	53,875
		City of Las Vegas	21,016
		City of Ruidoso Downs	12,970
		Incorporated County of Los Alamos NM	138,921
		Navajo Nation	27,853
		Town of Red River	8,433

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

13. DUE TO LOCAL GOVERNMENTS - continued

Fund Description	Fund Number	Due To	Total
State Road Fund(s)	10040 and 20100	Bernalillo County	124,660
		City of Albuquerque	729,243
		City of Las Cruces	495,007
		City of Santa Fe	55,002
		Dona Ana County	7,649
STB Capital Outlay Fund	89200	Chaves County	4,992
		City of Albuquerque	5,286
		City of Gallup	109,701
Total Governmental Funds			<u>2,147,202</u>
Total Enterprise Funds			<u>-</u>
Total Government-wide			<u><u>\$ 2,147,202</u></u>

14. 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	\$ 123,789
		The University of New Mexico	48,160
Driver Improvement Fund	10020	The University of New Mexico	<u>22,943</u>
Total Government-wide			<u><u>\$ 194,892</u></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, 2017:

Governmental Activities	Balance at June 30, 2016	Increase	Decrease	Ending Balance June 30, 2017	Amounts due within one year
2006A GRIP Bonds	\$ 7,770,000	\$ -	\$ (3,550,000)	\$ 4,220,000	\$ 3,570,000
2006B GRIP Bonds	1,500,000	-	(1,500,000)	-	-
2008A GRIP Bonds	115,200,000	-	-	115,200,000	-
2008B GRIP Bonds	220,000,000	-	-	220,000,000	-
2008C GRIP Bonds	84,800,000	-	-	84,800,000	-
2009A Refunding Bonds	5,065,000	-	(5,065,000)	-	-
2010A Refunding Bonds	82,625,000	-	(13,265,000)	69,360,000	8,770,000
2010B Refunding Bonds	444,405,000	-	(69,180,000)	375,225,000	78,075,000
2012A Refunding Bonds	171,070,000	-	(1,095,000)	169,975,000	1,305,000
2014A Revenue Bonds	70,110,000	-	-	70,110,000	3,775,000
2014B Refunding Bonds	79,405,000	-	-	79,405,000	1,430,000
Debentures	1,281,950,000	-	(93,655,000)	1,188,295,000	96,925,000
Compensated absences payable	6,806,142	7,135,520	(6,834,154)	7,107,508	7,107,508
Total obligations	1,288,756,142	\$ 7,135,520	\$ (100,489,154)	1,195,402,508	\$ 104,032,508
Less current portion	(100,461,142)			(104,032,508)	
Net long-term obligations	<u>\$ 1,188,295,000</u>			<u>\$ 1,091,370,000</u>	
Unamortized bond premium	\$ 120,595,491	\$ -	\$ (13,961,982)	\$ 106,633,509	\$ 12,871,880

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, 2016	Increase	Decrease	Ending Balance June 30, 2017	Amounts due within one year
Deferred loss on refunding	\$ 53,134,626	-	(6,097,553)	\$ 47,037,073	6,151,748

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, 2017, there were no bonds outstanding that were considered defeased in substance.

The cumulative deferred amount on the refundings of \$47,037,073 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.

Derivative Instruments

At the time of the 2004 GRIP bond issuance, NMFA, on behalf of the Department, entered into interest rate exchange agreements ("swaps") with respect to both of the adjustable rate bonds then issued and the adjustable rate bonds anticipated to be issued in 2006. All of the 2004 adjustable rate bonds were hedged at issuance with immediately-starting swaps and approximately one-half of the anticipated total 2006 issuance was hedged with forward-starting swaps that became effective in 2006.

In all of the swaps, NMFA, on behalf of the Department, receives a variable-interest rate payment based on an index, and makes a fixed-rate interest payment. This arrangement has the effect of converting the variable rate bonds to "synthetic fixed-rate" issues.

As in the case of the GRIP bonds, NMFA has entered into the swaps as an agent for the Department. These swap agreements remained in effect following the 2008 refunding and reissuance of the 2004 and 2006 adjustable rate bonds as Variable Rate Demand Notes (the 2008A through D series).

Objectives of the Swaps

The objective in entering into the swap agreements was to obtain a lower interest cost for the 2004 bonds than could have been obtained at the time had they been issued as fixed-rate bonds. With respect to the planned 2006 issuance, NMFA believed in 2004 that it would be desirable to "lock in" a synthetic fixed rate of 5% or less for a portion of the bonds anticipated to be issued in 2006.

15. LONG-TERM OBLIGATIONS - continued

Significant Terms

2004 Swaps:

<u>Counterparty</u>	<u>Royal Bank of Canada</u>	<u>Goldman Sachs</u>	<u>Deutsche Bank</u>
Notional Amount	\$100,000,000	\$50,000,000	\$50,000,000
Receipt Rate	68 % of 1 month LIBOR	68 % of 1 month LIBOR	68 % of 1 month LIBOR
Payment Rate (Synthetic Fixed Rate)	3.934%	3.934%	3.934%
Embedded Option(s)	None	None	None
Effective Date	May 20, 2004	May 20, 2004	October 6, 2008
Termination Date:	June 15, 2024	June 15, 2024	June 15, 2024

2006 Forward Starting Swaps:

<u>Counterparty</u>	<u>JP Morgan Chase Bank</u>	<u>UBS AG</u>
Notional Amount	\$110,000,000	\$110,000,000
Receipt Rate	SIFMA Municipal Swap Index	SIFMA Municipal Swap Index
Payment Rate	5.072%	5.072%
Embedded Option(s)	“Knockout” option – Counterparty may cancel if the index remains above 7% for more than 180 days	“Knockout” option – Counterparty may cancel if the index remains above 7% for more than 180 days
Option premium to NMFA	0.34%	0.34%
Net payment rate ("Synthetic Fixed Rate"), equals the payment rate less option premium	4.732%	4.732%
Effective Date	December 15, 2006	December 15, 2006
Termination Date:	December 15, 2026	December 15, 2026

No cash was paid or received at the initiation of any of the above swaps.

15. LONG-TERM OBLIGATIONS - continued

Fair Value

The estimated fair value of the swaps at June 30, 2017 was as follows:

<u>Counterparty</u>	<u>Notional Value</u>	<u>Fair Value *</u>
Goldman Sachs	\$ 50,000,000	\$ (8,043,094)
Deutsche	50,000,000	(8,043,094)
Royal Bank of Canada	100,000,000	(16,086,188)
JPMorgan Chase Bank	110,000,000	(25,958,853)
UBS AG	110,000,000	(25,958,853)
	<u>\$ 420,000,000</u>	<u>\$ (84,090,082)</u>

* The Fair Value is the estimated amount that would have been received by or paid by the Department if the agreements had been terminated at June 30, 2017 under the terms of the agreement. This value is the net present value of the receipts and payments anticipated to be made pursuant to the agreements. The net present values are calculated based on discount rates indicated by actual swap transactions that occurred on or around June 30, 2017. Negative amounts indicate payments that would have been made by the Department to the counterparties.

Investments Measured at Fair Value

The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Department has the following recurring fair value measurements as of June 30, 2017:

- Interest Rate Swaps of \$84,090,082 are valued in Level 2 of the fair value hierarchy using a market approach that considers benchmark interest rates and are disclosed as a liability at the fiscal year end.

Management evaluated the effectiveness of the swap agreements and found Goldman Sachs, Deutsche and Royal Bank of Canada to be ineffective in the prior year. As a result, the change in Fair Value of the ineffective swaps are reported as income in the amount of \$14,287,895. The remaining effective swaps are deemed a hedge and reported as a deferred outflow of resources in the amount of \$51,917,706, which consists of the JP Morgan Chase Bank and UBS AG swap agreements.

15. LONG-TERM OBLIGATIONS - continued

Fair Value - continued

Associated Debt

Variable Rate Debt*	Par Value	2017 Debt Service		Net Variable Made (Received)	Total Net Interest Paid	Effective Interest Rate
		Principal	Fixed Interest			
Series 2008A and C	\$ 200,000,000	\$ -	\$ 7,868,000	\$ 1,108,368	\$ 8,976,368	4.488%
Series 2008B	220,000,000	-	11,158,400	(384,432)	10,773,968	4.897%

* The interest and swap payments for these bonds include the payments for the 2004 and 2006 series bonds that the 2008 series bonds replaced during the prior fiscal year.

The interest includes amounts paid within the fiscal year without regard to the costs associated with the SWAP Collateral (Taxable) Line of Credit.

Risks

Credit Risk

Credit risk is the possibility that a counterparty will not fulfill its obligations.

The credit ratings of the counterparties, at June 30, 2017, were:

	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
Goldman Sachs	Aa2	AA-	N/A
Deutsche	Baa2	A-	A-
Royal Bank of Canada	A1	AA-	AA
JP Morgan Chase	Aa3	A+	AA-
UBS AG	A1	A	A

Presently, the Department has no exposure to loss with respect to the counterparties, as the termination values of the swaps are negative. That is, no amounts would be owed to the Department if any swaps were terminated at present. Each swap agreement contains provisions requiring the posting of collateral in the event that termination values exceed certain amounts. Termination values currently exceeded these limits, however there was no collateral posted for UBS, JPM, and RBC as of June 30, 2017. The swap agreements permit the netting of amounts owed between the Department and a counterparty, mitigating, to some extent, the level of credit risk. The Department believes it has an adequate degree of diversification with regard to counterparties.

15. LONG-TERM OBLIGATIONS - continued

Swap Collateral Requirements – Taxable Line of Credit

Negative balances at the end of the fiscal year were such that collateral needed to be posted. For that purpose short-term Taxable Lines of Credit were established. There were no outstanding amounts on the line of credit at the end of the fiscal year, with \$14,000,000 beginning balance, no amounts borrowed and \$14,000,000 repaid during the year.

Interest Rate Risk

The knock-out option in the 2006 swaps leaves the Department open to interest rate risk. If the SIFMA municipal swap index averages above 7% for 180 consecutive days, then, as provided by the terms of the knockout option, swap agreements could be cancelled by the counterparties and the Department would have outstanding unhedged variable rate debt in a 7% interest rate environment.

Basis Risk

Basis risk is the possibility that the variable rate paid on the bonds may not be adequately offset by the variable index payment received under the swap agreement. The Department has little or no such risk with respect to the 2006 bonds as the 2006 swaps pay a variable rate equal to the SIFMA Municipal Swap index which has very closely approximated, historically, to the rates paid on variable rate municipal debt. The Department has basis risk, however, with respect to the 2004 swaps. The variable rate the Department receives with respect to the 2004 swaps is 68% of one-month LIBOR. While this rate has closely tracked the SIFMA Municipal Swap Index for a long period of time, there has recently been some divergence between the two indices. There is no guarantee that the two indices will remain as closely correlated in the future as they were in the past. There is a possibility, therefore, of a mismatch between actual variable rate bond debt service payments and the variable rate receipts under the 2004 swap agreements, resulting in a failure to achieve the synthetic fixed rate expected when the swaps initiated.

One event that would cause a divergence between the indices would be a significant change in U.S. income tax rates. This might result in 68% of LIBOR no longer approximating the tax-exempt rate set by the market for the Department's variable rate debt.

Termination Risk

The unplanned termination of one or more of the swaps exposes the Department to the possibility that the synthetic fixed rate expected to be obtained on the variable rate debt will not, in fact, be achieved. The swap agreements contain the standard ISDA provisions for termination, including events such as bankruptcy, ratings downgrades, and failure to post collateral when required. In addition, the Department, but not the counterparties, can terminate the swaps at any time with 30-day notice.

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 2006A GRIP

On September 19, 2006, the Authority issued \$150,000,000 of State Transportation, Series 2006A Revenue Bonds. The Series 2006A Bonds were issued to provide funds for certain transportation projects authorized by the Legislature that the New Mexico Department of Transportation has determined to be necessary or desirable as part of GRIP transportation projects. Due to certain facts and circumstances specific to this bond issue, the liability associated with this debt is reflected by the New Mexico Department of Transportation and not the books of the Authority. The Authority serves in an agency capacity with respect to this bond issue.

Principal of the Bonds is payable as follows on December 15. Interest, with rates ranging from 3.6% to 5.0% per annum, is payable semi-annually on June 15 and December 15 through the year 2023.

In December 2012, \$66,040,000 was refunded by the 2012A Refunding Revenue Bonds.

In December 2014, \$68,250,000 was refunded by the 2014B Refunding Revenue Bonds.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$207,681, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2006A GRIP:			
2018	\$ 3,570,000	\$ 114,775	\$ 3,684,775
2019	150,000	22,906	172,906
2020	-	20,000	20,000
2021	-	20,000	20,000
2022	-	20,000	20,000
2023	500,000	10,000	510,000
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 4,220,000	\$ 207,681	\$ 4,427,681
	<u> </u>	<u> </u>	<u> </u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2006B GRIP

On September 19, 2006, the Authority issued \$40,085,000 of State Transportation, Series 2006B Refunding Revenue Bonds. The Series 2006B Bonds were issued to provide funds to refund and restructure certain outstanding bonds of the State Transportation Commission. Due to certain facts and circumstances specific to this bond issue, the liability associated with this debt is reflected by the New Mexico Department of Transportation and not the books of the Authority. The Authority serves in an agency capacity with respect to this bond issue.

In December 2014, \$19,775,000 was refunded by the 2014B Refunding Revenue Bonds.

On December 15, 2016, the Series 2006B GRIP Bonds were retired with the \$1,500,000 principal payment.

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2008A GRIP

The Department issued \$115,200,000 NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008A in April of 2008. There was no original issue premium. The cost of issuance was \$457,260.

The \$115,200,000 Series 2008A Bonds, together with additional bonds hereafter issued, 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 issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued 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 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 \$30,265,049, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008A GRIP:			
2018	\$ -	\$ 4,531,968	\$ 4,531,968
2019	-	4,531,968	4,531,968
2020	-	4,531,968	4,531,968
2021	-	4,531,968	4,531,968
2022	-	4,531,968	4,531,968
2023-2024	115,200,000	7,605,209	122,805,209
Total	<u>\$ 115,200,000</u>	<u>\$ 30,265,049</u>	<u>\$ 145,465,049</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2008B GRIP

The Department issued \$220,000,000 NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008B in April of 2008. There was no original issue premium. The cost of issuance was \$873,240.

The \$220,000,000 Series 2008B Bonds, together with additional bonds hereafter issued, 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 issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued 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 and December 15. Interest 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 \$87,868,508, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008B GRIP:			
2018	\$ -	\$ 10,410,400	\$ 10,410,400
2019	-	10,410,400	10,410,400
2020	-	10,410,400	10,410,400
2021	-	10,410,400	10,410,400
2022	-	10,410,400	10,410,400
2023-2027	<u>220,000,000</u>	<u>35,816,508</u>	<u>255,816,508</u>
Total	<u>\$ 220,000,000</u>	<u>\$ 87,868,508</u>	<u>\$ 307,868,508</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2008C GRIP

The Department issued \$84,800,000 NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008C in May of 2008. There was no original issue premium. The cost of issuance was \$448,194.

The \$84,800,000 Series 2008C Bonds, together with additional bonds hereafter issued, 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 issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued 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 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 \$22,278,439, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008C GRIP:			
2018	\$ -	\$ 3,336,032	\$ 3,336,032
2019	-	3,336,032	3,336,032
2020	-	3,336,032	3,336,032
2021	-	3,336,032	3,336,032
2022	-	3,336,032	3,336,032
2023-2024	84,800,000	5,598,279	90,398,279
Total	<u>\$ 84,800,000</u>	<u>\$ 22,278,439</u>	<u>\$ 107,078,439</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2009A Refunding

The Department issued \$112,345,000 NMFA State Transportation Refunding Revenue Bonds (Senior Lien) Series 2009A in November 2009. The gross proceeds to the Department were \$120,756,035, including \$8,411,035 of an original issue premium. The cost of issuance, including the underwriter's discount, was \$899,329.

The Series 2009A Bonds, together with additional bonds hereafter issued, 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 issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued 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.

On June 15, 2017, the Series 2009A Refunding Revenue Bonds were retired with the \$5,065,000 principal payment.

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

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 \$12,459,900, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2010A Refunding:			
2018	\$ 8,770,000	\$ 3,060,625	\$ 11,830,625
2019	8,990,000	2,674,625	11,664,625
2020	9,210,000	2,279,600	11,489,600
2021	9,470,000	1,834,100	11,304,100
2022	9,745,000	1,375,075	11,120,075
2023-2025	<u>23,175,000</u>	<u>1,235,875</u>	<u>24,410,875</u>
Total	<u>\$ 69,360,000</u>	<u>\$ 12,459,900</u>	<u>\$ 81,819,900</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 \$54,214,250, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2010B Refunding:			
2018	\$ 78,075,000	\$ 18,361,250	\$ 96,436,250
2019	82,385,000	14,457,500	96,842,500
2020	86,520,000	10,738,250	97,258,250
2021	91,265,000	6,412,250	97,677,250
2022	-	1,849,000	1,849,000
2023-2024	36,980,000	2,396,000	39,376,000
Total	<u>\$ 375,225,000</u>	<u>\$ 54,214,250</u>	<u>\$ 429,439,250</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 \$42,491,663, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2012A Refunding:			
2018	\$ 1,305,000	\$ 7,411,163	\$ 8,716,163
2019	4,640,000	7,394,850	12,034,850
2020	4,975,000	7,209,250	12,184,250
2021	4,965,000	7,029,750	11,994,750
2022	103,130,000	6,831,150	109,961,150
2023-2026	50,960,000	6,615,500	57,575,500
Total	<u>\$ 169,975,000</u>	<u>\$ 42,491,663</u>	<u>\$ 212,466,663</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 \$34,295,750, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2014A Revenue:			
2018	\$ 3,775,000	\$ 3,505,500	\$ 7,280,500
2019	3,855,000	3,316,750	7,171,750
2020	4,155,000	3,124,000	7,279,000
2021	2,750,000	2,916,250	5,666,250
2022	-	2,778,750	2,778,750
2023-2027	18,270,000	13,020,250	31,290,250
2028-2032	37,305,000	5,634,250	42,939,250
Total	<u>\$ 70,110,000</u>	<u>\$ 34,295,750</u>	<u>\$ 104,405,750</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 \$36,009,500, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2014B Refunding:			
2018	\$ 1,430,000	\$ 3,970,250	\$ 5,400,250
2019	1,505,000	3,898,750	5,403,750
2020	1,580,000	3,823,500	5,403,500
2021	1,660,000	3,744,500	5,404,500
2022	1,740,000	3,661,500	5,401,500
2023-2027	71,490,000	16,911,000	88,401,000
Total	<u>\$ 79,405,000</u>	<u>\$ 36,009,500</u>	<u>\$ 115,414,500</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>
2018	\$ 151,626,963
2019	151,568,781
2020	151,913,000
2021	150,345,250
2022	149,408,875
2023-2027	710,583,621
2028-2032	42,939,250
Total	\$ 1,508,385,740

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 \$63,798,389 for the year-ended June 30, 2017.

Capital Leases

There are no future minimum lease obligations to report as of June 30, 2017.

Compensated Absences

An obligation amounting to \$7,107,508 at June 30, 2017 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 \$1,073,510

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

Fund 10030: Federal Planning and Development Fund \$483,786

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

Fund 10040: Departmental Services - Inventories Fund \$9,935,533

This amount represents monies owed from the State Road Fund for inventory.

17. REVERSIONS

Reversions are calculated based on an original appropriation amount less total expenditures until the appropriation is expired or closed by the capital projects division.

Current year reversions to the State General Fund as of June 30, 2017 were as follows:

Fund Description	Fund Number	Total
GF Capital Outlay Fund	93100	\$ (27,150,000)
Total of all reversions		\$ (27,150,000)

18. 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 16.99% in FY17 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, 2017, 2016, 2015 were \$16,470,019, \$16,153,446, and \$15,109,550, respectively, equal to the amount of the required contribution for each year.

19. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description

The Department contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

19. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN - continued

Plan Description - continued

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998 are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were member of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislation shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Department's contributions to the RHCA for the years ended June 30, 2017, 2016, 2015 were \$1,938,763, \$1,900,841, and \$1,886,077, respectively, which equal the required contributions for each year.

20. 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 2016-2017 fiscal year, the Department paid Risk Management \$7,188,944 in insurance premiums. During the 2015-2016 fiscal year, the Department paid Risk Management \$9,495,479 in insurance premiums. During the 2014-2015 fiscal year, the Department paid Risk Management \$10,236,822 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, 2017, 2016, and 2015, the Department had no claims for which the Risk Management Division has returned as "not covered" that would become the responsibility of the Department.

21. 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. There are various contractor lawsuits and claims against the Department for various reasons. 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.

22. 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, 2017 was \$972,522.

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.

23. 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, 2017 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.

24. 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 11 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.

25. SUBSEQUENT EVENTS

Updated Fair Value of Swaps

The estimated fair value of the swaps and collateral posting report at September 29, 2017 was as follows:

<u>Counterparty</u>	<u>Notional Value</u>	<u>Fair Value</u>
Goldman Sachs	\$ 50,000,000	\$ (8,237,743)
Deutsche	50,000,000	(8,237,743)
Royal Bank of Canada	100,000,000	(16,475,486)
JPMorgan Chase Bank	110,000,000	(26,484,451)
UBS AG	110,000,000	(26,484,451)
Total	<u>\$ 420,000,000</u>	<u>\$ (85,919,874)</u>

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SUPPLEMENTARY INFORMATION

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

As of June 30, 2017

	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	-	462,978	157	577,853
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	-	8,546	-	-
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	4,078,909	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
Local governments	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 4,078,909	\$ 471,524	\$ 157	\$ 577,853

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 1,396,705	\$ 42,277	\$ -	\$ 94,027
Due to:				
U.S. Department of Transportation	2,123	-	-	-
Other funds	-	-	-	-
Other state agencies	374,149	-	-	-
Local governments	298,456	-	-	11,351
Component units of the state	-	22,943	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	27,029	-	-	-
Deficiency in SGFIP	1,980,447	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	4,078,909	65,220	-	105,378

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	1,073,510	-	-	-
Total Deferred Inflows of Resources	1,073,510	-	-	-

Fund Balance:

Non-spendable	-	-	-	-
Restricted	-	406,304	157	472,475
Unassigned	(1,073,510)	-	-	-
Total Fund Balance	(1,073,510)	406,304	157	472,475

Total Liabilities, Deferred Inflows of Resources and Fund Balance

\$ 4,078,909	\$ 471,524	\$ 157	\$ 577,853
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See Independent Auditors' Report

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

Traffic Safety Fund		Ignition Interlock Fund		Traffic Safety Fund(s)	
(SHARE 20800)		(SHARE 82600)		(SHARE 10010, 10020, 20600, 20700, 20800, 82600)	
\$	-	\$	-	\$	-
	1,435,680		2,506,707		4,983,375
	-		-		-
	137,266		-		145,812
	-		-		-
	-		-		-
	-		-		4,078,909
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	-		-		-
<u>\$</u>	<u>1,572,946</u>	<u>\$</u>	<u>2,506,707</u>	<u>\$</u>	<u>9,208,096</u>
\$	177,358	\$	74,156	\$	1,784,523
	-		-		2,123
	-		-		-
	-		-		374,149
	26,306		-		336,113
	-		-		22,943
	-		-		-
	-		-		27,029
	-		-		1,980,447
	-		-		-
<u></u>	<u>203,664</u>	<u></u>	<u>74,156</u>	<u></u>	<u>4,527,327</u>
<u></u>	<u>-</u>	<u></u>	<u>-</u>	<u></u>	<u>1,073,510</u>
<u></u>	<u>-</u>	<u></u>	<u>-</u>	<u></u>	<u>1,073,510</u>
	-		-		-
	1,369,282		2,432,551		4,680,769
	-		-		(1,073,510)
<u></u>	<u>1,369,282</u>	<u></u>	<u>2,432,551</u>	<u></u>	<u>3,607,259</u>
<u>\$</u>	<u>1,572,946</u>	<u>\$</u>	<u>2,506,707</u>	<u>\$</u>	<u>9,208,096</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, 2017

	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	13,571,891	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	239,366	114,368	421,498
Charges for services	-	-	-	-
Other revenue	242,352	105	-	-
Interest earnings	-	-	19	-
Total Revenues	13,814,243	239,471	114,387	421,498
Expenditures:				
Current:				
Operating costs	2,652	-	-	-
Personal services	448,493	-	-	-
Out-of-state travel	26,771	-	-	-
Grants and services	5,399,786	-	1,291	192,219
Travel	855	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	6,973,894	275,101	112,939	336,570
Other costs	240	-	-	-
Employee benefits	192,262	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	13,044,953	275,101	114,230	528,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	769,290	(35,630)	157	(107,291)
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers: severance	-	-	-	-
tax bond appropriation	-	-	-	-
Transfers: intra/inter-agency	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Changes in Fund Balance	769,290	(35,630)	157	(107,291)
Fund Balance, June 30, 2016	(1,842,800)	441,934	-	579,766
Fund Balance, June 30, 2017	\$ (1,073,510)	\$ 406,304	\$ 157	\$ 472,475

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

Traffic Safety Fund	Ignition Interlock Fund	Traffic Safety Fund(s) (SHARE 10010, 10020, 20600, 20700, 20800, 82600)
(SHARE 20800)	(SHARE 82600)	
\$ -	\$ -	\$ -
-	-	13,571,891
-	-	-
1,006,719	404,395	2,186,346
-	-	-
-	125	242,582
7,376	-	7,395
<u>1,014,095</u>	<u>404,520</u>	<u>16,008,214</u>
17,284	-	19,936
-	24,632	473,125
-	-	26,771
480,337	398,939	6,472,572
-	-	855
-	-	-
-	-	-
175,318	269,820	8,143,642
36,454	8,793	45,487
-	15,907	208,169
-	-	-
-	-	-
-	-	-
<u>709,393</u>	<u>718,091</u>	<u>15,390,557</u>
<u>304,702</u>	<u>(313,571)</u>	<u>617,657</u>
-	-	-
-	-	-
-	-	-
-	300,000	300,000
-	300,000	300,000
<u>304,702</u>	<u>(13,571)</u>	<u>917,657</u>
<u>1,064,580</u>	<u>2,446,122</u>	<u>2,689,602</u>
<u>\$ 1,369,282</u>	<u>\$ 2,432,551</u>	<u>\$ 3,607,259</u>

See Independent Auditors' Report

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

As of June 30, 2017

	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	4,983,375	-	2,295,286	24,160,142
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	145,812	-	-	-
Interest receivable	-	-	-	-
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	4,078,909	3,471,438	-	-
Other funds	-	-	-	-
Other state agencies	-	-	520,280	1,861,041
Local governments	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 9,208,096	\$ 3,471,438	\$ 2,815,566	\$ 26,021,183

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 1,784,523	\$ 2,228,004	\$ -	\$ 655,506
Due to:				
U.S. Department of Transportation	2,123	-	-	-
Other funds	-	-	-	-
Other state agencies	374,149	-	-	-
Local governments	336,113	279,549	-	-
Component units of the state	22,943	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	27,029	16,717	-	-
Deficiency in SGFIP	1,980,447	911,438	-	-
Other liabilities	-	-	-	-
Total Liabilities	4,527,327	3,435,708	-	655,506

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	1,073,510	519,516	-	-
Total Deferred Inflows of Resources	1,073,510	519,516	-	-

Fund Balance:

Non-spendable	-	-	-	-
Restricted	4,680,769	-	2,815,566	25,365,677
Unassigned	(1,073,510)	(483,786)	-	-
Total Fund Balance	3,607,259	(483,786)	2,815,566	25,365,677

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

\$ 9,208,096	\$ 3,471,438	\$ 2,815,566	\$ 26,021,183
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Combining Balance Sheet - By Fund Type - Non Major Funds

State Aviation Fund	2004A GRIP Bond Project Fund	2006D GRIP Bond Project Fund	2010A Bond Project Fund	2014A Bond Project Fund	Total Special Revenue Funds
(SHARE 20500)	(SHARE 20400)	(SHARE 10270)	(SHARE 10450)	(SHARE 11970)	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,785,912	112,078	-	17,475	-	42,354,268
-	-	6	15,092	27,700,391	27,715,489
288	-	-	-	-	146,100
-	-	-	10	18,306	18,316
-	-	-	-	-	-
34,203	-	-	-	-	7,584,550
-	-	-	-	-	-
434,879	-	-	-	-	2,816,200
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 11,255,282</u>	<u>\$ 112,078</u>	<u>\$ 6</u>	<u>\$ 32,577</u>	<u>\$ 27,718,697</u>	<u>\$ 80,634,923</u>
\$ 379,794	\$ -	\$ -	\$ -	\$ -	\$ 5,047,827
-	-	-	-	-	2,123
-	-	-	32,577	-	32,577
-	-	-	-	-	374,149
-	-	-	-	-	615,662
-	-	-	-	-	22,943
-	-	-	-	-	-
12,495	-	-	-	-	56,241
-	-	-	-	3,740,005	6,631,890
-	-	-	-	-	-
<u>392,289</u>	<u>-</u>	<u>-</u>	<u>32,577</u>	<u>3,740,005</u>	<u>12,783,412</u>
-	-	-	-	-	1,593,026
-	-	-	-	-	1,593,026
-	-	-	-	-	-
10,862,993	112,078	6	-	23,978,692	67,815,781
-	-	-	-	-	(1,557,296)
<u>10,862,993</u>	<u>112,078</u>	<u>6</u>	<u>-</u>	<u>23,978,692</u>	<u>66,258,485</u>
<u>\$ 11,255,282</u>	<u>\$ 112,078</u>	<u>\$ 6</u>	<u>\$ 32,577</u>	<u>\$ 27,718,697</u>	<u>\$ 80,634,923</u>

See Independent Auditors' Report

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

As of June 30, 2017

	Capital Projects Fund	STB Capital Outlay Fund	GF Capital Outlay Fund	Total Capital Projects Funds
	(SHARE 10050)	(SHARE 89200)	(SHARE 93100)	
Assets:				
Cash:				
Unrestricted	\$ -	\$ -	\$ -	\$ -
Cash equivalents:				
Investment in SGFIP	1,296,204	577,058	-	1,873,262
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	-	9,909	-	9,909
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 1,296,204	\$ 586,967	\$ -	\$ 1,883,171
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ 78,026	\$ 457,079	\$ -	\$ 535,105
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	-	9,909	-	9,909
Local governments	-	119,979	-	119,979
Component units of the state	-	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	-	-	-	-
Deficiency in SGFIP	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	78,026	586,967	-	664,993
Deferred Inflows of Resources:				
Amounts unavailable (not received within period of availability)	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balance:				
Non-spendable	-	-	-	-
Restricted	1,218,178	-	-	1,218,178
Unassigned	-	-	-	-
Total Fund Balance	1,218,178	-	-	1,218,178
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,296,204	\$ 586,967	\$ -	\$ 1,883,171

See Independent Auditors' Report

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

2006A GRIP Bond Debt Service Fund	2006B GRIP Bond Debt Service Fund	2008A GRIP Bond Debt Service Fund	2008B GRIP Bond Debt Service Fund	2008C GRIP Bond Debt Service Fund	2009A Bond Debt Service Fund
(SHARE 10220)	(SHARE 10240)	(SHARE 10410)	(SHARE 10420)	(SHARE 10430)	(SHARE 11130)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,222	-	2,998,256	9,349,458	1,659,335	22,061
49	-	3,232	6,282	2,016	1,419
-	-	-	-	-	-
32,577	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 41,848	\$ -	\$ 3,001,488	\$ 9,355,740	\$ 1,661,351	\$ 23,480
\$ -	\$ -	\$ 8,728	\$ 24,795	\$ -	\$ -
-	-	-	-	-	-
-	-	585,205	2,570,292	404,702	23,480
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	593,933	2,595,087	404,702	23,480
-	-	-	-	-	-
-	-	-	-	-	-
41,848	-	2,407,555	6,760,653	1,256,649	-
-	-	-	-	-	-
41,848	-	2,407,555	6,760,653	1,256,649	-
\$ 41,848	\$ -	\$ 3,001,488	\$ 9,355,740	\$ 1,661,351	\$ 23,480

See Independent Auditors' Report

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

As of June 30, 2017

	2010A Bond Debt Service Fund	2010B Bond Debt Service Fund	2012A Bond Debt Service Fund	2014A Bond Debt Service Fund
	(SHARE 11140)	(SHARE 20450)	(SHARE 30850)	(SHARE 11960)
Assets:				
Cash:				
Unrestricted	\$ -	\$ -	\$ -	\$ -
Cash equivalents:				
Investment in SGFIP	-	-	-	-
Managed by NMFA	19,372	196,192	58,272	60,919
Receivables:				
Accounts receivable, net	-	-	-	-
Interest receivable	458	21,908	1,349	516
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	23,480	-
Other state agencies	-	-	-	-
Local governments	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 19,830	\$ 218,100	\$ 83,101	\$ 61,435
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
Local governments	-	-	-	-
Component units of the state	-	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	-	-	-	-
Deficiency in SGFIP	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources:				
Amounts unavailable (not received within period of availability)	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balance:				
Non-spendable	-	-	-	-
Restricted	19,830	218,100	83,101	61,435
Unassigned	-	-	-	-
Total Fund Balance	19,830	218,100	83,101	61,435
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 19,830	\$ 218,100	\$ 83,101	\$ 61,435

See Independent Auditors' Report

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

2014B Bond Debt Service Fund (SHARE 50110)	Total Debt Service Funds	Total Non Major Governmental Funds
\$ -	\$ -	\$ -
-	-	44,227,530
154,758	14,527,845	42,243,334
-	-	146,100
640	37,869	56,185
-	-	-
-	-	7,584,550
-	56,057	56,057
-	-	2,816,200
-	-	9,909
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 155,398</u>	<u>\$ 14,621,771</u>	<u>\$ 97,139,865</u>
\$ -	\$ 33,523	\$ 5,616,455
-	-	2,123
4,780	3,588,459	3,621,036
-	-	384,058
-	-	735,641
-	-	22,943
-	-	-
-	-	56,241
-	-	6,631,890
-	-	-
<u>4,780</u>	<u>3,621,982</u>	<u>17,070,387</u>
<u>-</u>	<u>-</u>	<u>1,593,026</u>
<u>-</u>	<u>-</u>	<u>1,593,026</u>
-	-	-
150,618	10,999,789	80,033,748
-	-	(1,557,296)
<u>150,618</u>	<u>10,999,789</u>	<u>78,476,452</u>
<u>\$ 155,398</u>	<u>\$ 14,621,771</u>	<u>\$ 97,139,865</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

For the Year Ended June 30, 2017

	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	\$ -	\$ -	\$ 5,963,828	\$ 14,684,182
U.S. Department of Transportation	13,571,891	13,290,348	-	-
Fees and fines	-	-	-	-
Licenses and permits	2,186,346	-	1,884,997	7,948,216
Charges for services	-	-	-	-
Other revenue	242,582	35,730	-	57,275
Interest earnings	7,395	-	10,832	115,281
Total Revenues	16,008,214	13,326,078	7,859,657	22,804,954
Expenditures:				
Current:				
Operating costs	19,936	9,220	-	-
Personal services	473,125	342,856	-	-
Out-of-state travel	26,771	14,704	-	-
Grants and services	6,472,572	12,404,931	-	19,810,771
Travel	855	3,201	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	1,059	-	-
Contractual services	8,143,642	744,981	-	-
Other costs	45,487	-	-	-
Employee benefits	208,169	121,594	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	6,232,742	-
Interest	-	-	4,560,276	-
Total Expenditures	15,390,557	13,642,546	10,793,018	19,810,771
Excess (Deficiency) of Revenues Over (Under) Expenditures	617,657	(316,468)	(2,933,361)	2,994,183
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers: severance	-	-	-	-
tax bond appropriation	-	-	-	-
Transfers: intra/inter-agency	300,000	-	-	-
Total Other Financing Sources (Uses)	300,000	-	-	-
Net Changes in Fund Balance	917,657	(316,468)	(2,933,361)	2,994,183
Fund Balance, June 30, 2016	2,689,602	(167,318)	5,748,927	22,371,494
Fund Balance, June 30, 2017	\$ 3,607,259	\$ (483,786)	\$ 2,815,566	\$ 25,365,677

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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	2010A Bond Project Fund	2014A Bond Project Fund	Total Special Revenue Funds
(SHARE 20500)	(SHARE 20400)	(SHARE 10270)	(SHARE 10450)	(SHARE 11970)	
\$ 4,990,837	\$ -	\$ -	\$ -	\$ -	\$ 25,638,847
340,159	-	-	-	-	27,202,398
49,631	-	-	-	-	49,631
-	-	-	-	-	12,019,559
-	-	-	-	-	-
175,981	-	-	-	-	511,568
56,033	-	6	65	178,714	368,326
5,612,641	-	6	65	178,714	65,790,329
53,116	-	-	-	-	82,272
281,668	-	-	-	-	1,097,649
11,853	-	-	-	-	53,328
4,800,454	-	-	-	-	43,488,728
3,075	-	-	-	-	7,131
4,488	-	-	-	-	4,488
51,069	-	-	-	-	52,128
707,882	-	-	-	52,597	9,649,102
2,531	-	-	-	-	48,018
119,847	-	-	-	-	449,610
-	-	-	-	23,656,580	23,656,580
-	-	-	-	-	6,232,742
-	-	-	-	-	4,560,276
6,035,983	-	-	-	23,709,177	89,382,052
(423,342)	-	6	65	(23,530,463)	(23,591,723)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(32,577)	-	267,423
-	-	-	(32,577)	-	267,423
(423,342)	-	6	(32,512)	(23,530,463)	(23,324,300)
11,286,335	112,078	-	32,512	47,509,155	89,582,785
\$ 10,862,993	\$ 112,078	\$ 6	\$ -	\$ 23,978,692	\$ 66,258,485

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, 2017

	Capital Projects Fund	STB Capital Outlay Fund	GF Capital Outlay Fund	Total Capital Projects Funds
	(SHARE 10050)	(SHARE 89200)	(SHARE 93100)	
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:				
Operating costs	-	-	-	-
Personal services	-	-	-	-
Out-of-state travel	-	-	-	-
Grants and services	-	660,150	-	660,150
Travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	800,096	10,048,613	-	10,848,709
Other costs	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay	-	80,609	-	80,609
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	800,096	10,789,372	-	11,589,468
Excess (Deficiency) of Revenues Over (Under) Expenditures	(800,096)	(10,789,372)	-	(11,589,468)
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	-	(27,150,000)	(27,150,000)
Transfers: severance	-	-	-	-
tax bond appropriation	-	10,789,372	-	10,789,372
Transfers: intra/inter-agency	-	-	-	-
Total Other Financing Sources (Uses)	-	10,789,372	(27,150,000)	(16,360,628)
Net Changes in Fund Balance	(800,096)	-	(27,150,000)	(27,950,096)
Fund Balance, June 30, 2016	2,018,274	-	27,150,000	29,168,274
Fund Balance, June 30, 2017	\$ 1,218,178	\$ -	\$ -	\$ 1,218,178

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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

2006A GRIP Bond Debt Service Fund	2006B GRIP Bond Debt Service Fund	2008A GRIP Bond Debt Service Fund	2008B GRIP Bond Debt Service Fund	2008C GRIP Bond Debt Service Fund	2009A Bond Debt Service Fund
(SHARE 10220)	(SHARE 10240)	(SHARE 10410)	(SHARE 10420)	(SHARE 10430)	(SHARE 11130)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	76,974	146,999	56,662	-
2,452	923	570,013	2,248,502	417,721	13,273
2,452	923	646,987	2,395,501	474,383	13,273
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	555,405	363,478	-
-	-	-	555,405	363,478	-
2,452	923	646,987	1,840,096	110,905	13,273
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
36,450	(3,873)	-	-	-	(23,480)
36,450	(3,873)	-	-	-	(23,480)
38,902	(2,950)	646,987	1,840,096	110,905	(10,207)
2,946	2,950	1,760,568	4,920,557	1,145,744	10,207
\$ 41,848	\$ -	\$ 2,407,555	\$ 6,760,653	\$ 1,256,649	\$ -

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, 2017

	2010A Bond Debt Service Fund	2010B Bond Debt Service Fund	2012A Bond Debt Service Fund	2014A Bond Debt Service Fund
	(SHARE 11140)	(SHARE 20450)	(SHARE 30850)	(SHARE 11960)
Revenues:				
User and fuel taxes	\$ -	\$ -	\$ -	\$ -
U.S. Department of Transportation	-	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	1	-
Interest earnings	11,867	203,614	11,987	4,467
Total Revenues	11,867	203,614	11,988	4,467
Expenditures:				
Current:				
Operating costs	-	-	-	-
Personal services	-	-	-	-
Out-of-state travel	-	-	-	-
Grants and services	-	-	-	-
Travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,867	203,614	11,988	4,467
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers: severance	-	-	-	-
tax bond appropriation	-	-	-	-
Transfers: intra/inter-agency	-	-	23,480	-
Total Other Financing Sources (Uses)	-	-	23,480	-
Net Changes in Fund Balance	11,867	203,614	35,468	4,467
Fund Balance, June 30, 2016	7,963	14,486	47,633	56,968
Fund Balance, June 30, 2017	\$ 19,830	\$ 218,100	\$ 83,101	\$ 61,435

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

2014B Bond Debt Service Fund (SHARE 50110)	Total Debt Service Funds	Total Non Major Governmental Funds
\$ -	\$ -	\$ 25,638,847
-	-	27,202,398
-	-	49,631
-	-	12,019,559
-	-	-
1	280,637	792,205
5,428	3,490,247	3,858,573
<u>5,429</u>	<u>3,770,884</u>	<u>69,561,213</u>
-	-	82,272
-	-	1,097,649
-	-	53,328
-	-	44,148,878
-	-	7,131
-	-	4,488
-	-	52,128
-	-	20,497,811
-	-	48,018
-	-	449,610
-	-	23,737,189
-	-	6,232,742
-	918,883	5,479,159
<u>-</u>	<u>918,883</u>	<u>101,890,403</u>
<u>5,429</u>	<u>2,852,001</u>	<u>(32,329,190)</u>
-	-	-
-	-	(27,150,000)
-	-	10,789,372
-	32,577	300,000
<u>-</u>	<u>32,577</u>	<u>(16,060,628)</u>
<u>5,429</u>	<u>2,884,578</u>	<u>(48,389,818)</u>
145,189	8,115,211	126,866,270
<u>\$ 150,618</u>	<u>\$ 10,999,789</u>	<u>\$ 78,476,452</u>

See Independent Auditors' Report

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

For the Year Ended June 30, 2017

	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	\$ 408,919,800	\$ 800,307,654	\$ 394,717,897	\$ (405,589,757)
Other state funds	436,130,100	441,151,350	450,015,849	8,864,499
Transfers outside the agency	300,000	6,800,000	6,859,930	59,930
Interest revenue	1,201,900	1,201,900	3,990,371	2,788,471
Total Revenues and Other Financing Sources	846,551,800	1,249,460,904	855,584,047	\$ (393,876,857)
Prior Year Funds Rebudgeted	21,001,200	126,878,298		
	\$ 867,553,000	\$ 1,376,339,202		
Expenditures and Other Financing Uses:				
Project Design & Construction:				
Personal services/employee benefits	\$ 25,729,300	\$ 25,229,300	23,102,841	\$ 2,126,459
Contractual services	316,915,300	744,260,423	308,566,594	435,693,829
Other	187,260,400	230,073,558	193,139,171	36,934,387
Transfers (in) out	-	-	27,353	(27,353)
	529,905,000	999,563,281	524,835,959	474,727,322
Highway Operations:				
Personal services/employee benefits	104,510,100	104,510,100	99,882,743	4,627,357
Contractual services	47,522,600	69,358,135	50,245,954	19,112,181
Other	81,762,200	85,283,786	68,102,748	17,181,038
	233,794,900	259,152,021	218,231,445	40,920,576
Business Support:				
Personal services/employee benefits	24,757,500	24,757,500	22,628,858	2,128,642
Contractual services	4,472,800	4,472,800	3,004,221	1,468,579
Other	12,941,600	12,941,600	12,621,896	319,704
	42,171,900	42,171,900	38,254,975	3,916,925
Modal:				
Personal services/employee benefits	3,657,600	4,457,600	3,479,196	\$ 978,404
Contractual services	24,062,900	33,808,700	20,836,632	12,972,068
Other	33,960,700	37,185,700	13,440,035	23,745,665
	61,681,200	75,452,000	37,755,863	37,696,137
Total Budgeted Expenditures and Other Financing Uses	\$ 867,553,000	\$ 1,376,339,202	819,078,242	\$ 557,260,960
Non-Budgeted Items:				
Reversions			-	
Total Expenditures and Other Financing Uses			819,078,242	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 36,505,805	

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
Schedule of General Fund Components - Balance Sheet

As of June 30, 2017

	Departmental Services- Inventories Fund (SHARE 10040)	State Road Fund (SHARE 20100)	Interfund Activity	State Road Fund(s) (SHARE 10040 and 20100)
Assets:				
Cash:				
Unrestricted	\$ -	\$ 1,100	\$ -	\$ 1,100
Cash equivalents:				
Investment in SGFIP	-	159,457,376	-	159,457,376
Managed by NMFA	-	220,068	-	220,068
Receivables:				
Accounts receivable, net	-	1,420,661	-	1,420,661
Interest receivable	-	232	-	232
Other receivables	-	232,487	-	232,487
Due from:				
U.S. Department of Transportation	-	36,351,545	-	36,351,545
Other funds	213,655	3,564,979	(213,655)	3,564,979
Other state agencies	-	37,206,152	-	37,206,152
Local governments	-	3,600	-	3,600
Inventories	13,715,593	-	-	13,715,593
Prepaid expenses - other	-	15,710	-	15,710
Prepaid expenses - NM44 warranty	-	12,635,000	-	12,635,000
Property held for resale	-	10,681,010	-	10,681,010
Total Assets	\$ 13,929,248	\$ 261,789,920	\$ (213,655)	\$ 275,505,513

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 372,044	\$ 51,569,058	\$ -	\$ 51,941,102
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	213,655	(213,655)	-
Other state agencies	-	114,735	-	114,735
Local governments	-	1,411,561	-	1,411,561
Component units of the state	-	171,949	-	171,949
Unearned revenue	-	4,869,008	-	4,869,008
Other accrued expenses	-	5,468,184	-	5,468,184
Deficiency in SGFIP	9,799,170	-	-	9,799,170
Other liabilities	(22,026)	3,704	-	(18,322)
Total Liabilities	10,149,188	63,821,854	(213,655)	73,757,387

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	-	993,949	-	993,949
Total Deferred Inflows of Resources	-	993,949	-	993,949

Fund Balance:

Non-spendable	13,715,593	23,331,720	-	37,047,313
Restricted	-	173,642,397	-	173,642,397
Unassigned	(9,935,533)	-	-	(9,935,533)
Total Fund Balance	3,780,060	196,974,117	-	200,754,177

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

\$ 13,929,248	\$ 261,789,920	\$ (213,655)	\$ 275,505,513
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of General Fund Components - Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2017

	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	\$ -	\$ 391,201,310	\$ -	\$ 391,201,310
U.S. Department of Transportation	-	367,515,499	-	367,515,499
Fees and fines	-	-	-	-
Licenses and permits	-	9,730,711	-	9,730,711
Charges for services	-	4,989,357	-	4,989,357
Other revenue	612	5,593,617	-	5,594,229
Interest earnings	-	310,583	-	310,583
Total Revenues	612	779,341,077	-	779,341,689
Expenditures:				
Current:				
Operating costs	-	10,531,723	-	10,531,723
Personal services	-	97,177,610	-	97,177,610
Out-of-state travel	-	102,615	-	102,615
Grants and services	-	1,410,669	-	1,410,669
Travel	-	15,991,632	-	15,991,632
Maintenance and repairs	-	11,053,727	-	11,053,727
Supplies	-	34,353,185	-	34,353,185
Contractual services	-	156,961,565	-	156,961,565
Other costs	124,451	3,883,771	-	4,008,222
Employee benefits	-	50,368,769	-	50,368,769
Capital outlay	-	224,757,926	-	224,757,926
Debt service:				
Principal	-	87,422,258	-	87,422,258
Interest	-	58,319,230	-	58,319,230
Total Expenditures	124,451	752,334,680	-	752,459,131
Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,839)	27,006,397	-	26,882,558
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers: severance	-	-	-	-
tax bond appropriation	-	-	-	-
Transfers: intra/inter-agency	-	6,500,000	-	6,500,000
Total Other Financing Sources (Uses)	-	6,500,000	-	6,500,000
Net Changes in Fund Balance	(123,839)	33,506,397	-	33,382,558
Fund Balance, June 30, 2016	3,903,899	163,467,720	-	167,371,619
Fund Balance, June 30, 2017	\$ 3,780,060	\$ 196,974,117	\$ -	\$ 200,754,177

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Capital Projects

As of June 30, 2017

	Budgeted Amounts		Prior Years Expenditures
	Original	Final	
Expenditures for 2014 multi-year projects			
Capital outlay	\$ 50,442,894	\$ 50,442,894	\$ 50,047,045
Expenditures for 2015 multi-year projects			
Capital outlay	1,709,000	1,709,000	86,575
Total Expenditures	\$ 52,151,894	\$ 52,151,894	\$ 50,133,620

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Capital Projects

Current Year Expenditures	Total Actual	Outstanding Encumbrances	Current Year Reversion	Remaining Balance
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ -	\$ 50,047,045	\$ -	\$ -	\$ 395,849
800,096	886,671	448,499	-	373,830
<u>800,096</u>	<u>50,933,716</u>	<u>448,499</u>	<u>-</u>	<u>769,679</u>

Capital Projects Fund

Under the Laws of 2012, HB 191, Section 27 and a capital budget adjustment (CBAR) approved by the State Transportation Commission in September of 2013. The Department received \$45,442,894 from the City of Albuquerque and \$5,000,000 from Bernalillo County as a local match towards the I-25 and Paseo Del Norte interchange reconstruction project.

Under the Laws of 2015, SB1, Chapter 3, Section 50, the Department was appropriated \$1,600,000 from the 1993 Bond Project Fund to the Department for construction of a bridge across the Puerco river on Allison Road in Gallup in McKinley County. Any unexpended or unencumbered balance remaining at the end of the 2019 fiscal year will revert to the State Road Fund. The appropriation period is for 4 years unless re-authorized or extended by enabling legislation.

Under the Laws of 2015, SB1, Chapter 3, Section 83, the Department was appropriated \$109,000 from the State Road Fund to replace the boiler, including piping and related infrastructure, in the annex of the general office complex in Santa Fe. Any unexpended or unencumbered balance remaining at the end of the 2019 fiscal year will revert to the State Road Fund. The appropriation period is for 4 years unless re-authorized or extended by enabling legislation.

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Severance Tax Bonds

As of June 30, 2017

Laws	Chapter	Bonds Appropriated	Bonds Sold	Amounts AIPP	Funds Reauthorized
2012	64	\$ 30,810,751	\$ 30,810,751	\$ -	\$ (10,915)
2013	226	11,982,070	11,982,070	-	(1,971,448)
2014	66	18,500,162	18,500,162	(4,250)	(1,790,750)
2015	3	40,605,376	40,605,376	-	(150,000)
2015	147	35,000	35,000	-	277,086
2016	5	27,150,000	27,150,000	-	-
2016	81	10,857,428	10,557,428	-	-
2016	83	-	-	-	859,550
2017	133	-	-	-	1,255,362
		<u>\$ 139,940,787</u>	<u>\$ 139,640,787</u>	<u>\$ (4,250)</u>	<u>\$ (1,531,115)</u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Severance Tax Bonds

Funds Reverted	Bond Balance After Reauthorization	Funds Received	Expended To Date	Balance Available	Due from Board of Finance
\$ (192,105)	\$ 30,607,731	\$ 30,607,731	\$ 30,607,731	\$ -	\$ -
(873,000)	9,137,622	8,738,593	8,738,593	399,029	-
(170,000)	16,535,162	8,341,912	8,341,912	8,193,250	-
-	40,455,376	4,313,902	4,313,902	36,141,474	-
-	312,086	207,086	207,086	105,000	-
-	27,150,000	272,119	272,119	26,877,881	-
-	10,557,428	868,022	868,022	9,689,406	-
-	859,550	286,418	286,418	573,132	-
-	1,255,362	20,378	20,378	1,234,984	-
<u>\$ (1,235,105)</u>	<u>\$ 136,870,317</u>	<u>\$ 53,656,161</u>	<u>\$ 53,656,161</u>	<u>\$ 83,214,156</u>	<u>\$ -</u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Supplemental Schedule of Severance Tax Bonds

STB Capital Outlay Fund

Severance tax bond proceeds as of June 30, 2017, 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	\$ 71,934,508
Sale and reauthorization of severance tax bonds	25,584,250
Funding from the State Board of Finance	(13,069,498)
Reversion to the State Board of Finance	<u>(1,235,104)</u>
Balance, end of year	<u>\$ 83,214,156</u>

The funding for the year ended June 30, 2017 was received under the Laws of 2012, Chapter 64; Laws of 2013, Chapter 226; Laws of 2014, Chapter 66; Laws of 2015, Chapters 3 and 147; Laws of 2016, Chapters 5, 81 and 83; Laws of 2017, Chapter 133.

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.

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Special Appropriations

As of June 30, 2017

	Appropriation Amount	Expenditures Inception to June 30, 2017
GF Capital Outlay Fund		
Laws of 2015 Special Session 1, Chapter 3	\$ 22,500,000	\$ -
Laws of 2015 Special Session 1, Chapter 3	4,000,000	-
Laws of 2015 Special Session 1, Chapter 3	650,000	-
	<u>27,150,000</u>	<u>-</u>
Capital Projects Fund		
Laws of 2012, HB 191 Section 27 and CBAR 2013	50,442,894	50,047,045
Laws of 2015 Special Session1, Chapter 3, Section 50	1,600,000	800,096
Laws of 2015 Special Session1, Chapter 3, Section 83	109,000	86,575
	<u>52,151,894</u>	<u>50,933,716</u>
Total all Fund Types	<u>\$ 79,301,894</u>	<u>\$ 50,933,716</u>

** Note: State House and Senate Memorials are directions on how appropriated monies should be spent. They are not laws.

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Special Appropriations

Encumbrances Balance as of June 30, 2017	Re-appropriation Amount	Reversion Amount	Balance as of June 30, 2017
\$ -	\$ -	\$ (22,500,000)	\$ -
-	-	(4,000,000)	-
-	-	(650,000)	-
-	-	(27,150,000)	-
-	-	-	395,849
448,499	-	-	351,405
-	-	-	22,425
448,499	-	-	769,679
\$ 448,499	\$ -	\$ (27,150,000)	\$ 769,679

See Independent Auditors' Report

GF Capital Outlay Fund

Under the Laws of Special Session 2015, Chapter 3, the Department was appropriated \$22,500,000 for State Road Improvements. Any unexpended or unencumbered balance remaining at the end of the 2018 fiscal year will revert to the State General Fund. The appropriation period is for 3 years unless re-authorized or extended by enabling legislation. Under the Laws of Special Session 2016, Chapter 5, the Department reverted the unexpended appropriation balance to the State General Fund.

Under the Laws of Special Session 2015, Chapter 3, the Department was appropriated \$4,000,000 for Santa Teresa, NM Road Improvements. Any unexpended or unencumbered balance remaining at the end of the 2018 fiscal year will revert to the State General Fund. The appropriation period is for 3 years unless re-authorized or extended by enabling legislation. Under the Laws of Special Session 2016, Chapter 5, the Department reverted the unexpended appropriation balance to the State General Fund.

Under the Laws of Special Session 2015, Chapter 3, the Department was appropriated \$650,000 for Allison Road Bridge Replacement in Gallup, NM. Any unexpended or unencumbered balance remaining at the end of the 2018 fiscal year will revert to the State General Fund. The appropriation period is for 3 years unless re-authorized or extended by enabling legislation. Under the Laws of Special Session 2016, Chapter 5, the Department reverted the unexpended appropriation balance to the State General Fund.

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

As of June 30, 2017

	Budgeted Amounts		Received Prior Year(s)	Received Current Year
	Original	Final		
Special Revenue Funds				
2010A Bond Project Fund	\$ 200,000,000	\$ 200,000,000	\$ 200,124,915	\$ 65
2014A Bond Project Fund	-	80,000,000	80,091,639	178,714
Total	\$ 200,000,000	\$ 280,000,000	\$ 280,216,554	\$ 178,779

See Independent Auditors' Report

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

Total Revenue	Variance From Final Budget Over (Under)	Expended Prior Year(s)	Expended Current Year	Total Expenditures	Variance From Final Budget (Over) Under
<u>\$ 200,124,980</u>	<u>\$ 124,980</u>	<u>\$ 200,092,403</u>	<u>\$ 32,577</u>	<u>\$ 200,124,980</u>	<u>\$ (124,980)</u>
<u>80,270,353</u>	<u>270,353</u>	<u>32,582,484</u>	<u>23,709,177</u>	<u>56,291,661</u>	<u>23,708,339</u>
<u><u>\$ 280,395,333</u></u>	<u><u>\$ 395,333</u></u>	<u><u>\$ 232,674,887</u></u>	<u><u>\$ 23,741,754</u></u>	<u><u>\$ 256,416,641</u></u>	<u><u>\$ 23,583,359</u></u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Individual Bank Accounts

As of June 30, 2017

	SHARE Fund Number	Bank Balance	Book Balance	Book Total
Cash				
State Road Fund(s)	10040 and 20100	\$ 1,100	\$ 1,100	
Total Cash				<u><u>\$ 1,100</u></u>
Investment in SGFIP				
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	\$ 4,983,375	\$ 4,983,375	
State Road Fund(s)	10040 and 20100	159,457,376	159,457,376	
Capital Projects Fund	10050	1,296,204	1,296,204	
2010A Bond Project Fund	10450	17,475	17,475	
HIF Bond Fund	20200	2,295,286	2,295,286	
Local Government Road Fund	20300	24,160,142	24,160,142	
2004A GRIP Bond Project Fund	20400	112,078	112,078	
State Aviation Fund	20500	10,785,912	10,785,912	
STB Capital Outlay Fund	89200	577,058	577,058	
State Infrastructure Bank	89300	20,223,479	20,223,479	
Total Investment in SGFIP				<u><u>\$ 223,908,385</u></u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Individual Bank Accounts

As of June 30, 2017

	SHARE Fund Number	Bank Balance	Book Balance	Book Total
Managed by NMFA:				
Bank of Albuquerque, trustee account				
State Road Fund(s)	10040 and 20100	\$ 220,068	\$ 220,068	
2006A GRIP Bond Debt Service Fund	10220	9,222	9,222	
2006D GRIP Bond Project Fund	10270	6	6	
2008A GRIP Bond Debt Service Fund	10410	2,998,256	2,998,256	
2008B GRIP Bond Debt Service Fund	10420	9,349,458	9,349,458	
2008C GRIP Bond Debt Service Fund	10430	1,659,335	1,659,335	
2010A Bond Project Fund	10450	15,092	15,092	
2009A Bond Debt Service Fund	11130	22,061	22,061	
2010A Bond Debt Service Fund	11140	19,372	19,372	
2014A Bond Debt Service Fund	11960	60,919	60,919	
2014A Bond Project Fund	11970	27,700,391	27,700,391	
2010B Bond Debt Service Fund	20450	196,192	196,192	
2012A Bond Debt Service Fund	30850	58,272	58,272	
2014B Bond Debt Service Fund	50110	154,758	154,758	
Total Managed by NMFA				\$ 42,463,402

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Pledged State Revenues

As of June 30, 2017

Pledged State Revenues

Pledged User & Fuel Taxes:

Gasoline excise	\$ 113,022,355
Special fuel	100,067,248
Weight/distance tax	84,007,867
Motor vehicle registrations	79,231,977
Vehicle transaction	6,439,944
Trip (mileage) tax	5,950,979
Oversize/oversight permit fees	5,104,400
Drivers license	3,816,484
Tire recycling fees	1,884,997
Total Pledged User & Fuel Taxes	<u>399,526,251</u>

Other Pledged Revenue:

Leased vehicles gross receipts tax	5,963,828
PRC fees	3,290,767
Road fund interest income	309,495
HIF interest income	10,832
Total Other Pledged Revenue	<u>9,574,922</u>

Total Pledged State Revenues	<u><u>\$ 409,101,173</u></u>
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See Independent Auditors' Report

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

As of June 30, 2017

	2006A GRIP (SHARE 10220)	2006B GRIP (SHARE 10240)	2008A GRIP (SHARE 10410)	2008B GRIP (SHARE 10420)
Gasoline Excise Taxes	\$ 10,274,759	\$ 10,274,759	\$ 10,274,759	\$ 10,274,759
Special Fuel Excise Taxes	9,097,023	9,097,023	9,097,023	9,097,023
Weight/Distance Taxes	7,637,079	7,637,079	7,637,079	7,637,079
Motor Vehicle Registration Fees	7,202,907	7,202,907	7,202,907	7,202,907
Vehicle Transaction Fees	585,450	585,450	585,450	585,450
Trip (Mileage) Tax	540,998	540,998	540,998	540,998
Oversize/Oversight Permit Fees	464,036	464,036	464,036	464,036
Driver's License Fees	346,953	346,953	346,953	346,953
Tire Recycling Fees	171,363	171,363	171,363	171,363
Public Regulation Commission Fees	299,161	299,161	299,161	299,161
Leased Vehicle Gross Receipts Taxes	542,166	542,166	542,166	542,166
FHWA Revenues	33,410,500	33,410,500	33,410,500	33,410,500
	<u>70,572,395</u>	<u>70,572,395</u>	<u>70,572,395</u>	<u>70,572,395</u>
Interest on Cash Balances*	<u>29,121</u>	<u>29,121</u>	<u>29,121</u>	<u>29,121</u>
Total Pledged Revenues				
Received	<u><u>\$ 70,601,516</u></u>	<u><u>\$ 70,601,516</u></u>	<u><u>\$ 70,601,516</u></u>	<u><u>\$ 70,601,516</u></u>

	2006A GRIP	2006B GRIP	2008A GRIP	2008B GRIP
Debt Service Principal Expenditures	\$ 3,550,000	\$ 1,500,000	\$ -	\$ -
Debt Service Interest Expenditures	<u>287,388</u>	<u>29,544</u>	<u>5,656,917</u>	<u>12,998,174</u>
Total Debt Service	<u><u>\$ 3,837,388</u></u>	<u><u>\$ 1,529,544</u></u>	<u><u>\$ 5,656,917</u></u>	<u><u>\$ 12,998,174</u></u>
Debt Service Coverage	18.40	46.16	12.48	5.43

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

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

2008C GRIP (SHARE 10430)	2009A Bond (SHARE 11130)	2010A Bond (SHARE 11140)	2010B Bond (SHARE 20450)	2012A Bond (SHARE 30850)	2014A Bond (SHARE 11960)
\$ 10,274,759	\$ 10,274,760	\$ 10,274,760	\$ 10,274,760	\$ 10,274,760	\$ 10,274,760
9,097,023	9,097,023	9,097,022	9,097,022	9,097,022	9,097,022
7,637,079	7,637,079	7,637,079	7,637,079	7,637,079	7,637,078
7,202,907	7,202,907	7,202,907	7,202,907	7,202,907	7,202,907
585,450	585,449	585,449	585,449	585,449	585,449
540,998	540,998	540,998	540,998	540,998	540,998
464,036	464,036	464,036	464,037	464,037	464,037
346,953	346,953	346,953	346,953	346,953	346,953
171,363	171,363	171,363	171,364	171,364	171,364
299,161	299,161	299,161	299,160	299,160	299,160
542,166	542,166	542,166	542,166	542,166	542,167
33,410,500	33,410,500	33,410,500	33,410,500	33,410,500	33,410,500
70,572,395	70,572,395	70,572,394	70,572,395	70,572,395	70,572,395
29,121	29,121	29,121	29,120	29,120	29,120
<u>\$ 70,601,516</u>	<u>\$ 70,601,516</u>	<u>\$ 70,601,515</u>	<u>\$ 70,601,515</u>	<u>\$ 70,601,515</u>	<u>\$ 70,601,515</u>

2008C GRIP	2009A Bond	2010A Bond	2010B Bond	2012A Bond	2014A Bond
\$ -	\$ 5,065,000	\$ 13,265,000	\$ 69,180,000	\$ 1,095,000	\$ -
4,287,428	202,600	3,585,375	21,820,250	7,454,963	3,505,500
<u>\$ 4,287,428</u>	<u>\$ 5,267,600</u>	<u>\$ 16,850,375</u>	<u>\$ 91,000,250</u>	<u>\$ 8,549,963</u>	<u>\$ 3,505,500</u>
16.47	13.40	4.19	0.78	8.26	20.14

See Independent Auditors' Report

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

As of June 30, 2017

	2014B Bond (SHARE 50110)	TOTAL
Gasoline Excise Taxes	\$ 10,274,760	\$ 113,022,355
Special Fuel Excise Taxes	9,097,022	100,067,248
Weight/Distance Taxes	7,637,078	84,007,867
Motor Vehicle Registration Fees	7,202,907	79,231,977
Vehicle Transaction Fees	585,449	6,439,944
Trip (Mileage) Tax	540,999	5,950,979
Oversize/Oversight Permit Fees	464,037	5,104,400
Driver's License Fees	346,954	3,816,484
Tire Recycling Fees	171,364	1,884,997
Public Regulation Commission Fees	299,160	3,290,767
Leased Vehicle Gross Receipts Taxes	542,167	5,963,828
FHWA Revenues	33,410,499	367,515,499
	<u>70,572,396</u>	<u>776,296,345</u>
Interest on Cash Balances*	<u>29,120</u>	<u>320,327</u>
Total Pledged Revenues		
Received	<u><u>\$ 70,601,516</u></u>	<u><u>\$ 776,616,672</u></u>

	2014B Bond	TOTAL
Debt Service Principal Expenditures	\$ -	\$ 93,655,000
Debt Service Interest Expenditures	<u>3,970,250</u>	<u>63,798,389</u>
Total Debt Service	<u><u>\$ 3,970,250</u></u>	<u><u>\$ 157,453,389</u></u>
Debt Service Coverage	17.78	4.93

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

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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 2017
J00819	Navajo Nation	LGRF Pvmnt Rehab	\$ -

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		Total Estimated	Portion Applicable	Party Responsible	Audit	Fiscal Agent	Agency Where Revenues/Expenditures are Reported
Beginning	Ending						
		Amt of Project	To Agency	for Operations	Responsibility	(if applicable)	
4/13/2017	12/31/2017	\$ 112,500	75%	Contractor	Department		Department

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Contract			Expended
Number	Contractor	Description	in 2017
M01148	Adelante Development Center	Public Transportation Services	\$ -
M01442	North Central Regional Transit District	Public Transportation Services	1,957,015
M01443	North Central Regional Transit District	Public Transportation Services	125,795
M01444	Golden Spread Rural Frontier	Public Transportation Services	82,973
M01445	Las Cumbres Community Services Inc	Public Transportation Services	-
M01446	The Community Pantry	Public Transportation Services	104,020
M01447	Village of Milan	Public Transportation Services	86,551
M01449	Town of Red River	Public Transportation Services	62,793
M01450	County of Grant	Public Transportation Services	150,922
M01451	Zia Therapy Ctr Inc	Public Transportation Services	-
M01452	Pueblo of Zuni	Public Transportation Services	96,478
M01453	Mandys Special Farm	Public Transportation Services	-
M01454	Share Your Care Inc	Public Transportation Services	-
M01455	Liferoots Inc	Public Transportation Services	-
M01456	Cornucopia Adult Day Services	Public Transportation Services	-
M01457	Rio Metro Regional Transit District	Public Transportation Services	-
M01458	Rio Metro Regional Transit District	Public Transportation Services	196,097
M01459	Tresco Inc.	Public Transportation Services	-
M01460	Zia Therapy Ctr Inc	Public Transportation Services	340,041
M01461	City of Roswell	Public Transportation Services	447,985
M01462	City of Ruidoso Downs	Public Transportation Services	42,535
M01463	ARCA	Public Transportation Services	25,917
M01464	City of Portales	Public Transportation Services	57,019
M01465	City of Carlsbad	Public Transportation Services	279,231
M01466	Dreamtree Project	Public Transportation Services	-
M01467	Hatch Area Medical Center Foundation	Public Transportation Services	-
M01468	City of Clovis	Public Transportation Services	191,403
M01469	Pueblo of Laguna	Public Transportation Services	60,969
M01470	City of Las Vegas	Public Transportation Services	99,765
M01471	City of Hobbs	Public Transportation Services	102,451
M01472	City of Socorro	Public Transportation Services	104,756
M01473	North Central Regional Transit District	Final ADA Transition Plan	-
M01474	South Central Regional Transit District	Public Transportation Services	201,939

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		Total Estimated Amt of Project	Portion Applicable	Party Responsible for Operations	Audit Responsibility	Fiscal Agent (if applicable)	Agency Where Revenues/Expenditures are Reported
Beginning	Ending		To Agency				
7/18/2016	9/30/2017	\$ 153,558	80%	Contractor	Department		Department
7/16/2016	9/30/2017	2,887,874	80%	Contractor	Department		Department
7/15/2016	9/30/2017	194,042	80%	Contractor	Department		Department
7/14/2016	9/30/2017	255,977	80%	Contractor	Department		Department
7/15/2016	9/30/2017	96,232	80%	Contractor	Department		Department
7/15/2016	9/30/2017	386,132	80%	Contractor	Department		Department
7/14/2016	9/30/2017	181,789	80%	Contractor	Department		Department
7/18/2016	9/30/2017	97,709	80%	Contractor	Department		Department
7/21/2016	9/30/2017	678,575	80%	Contractor	Department		Department
7/19/2016	9/30/2017	48,000	80%	Contractor	Department		Department
7/19/2016	9/30/2017	287,424	80%	Contractor	Department		Department
7/25/2016	9/30/2017	45,646	80%	Contractor	Department		Department
7/18/2016	9/30/2017	62,019	80%	Contractor	Department		Department
7/18/2016	9/30/2017	76,530	80%	Contractor	Department		Department
7/15/2016	9/30/2017	96,477	80%	Contractor	Department		Department
7/15/2016	12/31/2017	216,000	80%	Contractor	Department		Department
7/25/2016	12/31/2017	936,000	80%	Contractor	Department		Department
7/21/2016	9/30/2017	240,000	80%	Contractor	Department		Department
7/18/2016	9/30/2017	728,620	80%	Contractor	Department		Department
7/23/2016	9/30/2017	1,094,811	80%	Contractor	Department		Department
8/1/2016	9/30/2017	217,984	80%	Contractor	Department		Department
7/20/2016	9/30/2017	163,117	80%	Contractor	Department		Department
7/27/2016	9/30/2017	151,418	80%	Contractor	Department		Department
7/27/2016	9/30/2017	671,553	80%	Contractor	Department		Department
7/22/2016	9/30/2017	50,000	80%	Contractor	Department		Department
7/21/2016	9/30/2017	80,000	80%	Contractor	Department		Department
7/25/2016	9/30/2017	574,533	80%	Contractor	Department		Department
8/8/2016	9/30/2017	107,514	80%	Contractor	Department		Department
7/28/2016	9/30/2017	213,098	80%	Contractor	Department		Department
8/1/2016	9/30/2017	697,654	80%	Contractor	Department		Department
8/13/2016	9/30/2017	175,811	80%	Contractor	Department		Department
8/22/2016	8/31/2018	307,584	85%	Contractor	Department		Department
8/4/2016	9/30/2017	419,086	80%	Contractor	Department		Department

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Contract			Expended
Number	Contractor	Description	in 2017
M01477	NM Energy, Minerals & Resources Dept	Grant Agreement CN RT90001	\$ -
M01478	Navajo Nation	Public Transportation Services	145,622
M01479	Coyote Canyon Rehab Ctr Inc	Public Transportation Services	-
M01480	The University of New Mexico	State & Regional Forecasting	-
M01481	Pueblo of Isleta	Public Transportation Services	-
M01483	Incorporated County of Los Alamos NM	Transportation Services	1,085,421
M01487	State Personnel Office	Engin. Classification Study	-
M01502	City of Santa Fe	Purchase Capital Equipment	-
M01503	NM Transit Association	Training & Technical Assist	-

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		Total Estimated Amt of Project	Portion Applicable	Party Responsible for Operations	Audit Responsibility	Fiscal Agent (if applicable)	Agency Where Revenues/Expenditures are Reported
Beginning	Ending		To Agency				
9/1/2016	10/1/2018	\$ 500,000	85%	Contractor	Department		Department
8/24/2016	9/30/2017	821,341	80%	Contractor	Department		Department
9/13/2016	9/30/2017	42,180	80%	Contractor	Department		Department
7/4/2016	6/30/2017	13,614	15%	Contractor	Department		Department
9/7/2016	9/30/2017	74,184	80%	Contractor	Department		Department
9/29/2016	9/29/2018	2,500,902	59%	Contractor	Department		Department
12/15/2016	12/15/2017	49,829	100%	Contractor	Department		Department
6/25/2017	9/30/2017	52,000	80%	Contractor	Department		Department
6/28/2017	6/30/2018	126,780	100%	Contractor	Department		Department

See Independent Auditors' Report

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SINGLE AUDIT

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number
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 Aviation Administrative (FAA)		
Airport Improvement Program	20.106	
Total Federal Aviation Administrative (FAA)		
Federal Transit Administration (FTA)		
Federal Transit Cluster		
Federal Transit Capital Investment Grants	20.500	
Federal Transit Formula Grants	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
\$ 39,578,714	\$ 367,782,189
-	404,179
39,578,714	368,186,368
39,578,714	368,186,368
952,391	2,459,604
1,866,080	2,432,009
2,818,471	4,891,613
3,218,495	8,153,341
6,036,966	13,044,954
-	340,159
-	340,159
156,318	234,318
1,167,331	1,167,331
1,323,649	1,401,649

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, 2017

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number
U.S. Department of Transportation (continued):		
Federal Transit Administration (FTA) (continued):		
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	
Public Transportation Research, Technical Assistance, and Training	20.514	
Metropolitan Transportation Planning	20.505	
Formula Grants for Other Than Urbanized Areas	20.509	
Total Federal Transit Administration (FTA)		
Total U.S. Department of Transportation		
Total Federal Financial Assistance		

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

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Expenditures of Federal Awards

Passed Through to Subrecipients	Federal Participation Expenditures
973,234	973,234
4,611	45,781
435,554	435,554
9,673,002	10,786,328
12,410,050	13,642,546
58,025,730	395,214,027
<u>\$ 58,025,730</u>	<u>\$ 395,214,027</u>

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

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the New Mexico Department of Transportation (Department) under programs of the federal government for the year ended June 30, 2017. 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 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	\$ 394,717,897
Deferred U.S. Department of Transportation (2016)	2,390,294
Deferred U.S. Department of Transportation (2015)	(1,894,008)
Other Adjustment	<u>(156)</u>

Supplemental Schedule of Expenditures
of Federal Awards

\$ 395,214,027

**INDEPENDENT AUDITORS' 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. Tom Church, Cabinet Secretary
New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

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, the major fund, the aggregate remaining fund information and the budgetary comparison of the general fund of the State of New Mexico Department of Transportation (the "Department") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated October 27, 2017.

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) to determine the 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

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*. However, the results of our tests disclosed instances of noncompliance or other matters that are required to be reported under 12-6-5 NMSA 1978 and which are described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-003, and 2017-004.

New Mexico Department of Transportation's Response to Findings

The State of New Mexico Department of Transportation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. New Mexico Department of Transportation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 27, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

Report on Compliance for Each Major Federal Program

We have audited 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, 2017. The Department's major federal programs are identified in the summary of auditors' 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.

Auditors' 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, New Mexico Department of Transportation 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, 2017.

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-002 and 2017-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-005, which we consider to be a significant deficiency.

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

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Timothy Keller, State Auditor

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 27, 2017

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, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal Control over financial reporting:

• Material weakness(es) identified?

☐ Yes ☒ No

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

☐ Yes ☒ None Reported

Non-compliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

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

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

Unmodified

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

☒ Yes ☐ None Reported

Identification of Major Programs:

CFDA Number(s)

20.205, 20.219

20.500, 20.526

20.509

20.608

Name of Federal Program or Cluster

Highway Planning and Construction Cluster

Federal Transit Cluster

Formula Grants for Other Than Urbanized Areas

Minimum Penalties for Repeat DWI Offenders

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, 2017.

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

2017-002 Payroll Procedures (Control Deficiency and Instance of Non-compliance)

Federal agency:

US Department of Transportation

Federal program title:

Minimum Penalties for Repeat Offenders for Driving While Intoxicated (NHTSA)

CFDA Number:

20.608

Award Period:

Multiple Awards; Covering July 1, 2016 – June 30, 2017

Type of Finding:

- Other Matters

Criteria or specific requirement:

According to 2 CFR part 200.430a:

“Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

- (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;”

According to The New Mexico Department of Transportation Administrative Directive (AD) 305:

- “4.03d When circumstances do not allow the employee to enter hours worked on a SHARE electronic time sheet, the employee will enter the hours worked on a paper time sheet that includes the Project ID and the Activity Code. This paper time sheet will be signed by the employee working the time.
- 4.03e An employee authorized to enter time will then enter the information from the paper time sheet into the SHARE electronic time sheet.”

Condition:

Payroll procedures were not being followed for payroll charged to a federal grant.

Questioned costs:

\$0

Context:

During testing over payroll disbursements, the following items were noted:

- Employees were not signing the timesheets documenting their time spent on the program.
- The information from the timesheets was not entered into SHARE.

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

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

2017-002 Payroll Procedures (Control Deficiency and Instance of Non-compliance)
(continued)

Cause:

Management oversight

Effect:

Non-compliance with internal policies and federal regulations.

Repeat finding:

Not Applicable

Recommendation:

We recommend management review and evaluate current AD 305 to ensure the directive properly captures the procedures followed by the Department.

Views of responsible officials:

Management agrees that although the Department's method for allocating Traffic Safety's payroll to Federal Project 20.608 results in accurate Federal billings, it was not in compliance with the Department's internal AD 305. Going forward, the Traffic Safety Director will revert to signing paper timesheets when necessary and make sure the information is entered into SHARE with appropriate Project ID and Activity Code.

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

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

2017-005 Award Information (Original Finding 2016-004) (Significant Deficiency and Instances of Non-compliance)

Federal agency:

US Department of Transportation

Federal program title:

Highway Planning and Construction Cluster; Federal Highway Administration (FHWA)

CFDA Number:

20.205 & 20.219

Award Period:

Multiple Awards; Covering July 1, 2016 – June 30, 2017

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement:

According to 2 CFR § 200.331:

“All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
 - 1. Federal Award Information
 - i. Subrecipient name
 - ii. Subrecipients’ unique entity identifier
 - iii. Federal Award Identification Number
 - iv. Federal Award Date of award to the recipient of the Federal Agency
 - v. Subaward Period of Performance Start and End Date...”

There are 8 additional requirements listed under Federal Award Information that can be reviewed by referring to the CFR.

Condition:

Subrecipient was not notified of the proper information needed to report the source of funding on their SEFA.

Management’s Progress for Repeat Findings: We have corrected the finding from last year, i.e. the communication of the CFDA numbers and the review of the financial records prior to issuing sub awards to FHWA and FTA sub recipients. During this year’s audit it was determined that the Department had omitted the FHWA sub recipients’ DUNs numbers.

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

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

**2017-005 Award Information (Original Finding 2016-004) (Significant Deficiency and Instances of Non-compliance)
(continued)**

Questioned costs:

\$0

Context:

Out of the 9 subrecipients tested, nine did not receive the award information required by 2 CFR Part 200.

Cause:

Management oversight

Effect:

Subrecipients could potentially misreport expenditures of federal programs.

Repeat finding:

The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2016-004.

Recommendation:

We recommend management create a procedure to disclose the required information to all subrecipients.

Views of responsible officials:

To correct this, the Department's Project Oversight Director will review the contract documents to ensure that the sub recipients' DUNs number will be included in contract documents going forward.

Section IV - Findings - Compliance and Other Matters

2017-001 Deposit of Public Funds (Compliance and Other Matters)

Type of Finding:

- Other Matters

Condition:

During our testing, we noted the Department did not follow NMDOT's Cash Receipt Policy nor 6-10-3 NMSA 1978.

Criteria or specific requirement:

6-10-3 NMSA 1978 "All public money in the custody or under the control of any state official or agency obtained or received by any official or agency from any source, except as in Section 6-10-54 NMSA 1978 provided, shall be paid into the state treasury. It is the duty of every official or person in charge of any state agency thereof from any source, except as in Section 6-10-54 NMSA 1978 provided, to forthwith and before the close of the next succeeding business day after the receipt of the money to deliver or remit it to the state treasurer. . ." and NMDOT's Cash Receipt Guidelines states, "NMDOT district and program employees, of all levels of employment, shall not accept payments. Employees must inform the vendor to walk in or send payments directly to [NMDOT General Office Attention: Financial Control]"

Context:

During the testing of deposits, we noted that in one instance out of the 22 tested, a check was not deposited into the bank before the close of the next business day after the receipt of the check. NMDOT cash receipts policy was updated January 28, 2016. The updated policy includes procedures to ensure all checks are sent directly to main general office in Santa Fe. In above instance this policy was not followed.

Effect:

Non-compliance with applicable statutes and internal policies.

Cause:

Management oversight

Repeat finding:

Not Applicable

Recommendation:

Due to the recent policy change to the Cash Receipt Guidelines, we recommend training staff on the internal policies; specifically offices farther from the DOT General Office in Santa Fe.

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 (Continued)

**2017-001 Deposit of Public Funds (Compliance and Other Matters)
(continued)**

Views of responsible officials and planned corrective actions:

The Financial Control Director has processes and procedures in place to ensure compliance with state statutes and internal policies. Updated process and procedures were implemented shortly after a similar finding in FY14. In mid-January 2015, the department went live with bank desktop deposit scanners for electronic check depositing at the department's central office (General Office). These updated procedures and desktop deposit scanners resulted in no subsequent compliance issues until FY17. The department will continue to emphasize the training of all employees within the General Office and the six districts on internal policies, cash receipt guidelines, and state statute 6-10-3 NMSA 1978 and 6-10-54.

Section IV - Findings - Compliance and Other Matters (Continued)

2017-003 Capital Assets: Property Loss (Original Finding 2016-001) (Compliance and Other Matters)

Type of Finding:

- Other Matters

Condition:

The Department identified five instances of noncompliance with internal controls over capital assets.

Management's Progress for Repeat Findings: Accounting Services is modifying the current spreadsheet to include purchase price and adding levels of review. The auction requests will now go through two reviewers before going to PPC and also before going to OSA.

Criteria or specific requirement:

According to Section 13-6-1 (B) (1) NMSA 1978, "The governing authority shall, as a prerequisite to the disposition of any items of tangible personal property: designate a committee of at least three officials of the governing authority to approve and oversee the disposition; and give notification at least thirty days prior to its action making the deletion by sending a copy of its official finding and the proposed disposition of the property to the state auditor and the appropriate approval authority designated in Section 13-6-2 NMSA 1978, duly sworn and subscribed under oath by each member of the authority approving the action."

Context:

- The Department disposed of a 2000 Chevy Truck which was disposed of in violation to State Statute 13.6.1 Disposition of Public Property and Department Administrative Directive 302 Disposal of Public Property. This asset was disposed prior to providing notification to The New Mexico Office of the State Auditor (NM OSA). The original cost of the truck was \$30,268.
- The Department also identified four additional assets, acquired between 2002 and 2015, which were disposed of in violation to State Statute 13.6.1 Disposition of Public Property and Department Administrative Directive 302 Disposal of Public Property. These assets were also disposed prior to providing notification to NM OSA. The original cost of these assets were \$277,397.
- Three of the five capital assets, which were disposed of improperly, were self-identified by NMDOT before the beginning of the FY17 audit.

Effect:

Non-compliance with state statute and internal procedures.

Cause:

Management oversight

Repeat finding:

The finding is a repeat of a finding in the immediately prior year. Original finding number was 2016-001.

Section IV - Findings - Compliance and Other Matters (Continued)

**2017-003 Capital Assets: Property Loss (Original Finding 2016-001) (Compliance and Other Matters)
(continued)**

Recommendation:

We recommend management evaluate the applicable statutes and review current procedures to ensure compliance. Revised procedures would include notifying NMDOT's Policy and Procedures Committee of all disposals to review for compliance with state statute.

Views of responsible officials and planned corrective actions:

The Department was contacted by OSA in June 2016 about the improper disposal of capital assets which had been damaged and processed through insurance claims. NMDOT agreed that the procedure at that time did not meet the statutory requirements and agreed to change the process to comply. Three of the assets above were disposed of prior to June 2016. Accounting Services notified all areas responsible for the damaged vehicles, that the process had been changed to include notifying the NMDOT Policy & Procedures Committee (PPC) and waiting 30 days for OSA review. Accounting Services now calls the District and/or Bureau with a damaged vehicle, to verify compliance with current procedures. The Accounting Services Director will ensure compliance with the departments policies and procedures in addition with state statute.

Three vehicles were misclassified, after June 2016, as non-capital assets when processing disposal requests for the Department's annual auction. These assets were included in the review by NMDOT's Policy & Procedures Committee (PPC) but excluded from the notification to OSA.

The Department continues to review procedures to improve internal controls to prevent the improper disposal of state property.

Section IV - Findings - Compliance and Other Matters (Continued)

2017-004 Per Diem Expenditures (Original Finding: 2016-003) (Compliance and Other Matters)

Type of Finding:

- Other Matters

Condition:

The Department is not following AD 902 procedures related to the \$1,500 rule over employees who are not considered "transient employees".

Management's Progress for Repeat Findings: The department has updated the Administrative Directive and developed procedures to notify the Secretary when they go above \$1,500 in a fiscal year.

Criteria or specific requirement:

NMDOT Administrative Directive 902, 4.10:

- B: "Any employee who is reimbursed for per diem in an amount that singly or in the aggregate exceeds \$1,500 in any one year shall not be entitled to further per diem reimbursement until the employee furnishes in writing to the Cabinet Secretary, or from the Cabinet Secretary to the Governor, an itemized statement on each separate instance of travel covered within the reimbursement, the place to which traveled and the Department purpose served by the travel."

Context:

During compliance testwork over per diem disbursements, an instance of noncompliance with internal administrative directives (AD) was identified. The Department modified procedures over per diem after a prior audit finding, but was unable to locate documentation verifying these procedures were followed in fiscal year 2017.

Effect:

Non-compliance with internal administrative directives and state statutes.

Cause:

Management oversight

Repeat finding:

The finding is a repeat of a finding in the immediately prior year. Original finding number was 2016-003.

Recommendation:

We recommend management evaluate the applicable statutes and review current procedures to ensure compliance and retain documentation of the completed procedures on an annual basis.

Views of responsible officials and planned corrective actions:

The administrative directive for per diem has been updated to include more effective internal controls in meeting the statutory requirements. The Accounting Services Director with the Accounting department is developing procedures to train employees and ensure compliance with the AD and state statute.

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

Section II - Findings – Financial Statement

There were no findings for the year ended June 30, 2016

Section III - Findings and Questioned Costs – Major Federal Programs

2016-004 Award Information - Repeated and Modified

Section IV - Findings - Compliance and Other Matters

2016-001 Capital Assets: Property Loss - Repeated and Modified

2016-002 Inventory - Resolved

2016-003 Per Diem Expenditures - Repeated and Modified

An exit conference was held with the Department on October 25, 2017. The conference was held at the Department's offices in Santa Fe, New Mexico. In attendance were:

STATE OF NEW MEXICO DEPARTMENT OF TRANSPORTATION

Tom Church, Cabinet Secretary
Anthony Lujan, Deputy Secretary
Ronald Schmeits, Commissioner Chairman
Butch Matthews, Commissioner Vice Chairman
Billy Moore, Commissioner
Ronald V. Baca, Administrative Services Director
Michael S. Friel, Chief Financial Officer & Accounting Services Director
Jeff Canney, Inspector General
Marcos Trujillo, Project Oversight Director
Mallery Manzanares, Budget Director
Kristen Dorland, Accounting Services Deputy Director
Sandra Gallegos, Financial Control Staff Manager
Jennifer Schwartz, Accounting Services Staff Manager
Gilbert Gurule, Senior Accountant
Jeremy F. Romero, CPA, Consultant Contractor

CLIFTONLARSONALLEN, LLP

Raul Anaya, CPA, CFE, CGFM, Principal
Andres Gamez, CPA, Senior Associate
Natalie Romero, CPA, Senior Associate

PREPARATION OF FINANCIAL STATEMENTS

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



2018 Financial Statements & Other Financial Information

(Independent Auditor's Report included)

Year ended June 30, 2018

NMDOT

NMDOT supervisor Harold Fernandez walks through the box culvert that will funnel northbound I-25 traffic, that has already exited off the interstate, underneath it and then either onto westbound or eastbound Rio Bravo.

**New Mexico Department of Transportation
Financial Statements
for the Year Ended
June 30, 2018
and Independent Auditors' Report**

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

Year Ended June 30, 2018

Commission

Ronald Schmeits	Chairman	District 4
Butch Mathews	Vice-Chair	District 5
Dr. Kenneth White	Secretary	District 1
David Sepich	Commissioner	District 2
Keith Mortensen	Commissioner	District 3
Billy Moore	Commissioner	District 6

Administrative Officers

Tom Church	Cabinet Secretary
Anthony Lujan	Deputy Secretary
Mallery Manzanares	Interim Administrative Services Director

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Wayne Johnson, New Mexico State Auditor

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, 2018, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison schedules for the general fund of the Department as of June 30, 2018, 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 State of New Mexico Department of Transportation, 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, 2018, 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 through 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 combining and individual nonmajor fund financial statements and general fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, 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 purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and general fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Wayne Johnson, New Mexico State Auditor

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 information is 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 October 25, 2018 , on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 25, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of New Mexico Department of Transportation (Department), we offer the readers of the Department's financial statement this narrative overview and analysis of the financial activities of the Department for the fiscal year ended June 30, 2018. 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 \$102,126,298, and the net position of the Department's governmental activities increased by \$101,941,781 due to the Department's reversions of State General Fund appropriations in prior year, State General Fund appropriations in 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 28 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.

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. The fund does not receive state general fund appropriations that are subject to reversions.

1. Overview of the Financial Statements - continued

Governmental Funds - continued

Information is presented separately in the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for the major funds. Data from the other 25 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report. See pages 93 through 108.

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 Schedule of General Fund Components - Balance Sheet and Schedule of General Fund Components - Statement of Revenues, Expenditures and Changes in Fund Balance, Supplemental Schedule of Capital Projects, Supplemental Schedule of Severance Tax Bonds, Supplemental Schedule of Special Appropriations, Supplemental Schedule of Special Revenue - Bond Projects, Supplemental Schedule of Individual Bank Accounts, Supplemental Schedule of Pledged State Revenues, Supplemental Schedule of Debt Service and Coverage, Supplemental Schedule of Joint Powers Agreements and the Schedule of Expenditures of Federal Awards.

Government-wide Financial Analysis

As noted, net position may serve over time as a useful indicator of the Department's financial position. At June 30, 2018, the Department's assets and deferred outflows of resources exceeded liabilities by \$4,732,558,780.

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, 2018 and 2017, 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, 2018 and 2017.

Table A-1 The Department's Net Position

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Assets:				
Current and other assets	\$ 439,360,932	\$ 358,194,342	\$ 21,121,354	\$ 20,936,837
Capital assets and other	5,545,969,927	5,625,679,361	-	-
Total Assets	\$ 5,985,330,859	\$ 5,983,873,703	\$ 21,121,354	\$ 20,936,837
Deferred Outflows:				
Deferred loss on refunding	\$ 81,590,035	\$ 47,037,073	\$ -	\$ -
Deferred outflow of resources	-	51,917,706	-	-
Total Deferred Outflows	\$ 81,590,035	\$ 98,954,779	\$ -	\$ -
Liabilities:				
Current liabilities	\$ 222,458,257	\$ 204,111,126	\$ -	\$ -
Long-term liabilities	1,133,025,211	1,269,221,711	-	-
Total Liabilities	\$ 1,355,483,468	\$ 1,473,332,837	\$ -	\$ -
Net Position:				
Net investment in capital assets	\$ 4,364,570,315	\$ 4,383,791,100	\$ -	\$ -
Restricted	346,867,111	225,704,545	21,121,354	20,936,837
Total Net Position	\$ 4,711,437,426	\$ 4,609,495,645	\$ 21,121,354	\$ 20,936,837

1. Overview of the Financial Statements - continued

Total	
2018	2017
<hr/>	
\$ 460,482,286	\$ 379,131,179
5,545,969,927	5,625,679,361
<hr/>	
\$ 6,006,452,213	\$ 6,004,810,540
<hr/>	
\$ 81,590,035	\$ 47,037,073
-	51,917,706
<hr/>	
\$ 81,590,035	\$ 98,954,779
<hr/>	
\$ 222,458,257	\$ 204,111,126
1,133,025,211	1,269,221,711
<hr/>	
\$ 1,355,483,468	\$ 1,473,332,837
<hr/>	
\$ 4,364,570,315	\$ 4,383,791,100
367,988,465	246,641,382
<hr/>	
\$ 4,732,558,780	\$ 4,630,432,482
<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, 2018 and 2017. Governmental activities increased the Department's net position by \$101,941,781 in 2018 and decreased the Department's net position \$40,365,338 in 2017. Business-type activities increased the Department's net position by \$184,517 in 2018 and by \$121,273 in 2017, due to interest income earned during the year.

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

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Revenues:				
Program revenues:				
Charges for services	\$ 59,696,186	\$ 32,767,170	\$ 7,134	\$ 16,592
Operating grants	26,674,659	27,027,815	-	-
Capital grants	387,244,776	368,186,368	-	-
General revenues:				
User and fuel taxes	434,923,215	416,840,157	-	-
Interest income	6,927,024	4,169,156	177,383	104,681
Special revenues:				
Gain (loss) on disposal of assets	706,430	334,709	-	-
Total Revenues	916,172,290	849,325,375	184,517	121,273
Expenses:				
Programs and infrastructure	537,196,279	555,218,409	-	-
Transportation and highway operations	222,602,547	231,134,138	-	-
Program support	35,034,878	39,942,887	-	-
Modal	64,394,437	53,834,651	-	-
Total Expenses	859,228,141	880,130,085	-	-
Net Revenues Before Transfers and Reversions	56,944,149	(30,804,710)	184,517	121,273
Transfers and Reversions	44,997,632	(9,560,628)	-	-
(Decrease) Increase in Net Position	101,941,781	(40,365,338)	184,517	121,273
Net Position, Beginning of Fiscal Year	4,609,495,645	4,649,860,983	20,936,837	20,815,564
Net Position, End of Fiscal Year	\$ 4,711,437,426	\$ 4,609,495,645	\$ 21,121,354	\$ 20,936,837

1. Overview of the Financial Statements - continued

Total	
2018	2017
<hr/>	
\$ 59,703,320	\$ 32,783,762
26,674,659	27,027,815
387,244,776	368,186,368
434,923,215	416,840,157
7,104,407	4,273,837
706,430	334,709
<hr/> 916,356,807	<hr/> 849,446,648
537,196,279	555,218,409
222,602,547	231,134,138
35,034,878	39,942,887
64,394,437	53,834,651
<hr/> 859,228,141	<hr/> 880,130,085
57,128,666	(30,683,437)
44,997,632	(9,560,628)
<hr/> 102,126,298	<hr/> (40,244,065)
4,630,432,482	4,670,676,547
<hr/> \$ 4,732,558,780	<hr/> \$ 4,630,432,482

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 2018 fiscal year, the Department's governmental funds reported a combined ending fund balance of \$350,129,715 an increase of \$70,899,086 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 \$38,098,776.

The changes in fund balance for the Department's major funds for 2018 are as follows:

State Road Fund(s) (Fund #10040 and #20100)	\$ 60,281,012
2018A Bond Debt Service Fund (Fund 20770)	<u>\$ 2,100,605</u>
Major fund, net change in fund balances	<u><u>\$ 62,381,617</u></u>

The net increase in the State Road Fund(s) is primarily due to an increase in state revenues and a \$27 million settlement from the Department of Energy.

The net increase in the 2018A Bond Debt Service Fund is primarily due to a refunding of the Department's Swaps and 2008 GRIP Bond series. Due to favorable market conditions, the Swap funds termination costs were offset by the premium on the 2018A Refunding Revenue bond issuance, which resulted in a net positive impact to the Department.

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 \$803,238,854. Overall, these changes were caused by the following significant budget adjustments:

Increase-Federal Aid Program	\$ 287,138,604
Increase-WIPP: Repave/Repair the WIPP North Access Roads between HWY 62-180	12,500,000
Increase-US 550 Warranty Program	6,300,000
Increase-Highway Operations (Equipment)	6,600,000
Increase-Ports of Entry (Hire Temp Agency)	500,000
Increase-Transit Federal (North Central Regional Transit)	410,200
Increase-Ports of Entry (Pilot Program)	60,000
Increase-Ports of Entry (Smart Roadside Inspection Systems)	405,000
Increase-Project Design Construction (Bond Refinancing)	489,325,050
	<u>\$ 803,238,854</u>

The Department's original operating budget for fiscal year 2018 was \$876,395,600. This budget included \$848,440,600 of new revenues and \$27,955,000 of prior year funds rebudgeted. The final budget for the fiscal year was \$2,100,515,026. The \$1,224,119,426 increase in budget was due to FY18 budget adjustments discussed above and the Department's authorized practice of rolling forward into FY18 its remaining FY17 unexpended purchase orders. The appropriation budgetary period for those FY17 unexpended purchase orders lapses at the end of the FY17 fiscal year and the Department has to re-establish the budget in FY18 to re-appropriate the balance of its unexpended purchase orders. The Department funds the budget increase by utilizing the balance of the unused FY17 budget revenues that were originally budgeted for the unexpended purchase orders. The roll forward budget of \$420,880,572 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, 2018, amounts to \$5,536,944,927 (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 2017-2018 Active Projects with a contract amount of \$10 million or more:

I-10, MP 91.7 to MP 116.5 for 24.8 miles - Luna County
US 54, MP 69.5 to MP 78.2 for 8.7 miles - Otero County
I-25, MP 454.25 to MP 460.8 for 6.6 miles - Colfax County
US 54, MP 324.9 to MP 326.3 for 1.4 miles - Quay County
NM 68, MP 44.14 to MP 45.22 for 1.08 miles - Taos County
US 64, MP 56 to MP 58 for 2 miles - San Juan County
Central Ave Brt - Phase IB - Bernalillo County
Albuquerque Ride - Bernalillo County
Southern Blvd Reconstruction - Sandoval County
US 550, MP 0.6 to MP 3 for 2.4 miles - Sandoval County
I-25, MP 219.8 to MP 221.4 for 1.6 miles - Bernalillo County
Commuter Rail Maint of Equip & Maint of Way - Various Counties
NMRX Positive Train Control - Various Counties
Soledad Canyon Road - Dona Ana County

1. Overview of the Financial Statements - continued

Capital Assets Overview - continued

Automotive and Major Road Equipment

For fiscal year 2018, the Automotive and Major Road Equipment modified accrual basis budget total was approximately \$17,769,019. Of this budget, approximately \$12,161,591 was fully expended at June 30, 2018. 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

	2018	2017
Land	\$ 5,177,044	\$ 5,177,044
Construction in Process	329,405,559	264,678,417
Right of Way	507,845,730	504,480,664
Infrastructure	13,757,100,949	14,041,731,982
Equipment and furniture	29,438,752	28,170,998
Library	113,566	113,566
Buildings	49,679,437	49,365,551
Automotive and Major Road Fund Equipment	242,211,418	236,164,112
Accumulated depreciation	(9,384,027,528)	(9,515,032,973)
Total	\$ 5,536,944,927	\$ 5,614,849,361

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, 2018, the Department had a total outstanding debt (bonds) of \$1,091,460,000. Outstanding bond debt is backed by the Department's anticipated state tax revenues and FHWA revenues.

Table A-4
Department's Outstanding Debt

	2018	2017
Bonds (excludes deferred amounts on refunding)	\$ 1,091,460,000	\$ 1,188,295,000

The Department's total bond debt decreased by 8.1%, or (\$96,835,000). Total outstanding bond debt at the end of the 2018 fiscal year was \$1,091,460,000 compared to \$1,188,295,000 at the end of the 2017 fiscal year. The net decrease in debt resulted from \$516,925,000 in principal repayments and a new bond issuance in the amount of \$420,090,000. 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 2017, according to the U.S. Census Bureau, New Mexico's population reached 2,088,100. Between 2000 and 2017, the State was the twenty-fourth fastest growing state, as the population increased 14.8 percent from the 2000 population of 1,819,046. Between 2010 and 2017, population increased by 1.1 percent. This rate ranked the State forty-first in the nation for population growth. Over the same period of time, the national population grew 5.3 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. The fastest growing counties in the state are Sandoval, Lea, Doña Ana, Bernalillo and Santa Fe.

Major industries in the State are energy resources, semi-conductor manufacturing, tourism, services, agriculture-agribusiness, government, and mining. New Mexico holds 4 percent of U.S. proved crude oil reserves, and has been consistently the sixth-largest oil-producing state. New Mexico ranks among the top ten natural producing states. At the end of FY18, in New Mexico there were 104 active rigs compared to 61 a year ago, and 26 two years ago. In 2016 coal, copper and potash production value amounted to \$1.5 billion and the state ranked 11th, 2nd and 1st respectively in the US. The mining and logging industry employed more than 20 thousand New Mexicans in 2017. 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.

Revenue Forecasts and Budgets

Federal Revenue:

Federal Revenue – From July 1, 2017 through September 30, 2018, the amount 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. FY18's project letting schedule resulted in an overall increase in Federal revenue from \$367.5 million in FY2017 to \$386.8 million in FY2018 or a \$19.3 million or 5% increase. In FY18 New Mexico received redistribution funds by Federal Highway Administration's Headquarter office, which attributes to a portion of the increase.

Federal Aviation Administration Funds - NMDOT reported revenue of \$59,984 in FY 2018 Federal Aviation Administration grant funds.

2. Economic Factors and Revenue Forecasts - continued

Federal Revenue - continued:

Federal Transit Administration Funds - NMDOT reported revenue of \$13,659,519 in FY 2018 Federal Transit Administration grant funds.

National Highway Traffic Safety Administration Funds - NMDOT reported revenue of \$11,456,603 in FY 2018 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 2018 it has been 2%.

Department of Transportation revenues were not immune from the latest recession. However, diversity of revenue sources helped to moderate the impact. State Road Fund revenues are split roughly half and half between passenger car based and interstate trucking sourced. Those revenues associated with trucking (Special Fuel and Weight Distance tax) were negatively influenced by the US economic recession during FY 2008 through FY 2010 and fell about 15% while passenger cars based revenues (gasoline and vehicle registrations) were comparatively more stable. With continuous improvements in the US economy, trucking activity has begun to improve and concurrently trucking related revenues have also begun to improve. FY 2007 was the peak year for Road Fund revenues before the recession; FY 2010 was the low point with revenues falling by over \$35 million or 9%. FY 2016 was the year that revenues finally surpassed the FY 2007 level, while Road Fund revenues in FY 2017 have been pretty flat, with an overall growth rate around 1%.

The latest (July 2018) recurring revenue forecast for the State Road Fund expects a revenue growth of 2.2% in FY 2019, followed by growth in the 0.6% to 1.7% range during the subsequent three fiscal years. The revenue forecast for the Department as a whole is 0.6% for FY 2019, followed by growth in the 0.6% to 1.6% range during the subsequent three fiscal years.

State Revenue Forecasts - Major Revenue Sources

The latest (July 2018) recurring revenue forecast for the State Road Fund expects a revenue growth of 2.2% in FY 2019, followed by growth in the 0.6% to 1.7% range during the subsequent three fiscal years. The revenue forecast for the Department as a whole is 0.6% for FY 2019, followed by growth in the 0.6% to 1.6% range during the subsequent three fiscal years.

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

2. Economic Factors and Revenue Forecasts - continued

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

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

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.

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, Taxation and Revenue Department, and Department of Finance and Administration.

Revenues from gasoline, special fuels, weight distance and vehicle registration constitute 93% of the State Road Fund and 85% of all the NMDOT's funds.

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. On the other hand, gasoline revenue is expected to be flat in the next few years, because of increasing passenger vehicle efficiency and only modest increases in NM's population.

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 is the largest of State's revenue sources, providing about \$116.1 million in revenue in FY 2018. This tax is 17 cents per gallon of gasoline sold, with about three-fourths distributed to the State Road Fund and the remainder distributed primarily to municipalities and counties. It is the one major tax that was not increased during the special session of 2003. Historically, gasoline gallons sold increased until 1995, remained relatively stable from 1995 to 1999, and decreased in 2001, when they again stabilized. The peak years were 1995 to 1999, with 1998 providing \$117.9 million.

2. Economic Factors and Revenue Forecasts - continued

Of much interest and frequent query, is how New Mexico's gasoline usage (gallons) was impacted by the dramatic price increase between 2004 and 2008 and in light of the economic slowdown. Somewhat surprisingly, for New Mexico, there was very little change in gasoline usage. For the past 18 years, between FY 2000 and FY 2018, Road Fund gasoline revenues have averaged \$110 million; gasoline revenues have only varied by more than a few million from that average twice (less than \$6 million above average in FY 2018 and \$5 million below average in FY 2012).

Special fuel tax (primarily diesel) is the second largest of the state's revenue sources, providing about \$108.1 million in FY 2018. 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 \$85.6 million in FY 2009 and has since climbed slowly to \$100.1 million in FY 2017, and has reached a peak of \$108.1 in FY 2018.

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 \$86.3 million in revenue in FY 2018. 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 FY2009. The full year impact in FY2010 of this Weight Distance tax revenue decline was a \$7.8 million decrease relative to FY2008. With recent improvements in the US economy, trucking activity has begun to improve and concurrently trucking related revenues have also begun to improve. In FY 2017 and FY 2018 Weight Distance revenue grew at a 1.2% and 2.7% rate per year, respectively. In the next few years Weight Distance revenue is forecast to continue to grow around 3% yearly.

Motor vehicle registration fees are the fourth largest revenue source at about \$80.2 million in FY 2018. 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.

2. Economic Factors and Revenue Forecasts - continued

One revenue source, the Trip Tax, has been impacted negatively by recent federal procedure rulings and legislation. 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. What was called a cab card and carried in each truck was used for Weight Distance registration identification. Federal regulations now prevent states from requiring the showing of state-specific taxpayer documentation cards. Trip tax rose to a peak of \$8.6 million in FY 2006 and provided revenues of about \$6.1 million in FY 2018. New Mexico is one of four states that impose a Weight Distance tax and its associated trip tax. 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.

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 55 million and 80 million gallons per year (around 7% or 8% of total gasoline sales). Tribal gasoline sales totaled to 72.3 million gallons in FY 2017 and 80.7 million gallons in FY 2018.

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) 827-5108

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FINANCIAL STATEMENTS

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position

As of June 30, 2018

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Current Assets:			
Cash:			
Unrestricted	\$ 1,100	\$ -	\$ 1,100
Cash equivalents (Note 2):			
Investment in SGFIP	286,063,083	20,494,091	306,557,174
Managed by NMFA	39,639,748	-	39,639,748
Receivables:			
Accounts receivable, net (Note 3)	555,285	-	555,285
Interest receivable	121,820	-	121,820
Notes and loans receivable (Note 5)	-	627,263	627,263
Other receivables	39,917	-	39,917
Due from:			
U.S. Department of Transportation (Note 6)	44,909,194	-	44,909,194
Other state agencies (Note 8)	38,957,009	-	38,957,009
Inventories (Note 9)	16,647,556	-	16,647,556
Prepaid expense - other	14,210	-	14,210
Prepaid expense - NM44 warranty	1,805,000	-	1,805,000
Property held for resale, net	10,607,010	-	10,607,010
Total Current Assets	439,360,932	21,121,354	460,482,286
Non-Current Assets:			
Prepaid expense - NM44 warranty, net	9,025,000	-	9,025,000
Capital assets, net (Note 10)	5,536,944,927	-	5,536,944,927
Total Non-Current Assets	5,545,969,927	-	5,545,969,927
Total Assets	5,985,330,859	21,121,354	6,006,452,213
Deferred Outflows of Resources:			
Deferred loss on refunding (Note 15)	81,590,035	-	81,590,035
Total Deferred Outflows of Resources	81,590,035	-	81,590,035
Total Assets and Deferred Outflows of Resources	\$ 6,066,920,894	\$ 21,121,354	\$ 6,088,042,248

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position

As of June 30, 2018

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Current Liabilities:			
Accounts payable and contracts payable, including retainage of \$10,023,359	\$ 63,878,608	\$ -	\$ 63,878,608
Due to:			
U.S. Department of Transportation	4,849	-	4,849
Local governments (Note 13)	4,399,473	-	4,399,473
Component units of the state (Note 14)	87,321	-	87,321
Unearned revenue	3,333,550	-	3,333,550
Other accrued expenses	5,504,727	-	5,504,727
Deficiency in SGFIP	16,633,707	-	16,633,707
Other liabilities	123,830	-	123,830
Current portion of long-term obligations (Note 15):			
Compensated absences	7,060,725	-	7,060,725
Debentures payable	102,790,000	-	102,790,000
Capitalized bond premium	18,641,467	-	18,641,467
Total Current Liabilities	222,458,257	-	222,458,257
Long-Term Liabilities:			
Long-term obligations (Note 15):			
Debentures payable	988,670,000	-	988,670,000
Capitalized bond premium, net	144,355,211	-	144,355,211
Total Long-Term Liabilities	1,133,025,211	-	1,133,025,211
Total Liabilities	1,355,483,468	-	1,355,483,468
Net Position:			
Net investment in capital assets	4,364,570,315	-	4,364,570,315
Restricted for:			
Loans	-	21,121,354	21,121,354
Specific purposes	346,867,111	-	346,867,111
Total Net Position	4,711,437,426	21,121,354	4,732,558,780
Total Liabilities and Net Position	\$ 6,066,920,894	\$ 21,121,354	\$ 6,088,042,248

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, 2018

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
Program Expenses:			
Programs and infrastructure	\$ 537,196,279	\$ -	\$ 537,196,279
Transportation and highway operations	222,602,547	-	222,602,547
Program support	35,034,878	-	35,034,878
Modal	64,394,437	-	64,394,437
Total Program Expenses	859,228,141	-	859,228,141
Program Revenues:			
Charges for services	59,696,186	7,134	59,703,320
Operating grants	26,674,659	-	26,674,659
Capital grants	387,244,776	-	387,244,776
Total Program Revenues	473,615,621	7,134	473,622,755
Net Program Revenue (Expense)	(385,612,520)	7,134	(385,605,386)
General Revenues:			
User and fuel taxes	434,923,215	-	434,923,215
Interest income	6,927,024	177,383	7,104,407
Gain on disposal of assets and adjustments	706,430	-	706,430
Total General Revenues	442,556,669	177,383	442,734,052
Transfers:			
State general fund appropriation	20,430,000	-	20,430,000
Transfers from: severance tax bond appropriations	29,096,632	-	29,096,632
Transfers from (to) other state agencies and local governments, net (Note 11)	(4,529,000)	-	(4,529,000)
Total Transfers	44,997,632	-	44,997,632
Net General Revenues and Transfers	487,554,301	177,383	487,731,684
Change in Net Position/Operating Income	101,941,781	184,517	102,126,298
Net Position, Beginning of Fiscal Year	4,609,495,645	20,936,837	4,630,432,482
Net Position, End of Fiscal Year	\$ 4,711,437,426	\$ 21,121,354	\$ 4,732,558,780

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Balance Sheet - Governmental Funds

As of June 30, 2018

	Major Funds		Non Major Governmental Funds	Total Governmental Funds
	State Road Fund(s) (SHARE 10040 and 20100)	2018A Bond Debt Service Fund (SHARE 20770)		
Assets:				
Cash: (Note 2)				
Unrestricted	\$ 1,100	\$ -	\$ -	\$ 1,100
Cash equivalents: (Note 2)				
Investment in SGFIP	219,409,235	-	66,653,848	286,063,083
Managed by NMFA	223,153	594,294	38,822,301	39,639,748
Receivables:				
Accounts receivable, net (Note 3)	511,162	-	44,123	555,285
Interest receivable	404	147	121,269	121,820
Notes and loans receivable	-	-	-	-
Other receivables	14,639	-	25,278	39,917
Due from:				
U.S. Department of Transportation (Note 6)	36,621,407	-	8,287,787	44,909,194
Other funds (Note 7)	7,652,952	1,960,850	20,921,313	30,535,115
Other state agencies (Note 8)	36,105,116	-	2,851,893	38,957,009
Inventories (Note 9)	16,647,556	-	-	16,647,556
Prepaid expenses - other	14,210	-	-	14,210
Prepaid expense - NM44 warranty	10,830,000	-	-	10,830,000
Property held for resale	10,607,010	-	-	10,607,010
Total Assets	\$ 338,637,944	\$ 2,555,291	\$ 137,727,812	\$ 478,921,047
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ 54,298,401	\$ 454,686	\$ 9,125,521	\$ 63,878,608
Due to:				
U.S. Department of Transportation	4,849	-	-	4,849
Other funds (Note 7)	-	-	30,535,115	30,535,115
Local governments (Note 13)	763,450	-	3,636,023	4,399,473
Component units of the state (Note 14)	41,004	-	46,317	87,321
Unearned revenue	3,333,550	-	-	3,333,550
Other accrued expenses	5,449,429	-	55,298	5,504,727
Deficiency in SGFIP	12,448,134	-	4,185,573	16,633,707
Other liabilities	65,365	-	58,465	123,830
Total Liabilities	76,404,182	454,686	47,642,312	124,501,180
Deferred Inflows of Resources:				
Amounts unavailable (not received within period of availability)	1,198,573	-	3,091,579	4,290,152
Total Deferred Inflows of Resources	1,198,573	-	3,091,579	4,290,152
Fund Balance:				
Non-spendable	38,098,776	-	-	38,098,776
Restricted	224,134,986	2,100,605	90,862,664	317,098,255
Unassigned	(1,198,573)	-	(3,868,743)	(5,067,316)
Total Fund Balance	261,035,189	2,100,605	86,993,921	350,129,715
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 338,637,944	\$ 2,555,291	\$ 137,727,812	\$ 478,921,047

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, 2018

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

\$ 350,129,715

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:

4,290,152

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

The cost of capital assets is	14,920,972,455
Accumulated depreciation is	<u>(9,384,027,528)</u>

Total capital assets	5,536,944,927
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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)	(1,091,460,000)
Deferred loss on refunding (net of current period amortization)	81,590,035
Compensated absences	(7,060,725)

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

(162,996,678)

Net Position of Governmental Activities (Statement of Net Position)

\$ 4,711,437,426

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, 2018

	Major Funds		Non Major	Total
	State Road	2018A Bond	Governmental	Governmental
	Fund(s)	Debt Service	Funds	Funds
	(SHARE 10040	Fund		
	and 20100)	(SHARE 20770)		
Revenues:				
User and fuel taxes	\$ 407,496,440	\$ -	\$ 27,426,775	\$ 434,923,215
U.S. Department of Transportation	386,843,471	-	25,176,106	412,019,577
Fees and fines	-	-	52,440	52,440
Licenses and permits	10,853,081	-	12,371,181	23,224,262
Charges for services	4,202,042	-	-	4,202,042
Other revenue	32,921,068	-	351,099	33,272,167
Interest earnings	1,039,819	147	5,887,058	6,927,024
Total Revenues	843,355,921	147	71,264,659	914,620,727
Expenditures:				
Current:				
Operating costs	11,167,210	-	121,108	11,288,318
Personal services	95,586,107	-	1,025,996	96,612,103
Out-of-state travel	118,076	-	61,779	179,855
Grants and services	1,752,651	-	54,603,179	56,355,830
Travel	16,671,069	-	3,334	16,674,403
Maintenance and repairs	12,622,112	-	40,509	12,662,621
Supplies	35,853,705	-	36,806	35,890,511
Contractual services	124,758,374	-	12,380,409	137,138,783
Other costs	3,064,777	-	58,185	3,122,962
Employee benefits	48,978,302	-	431,233	49,409,535
Capital outlay	286,562,043	-	33,714,227	320,276,270
Debt service:				
Principal	93,150,000	-	3,775,000	96,925,000
Interest	48,068,402	584,303	4,254,288	52,906,993
Swap termination cost	-	67,179,200	-	67,179,200
Debt issuance costs	-	1,421,938	-	1,421,938
Total Expenditures	778,352,828	69,185,441	110,506,053	958,044,322
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	65,003,093	(69,185,294)	(39,241,394)	(43,423,595)
Other Financing Sources (Uses):				
Appropriations	-	-	20,430,000	20,430,000
Reversions (Note 12)	106,919	-	(106,919)	-
Transfers in (out):				
Severance tax bond appropriations	-	-	29,096,632	29,096,632
Inter-Agency (Note 11)	(4,829,000)	-	300,000	(4,529,000)
Intra-Agency (Note 11)	-	1,960,850	(1,960,850)	-
Refunded bond escrow agent (Note 11)	-	(420,000,000)	-	(420,000,000)
Face value of debentures payable (Note 11)	-	420,090,000	-	420,090,000
Premiums of debentures payable (Note 11)	-	69,235,049	-	69,235,049
Total Other Financing Sources (Uses)	(4,722,081)	71,285,899	47,758,863	114,322,681
Net Changes in Fund Balance	60,281,012	2,100,605	8,517,469	70,899,086
Fund Balance, June 30, 2017	200,754,177	-	78,476,452	279,230,629
Fund Balance, June 30, 2018	\$ 261,035,189	\$ 2,100,605	\$ 86,993,921	\$ 350,129,715

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, 2018

Net Changes in Fund Balance - Total Governmental Funds

(Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds) **\$ 70,899,086**

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.) 1,703,177

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: 46,783

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	320,276,270	
Depreciation expense	(398,209,884)	
Sale of capital asset and adjustments, net book value	29,180	
Excess of depreciation expense over capital outlay		(77,904,434)

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

Bond proceeds	(420,090,000)	
Principal payments	96,925,000	
Principal payments from refunding (paid to escrow agent)	420,000,000	
Change in fair value of ineffective swaps recorded in the Statement of Activities	7,417,176	
Swap termination costs	67,179,200	171,431,376

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: (7,871,038)

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**

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 \$162,996,678 in the Statement of Net Position, net of \$12,871,880 of amortization, recorded as a decrease to interest expense in the Statement of Net Position:

Amortization of bond premium	12,871,880	
Premium of new bonds issued	<u>(69,235,049)</u>	
		<u>(56,363,169)</u>

Change in Net Position of Governmental Activities (Statement of Activities)	\$ <u>101,941,781</u>
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Statement of Net Position - Proprietary Fund

As of June 30, 2018

	State Infrastructure Bank (SHARE 89300)
Assets:	
Current Assets:	
Cash: (Note 2)	
Unrestricted	\$ -
Cash equivalents: (Note 2)	
Investment in SGFIP	20,494,091
Receivables:	
Interest receivable	-
Notes and loans receivable (Note 5)	627,263
Total Current Assets	<u>21,121,354</u>
Total Assets	<u><u>\$ 21,121,354</u></u>
Liabilities and Net Position:	
Liabilities:	
Current Liabilities:	
Accounts payable	\$ -
Total Current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
Net Position:	
Restricted for:	
Loans	21,121,354
Total Net Position	<u>21,121,354</u>
Total Liabilities and Net Position	<u><u>\$ 21,121,354</u></u>

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, 2018

	<u>State Infrastructure Bank</u> <u>(SHARE 89300)</u>
Operating Revenues (Expenses):	
Loan interest income	\$ 7,134
Total Operating Revenues (Expenses)	<u>7,134</u>
Non-Operating Revenues (Expenses):	
Interest income	177,383
Interest expense	-
Total Non-Operating Revenues (Expenses)	<u>177,383</u>
Change in Net Position/Operating Income	184,517
Net Position, Beginning of Fiscal Year	<u>20,936,837</u>
Net Position, End of Fiscal Year	<u><u>\$ 21,121,354</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, 2018

	State Infrastructure Bank (SHARE 89300)
Cash Flows from Operating Activities:	
Cash received from interest on loans	\$ 7,134
Loans repaid	86,095
Net Cash Provided (Used) by Operating Activities	<u>93,229</u>
Cash Flows from Investing Activities:	
Cash received from interest	177,383
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>177,383</u>
Net Increase (Decrease) in Cash and Cash Equivalents	270,612
Cash and Cash Equivalents at June 30, 2017	<u>20,223,479</u>
Cash and Cash Equivalents at June 30, 2018	<u><u>\$ 20,494,091</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 7,134
Change in assets and liabilities:	
(Increase) decrease in notes and loans receivable	<u>86,095</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 93,229</u></u>

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, 2018

	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	\$ 369,082,800	\$ 919,323,275	\$ 386,843,471	\$ (532,479,804)
Other state funds	406,598,700	411,513,330	455,472,631	43,959,301
Transfers outside the agency	1,171,000	1,171,000	1,277,919	106,919
Interest revenue	360,100	360,100	1,039,819	679,719
Bond proceeds	-	-	-	-
Total Revenues and Other Financing Sources	777,212,600	1,332,367,705	844,633,840	\$ (487,733,865)
Prior Year Funds Rebudgeted	27,955,000	159,241,031		
	\$ 805,167,600	\$ 1,491,608,736		
Expenditures and Other Financing Uses:				
Project Design & Construction:				
Personal services/employee benefits	\$ 25,468,800	\$ 25,468,800	22,587,730	\$ 2,881,070
Contractual services	319,376,100	957,613,675	332,521,096	625,092,579
Other	157,310,800	159,146,462	148,125,256	11,021,206
Transfers (in) out	3,000,000	3,000,000	3,000,000	-
	505,155,700	1,145,228,937	506,234,082	638,994,855
Highway Operations:				
Personal services/employee benefits	104,510,100	104,510,100	97,561,765	6,948,335
Contractual services	49,772,600	70,799,273	49,639,936	21,159,337
Other	76,512,200	92,865,742	75,260,254	17,605,488
Transfers (in) out	3,000,000	3,000,000	3,000,000	-
	233,794,900	271,175,115	225,461,955	45,713,160
Business Support:				
Personal services/employee benefits	24,757,500	24,757,500	21,994,922	2,762,578
Contractual services	4,458,800	4,458,800	1,923,578	2,535,222
Other	12,949,400	12,949,400	11,368,503	1,580,897
	42,165,700	42,165,700	35,287,003	6,878,697
Modal:				
Personal services/employee benefits	3,182,700	3,182,700	2,419,992	762,708
Contractual services	18,228,000	26,518,333	12,947,752	13,570,581
Other	2,640,600	3,337,951	2,002,044	1,335,907
	24,051,300	33,038,984	17,369,788	15,669,196
Total Budgeted Expenditures and Other Financing Uses	\$ 805,167,600	\$ 1,491,608,736	784,352,828	\$ 707,255,908
Non-Budgeted Items:				
Reversions			-	
Total Expenditures and Other Financing Uses			784,352,828	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 60,281,012	

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, 2018.

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 and other items not properly included among program revenues are reported instead as general revenues. 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).

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.

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. The fund does not receive state general fund appropriations that are subject to reversions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

Employees' vested compensated absences are recorded as an expenditure when utilized. The amount of accumulated compensated absences unpaid at June 30, 2018, 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.

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.

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.

2006A GRIP Bond Debt Service Fund (#10220). The fund was created when the \$150,000,000 New Mexico State Highway Commission Revenue Bonds Series 2006A were issued in September 2006.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Debt Service Funds - continued

2008A GRIP Bond Debt Service Fund (#10410). The fund was created when the \$115,200,000 New Mexico State Transportation Commission Revenue Bonds Series 2008A were issued in April 2008 to refund certain outstanding bonds of the NMFA which were issued for the purpose of financing projects administered by the New Mexico Department of Transportation.

2008B GRIP Bond Debt Service Fund (#10420). The fund was created when the \$220,000,000 New Mexico State Transportation Commission Revenue Bonds Series 2008B were issued in April 2008 to refund certain outstanding bonds of the NMFA which were issued for the purpose of financing projects administered by the New Mexico Department of Transportation.

2008C GRIP Bond Debt Service Fund (#10430). The fund was created when the \$84,800,000 New Mexico State Transportation Commission Revenue Bonds Series 2008C were issued in May 2008 to refund certain outstanding bonds of the NMFA which were issued for the purpose of financing projects administered by the New Mexico Department of Transportation.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budgets and Budgetary Accounting

Per the General Appropriations Act of 2017, Section 3K, "For the purpose of administering the General Appropriation Act of 2017, 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 11) 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 received from the Department of Energy (for the WIPP Project fund) in advance of incurring the eligible expenditures is also reflected as restricted cash because the cash can only be used on specified road projects. 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 deemed uncollectible through the end of FY18 was \$5,197,067 and a net total of \$135,894 was moved to the uncollectible account during the current fiscal year. A total of \$33,128 was recovered from the uncollectible account during the current fiscal year. (Note 3)

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, 2018 (Note 4).

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, 2018. 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 5).

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 6). There was no allowance for FY 2018. 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 7) and are included in the governmental fund financial statements. Inter-fund transactions are eliminated in the accrual basis government-wide financial statements.

Due From Other State Agencies

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

Due From Local Governments

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

Due To Other State Agencies

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

Due to Local Governments

Due to other local governments represents amounts due to local governments from the Department (Note 13) 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 14) at the CAFR level 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 3 categories of costs that will meet performance criteria: The pavement, which originally cost \$36,100,000, is being amortized over 20 years, the term of the warranty. At the end of the fiscal year 2018 the total prepaid expense unamortized value was \$10,830,000. The structures, which originally cost \$29,480,471 are fully amortized.

Property Held for Resale

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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. As a result of House Bill 1074, effective date June 17, 2005, and Section 12-6-10 NMSA 1978 the State's capitalization policy threshold was changed from \$1,000 to \$5,000, requiring agencies to capitalize acquisitions 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.

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. Current year activity is shown in Note 10 to the financial statements.

The Department follows the depreciation method to record infrastructure assets. This method requires the Department to allocate the cost of infrastructure assets over their useful lives as depreciation expense. In addition, the Department records deletions of infrastructure assets and related accumulated depreciation over a 39 year estimated life.

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 and Equipment	7 - 14 years
Buildings and Other Improvements	40 years
Infrastructure	25 - 30 years

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, 2018, and includes direct and incremental salary related payments, such as the employees' 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 2017, Section 3K 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, 2018 for other multiple year appropriation periods are as follows:

STB Capital Outlay Fund	89200	\$ 8,129,339
GF Capital Outlay Fund	93100	19,218,490
		<u>\$ 27,347,829</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 \$1.09 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 \$1.39 billion. Debt Service principal and interest paid for the current year and total pledged revenues were \$149,247,690 and \$814,341,276, 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.

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 Organization (STO) acts as the state's bank. Agency cash receipts are deposited with STO and pooled in a statewide investment fund, when amounts are greater than immediate needs they 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 reduced.

The comprehensive cash reconciliation model which compares aggregated agency claims on the State General Fund Investment Pool to the associated resources held by the State Treasurer's Office is now in its fourth year. This process has been reviewed multiple times 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. The reviews have deemed the process to be sound and the Department fully compliant with the requirements of the monthly process.

The State Controller indicated on August 13, 2018 that as of June 30, 2018, resources held in the pool were equivalent to the corresponding business unit claims on those resources and 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, 2018. 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, 2018 the Department had the following invested in the General Fund Investment Pool:

General Fund Investment Pool	\$ 286,063,083
State Infrastructure Bank	20,494,091
	<u>\$ 306,557,174</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, 2018.

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, 2018.

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, 2018 the Department had the following managed by NMFA held with Bank of Albuquerque:

Bank of Albuquerque, trustee account (Managed by NMFA)	<u>\$ 39,639,748</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, 2018 is as follows:

<u>Number of Days Outstanding</u>	
0 - 30	\$ 462,271
31 - 60	16,586
61 - 90	22,169
91 - 120	19,284
Beyond 120	5,232,042
	<u>5,752,352</u>
Allowance for uncollectible accounts	<u>(5,197,067)</u>
	<u><u>\$ 555,285</u></u>

4. STB CAPITAL OUTLAY FUND

Severance tax bond proceeds as of June 30, 2018, 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	\$ 83,214,156
Sale and reauthorization of severance tax bonds	14,913,437
Funding from the State Board of Finance	(27,899,686)
Reversion to the State Board of Finance	<u>(678,263)</u>
Balance, end of year	<u><u>\$ 69,549,644</u></u>

The funding for the year ended June 30, 2018 was received under the Laws of 2012, Chapter 64; Laws of 2013, Chapter 226; Laws of 2014, Chapter 66; Laws of 2015, Chapters 3 and 147; Laws of 2016, Chapters 5, 81 and 83; Laws of 2017, Chapter 133, and Laws of 2018, Chapters 68 and 80.

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.

5. NOTES AND LOANS RECEIVABLE

Loans receivable funded by the SIB consist of the following:

A ten (10) year State Infrastructure Bank note receivable from Town of Peralta at 1% interest secured by property taxes and sewer funds.	<u>\$ 627,263</u>
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6. DUE FROM U.S. DEPARTMENT OF TRANSPORTATION

Due from U.S. Department of Transportation (USDOT) consists of the following at June 30, 2018:

<u>Agency</u>	
Federal Highway Administration	\$ 36,621,407
Less allowance for uncollectible amounts	-
Total Federal Highway Administration	<u>36,621,407</u>
Other USDOT Agencies	<u>8,287,787</u>
Total USDOT	<u>\$ 44,909,194</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

7. 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, 2018 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	\$ 7,652,952	\$ -	
Total General Funds		7,652,952	-	\$ 7,652,952
Total Special Revenue Funds		-	-	-
Debt Service Funds:				
2006A GRIP Bond Debt Service Fund	10220	27,151	12,505	
2008A GRIP Bond Debt Service Fund	10410	-	5,127,562	
2008B GRIP Bond Debt Service Fund	10420	-	14,551,645	
2008C GRIP Bond Debt Service Fund	10430	-	3,202,957	
2010A Bond Debt Service Fund	11140	1,735,971	-	
2010B GRIP Bond Debt Service Fund	20450	16,920,887	7,635,666	
2014A Bond Debt Service Fund	11960	651,977	-	
2012A Bond Debt Service Fund	30850	1,094,077	-	
2014B Bond Debt Service Fund	50110	491,250	4,780	
2018A Refunding Revenue Bond Funds	20770	1,960,850	-	
Total Debt Service Funds		22,882,163	30,535,115	(7,652,952)
Total Capital Projects Funds		-	-	-
Total Enterprise Funds		-	-	-
Total Interfund Receivables and Payables		\$ 30,535,115	\$ 30,535,115	\$ -
Summary				
Total General Funds - net				\$ 7,652,952
Total Special Revenue Funds - net				-
Total Debt Service Funds - net				(7,652,952)
Total Capital Projects Funds - net				-
Total Governmental – net				-
Total Enterprise Funds – net				-
Total All Funds				\$ -

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

8. DUE FROM OTHER STATE AGENCIES

Fund Description	Fund Number	Sub-total	Total	Business Unit	Fund Affiliate
State Road Fund(s)	10040 / 20100	\$ 18,982,508		33300	82500
		17,122,608		33300	82800
HIF Bond Fund	20200	567,922		33300	83200
Local Government Road Fund	20300	1,598,306		33300	82800
		189,307		33300	83200
State Aviation Fund	20500	32,165		33300	82800
		464,193		33300	83200
Total taxes due from Taxation and Revenue Department			\$ 38,957,009		
Total Government-wide			<u>\$ 38,957,009</u>		

9. INVENTORIES

Inventory as of June 30, 2018 consists of the following:

Highway maintenance materials stockpiled	\$ 10,338,915
Repair parts and expendable supplies	5,604,911
Fuel, oil and lubricants	<u>703,730</u>
	<u>\$ 16,647,556</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, 2018 follows:

	Beginning Balance June 30, 2017	Additions	Adjustments & Transfers	Retirements
Non-Depreciable Assets:				
Construction in Progress	\$ 264,678,417	\$ 305,974,768	\$ -	\$ -
Rail System Infrastructure - Right of Way	72,249,445	-	-	(44,864)
Land	5,177,044	-	-	-
Right of Way	432,231,219	-	-	(3,376)
Total Non-Depreciable Assets	774,336,125	305,974,768	-	(48,240)
Depreciable Assets:				
Infrastructure	13,668,427,007	-	-	(522,447,853)
Automotive and Major Road Fund Equipment	236,164,112	12,161,591	43,780	(6,158,065)
Rail System Infrastructure	373,304,975	-	-	(17,500)
Buildings	49,365,551	59,370	281,531	(27,015)
Equipment and Furniture	28,170,998	2,080,541	(144,519)	(668,268)
Library	113,566	-	-	-
Total Depreciable Assets	14,355,546,209	14,301,502	180,792	(529,318,701)
Total Assets	15,129,882,334	320,276,270	180,792	(529,366,941)
Less Accumulated Depreciation:				
Infrastructure	(9,161,182,629)	(369,153,906)	-	522,447,853
Automotive and Major Road Fund Equipment	(163,658,880)	(11,903,747)	-	6,109,583
Rail System Infrastructure	(136,401,704)	(14,932,491)	-	7,992
Buildings	(31,054,777)	(810,118)	(308)	3,554
Equipment and Furniture	(22,628,625)	(1,408,057)	28	646,627
Library	(106,358)	(1,565)	-	-
Total Accumulated Depreciation	(9,515,032,973)	(398,209,884)	(280)	529,215,609
Net Total	\$ 5,614,849,361	\$ (77,933,614)	\$ 180,512	\$ (151,332)

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

Depreciation:

Programs and infrastructure	\$ 369,397,652
Transportation and highway operations	13,221,120
Program support	657,046
Modal	14,934,066
	398,209,884

Amortization

	1,805,000
Total Depreciation and Amortization	\$ 400,014,884

10. CAPITAL ASSETS - continued

CIP Reclassifications	Ending Balance June 30, 2018
\$ (241,247,626)	\$ 329,405,559
-	72,204,581
-	5,177,044
3,413,306	435,641,149
(237,834,320)	842,428,333
237,834,320	13,383,813,474
-	242,211,418
-	373,287,475
-	49,679,437
-	29,438,752
-	113,566
237,834,320	14,078,544,122
-	14,920,972,455
-	(9,007,888,682)
-	(169,453,044)
-	(151,326,203)
-	(31,861,649)
-	(23,390,027)
-	(107,923)
-	(9,384,027,528)
\$ -	\$ 5,536,944,927

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

11. TRANSFERS

Transfers within the Agency

	Fund Number		Transfers In	Transfers Out	Net (Sub-totals only)
General Funds:					
State Road Fund(s)	10040 / 20100	(2)	\$ 106,919	\$ -	
Total General Funds			106,919	-	\$ 106,919
Debt Service Funds:					
2006A GRIP Bond Debt Service Fund	10220	(1)	27,151	-	
2008A GRIP Bond Debt Service Fund	10410	(1)	-	3,565,157	
2008B GRIP Bond Debt Service Fund	10420	(1)	-	9,579,359	
2008C GRIP Bond Debt Service Fund	10430	(1)	-	2,101,981	
2010A Bond Debt Service Fund	11140	(1)	1,735,971	-	
2010B Bond Debt Service Fund	20450	(1)	9,285,221	-	
2014A Bond Debt Service Fund	11960	(1)	651,977	-	
2012A Bond Debt Service Fund	30850	(1)	1,094,077	-	
2014B Bond Debt Service Fund	50110	(1)	491,250	-	
2018A Bond Debt Service Fund	20770	(1)	1,960,850	-	
Total Debt Service Funds			15,246,497	15,246,497	-
Capital Projects Funds:					
Capital Projects Fund	10050	(2)	-	106,919	
Total Capital Projects Funds			-	106,919	(106,919)
			\$ 15,353,416	\$ 15,353,416	\$ -
Total Governmental – net					\$ -
Total Enterprise Funds – net					-
Total Transfers within the Agency					\$ -

(1) To transfer residual balances of swap funds refunded by 2018A Refunding Bond

(2) Reversion of completed State Road Fund Appropriations

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

11. TRANSFERS - continued

Transfers outside the Agency

	Fund Number		Transfers In	Transfers Out	Net (Sub-totals only)
General Funds:					
State Road Fund(s)	10040 / 20100	(3)	\$ 1,171,000	\$ -	
		(5)	-	6,000,000	
Total General Funds			<u>1,171,000</u>	<u>6,000,000</u>	<u>\$ (4,829,000)</u>
Special Revenue Funds:					
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	(4)	300,000	-	
Total Special Revenue Funds			<u>300,000</u>	<u>-</u>	<u>300,000</u>
Debt Service Funds:					
2018A Bond Debt Service Fund	20770	(6)	420,090,000	-	
		(7)	69,235,049	-	
		(8)	-	420,000,000	
Total Debt Service Funds			<u>489,325,049</u>	<u>420,000,000</u>	<u>69,325,049</u>
			<u>\$ 490,796,049</u>	<u>\$ 426,000,000</u>	<u>\$ 64,796,049</u>
Total Governmental – net					64,796,049
Total Enterprise Funds – net					<u>-</u>
Total Transfers outside the Agency					64,796,049
Government-wide adjustments					<u>(69,325,049)</u>
Total Government Wide - Statement of Activities					<u>\$ (4,529,000)</u>

- (3) Transfer from Taxation and Revenue Department for HB2, Section 4 H, Laws of 2017 Weight Distance tax
- (4) Transfer from Department of Finance and Administration for DWI Program
- (5) Transfer to Taxation and Revenue Department for HB2, Section 4 C, Laws of 2017 Motor Vehicle Program
- (6) Receipt of Principal on 2018A Refunding Revenue Bonds
- (7) Receipt of Premium on 2018A Refunding Revenue Bonds
- (8) Transfer of proceeds on 2018A Refunding Revenue Bonds to escrow account to refund Swap funds

12. REVERSIONS (INTRA-AGENCY)

Reversions are calculated based on an original appropriation amount less total expenditures until the appropriation is expired, project comes to completion or closed by the capital projects division.

Current year reversions to the State Road Fund as of June 30, 2018 were as follows:

Fund Description	Fund Number	Total
Capital Projects Fund	10050	\$ (106,919)
Total Governmental Funds		\$ (106,919)

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

13. DUE TO LOCAL GOVERNMENTS

Fund Description	Fund Number	Due To	Total
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	Bernalillo County	\$ 32,010
		City of Albuquerque	25,439
		City of Farmington	4,548
		City of Gallup	1,755
		City of Las Vegas	2,557
		City of Portales	753
		City of Santa Fe	4,596
		City of Tucumcari	570
		County of McKinley	13,232
		County of Taos	139
		Dona Ana County	18,604
		Pueblo of Jemez	931
		Rio Arriba County	12,748
		San Juan County	2,237
Federal Planning & Development Fund	10030	City of Carlsbad	106,097
		City of Clovis	38,958
		City of Farmington	12,298
		City of Hobbs	33,094
		City of Las Vegas	9,236
		City of Portales	7,305
		City of Roswell	70,928
		City of Ruidoso Downs	5,756
		City of Santa Fe	9,703
		County of Grant	73,981
		El Paso Metropolitan Planning Org.	1,737
		Mid-Region Council of Governments	53,555
		North Central Regional Transit District	206,549
		Pueblo of Laguna	21,757
		Pueblo of Zuni	10,002
		Rio Metro Regional Transit District	253,844
		Town of Red River	7,476
		Village of Milan	10,102
State Road Fund(s)	10040 and 20100	City of Santa Fe	10,626
		City of Socorro	376
		County of Eddy	38,306
		Mid-Region Council of Governments	308,002
		Rio Metro Regional Transit District	265,198
		Santa Fe County	2,967
		Village of Los Lunas	137,975

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Notes to Financial Statements

13. DUE TO LOCAL GOVERNMENTS - continued

Fund Description	Fund Number	Due To	Total
Local Government Road Fund	20300	City of Portales	146,643
		County of Torrance	297,832
		New Mexico Institute of Mining & Tech	48,375
		Santa Fe County	63,551
		Village of Los Lunas	280,383
STB Capital Outlay Fund	89200	Board of Comm. - City Las Cruces	239,574
		Chaves County	9,127
		City of Albuquerque	353,506
		City of Clovis	12,784
		City of Las Cruces	(4,632)
		City of Lordsburg	17,917
		County of Eddy	56,582
		County of McKinley	265,758
		County of Valencia	347,664
		Dona Ana County	448,462
Total Governmental Funds			<u>4,399,473</u>
Total Enterprise Funds			<u>-</u>
Total Government-wide			<u><u>\$ 4,399,473</u></u>

14. 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	\$ 41,004
Traffic Safety Fund(s)	10010	The University of New Mexico	<u>46,317</u>
Total Government-wide			<u><u>\$ 87,321</u></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, 2018:

Governmental Activities	Balance at June 30, 2017	Increase	Decrease	Ending Balance June 30, 2018	Amounts due within one year
2006A GRIP Bonds	\$ 4,220,000	\$ -	\$ (3,570,000)	\$ 650,000	\$ 150,000
2008A GRIP Bonds	115,200,000	-	(115,200,000)	-	-
2008B GRIP Bonds	220,000,000	-	(220,000,000)	-	-
2008C GRIP Bonds	84,800,000	-	(84,800,000)	-	-
2010A Refunding Bonds	69,360,000	-	(8,770,000)	60,590,000	8,990,000
2010B Refunding Bonds	375,225,000	-	(78,075,000)	297,150,000	82,385,000
2012A Refunding Bonds	169,975,000	-	(1,305,000)	168,670,000	4,640,000
2014A Revenue Bonds	70,110,000	-	(3,775,000)	66,335,000	3,855,000
2014B Refunding Bonds	79,405,000	-	(1,430,000)	77,975,000	1,505,000
2018A Refunding Bonds	-	420,090,000	-	420,090,000	1,265,000
Debentures	1,188,295,000	420,090,000	(516,925,000)	1,091,460,000	102,790,000
Compensated absences payable	7,107,508	6,904,091	(6,950,874)	7,060,725	7,060,725
Total obligations	1,195,402,508	\$ 426,994,091	\$ (523,875,874)	1,098,520,725	\$ 109,850,725
Less current portion	(104,032,508)			(109,850,725)	
Net long-term obligations	<u>\$ 1,091,370,000</u>			<u>\$ 988,670,000</u>	
Unamortized bond premium	\$ 106,633,509	\$ 69,235,049	\$ (12,871,880)	\$ 162,996,678	\$ 18,641,467

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, 2017	Increase	Decrease	Ending Balance June 30, 2018	Amounts due within one year
Deferred loss on refunding	\$ 47,037,073	42,424,000	(7,871,038)	\$ 81,590,035	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, 2018, there were no bonds outstanding that were considered defeased in substance.

The cumulative deferred amount on the refundings of \$81,590,035 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.

The Department's Swap Funds Refunding

The Department's Swap agreements and 2008 GRIP bond issuances were refunded effective June 27, 2018. At the time of refunding, the swap funds termination costs were \$67,179,200. The termination cost is the net present value of the receipts and payments anticipated to be made pursuant to the agreements. The net present values are calculated based on discount rates indicated by actual swap transactions that occurred on or around June 27, 2018.

Economic Gain

The refunding increased total debt service payments over the next 12 years by \$6.1 million. Due to the differences in the principal payment schedules of the old and new debt, the refunding results in an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$3.4 million.

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 2006A GRIP

On September 19, 2006, the Authority issued \$150,000,000 of State Transportation, Series 2006A Revenue Bonds. The Series 2006A Bonds were issued to provide funds for certain transportation projects authorized by the Legislature that the New Mexico Department of Transportation has determined to be necessary or desirable as part of GRIP transportation projects. Due to certain facts and circumstances specific to this bond issue, the liability associated with this debt is reflected by the New Mexico Department of Transportation and not the books of the Authority. The Authority serves in an agency capacity with respect to this bond issue.

Principal of the Bonds is payable as follows on December 15. Interest, with rates ranging from 3.6% to 5.0% per annum, is payable semi-annually on June 15 and December 15 through the year 2023.

In December 2012, \$66,040,000 was refunded by the 2012A Refunding Revenue Bonds.

In December 2014, \$68,250,000 was refunded by the 2014B Refunding Revenue Bonds.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$92,906, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2006A GRIP:			
2019	\$ 150,000	\$ 22,906	\$ 172,906
2020	-	20,000	20,000
2021	-	20,000	20,000
2022	-	20,000	20,000
2023	500,000	10,000	510,000
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 650,000	\$ 92,906	\$ 742,906
	<u> </u>	<u> </u>	<u> </u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2008A GRIP

The Department issued \$115,200,000 NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008A in April of 2008. There was no original issue premium. The cost of issuance was \$457,260.

The \$115,200,000 Series 2008A Bonds, together with additional bonds hereafter issued, 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 issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued 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.

On June 27, 2018, the Series 2008A GRIP Bonds of \$115,200,000 were refunded by the 2018A Refunding Revenue Bonds.

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2008B GRIP

The Department issued \$220,000,000 NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008B in April of 2008. There was no original issue premium. The cost of issuance was \$873,240.

The \$220,000,000 Series 2008B Bonds, together with additional bonds hereafter issued, 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 issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued 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.

On June 27, 2018, the Series 2008B GRIP Bonds of \$220,000,000 were refunded by the 2018A Refunding Revenue Bonds.

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2008C GRIP

The Department issued \$84,800,000 NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008C in May of 2008. There was no original issue premium. The cost of issuance was \$448,194.

The \$84,800,000 Series 2008C Bonds, together with additional bonds hereafter issued, 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 issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued 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.

On June 27, 2018, the Series 2008C GRIP Bonds of \$84,800,000 were refunded by the 2018A Refunding Revenue Bonds.

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

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 \$9,399,275, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2010A Refunding:			
2019	\$ 8,990,000	\$ 2,674,625	\$ 11,664,625
2020	9,210,000	2,279,600	11,489,600
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
2024-2025	6,885,000	498,075	7,383,075
Total	<u>\$ 60,590,000</u>	<u>\$ 9,399,275</u>	<u>\$ 69,989,275</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 \$35,853,000, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2010B Refunding:			
2019	\$ 82,385,000	\$ 14,457,500	\$ 96,842,500
2020	86,520,000	10,738,250	97,258,250
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	\$ 297,150,000	\$ 35,853,000	\$ 333,003,000
	<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 \$35,080,500, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2012A Refunding:			
2019	\$ 4,640,000	\$ 7,394,850	\$ 12,034,850
2020	4,975,000	7,209,250	12,184,250
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
2024-2026	46,810,000	4,548,850	51,358,850
Total	<u>\$ 168,670,000</u>	<u>\$ 35,080,500</u>	<u>\$ 203,750,500</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 \$30,790,250, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2014A Revenue:			
2019	\$ 3,855,000	\$ 3,316,750	\$ 7,171,750
2020	4,155,000	3,124,000	7,279,000
2021	2,750,000	2,916,250	5,666,250
2022	-	2,778,750	2,778,750
2023	-	2,778,750	2,778,750
2024-2028	25,190,000	12,106,750	37,296,750
2029-2032	30,385,000	3,769,000	34,154,000
Total	<u>\$ 66,335,000</u>	<u>\$ 30,790,250</u>	<u>\$ 97,125,250</u>

15. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

Series 2014B Revenue and Refundings

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

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

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

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$32,039,250, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2014B Refunding:			
2019	\$ 1,505,000	\$ 3,898,750	\$ 5,403,750
2020	1,580,000	3,823,500	5,403,500
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
2024-2027	69,660,000	13,336,500	82,996,500
Total	<u>\$ 77,975,000</u>	<u>\$ 32,039,250</u>	<u>\$ 110,014,250</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 \$151,574,100, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2018A Refunding:			
2019	\$ 1,265,000	\$ 20,304,350	\$ 21,569,350
2020	670,000	20,941,250	21,611,250
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
2024-2028	259,990,000	44,048,250	304,038,250
2029-2030	61,025,000	4,255,250	65,280,250
Total	<u>\$ 420,090,000</u>	<u>\$ 151,574,100</u>	<u>\$ 571,664,100</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>
2019	\$ 154,859,731
2020	155,245,850
2021	153,604,600
2022	164,711,725
2023	163,872,700
2024-2028	494,560,425
2029-2032	99,434,250
Total	\$ 1,386,289,281

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 \$52,906,993 for the year-ended June 30, 2018.

Capital Leases

There are no future minimum lease obligations to report as of June 30, 2018.

Compensated Absences

An obligation amounting to \$7,060,725 at June 30, 2018 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 \$1,858,590

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

Fund 10030: Federal Planning and Development Fund \$1,225,843

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

Fund 10040 / 20100: State Road Fund(s) \$1,198,573 (Unassigned negative portion of fund balance)

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

Fund 89200: STB Capital Outlay Fund \$784,310

This amount represents unreimbursed expenditures held as retainage.

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 16.99% in FY18 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, 2018, 2017, 2016 were \$16,214,717, \$16,470,019, and \$16,153,446, 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, 2018.

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, 2018 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 2017-2018 fiscal year, the Department paid Risk Management \$6,515,377 in insurance premiums. During the 2016-2017 fiscal year, the Department paid Risk Management \$7,188,944 in insurance premiums. During the 2015-2016 fiscal year, the Department paid Risk Management \$9,495,479 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, 2018, 2017, and 2016, 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. There are various contractor lawsuits and claims against the Department for various reasons. 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, 2018 was \$1,076,432.

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, 2018 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 11 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.

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SUPPLEMENTARY INFORMATION

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

As of June 30, 2018

	Departmental Services- Inventories Fund (SHARE 10040)	State Road Fund (SHARE 20100)	Interfund Activity	State Road Fund(s) (SHARE 10040 and 20100)
Assets:				
Cash:				
Unrestricted	\$ -	\$ 1,100	\$ -	\$ 1,100
Cash equivalents:				
Investment in SGFIP	-	219,409,235	-	219,409,235
Managed by NMFA	-	223,153	-	223,153
Receivables:				
Accounts receivable, net	-	511,162	-	511,162
Interest receivable	-	404	-	404
Notes and loans receivable	-	-	-	-
Other receivables	-	14,639	-	14,639
Due from:				
U.S. Department of Transportation	-	36,621,407	-	36,621,407
Other funds	255	7,652,952	(255)	7,652,952
Other state agencies	-	36,105,116	-	36,105,116
Inventories	16,647,556	-	-	16,647,556
Prepaid expenses - other	-	14,210	-	14,210
Prepaid expenses - NM44 warranty	-	10,830,000	-	10,830,000
Property held for resale	-	10,607,010	-	10,607,010
Total Assets	\$ 16,647,811	\$ 321,990,388	\$ (255)	\$ 338,637,944

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 281,862	\$ 54,016,539	\$ -	\$ 54,298,401
Due to:				
U.S. Department of Transportation	-	4,849	-	4,849
Other funds	-	255	(255)	-
Local governments	-	763,450	-	763,450
Component units of the state	-	41,004	-	41,004
Unearned revenue	-	3,333,550	-	3,333,550
Other accrued expenses	-	5,449,429	-	5,449,429
Deficiency in SGFIP	12,448,134	-	-	12,448,134
Other liabilities	58,229	7,136	-	65,365
Total Liabilities	12,788,225	63,616,212	(255)	76,404,182

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	-	1,198,573	-	1,198,573
Total Deferred Inflows of Resources	-	1,198,573	-	1,198,573

Fund Balance:

Non-spendable	16,647,556	21,451,220	-	38,098,776
Restricted	-	236,922,956	(12,787,970)	224,134,986
Unassigned	(12,787,970)	(1,198,573)	12,787,970	(1,198,573)
Total Fund Balance	3,859,586	257,175,603	-	261,035,189

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

\$ 16,647,811	\$ 321,990,388	\$ (255)	\$ 338,637,944
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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, 2018

	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	\$ -	\$ 407,496,440	\$ -	\$ 407,496,440
U.S. Department of Transportation	-	386,843,471	-	386,843,471
Fees and fines	-	-	-	-
Licenses and permits	-	10,853,081	-	10,853,081
Charges for services	-	4,202,042	-	4,202,042
Other revenue	13,752	32,907,316	-	32,921,068
Interest earnings	-	1,039,819	-	1,039,819
Total Revenues	13,752	843,342,169	-	843,355,921
Expenditures:				
Current:				
Operating costs	-	11,167,210	-	11,167,210
Personal services	-	95,586,107	-	95,586,107
Out-of-state travel	-	118,076	-	118,076
Grants and services	-	1,752,651	-	1,752,651
Travel	-	16,671,069	-	16,671,069
Maintenance and repairs	-	12,622,112	-	12,622,112
Supplies	-	35,853,705	-	35,853,705
Contractual services	-	124,758,374	-	124,758,374
Other costs	(65,774)	3,130,551	-	3,064,777
Employee benefits	-	48,978,302	-	48,978,302
Capital outlay	-	286,562,043	-	286,562,043
Debt service:				
Principal	-	93,150,000	-	93,150,000
Interest	-	48,068,402	-	48,068,402
Swap termination cost	-	-	-	-
Debt issuance costs	-	-	-	-
Total Expenditures	(65,774)	778,418,602	-	778,352,828
Excess (Deficiency) of Revenues Over (Under) Expenditures	79,526	64,923,567	-	65,003,093
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	106,919	-	106,919
Transfers in (out):				
Severance tax bond appropriations	-	-	-	-
Inter-Agency	-	(4,829,000)	-	(4,829,000)
Intra-Agency	-	-	-	-
Refunded bond escrow agent	-	-	-	-
Face value of debentures payable	-	-	-	-
Premiums of debentures payable	-	-	-	-
Total Other Financing Sources (Uses)	-	(4,722,081)	-	(4,722,081)
Net Changes in Fund Balance	79,526	60,201,486	-	60,281,012
Fund Balance, June 30, 2017	3,780,060	196,974,117	-	200,754,177
Fund Balance, June 30, 2018	\$ 3,859,586	\$ 257,175,603	\$ -	\$ 261,035,189

See Independent Auditors' Report

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

As of June 30, 2018

	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	-	155,596	15,482	533,509
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	-	9,151	-	-
Interest receivable	-	-	-	-
Notes and loans receivable	-	-	-	-
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	4,857,861	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 4,857,861	\$ 164,747	\$ 15,482	\$ 533,509
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ 1,849,025	\$ 9,359	\$ 2,516	\$ 66,813
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Local governments	107,371	-	-	12,748
Component units of the state	46,317	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	25,712	-	-	-
Deficiency in SGFIP	2,829,436	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	4,857,861	9,359	2,516	79,561
Deferred Inflows of Resources:				
Amounts unavailable (not received within period of availability)	1,858,590	-	-	-
Total Deferred Inflows of Resources	1,858,590	-	-	-
Fund Balance:				
Non-spendable	-	-	-	-
Restricted	-	155,388	12,966	453,948
Unassigned	(1,858,590)	-	-	-
Total Fund Balance	(1,858,590)	155,388	12,966	453,948
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,857,861	\$ 164,747	\$ 15,482	\$ 533,509

See Independent Auditors' Report

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

Traffic Safety Fund (SHARE 20800)	Ignition Interlock Fund (SHARE 82600)	Traffic Safety Fund(s) (SHARE 10010, 10020, 20600, 20700, 20800, 82600)
\$ -	\$ -	\$ -
1,608,552	2,565,139	4,878,278
-	-	-
34,316	-	43,467
-	-	-
-	-	-
-	-	-
-	-	4,857,861
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 1,642,868</u>	<u>\$ 2,565,139</u>	<u>\$ 9,779,606</u>
\$ 202,526	\$ 73,412	\$ 2,203,651
-	-	-
-	-	-
-	-	120,119
-	-	46,317
-	-	-
-	2,470	28,182
-	-	2,829,436
-	-	-
<u>202,526</u>	<u>75,882</u>	<u>5,227,705</u>
-	-	1,858,590
-	-	<u>1,858,590</u>
-	-	-
1,440,342	2,489,257	4,551,901
-	-	(1,858,590)
<u>1,440,342</u>	<u>2,489,257</u>	<u>2,693,311</u>
<u>\$ 1,642,868</u>	<u>\$ 2,565,139</u>	<u>\$ 9,779,606</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, 2018

	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	11,456,603	-	-	-
Fees and fines	-	-	-	-
Licenses and permits	-	242,735	126,726	434,135
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Interest earnings	-	-	16	-
Total Revenues	11,456,603	242,735	126,742	434,135
Expenditures:				
Current:				
Operating costs	5,829	-	-	-
Personal services	467,711	-	-	-
Out-of-state travel	20,496	-	-	-
Grants and services	3,316,795	2,494	-	159,381
Travel	-	-	-	-
Maintenance and repairs	33,331	-	-	-
Supplies	-	-	-	-
Contractual services	8,189,571	491,157	113,933	293,281
Other costs	-	-	-	-
Employee benefits	207,950	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Swap termination cost	-	-	-	-
Debt issuance costs	-	-	-	-
Total Expenditures	12,241,683	493,651	113,933	452,662
Excess (Deficiency) of Revenues Over (Under) Expenditures	(785,080)	(250,916)	12,809	(18,527)
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers in (out):				
Severance tax bond appropriations	-	-	-	-
Inter-Agency	-	-	-	-
Intra-Agency	-	-	-	-
Refunded bond escrow agent	-	-	-	-
Face value of debentures payable	-	-	-	-
Premiums of debentures payable	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Changes in Fund Balance	(785,080)	(250,916)	12,809	(18,527)
Fund Balance, June 30, 2017	(1,073,510)	406,304	157	472,475
Fund Balance, June 30, 2018	\$ (1,858,590)	\$ 155,388	\$ 12,966	\$ 453,948

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)	
\$ -	\$ -	\$ -
-	-	11,456,603
-	-	-
1,003,275	414,695	2,221,566
-	-	-
-	200	200
11,393	-	11,409
<u>1,014,668</u>	<u>414,895</u>	<u>13,689,778</u>
-	-	5,829
-	37,834	505,545
-	-	20,496
438,310	-	3,916,980
-	-	-
-	-	33,331
-	-	-
478,851	578,127	10,144,920
26,447	28,166	54,613
-	14,062	222,012
-	-	-
-	-	-
-	-	-
-	-	-
<u>943,608</u>	<u>658,189</u>	<u>14,903,726</u>
<u>71,060</u>	<u>(243,294)</u>	<u>(1,213,948)</u>
-	-	-
-	-	-
-	-	-
-	300,000	300,000
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>300,000</u>	<u>300,000</u>
<u>71,060</u>	<u>56,706</u>	<u>(913,948)</u>
<u>1,369,282</u>	<u>2,432,551</u>	<u>3,607,259</u>
<u>\$ 1,440,342</u>	<u>\$ 2,489,257</u>	<u>\$ 2,693,311</u>

See Independent Auditors' Report

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

As of June 30, 2018

	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	4,878,278	-	2,329,478	24,236,236
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	43,467	-	-	-
Interest receivable	-	-	-	-
Notes and loans receivable	-	-	-	-
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	4,857,861	3,429,926	-	-
Other funds	-	-	-	-
Other state agencies	-	-	567,922	1,787,613
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	\$ 9,779,606	\$ 3,429,926	\$ 2,897,400	\$ 26,023,849

Liabilities, Deferred Inflows of Resources and Fund Balance:

Liabilities:				
Accounts payable	\$ 2,203,651	\$ 1,437,695	\$ -	\$ -
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Local governments	120,119	932,378	-	836,784
Component units of the state	46,317	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	28,182	15,102	-	-
Deficiency in SGFIP	2,829,436	979,140	-	-
Other liabilities	-	58,465	-	-
Total Liabilities	5,227,705	3,422,780	-	836,784

Deferred Inflows of Resources:

Amounts unavailable (not received within period of availability)	1,858,590	1,232,989	-	-
Total Deferred Inflows of Resources	1,858,590	1,232,989	-	-

Fund Balance:

Non-spendable	-	-	-	-
Restricted	4,551,901	-	2,897,400	25,187,065
Unassigned	(1,858,590)	(1,225,843)	-	-
Total Fund Balance	2,693,311	(1,225,843)	2,897,400	25,187,065

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

\$ 9,779,606	\$ 3,429,926	\$ 2,897,400	\$ 26,023,849
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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)	
\$ -	\$ -	\$ -	\$ -	\$ -
12,422,616	112,078	-	-	43,978,686
-	-	6	14,757,815	14,757,821
656	-	-	-	44,123
-	-	-	21,767	21,767
-	-	-	-	-
-	-	25,278	-	25,278
-	-	-	-	8,287,787
-	-	-	-	-
496,358	-	-	-	2,851,893
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 12,919,630</u>	<u>\$ 112,078</u>	<u>\$ 25,284</u>	<u>\$ 14,779,582</u>	<u>\$ 69,967,355</u>
\$ 194,363	\$ -	\$ 25,278	\$ 3,999,279	\$ 7,860,266
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,889,281
-	-	-	-	46,317
12,014	-	-	-	-
-	-	-	-	55,298
-	-	-	376,997	4,185,573
-	-	-	-	58,465
<u>206,377</u>	<u>-</u>	<u>25,278</u>	<u>4,376,276</u>	<u>14,095,200</u>
-	-	-	-	3,091,579
-	-	-	-	3,091,579
-	-	-	-	-
12,713,253	112,078	6	10,403,306	55,865,009
-	-	-	-	(3,084,433)
<u>12,713,253</u>	<u>112,078</u>	<u>6</u>	<u>10,403,306</u>	<u>52,780,576</u>
<u>\$ 12,919,630</u>	<u>\$ 112,078</u>	<u>\$ 25,284</u>	<u>\$ 14,779,582</u>	<u>\$ 69,967,355</u>

See Independent Auditors' Report

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

As of June 30, 2018

	Capital Projects Fund	STB Capital Outlay Fund	GF Capital Outlay Fund	Total Capital Projects Funds
	(SHARE 10050)	(SHARE 89200)	(SHARE 93100)	
Assets:				
Cash:				
Unrestricted	\$ -	\$ -	\$ -	\$ -
Cash equivalents:				
Investment in SGFIP	-	2,227,687	20,430,000	22,657,687
Managed by NMFA	-	-	-	-
Receivables:				
Accounts receivable, net	-	-	-	-
Interest receivable	-	-	-	-
Notes and loans receivable	-	-	-	-
Other receivables	-	-	-	-
Due from:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Other state agencies	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses - other	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-
Property held for resale	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 2,227,687</u>	<u>\$ 20,430,000</u>	<u>\$ 22,657,687</u>
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ -	\$ 1,265,255	\$ -	\$ 1,265,255
Due to:				
U.S. Department of Transportation	-	-	-	-
Other funds	-	-	-	-
Local governments	-	1,746,742	-	1,746,742
Component units of the state	-	-	-	-
Unearned revenue	-	-	-	-
Other accrued expenses	-	-	-	-
Deficiency in SGFIP	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	<u>-</u>	<u>3,011,997</u>	<u>-</u>	<u>3,011,997</u>
Deferred Inflows of Resources:				
Amounts unavailable (not received within period of availability)	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Non-spendable	-	-	-	-
Restricted	-	-	20,430,000	20,430,000
Unassigned	-	(784,310)	-	(784,310)
Total Fund Balance	<u>-</u>	<u>(784,310)</u>	<u>20,430,000</u>	<u>19,645,690</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 2,227,687</u>	<u>\$ 20,430,000</u>	<u>\$ 22,657,687</u>

See Independent Auditors' Report

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

2006A GRIP Bond Debt Service Fund	2008A GRIP Bond Debt Service Fund	2008B GRIP Bond Debt Service Fund	2008C GRIP Bond Debt Service Fund	2010A Bond Debt Service Fund	2010B Bond Debt Service Fund
(SHARE 10220)	(SHARE 10410)	(SHARE 10420)	(SHARE 10430)	(SHARE 11140)	(SHARE 20450)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,475	-	-	-	-	-
44,470	5,118,805	14,533,544	3,197,353	45,700	740,559
-	-	-	-	-	-
71	8,757	18,101	5,604	971	56,575
-	-	-	-	-	-
-	-	-	-	-	-
27,151	-	-	-	1,735,971	16,920,887
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 89,167</u>	<u>\$ 5,127,562</u>	<u>\$ 14,551,645</u>	<u>\$ 3,202,957</u>	<u>\$ 1,782,642</u>	<u>\$ 17,718,021</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,505	5,127,562	14,551,645	3,202,957	-	7,635,666
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,505</u>	<u>5,127,562</u>	<u>14,551,645</u>	<u>3,202,957</u>	<u>-</u>	<u>7,635,666</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
76,662	-	-	-	1,782,642	10,082,355
-	-	-	-	-	-
<u>76,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,782,642</u>	<u>10,082,355</u>
\$ 89,167	\$ 5,127,562	\$ 14,551,645	\$ 3,202,957	\$ 1,782,642	\$ 17,718,021

See Independent Auditors' Report

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

As of June 30, 2018

	2012A Bond Debt Service Fund	2014A Bond Debt Service Fund	2014B Bond Debt Service Fund
	(SHARE 30850)	(SHARE 11960)	(SHARE 50110)
Assets:			
Cash:			
Unrestricted	\$ -	\$ -	\$ -
Cash equivalents:			
Investment in SGFIP	-	-	-
Managed by NMFA	112,655	94,598	176,796
Receivables:			
Accounts receivable, net	-	-	-
Interest receivable	3,348	3,652	2,423
Notes and loans receivable	-	-	-
Other receivables	-	-	-
Due from:			
U.S. Department of Transportation	-	-	-
Other funds	1,094,077	651,977	491,250
Other state agencies	-	-	-
Inventories	-	-	-
Prepaid expenses - other	-	-	-
Prepaid expense - NM44 warranty	-	-	-
Property held for resale	-	-	-
Total Assets	\$ 1,210,080	\$ 750,227	\$ 670,469
Liabilities, Deferred Inflows of Resources and Fund Balance:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to:			
U.S. Department of Transportation	-	-	-
Other funds	-	-	4,780
Local governments	-	-	-
Component units of the state	-	-	-
Unearned revenue	-	-	-
Other accrued expenses	-	-	-
Deficiency in SGFIP	-	-	-
Other liabilities	-	-	-
Total Liabilities	-	-	4,780
Deferred Inflows of Resources:			
Amounts unavailable (not received within period of availability)	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balance:			
Non-spendable	-	-	-
Restricted	1,210,080	750,227	665,689
Unassigned	-	-	-
Total Fund Balance	1,210,080	750,227	665,689
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,210,080	\$ 750,227	\$ 670,469

See Independent Auditors' Report

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

Total Debt Service Funds	Total Non Major Governmental Funds
\$ -	\$ -
17,475	66,653,848
24,064,480	38,822,301
-	44,123
99,502	121,269
-	-
-	25,278
-	8,287,787
20,921,313	20,921,313
-	2,851,893
-	-
-	-
-	-
<u>\$ 45,102,770</u>	<u>\$ 137,727,812</u>
\$ -	\$ 9,125,521
-	-
30,535,115	30,535,115
-	3,636,023
-	46,317
-	-
-	55,298
-	4,185,573
-	58,465
<u>30,535,115</u>	<u>47,642,312</u>
<u>-</u>	<u>3,091,579</u>
<u>-</u>	<u>3,091,579</u>
-	-
14,567,655	90,862,664
-	(3,868,743)
<u>14,567,655</u>	<u>86,993,921</u>
<u>\$ 45,102,770</u>	<u>\$ 137,727,812</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

For the Year Ended June 30, 2018

	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	\$ -	\$ -	\$ 6,220,099	\$ 15,651,085
U.S. Department of Transportation	11,456,603	13,659,519	-	-
Fees and fines	-	-	-	-
Licenses and permits	2,221,566	-	1,878,156	8,271,459
Charges for services	-	-	-	-
Other revenue	200	-	-	69,077
Interest earnings	11,409	-	12,867	207,720
Total Revenues	13,689,778	13,659,519	8,111,122	24,199,341
Expenditures:				
Current:				
Operating costs	5,829	21,302	-	-
Personal services	505,545	304,567	-	-
Out-of-state travel	20,496	25,744	-	-
Grants and services	3,916,980	13,251,526	-	24,377,953
Travel	-	944	-	-
Maintenance and repairs	33,331	-	-	-
Supplies	-	202	-	-
Contractual services	10,144,920	665,489	-	-
Other costs	54,613	-	-	-
Employee benefits	222,012	118,356	-	-
Capital outlay	-	13,446	-	-
Debt service:				
Principal	-	-	3,775,000	-
Interest	-	-	4,254,288	-
Swap termination cost	-	-	-	-
Debt issuance costs	-	-	-	-
Total Expenditures	14,903,726	14,401,576	8,029,288	24,377,953
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,213,948)	(742,057)	81,834	(178,612)
Other Financing Sources (Uses):				
Appropriations	-	-	-	-
Reversions	-	-	-	-
Transfers in (out):				
Severance tax bond appropriations	-	-	-	-
Inter-Agency	300,000	-	-	-
Intra-Agency	-	-	-	-
Refunded bond escrow agent	-	-	-	-
Face value of debentures payable	-	-	-	-
Premiums of debentures payable	-	-	-	-
Total Other Financing Sources (Uses)	300,000	-	-	-
Net Changes in Fund Balance	(913,948)	(742,057)	81,834	(178,612)
Fund Balance, June 30, 2017	3,607,259	(483,786)	2,815,566	25,365,677
Fund Balance, June 30, 2018	\$ 2,693,311	\$ (1,225,843)	\$ 2,897,400	\$ 25,187,065

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

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)	
\$ 5,555,591	\$ -	\$ -	\$ -	\$ 27,426,775
59,984	-	-	-	25,176,106
52,440	-	-	-	52,440
-	-	-	-	12,371,181
-	-	-	-	-
59,189	-	-	-	128,466
97,626	-	-	251,353	580,975
5,824,830	-	-	251,353	65,735,943
93,977	-	-	-	121,108
215,884	-	-	-	1,025,996
15,539	-	-	-	61,779
3,372,170	-	-	-	44,918,629
2,390	-	-	-	3,334
7,178	-	-	-	40,509
36,604	-	-	-	36,806
136,391	-	-	116,858	11,063,658
3,572	-	-	-	58,185
90,865	-	-	-	431,233
-	-	-	13,709,881	13,723,327
-	-	-	-	3,775,000
-	-	-	-	4,254,288
-	-	-	-	-
3,974,570	-	-	13,826,739	79,513,852
1,850,260	-	-	(13,575,386)	(13,777,909)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	300,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	300,000
1,850,260	-	-	(13,575,386)	(13,477,909)
10,862,993	112,078	6	23,978,692	66,258,485
\$ 12,713,253	\$ 112,078	\$ 6	\$ 10,403,306	\$ 52,780,576

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, 2018

	Capital Projects Fund	STB Capital Outlay Fund	GF Capital Outlay Fund	Total Capital Projects Funds
	(SHARE 10050)	(SHARE 89200)	(SHARE 93100)	
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Operating costs	-	-	-	-
Personal services	-	-	-	-
Out-of-state travel	-	-	-	-
Grants and services	-	9,684,550	-	9,684,550
Travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	1,111,259	205,492	-	1,316,751
Other costs	-	-	-	-
Employee benefits	-	-	-	-
Capital outlay	-	19,990,900	-	19,990,900
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Swap termination cost	-	-	-	-
Debt issuance costs	-	-	-	-
Total Expenditures	<u>1,111,259</u>	<u>29,880,942</u>	<u>-</u>	<u>30,992,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,111,259)</u>	<u>(29,880,942)</u>	<u>-</u>	<u>(30,992,201)</u>
Other Financing Sources (Uses):				
Appropriations	-	-	20,430,000	20,430,000
Reversions	(106,919)	-	-	(106,919)
Transfers in (out):				
Severance tax bond appropriations	-	29,096,632	-	29,096,632
Inter-Agency	-	-	-	-
Intra-Agency	-	-	-	-
Refunded bond escrow agent	-	-	-	-
Face value of debentures payable	-	-	-	-
Premiums of debentures payable	-	-	-	-
Total Other Financing Sources (Uses)	<u>(106,919)</u>	<u>29,096,632</u>	<u>20,430,000</u>	<u>49,419,713</u>
Net Changes in Fund Balance	<u>(1,218,178)</u>	<u>(784,310)</u>	<u>20,430,000</u>	<u>18,427,512</u>
Fund Balance, June 30, 2017	<u>1,218,178</u>	<u>-</u>	<u>-</u>	<u>1,218,178</u>
Fund Balance, June 30, 2018	<u>\$ -</u>	<u>\$ (784,310)</u>	<u>\$ 20,430,000</u>	<u>\$ 19,645,690</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

2006A GRIP Bond Debt Service Fund	2008A GRIP Bond Debt Service Fund	2008B GRIP Bond Debt Service Fund	2008C GRIP Bond Debt Service Fund	2010A Bond Debt Service Fund	2010B Bond Debt Service Fund
(SHARE 10220)	(SHARE 10410)	(SHARE 10420)	(SHARE 10430)	(SHARE 11140)	(SHARE 20450)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	61,065	116,617	44,951	-	-
7,663	1,096,537	2,702,089	800,381	26,841	579,034
7,663	1,157,602	2,818,706	845,332	26,841	579,034
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,663	1,157,602	2,818,706	845,332	26,841	579,034
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
27,151	(3,565,157)	(9,579,359)	(2,101,981)	1,735,971	9,285,221
-	-	-	-	-	-
-	-	-	-	-	-
27,151	(3,565,157)	(9,579,359)	(2,101,981)	1,735,971	9,285,221
34,814	(2,407,555)	(6,760,653)	(1,256,649)	1,762,812	9,864,255
41,848	2,407,555	6,760,653	1,256,649	19,830	218,100
\$ 76,662	\$ -	\$ -	\$ -	\$ 1,782,642	\$ 10,082,355

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, 2018

	2012A Bond Debt Service Fund (SHARE 30850)	2014A Bond Debt Service Fund (SHARE 11960)	2014B Bond Debt Service Fund (SHARE 50110)
Revenues:			
User and fuel taxes	\$ -	\$ -	\$ -
U.S. Department of Transportation	-	-	-
Fees and fines	-	-	-
Licenses and permits	-	-	-
Charges for services	-	-	-
Other revenue	-	-	-
Interest earnings	32,902	36,815	23,821
Total Revenues	<u>32,902</u>	<u>36,815</u>	<u>23,821</u>
Expenditures:			
Current:			
Operating costs	-	-	-
Personal services	-	-	-
Out-of-state travel	-	-	-
Grants and services	-	-	-
Travel	-	-	-
Maintenance and repairs	-	-	-
Supplies	-	-	-
Contractual services	-	-	-
Other costs	-	-	-
Employee benefits	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Swap termination cost	-	-	-
Debt issuance costs	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>32,902</u>	<u>36,815</u>	<u>23,821</u>
Other Financing Sources (Uses):			
Appropriations	-	-	-
Reversions	-	-	-
Transfers in (out):			
Severance tax bond appropriations	-	-	-
Inter-Agency	-	-	-
Intra-Agency	1,094,077	651,977	491,250
Refunded bond escrow agent	-	-	-
Face value of debentures payable	-	-	-
Premiums of debentures payable	-	-	-
Total Other Financing Sources (Uses)	<u>1,094,077</u>	<u>651,977</u>	<u>491,250</u>
Net Changes in Fund Balance	<u>1,126,979</u>	<u>688,792</u>	<u>515,071</u>
Fund Balance, June 30, 2017	<u>83,101</u>	<u>61,435</u>	<u>150,618</u>
Fund Balance, June 30, 2018	<u>\$ 1,210,080</u>	<u>\$ 750,227</u>	<u>\$ 665,689</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

Total Debt Service Funds	Total Non Major Governmental Funds
\$ -	\$ 27,426,775
-	25,176,106
-	52,440
-	12,371,181
-	-
222,633	351,099
5,306,083	5,887,058
<u>5,528,716</u>	<u>71,264,659</u>
-	121,108
-	1,025,996
-	61,779
-	54,603,179
-	3,334
-	40,509
-	36,806
-	12,380,409
-	58,185
-	431,233
-	33,714,227
-	3,775,000
-	4,254,288
-	-
<u>-</u>	<u>110,506,053</u>
<u>5,528,716</u>	<u>(39,241,394)</u>
-	20,430,000
-	(106,919)
-	29,096,632
-	300,000
(1,960,850)	(1,960,850)
-	-
-	-
<u>(1,960,850)</u>	<u>47,758,863</u>
<u>3,567,866</u>	<u>8,517,469</u>
<u>10,999,789</u>	<u>78,476,452</u>
<u>\$ 14,567,655</u>	<u>\$ 86,993,921</u>

See Independent Auditors' Report

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

For the Year Ended June 30, 2018

	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	\$ 401,451,800	\$ 969,957,964	\$ 412,019,577	\$ (557,938,387)
Other state funds	444,785,700	449,700,330	495,674,126	45,973,796
Transfers outside the agency	1,471,000	1,471,000	1,577,919	106,919
Interest revenue	732,100	732,100	6,675,671	5,943,571
Bond proceeds	-	489,325,050	489,325,049	(1)
Total Revenues and Other Financing Sources	848,440,600	1,911,186,444	1,405,272,342	\$ (505,914,102)
Prior Year Funds Rebudgeted	27,955,000	189,328,582		
	\$ 876,395,600	\$ 2,100,515,026		
Expenditures and Other Financing Uses:				
Project Design & Construction:				
Personal services/employee benefits	\$ 25,468,800	\$ 25,468,800	22,587,730	\$ 2,881,070
Contractual services	319,376,100	957,779,577	332,521,715	625,257,862
Other	188,211,800	286,059,498	250,766,002	35,293,496
Transfers (in) out	3,000,000	423,139,609	423,000,000	139,609
	536,056,700	1,692,447,484	1,028,875,447	663,572,037
Highway Operations:				
Personal services/employee benefits	104,510,100	104,510,100	97,561,765	6,948,335
Contractual services	49,772,600	70,799,273	49,639,936	21,159,337
Other	76,512,200	93,805,779	75,260,254	18,545,525
Transfers (in) out	3,000,000	3,000,000	3,000,000	-
	233,794,900	272,115,152	225,461,955	46,653,197
Business Support:				
Personal services/employee benefits	24,757,500	24,757,500	21,994,922	2,762,578
Contractual services	4,458,800	4,458,800	1,923,578	2,535,222
Other	12,949,400	12,949,400	11,368,503	1,580,897
	42,165,700	42,165,700	35,287,003	6,878,697
Modal:				
Personal services/employee benefits	5,056,400	5,056,400	3,877,221	\$ 1,179,179
Contractual services	28,629,800	40,877,287	23,893,933	16,983,354
Other	30,692,100	47,853,003	21,829,823	26,023,180
	64,378,300	93,786,690	49,600,977	44,185,713
Total Budgeted Expenditures and Other Financing Uses	\$ 876,395,600	\$ 2,100,515,026	1,339,225,382	\$ 761,289,644
Non-Budgeted Items:				
Reversions			-	
Total Expenditures and Other Financing Uses			1,339,225,382	
Excess (Deficiency) of Revenues Over (Under)				
Expenditures and Other Financing Sources and Uses			\$ 66,046,960	

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 Capital Projects

As of June 30, 2018

	Budgeted Amounts		Prior Years Expenditures
	Original	Final	
Expenditures for 2014 multi-year projects			
Capital outlay	\$ 50,442,894	\$ 50,442,894	\$ 50,047,045
Expenditures for 2015 multi-year projects			
Capital outlay	1,709,000	1,709,000	886,671
Total Expenditures	\$ 52,151,894	\$ 52,151,894	\$ 50,933,716

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Capital Projects

<u>Current Year Expenditures</u>	<u>Total Actual</u>	<u>Outstanding Encumbrances</u>	<u>Current Year Reversion</u>	<u>Remaining Balance</u>
\$ 395,849	\$ 50,442,894	\$ -	\$ -	\$ -
<u>715,410</u>	<u>1,602,081</u>	<u>-</u>	<u>106,919</u>	<u>-</u>
<u><u>\$ 1,111,259</u></u>	<u><u>\$ 52,044,975</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 106,919</u></u>	<u><u>\$ -</u></u>

Capital Projects Fund

Under the Laws of 2012, HB 191, Section 27 and a capital budget adjustment (CBAR) approved by the State Transportation Commission in September of 2013. The Department received \$45,442,894 from the City of Albuquerque and \$5,000,000 from Bernalillo County as a local match towards the I-25 and Paseo Del Norte interchange reconstruction project.

Under the Laws of 2015, SB1, Chapter 3, Section 50, the Department was appropriated \$1,600,000 from the 1993 Bond Project Fund to the Department for construction of a bridge across the Puerco river on Allison Road in Gallup in McKinley County. Any unexpended or unencumbered balance remaining at the end of the 2019 fiscal year will revert to the State Road Fund. The appropriation period is for 4 years unless re-authorized or extended by enabling legislation.

Under the Laws of 2015, SB1, Chapter 3, Section 83, the Department was appropriated \$109,000 from the State Road Fund to replace the boiler, including piping and related infrastructure, in the annex of the general office complex in Santa Fe. Any unexpended or unencumbered balance remaining at the end of the 2019 fiscal year will revert to the State Road Fund. The appropriation period is for 4 years unless re-authorized or extended by enabling legislation.

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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Severance Tax Bonds

As of June 30, 2018

<u>Laws</u>	<u>Chapter</u>	<u>Bonds Appropriated</u>	<u>Bonds Sold</u>	<u>Amounts AIPP</u>	<u>Funds Reauthorized</u>
2012	64	\$ 27,500,000	\$ 27,500,000	\$ -	\$ -
2013	226	5,794,670	5,794,670	-	(505,000)
2014	66	18,060,162	18,060,162	(4,250)	(6,546,220)
2015	3	40,605,376	40,605,376	-	250,000
2015	147	35,000	35,000	-	105,000
2016	5	27,150,000	27,150,000	-	-
2016	81	10,857,428	10,857,428	-	(120,000)
2016	83	-	-	-	859,550
2017	133	-	-	-	1,255,362
2018	68	-	-	-	5,059,896
2018	80	15,225,958	14,029,012	-	-
		<u>\$ 145,228,594</u>	<u>\$ 144,031,648</u>	<u>\$ (4,250)</u>	<u>\$ 358,588</u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Severance Tax Bonds

Funds Reverted	Bond Balance After Reauthorization	Funds Received	Expended To Date	Balance Available	Due from Board of Finance
\$ -	\$ 27,500,000	\$ 27,500,000	\$ 27,500,000	\$ -	\$ -
(218,263)	5,071,407	4,790,641	4,790,641	280,766	-
(170,000)	11,339,692	10,573,671	10,573,671	766,021	-
(560,000)	40,295,376	15,057,512	15,841,821	25,237,864	-
-	140,000	131,914	131,914	8,086	-
-	27,150,000	11,933,517	11,933,517	15,216,483	-
-	10,737,428	3,917,741	3,917,741	6,819,687	-
-	859,550	775,599	775,599	83,951	-
-	1,255,362	148,181	148,181	1,107,181	-
-	5,059,896	256,249	256,249	4,803,647	-
-	15,225,958	-	-	15,225,958	-
<u>\$ (948,263)</u>	<u>\$ 144,634,669</u>	<u>\$ 75,085,025</u>	<u>\$ 75,869,334</u>	<u>\$ 69,549,644</u>	<u>\$ -</u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Special Appropriations

As of June 30, 2018

	<u>Appropriation Amount</u>	<u>Appropriation Balance</u>	<u>Expenditures Inception to June 30, 2018</u>
GF Capital Outlay Fund			
Laws of 2018, HB 2, Chapter 5	\$ 30,000	\$ 30,000	\$ -
Laws of 2018, HB 2, Chapter 5	400,000	400,000	-
Laws of 2018, HB 2, Chapter 5	4,000,000	-	-
Laws of 2018, HB 2, Chapter 5	20,000,000	20,000,000	-
Laws of 2018, HB 2, Chapter 5	44,000,000	-	-
	<u>68,430,000</u>	<u>20,430,000</u>	<u>-</u>
Capital Projects Fund			
Laws of 2012, HB 191 Section 27 and CBAR 2013	50,442,894	50,442,894	50,442,894
Laws of 2015 Special Session1, Chapter 3, Section 50	1,600,000	1,600,000	1,515,506
Laws of 2015 Special Session1, Chapter 3, Section 83	109,000	109,000	86,575
	<u>52,151,894</u>	<u>52,151,894</u>	<u>52,044,975</u>
Total Special Appropriations	<u>\$ 120,581,894</u>	<u>\$ 72,581,894</u>	<u>\$ 52,044,975</u>

** Note: State House and Senate Memorials are directions on how appropriated monies should be spent. They are not laws.

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Special Appropriations

Encumbrances Balance as of June 30, 2018	Re-appropriation Amount	Reversion Amount	Balance as of June 30, 2018
\$ -	\$ -	\$ -	\$ 30,000
-	-	-	400,000
-	-	-	-
19,218,490	-	-	781,510
-	-	-	-
<u>19,218,490</u>	<u>-</u>	<u>-</u>	<u>1,211,510</u>
-	-	-	-
-	-	84,494	-
-	-	22,425	-
<u>-</u>	<u>-</u>	<u>106,919</u>	<u>-</u>
<u>\$ 19,218,490</u>	<u>\$ -</u>	<u>\$ 106,919</u>	<u>\$ 1,211,510</u>

See Independent Auditors' Report

GF Capital Outlay Fund

Under the Laws of Session 2018, House Bill 2, Chapter 5, the Department was appropriated \$30,000 for the Rio Grande gorge bridge; \$400,000 for maintenance of NM highway 128 between Jal and Carlsbad; \$4,000,000 for statewide rest area improvements; \$20,000,000 for the Local Government Road Fund; \$44,000,000 for road improvement projects. The appropriation period is for 2 years unless re-authorized or extended by enabling legislation. Any unexpended or unencumbered balance remaining at the end of the 2019 fiscal year will revert to the State General Fund.

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

As of June 30, 2018

	Budgeted Amounts		Received Prior Year(s)	Received Current Year
	Original	Final		
Special Revenue Funds				
2014A Bond Project Fund	-	80,000,000	80,270,353	251,353
Total	\$ -	\$ 80,000,000	\$ 80,270,353	\$ 251,353

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

Total Revenue	Variance From Final Budget Over (Under)	Expended Prior Year(s)	Expended Current Year	Total Expenditures	Variance From Final Budget (Over) Under
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
80,521,706	521,706	56,291,661	13,826,739	70,118,400	9,881,600
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 80,521,706</u>	<u>\$ 521,706</u>	<u>\$ 56,291,661</u>	<u>\$ 13,826,739</u>	<u>\$ 70,118,400</u>	<u>\$ 9,881,600</u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Individual Bank Accounts

As of June 30, 2018

	SHARE Fund Number	Bank Balance	Book Balance	Book Total
Cash				
State Road Fund(s)	10040 and 20100	\$ 1,100	\$ 1,100	
Total Cash				<u><u>\$ 1,100</u></u>
Investment in SGFIP				
Traffic Safety Fund(s)	10010, 10020, 20600, 20700, 20800, 82600	\$ 4,878,278	\$ 4,878,278	
State Road Fund(s)	10040 and 20100	219,409,235	219,409,235	
2006A GRIP Bond Debt Service Fund	10220	17,475	17,475	
HIF Bond Fund	20200	2,329,478	2,329,478	
Local Government Road Fund	20300	24,236,236	24,236,236	
2004A GRIP Bond Project Fund	20400	112,078	112,078	
State Aviation Fund	20500	12,422,616	12,422,616	
STB Capital Outlay Fund	89200	2,227,687	2,227,687	
State Infrastructure Bank	89300	20,494,091	20,494,091	
GF Capital Outlay Fund	93100	20,430,000	20,430,000	
Total Investment in SGFIP				<u><u>\$ 306,557,174</u></u>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Individual Bank Accounts

As of June 30, 2018

	SHARE Fund Number	Bank Balance	Book Balance	Book Total
Managed by NMFA:				
Bank of Albuquerque, trustee account				
State Road Fund(s)	10040 and 20100	\$ 223,153	\$ 223,153	
2006A GRIP Bond Debt Service Fund	10220	44,470	44,470	
2006D GRIP Bond Project Fund	10270	6	6	
2008A GRIP Bond Debt Service Fund	10410	5,118,805	5,118,805	
2008B GRIP Bond Debt Service Fund	10420	14,533,544	14,533,544	
2008C GRIP Bond Debt Service Fund	10430	3,197,353	3,197,353	
2010A Bond Debt Service Fund	11140	45,700	45,700	
2014A Bond Debt Service Fund	11960	94,598	94,598	
2014A Bond Project Fund	11970	14,757,815	14,757,815	
2010B Bond Debt Service Fund	20450	740,559	740,559	
2018A Bond Debt Service Fund	20770	594,294	594,294	
2012A Bond Debt Service Fund	30850	112,655	112,655	
2014B Bond Debt Service Fund	50110	176,796	176,796	
Total Managed by NMFA				\$ 39,639,748

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Pledged State Revenues

As of June 30, 2018

Pledged State Revenues

Pledged User & Fuel Taxes:

Gasoline excise taxes	\$ 116,146,754
Special fuel excise taxes	108,140,513
Weight/Distance Taxes	86,277,900
Motor vehicle registration fees	80,204,438
Vehicle transaction fees	7,494,365
Oversize/Oversight permit fees	6,411,556
Trip (Mileage) tax	6,124,139
Driver's license fees	4,191,140
Tire recycling fees	1,878,156
Total Pledged User & Fuel Taxes	<u>416,868,961</u>

Other Pledged Revenue:

Leased vehicle gross receipts tax	6,220,099
Public regulation commission fees	3,358,716
Road fund interest income	1,037,162
HIF interest income	12,867
Total Other Pledged Revenue	<u>10,628,844</u>

Total Pledged State Revenues	<u><u>\$ 427,497,805</u></u>
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NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Debt Service and Coverage

As of June 30, 2018

	2006A GRIP (SHARE 10220)	2008A GRIP (SHARE 10410)	2008B GRIP (SHARE 10420)
Gasoline excise taxes	\$ 11,614,675	\$ 11,614,675	\$ 11,614,675
Special fuel excise taxes	10,814,051	10,814,051	10,814,051
Weight/Distance Taxes	8,627,790	8,627,790	8,627,790
Motor vehicle registration fees	8,020,443	8,020,443	8,020,444
Vehicle transaction fees	749,437	749,437	749,436
Oversize/Oversight permit fees	641,156	641,156	641,156
Trip (Mileage) tax	612,414	612,414	612,414
Driver's license fees	419,114	419,114	419,114
Tire recycling fees	187,816	187,816	187,816
Public regulation commission fees	335,872	335,872	335,872
Leased vehicle gross receipts tax	622,010	622,010	622,010
FHWA Revenues	38,684,347	38,684,347	38,684,347
	<u>81,329,125</u>	<u>81,329,125</u>	<u>81,329,125</u>
Interest on Cash Balances*	<u>105,003</u>	<u>105,003</u>	<u>105,003</u>
Total Pledged Revenues			
Received	<u><u>\$ 81,434,128</u></u>	<u><u>\$ 81,434,128</u></u>	<u><u>\$ 81,434,128</u></u>

	2006A GRIP	2008A GRIP	2008B GRIP
Debt Service Principal Expenditures	\$ 3,570,000	\$ -	\$ -
Debt Service Interest Expenditures	<u>114,775</u>	<u>4,078,408</u>	<u>8,633,051</u>
Total Debt Service	<u><u>\$ 3,684,775</u></u>	<u><u>\$ 4,078,408</u></u>	<u><u>\$ 8,633,051</u></u>
Debt Service Coverage	22.10	19.97	9.43

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

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

2008C GRIP (SHARE 10430)	2010A Refunding (SHARE 11140)	2010B Refunding (SHARE 20450)	2012A Refunding (SHARE 30850)	2014A Revenue (SHARE 11960)	2014B Refunding (SHARE 50110)
\$ 11,614,675	\$ 11,614,675	\$ 11,614,675	\$ 11,614,676	\$ 11,614,676	\$ 11,614,676
10,814,051	10,814,051	10,814,051	10,814,051	10,814,052	10,814,052
8,627,790	8,627,790	8,627,790	8,627,790	8,627,790	8,627,790
8,020,444	8,020,444	8,020,444	8,020,444	8,020,444	8,020,444
749,436	749,436	749,437	749,437	749,436	749,436
641,156	641,156	641,155	641,155	641,155	641,155
612,414	612,414	612,414	612,414	612,414	612,414
419,114	419,114	419,114	419,114	419,114	419,114
187,816	187,816	187,816	187,815	187,815	187,815
335,872	335,872	335,872	335,871	335,871	335,871
622,010	622,010	622,010	622,010	622,010	622,010
38,684,347	38,684,347	38,684,347	38,684,347	38,684,347	38,684,347
81,329,125	81,329,125	81,329,125	81,329,124	81,329,124	81,329,124
105,003	105,003	105,003	105,003	105,003	105,003
<u>\$ 81,434,128</u>	<u>\$ 81,434,128</u>	<u>\$ 81,434,128</u>	<u>\$ 81,434,127</u>	<u>\$ 81,434,127</u>	<u>\$ 81,434,127</u>

2008C GRIP	2010A Refunding	2010B Refunding	2012A Refunding	2014A Revenue	2014B Refunding
\$ -	\$ 8,770,000	\$ 78,075,000	\$ 1,305,000	\$ 3,775,000	\$ 1,430,000
3,187,668	3,060,625	18,361,250	7,411,163	3,505,500	3,970,250
<u>\$ 3,187,668</u>	<u>\$ 11,830,625</u>	<u>\$ 96,436,250</u>	<u>\$ 8,716,163</u>	<u>\$ 7,280,500</u>	<u>\$ 5,400,250</u>
25.55	6.88	0.84	9.34	11.19	15.08

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

As of June 30, 2018

	<u>2018A Refunding</u> <u>(SHARE 20770)</u>	<u>TOTAL</u>
Gasoline excise taxes	\$ 11,614,676	\$ 116,146,754
Special fuel excise taxes	10,814,052	108,140,513
Weight/Distance Taxes	8,627,790	86,277,900
Motor vehicle registration fees	8,020,444	80,204,438
Vehicle transaction fees	749,437	7,494,365
Oversize/Oversight permit fees	641,156	6,411,556
Trip (Mileage) tax	612,413	6,124,139
Driver's license fees	419,114	4,191,140
Tire recycling fees	187,815	1,878,156
Public regulation commission fees	335,871	3,358,716
Leased vehicle gross receipts tax	622,009	6,220,099
FHWA Revenues	38,684,348	386,843,471
	<u>81,329,125</u>	<u>813,291,247</u>
Interest on Cash Balances*	<u>105,002</u>	<u>1,050,029</u>
Total Pledged Revenues		
Received	<u><u>\$ 81,434,127</u></u>	<u><u>\$ 814,341,276</u></u>

	<u>2018A Refunding</u>	<u>TOTAL</u>
Debt Service Principal Expenditures	\$ -	\$ 96,925,000
Debt Service Interest Expenditures	<u>-</u>	<u>52,322,690</u>
Total Debt Service	<u><u>\$ -</u></u>	<u><u>\$ 149,247,690</u></u>
Debt Service Coverage	N/A	5.46

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

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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 2018
J00821	Pueblo of Santo Domingo	Santo Domingo Pueblo Project CN:A301543- installation of pedestrian path lighting	\$ -
J00822	Navajo Nation	Establish procedures for construction and maintenance of global traffic signal and roadway lighting projects with Navajo Nation throughout NM (Shiprock).	-

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	Completion	\$ -	0%	Contractor	Department		Department
11/21/2017	Perpetual	-	0%	Contractor	Department		Department

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Contract			Expended
Number	Contractor	Description	in 2018
M01482	City of Hobbs	Public Transportation Services	\$ 156,100
M01501	The University of New Mexico	UNM Resilience Colloquium	4,000
M01506	New Mexico Highlands University	Use of lot for Park & Ride prgm	-
M01507	City of Las Cruces	Funding to cover capital project	-
M01508	Village of Milan	Public Transportation Assistance	46,526
M01509	Golden Spread Rural Frontier	Public Transportation Services	53,121
M01510	Adelante Development Center	Purchase of Capital Equipment	-
M01511	Las Cumbres Community Services Inc	Purchase of Capital Equipment	-
M01512	North Central Regional Transit District	Public Transportation Services	416,609
M01513	Pueblo of San Felipe	Purchase of Capital Equipment	-
M01514	City of Las Vegas	Buses & Bus Related Equipment	60,204
M01515	La Vida Felicidad Inc	Purchase of Capital Equipment	-
M01516	Zia Therapy Ctr Inc	Purchase of Capital Equipment	-
M01517	Zia Therapy Ctr Inc	Public Transportation Services	223,827
M01518	Progressive Residential Service of NM	Purchase of Capital Equipment	-
M01519	Arca	Public Transportation Services	-
M01521	City of Roswell	Public Transportation Services	264,585
M01522	Coyote Canyon Rehab Ctr Inc	Purchase of Capital Equipment	-
M01524	Zuni Entrepreneurial Ent Inc	Purchase of Capital Equipment	-
M01525	City of Socorro	Purchase of Capital Equipment	36,672
M01526	Town of Red River	Public Transportation Services	37,809
M01527	Tohatchi Area of Opportunity & Svcs Inc	Purchase of Capital Equipment	-
M01528	Pueblo of Zuni	Public Transportation Services	61,256
M01529	The Community Pantry	Public Transportation Services	65,102
M01530	Liferoots Inc	Purchase of Capital Equipment	-
M01531	Presbyterian Medical Services	Purchase of Capital Equipment	-
M01532	Mandy's Special Farm	Purchase of Capital Equipment	-
M01533	City of Clovis	Public Transportation Services	159,817
M01534	Santa Ana Pueblo	Purchase of Capital Equipment	-
M01535	Rio Metro Regional Transit District	Purchase of Capital Equipment	-
M01536	Rio Metro Regional Transit District	Public Transportation Services	248,596
M01537	Pueblo of Laguna	Public Transportation Services	44,812
M01538	Incorporated County of Los Alamos NM	Purchase of Capital Equipment	-

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		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						
10/1/2017	9/30/2018	\$ 515,254	80%	Contractor	Department		Department
7/12/2017	6/30/2018	4,000	20%	Contractor	Department		Department
8/10/2017	8/10/2020	3	100%	Contractor	Department		Department
8/28/2017	9/30/2018	186,695	80%	Contractor	Department		Department
10/1/2017	9/30/2018	181,658	80%	Contractor	Department		Department
10/1/2017	9/30/2018	255,989	80%	Contractor	Department		Department
9/6/2017	9/30/2018	121,938	80%	Contractor	Department		Department
9/6/2017	9/30/2018	91,513	80%	Contractor	Department		Department
10/1/2017	9/30/2018	2,878,143	80%	Contractor	Department		Department
9/5/2017	9/30/2018	85,501	80%	Contractor	Department		Department
10/1/2017	9/30/2018	204,910	80%	Contractor	Department		Department
9/7/2017	9/30/2018	87,333	80%	Contractor	Department		Department
9/7/2017	9/30/2018	56,560	80%	Contractor	Department		Department
10/1/2017	9/30/2018	768,340	80%	Contractor	Department		Department
9/6/2017	9/30/2018	88,800	80%	Contractor	Department		Department
9/6/2017	9/30/2018	108,048	80%	Contractor	Department		Department
10/1/2017	9/30/2018	890,879	80%	Contractor	Department		Department
9/11/2017	9/30/2018	39,764	80%	Contractor	Department		Department
9/12/2017	9/30/2018	88,000	80%	Contractor	Department		Department
10/1/2017	9/30/2018	142,761	80%	Contractor	Department		Department
10/1/2017	9/30/2018	96,886	80%	Contractor	Department		Department
9/7/2017	9/30/2018	67,120	80%	Contractor	Department		Department
9/8/2017	9/30/2018	305,000	80%	Contractor	Department		Department
10/1/2017	9/30/2018	222,136	80%	Contractor	Department		Department
9/12/2017	9/30/2018	140,195	80%	Contractor	Department		Department
9/15/2017	9/30/2018	189,345	80%	Contractor	Department		Department
9/12/2017	9/30/2018	76,446	80%	Contractor	Department		Department
10/1/2017	9/30/2018	526,825	80%	Contractor	Department		Department
9/15/2017	9/30/2018	48,000	80%	Contractor	Department		Department
9/13/2017	9/30/2018	8,800	80%	Contractor	Department		Department
10/1/2017	9/30/2018	968,800	80%	Contractor	Department		Department
9/20/2017	9/30/2018	162,148	80%	Contractor	Department		Department
9/18/2017	9/30/2018	111,523	80%	Contractor	Department		Department

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Contract			Expended
Number	Contractor	Description	in 2018
M01539	Incorporated County of Los Alamos NM	Public Transportation Services	\$ 781,524
M01540	City of Portales	Public Transportation Services	45,923
M01541	City of Santa Fe	Purchase of Capital Equipment	-
M01542	Tresco Inc.	Purchase of Capital Equipment	-
M01543	Village of Cuba	Public Trans in non-urban	-
M01545	City of Carlsbad	Non-urbanized public transport	215,452
M01546	South Central Regional Transit District	Public Transportation Services	232,174
M01549	USGS National Center MS270	Investigation/Flood Analysis	124,497
M01550	North Central Regional Transit District	Federal assistance	-
M01551	City of Ruidoso Downs	Public Transportation Services	8,890
M01552	New Mexico Border Authority	Rail Bi-National Bypass Study	-
M01553	Grant, County of	Public Transportation Services	162,336
M01554	The University of New Mexico	State & Regional Forecasting Svcs	10,297
M01555	Cornucopia Adult Day Services	Public Transportation Services	-
M01557-1	Corrections Department	D1 Maintain Pub Roads & Hwys	-
M01557-2	Corrections Department	D2 Maintain Pub Roads & Hwys	-
M01557-3	Corrections Department	D3 Maintain Pub Roads & Hwys	-
M01557-5	Corrections Department	D5 Maintain Pub Roads & Hwys	-
M01558	North Central Regional Transit District	Needs Assessment/Taos Transit	-
M01562	Department of Cultural Affairs	PN U900181 Consult and Assist	-
M01563	Department of Cultural Affairs	PN U900111 Transportation Plan	-
M01564	The Navajo Nation	PN PTB1718X101311 Bus Transport	-
M01566	City of Santa Fe	Use of Capital Equipment	-
M01569	Mid-Region Council of Governments	Orthophotography and LiDAR	-
M01573	NM Transit Association	Training and Annual Conference	-

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		Total Estimated	Portion	Party	Audit	Fiscal Agent	Agency Where
Beginning	Ending	Amt of Project	Applicable To Agency	Responsible for Operations	Responsibility	(if applicable)	Revenues/Expenditures are Reported
10/1/2017	9/30/2018	\$ 1,625,702	80%	Contractor	Department		Department
10/1/2017	9/30/2018	199,418	80%	Contractor	Department		Department
9/19/2017	9/30/2018	194,060	80%	Contractor	Department		Department
9/14/2017	9/30/2018	238,283	80%	Contractor	Department		Department
9/26/2017	9/30/2019	145,360	0%	Contractor	Department		Department
10/1/2017	9/30/2018	401,153	80%	Contractor	Department		Department
10/1/2017	9/30/2018	419,086	80%	Contractor	Department		Department
11/21/2017	9/30/2022	991,950	80%	Contractor	Department		Department
11/21/2017	12/31/2018	67,546	80%	Contractor	Department		Department
10/1/2017	9/30/2018	191,126	80%	Contractor	Department		Department
12/7/2017	6/7/2019	100,000	100%	Contractor	Department		Department
10/1/2017	9/30/2018	648,174	80%	Contractor	Department		Department
7/17/2017	6/30/2019	27,682	15%	Contractor	Department		Department
9/26/2017	9/30/2018	95,246	80%	Contractor	Department		Department
2/15/2018	6/30/2022	406,740	100%	Contractor	Department		Department
2/16/2018	6/30/2022	76,000	100%	Contractor	Department		Department
2/17/2018	6/30/2022	285,000	100%	Contractor	Department		Department
2/18/2018	6/30/2022	145,500	100%	Contractor	Department		Department
2/27/2018	12/31/2018	67,546	80%	Contractor	Department		Department
3/13/2018	6/30/2021	50,000	100%	Contractor	Department		Department
3/14/2018	6/30/2021	25,000	100%	Contractor	Department		Department
3/23/2018	9/30/2018	441,342	100%	Contractor	Department		Department
4/16/2018	6/30/2018	52,000	80%	Contractor	Department		Department
2/16/2018	2/16/2019	50,000	100%	Contractor	Department		Department
6/29/2018	6/30/2019	126,780	100%	Contractor	Department		Department

See Independent Auditors' Report

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SINGLE AUDIT

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

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 Aviation Administrative (FAA)

Airport Improvement Program

20.106

Total Federal Aviation Administrative (FAA)

Federal Transit Administration (FTA)

Federal Transit Cluster

Federal Transit Capital Investment Grants

20.500

Federal Transit Formula Grants

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
\$ 18,217,840	\$ 386,786,631
455,763	458,144
18,673,603	387,244,775
18,673,603	387,244,775
451,425	2,106,114
1,654,673	2,478,925
2,106,098	4,585,039
2,185,124	7,656,645
4,291,222	12,241,684
-	59,984
-	59,984
-	30,641
2,055,876	2,120,742
2,055,876	2,151,383

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, 2018

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number
U.S. Department of Transportation (continued):		
Federal Transit Administration (FTA) (continued):		
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	
Public Transportation Research, Technical Assistance, and Training	20.514	
Metropolitan Transportation Planning	20.505	
Formula Grants for Other Than Urbanized Areas	20.509	
Total Federal Transit Administration (FTA)		
Total U.S. Department of Transportation		
Total Federal Financial Assistance		

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

NEW MEXICO DEPARTMENT OF TRANSPORTATION
Schedule of Expenditures of Federal Awards

Passed Through to Subrecipients	Federal Participation Expenditures
1,058,521	1,058,521
-	194
430,710	430,710
9,678,892	10,732,185
13,223,999	14,372,993
36,188,824	413,919,436
<u>\$ 36,188,824</u>	<u>\$ 413,919,436</u>

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, 2018. 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	\$ 412,019,577
Deferred U.S. Department of Transportation (2018)	4,290,152
Deferred U.S. Department of Transportation (2017)	(2,390,294)
Other Adjustment	<u>1</u>

Supplemental Schedule of Expenditures
of Federal Awards

\$ 413,919,436

See Independent Auditors' Report

**INDEPENDENT AUDITORS' 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. Tom Church, Cabinet Secretary
New Mexico Department of Transportation
and Mr. Wayne Johnson, New Mexico State Auditor

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, and the aggregate remaining fund information of New Mexico Department of Transportation, (the Department) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated October 25, 2018 .

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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Mr. Tom Church, Cabinet Secretary
New Mexico Department of Transportation
and Mr. Wayne Johnson, New Mexico State Auditor

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*. However, the results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under 12-6-5 *NMSA 1978* and which is described in the accompanying schedule of findings and questioned costs as item 2018-001.

New Mexico Department of Transportation's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 25, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Wayne Johnson, New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited 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, 2018. The Department's major federal programs are identified in the summary of auditors' 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.

Auditors' 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, New Mexico Department of Transportation 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, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-002, which we consider to be a significant deficiency.

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

Mr. Tom Church, Cabinet Secretary
State of New Mexico Department of Transportation
and Mr. Wayne Johnson, New Mexico State Auditor

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The script is fluid and cursive, with the letters "CliftonLarsonAllen" written in a continuous line and "LLP" at the end.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 25, 2018

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, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal Control over financial reporting:

• Material weakness(es) identified?

☐ Yes ☒ No

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

☐ Yes ☒ None Reported

Non-compliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

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

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

Unmodified

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

☒ Yes ☐ None Reported

Identification of Major Programs:

CFDA Number(s)

20.205, 20.219
20.600, 20.616
20.513

Name of Federal Program or Cluster

Highway Planning and Construction Cluster
Highway Safety Cluster
Transit Service Programs Cluster

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

\$3,000,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Section II - Findings – Financial Statement

2018-001 Lack of Procedures over Construction In Progress (Finding that does not rise to the level of a significant deficiency)

Type of Finding:

- Control Deficiency

Condition:

During testing over Construction in Progress (CIP), we identified two projects, totaling \$13,153,248, that were not finalized timely. Both projects were completed and closed in FMIS, the Department's project tracking software, but were not reclassified to Infrastructure. The department has implemented procedures to reclassify projects when they have been notified of completion, but was not reviewing open projects to see if they had been previously completed.

Criteria or specific requirement:

GASB 34 Paragraph 18; "Capital assets should be reported at historical cost. The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use."

Context:

The two projects were completed in May 2013 and July 2017. The projects were not closed to infrastructure because they were not included in the finalized projects listing utilized by the Department to calculate their Infrastructure reclassification.

Effect:

Overstated Construction in Progress and Understated Infrastructure.

Cause:

Management Oversight.

Repeat finding:

Not Applicable

Recommendation:

We recommend the department implement a review of projects that are still included in CIP to ensure that all completed projects are reclassified to Infrastructure timely.

Views of responsible officials:

NMDOT's process for reviewing open and closed projects changed in 2014. Going forward, the CFO, Director of the Project Oversight Division and the SiteManager Administrator will review both open and closed projects every year to ensure all completed projects are captured and depreciated.

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

2018-002 Subrecipient Information (Original Finding 2017-005 & 2016-004) (Significant Deficiency)

Federal agency:

US Department of Transportation

Federal program title:

Highway Planning and Construction Cluster; Federal Highway Administration (FHWA)

CFDA Number:

20.205 & 20.219

Award Period:

Multiple Awards; Covering July 1, 2017 – June 30, 2018

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement:

According to 2 CFR § 200.331:

“All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

1. Federal Award Information
 - i. Subrecipient name
 - ii. Subrecipients’ unique entity identifier
 - iii. Federal Award Identification Number
 - iv. Federal Award Date of award to the recipient of the Federal Agency
 - v. Subaward Period of Performance Start and End Date...”

There are 8 additional requirements listed under Federal Award Information that can be reviewed by referring to the CFR.

Condition:

Subrecipient was not notified of the proper information needed to report the source of funding on their SEFA.

Management’s Progress for Repeat Findings: NMDOT updated their agreement template to include missing 2 CFR § 200.331 requirements for all subrecipients of new awards

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

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

**2018-002 Subrecipient Information (Original Finding 2017-005 & 2016-004) (Significant Deficiency)
(continued)**

Questioned costs:

\$0

Context:

Out of the 17 subrecipients tested, four did not receive the award information required by 2 CFR Part 200.

Cause:

Management Oversight.

Effect:

Subrecipients could potentially misreport expenditures of federal programs.

Repeat finding:

The finding is a repeat of a finding in the immediately prior year. Prior year finding numbers were 2016-004 and 2017-005.

Recommendation:

We recommend management create a procedure to disclose the required information to all subrecipients.

Views of responsible officials:

Going forward for FY19, the CFO and Program Directors will adopt a uniform checklist for all federal awards to address all 2 CFR § 200.331 communication requirements.

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 *Government Auditing Standards* for the year ended June 30, 2018.

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

Section II - Findings – Financial Statement

There were no findings for the year ended June 30, 2017

Section III - Findings and Questioned Costs – Major Federal Programs

2017-002 Payroll Procedures - Resolved
2017-005 Award Information - Repeated and Modified

Section IV - Findings - Compliance and Other Matters

2017-001 Deposit of Public Funds - Resolved
2017-003 Capital Assets: Property Loss - Resolved
2017-004 Per Diem Expenditures - Resolved

An exit conference was held with the Department on October 25, 2018. The conference was held at the Department's offices in Santa Fe, New Mexico. In attendance were:

STATE OF NEW MEXICO DEPARTMENT OF TRANSPORTATION

Tom Church, Cabinet Secretary
Anthony Lujan, Deputy Secretary
Ronald Schmeits, Commissioner Chairman
Mallery Manzanares, Interim Administrative Services Director & Budget Director
Kristen Dorland, Chief Financial Officer & Accounting Services Director
Melissa Rael, Project Oversight Staff Manager
Sandra Gallegos, Financial Control Manager
Craig Vigil, Financial Control Staff Manager
Gilbert Gurule, Senior Accountant
Jeremy F. Romero, CPA, Consultant Contractor

CLIFTONLARSONALLEN, LLP

Raul Anaya, CPA, CFE, CGFM, Principal
Andres Gamez, CPA, Director
Natalie Romero, Senior Associate

PREPARATION OF FINANCIAL STATEMENTS

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