SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

New Mexico Renewable Energy Transmission Authority

Financial Statements
and
Independent Auditor's Report

June 30, 2025

New Mexico Renewable Energy Transmission Authority

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New Mexico Renewable Energy Transmission Authority

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New Mexico Renewable Energy Transmission Authority

Official Roster
June 30, 2025

Governing Body

Robert E. Busch	Chairman
Laura M. Montoya, NM State Treasurer	Member
Melanie Kenderdine, Secretary NM Energy, Minerals & Natural Resources	Member
Mayane Chavez Barudin	Member
Jeremy Lewis	Member
James P. Miller, Jr.	Member
Phoebe Suina	Member

Management

Lynn Mostoller, Executive Director

Rachael Beuchler, Financial Director

SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Honorable Joseph M. Maestas, P.E., CFE
New Mexico State Auditor
and The Board of Directors
New Mexico Renewable Energy Transmission Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the general fund, and the budgetary comparison for the general fund of the New Mexico Renewable Energy Transmission Authority (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Authority as of June 30, 2025, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of cash account is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of cash account 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 September 22, 2025, on our consideration of the Authority'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 results 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 Authority's internal control over financial reporting and compliance.

SJT Group LLC

Albuquerque, New Mexico
September 22, 2025

New Mexico Renewable Energy Transmission Authority

Management's Discussion and Analysis
For the Year Ended June 30, 2025

The New Mexico Renewable Energy Transmission Authority's (the "Authority") discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position (ability to address future year challenges), identify any material deviations from the financial plan, and identify any funding issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the past year's activities, resulting changes and currently known facts and the Authority's financial statements and notes which follow this section.

Financial Highlights

- The Authority's government-wide net position decreased by $463,000 during the fiscal year ended June 30, 2025, compared to a decrease of $404,000 for the fiscal year ended June 30, 2024. In fiscal year 2022, the Western Spirit Transmission Project reached commercial operation and was acquired by the Public Service Company of New Mexico, which entitled the Authority to receive project development fees totaling $16.5 million. Most of the revenue for this project was recognized in 2022 but is paid out annually in $1.1 million increments. Because of this, the Authority has increased activities, and has ceased receiving appropriations from the State of New Mexico. This has led to a decline in net position in subsequent years, but the total cash and investments position has improved as these payments are received.

- The Authority's total program revenues were $722,000 and interest income was $405,000 and primarily represents interest income amortization on the zero-interest project development note receivable and excess funds held in the New Mexico Local Government Investment Pool. Total expenses of the Authority in fiscal years 2025 and 2024 were $1.6 million and $1.3 million, respectively.

The Authority's Purpose and Highlights

The Authority was created in 2007 based on the Laws of 2007, Chapter 62. The purpose of the New Mexico Renewable Energy Transmission Authority Act (the "Act") is to create a governmental instrumentality to finance or plan electricity transmission and storage facilities within the State of New Mexico of which at least 30% of the energy comes from renewable sources. The financing of an eligible project would be accomplished through the issuance of renewable energy transmission revenue bonds or other debt instruments.

Overview of the Financial Report

The Authority's financial statements are comprised of three components: 1) *Management's Discussion and Analysis* (this section), 2) the *Basic Financial Statements,* and 3) *Compliance Section.* The basic financial statements include two kinds of statements (Authority-wide financial statements and fund financial statements) that present different views of the Authority.

The first two statements, the statement of net position and the statement of activities, are *Authority-wide financial statements* that provide both long-term and short-term information about the Authority's overall financial status. *Fund financial statements* report the Authority's operations in more detail than the Authority-wide statements by providing information about the Authority's most significant funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detail. The financial statements are followed by a *Compliance Section* that presents the Authority's schedule of findings and responses and a schedule presenting the current year status of prior year audit findings (if any).

Authority-wide Financial Statements

The statement of net position and the statement of activities report information about the Authority as a whole. All of the Authority's planning, development and administration activities are reported as governmental activities. These activities are financed primarily through developer payments, project development revenue, and interest income. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in net position. You can think of the Authority's net position, the difference between assets and liabilities, as one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as influences from other state or federal agencies, should be considered in addition to net position in measuring the Authority's financial health.

Fund Financial Statements

The fund financial statements provide detailed information about the Authority's only governmental fund, the general fund – not the Authority as a whole.

Governmental funds focus on how cash and other financial assets flow in and out, with the balances that are left at year-end available for future spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental fund financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. Because this information does not encompass the additional long-term focus of the Authority-wide financial statements, we provide additional information at the bottom of the governmental fund financial statements that explains the relationship (or differences) between the amounts reported in the statement of net position and the statement of activities and the governmental fund financial statements.

Budgetary comparison schedules, or the Statement of Revenue and Expenditures - Budget and Actual (on the Authority's budgetary basis), reports the original approved budget, final approved budget, and actual results presented on a budgetary basis of accounting for the Authority's governmental fund. A separate column is presented to report variances between the final approved budget and actual amounts.

Budgetary Comparison

The Authority does not have any legally adopted budgets by the state legislature but does have a budget approved by its board of directors and, therefore, does present the general fund budget to actual statement. The Authority's approved budget totaled $1,758,375 and represents an increase of $329,935 when compared to the approved budget for fiscal year 2024. Significant adjustments to the budget from 2024 to 2025 were not considered necessary as operations were expected to remain consistent. Actual budgetary basis expenditures in 2025 totaled $1,541,245, representing a positive variance of $217,130.

Analysis of Financial Position

Total Assets:

	2025	2024	Change
Cash	**$ 144,376**	$ 62,958	$ 81,418
Restricted cash	**-**	26,628	(26,628)
Local Government Investment Pool	**1,821,885**	1,644,816	177,069
Prepaid expenses	**3,195**	3,195	-
Developer payments receivable	**179,940**	119,029	60,911
Project development receivable, net	**10,177,885**	10,949,402	(771,517)
Furniture and equipment, net	**11,792**	4,735	7,057
Right to use asset - building lease, net	**27,656**	66,949	(39,293)
Total assets	**$12,366,729**	$12,877,712	$ (510,983)

Cash increased by $81,418 to $144,376, and the Local Government Investment Pool increased by $177,069 to $1,821,885. Funds in the Local Government Investment Pool increased and the project development receivable decreased due to the receipt of a $1.1 million installment payment from Pattern New Mexico Wind on a project note receivable established in fiscal year 2022.

Total Liabilities:

	2025	2024	Change
Accounts payable	**$ 83,261**	$ 70,668	$ 12,593
Unearned development revenue	**-**	26,628	(26,628)
Compensated absences	**17,249**	12,595	4,654
Lease payable	**28,076**	67,159	(39,083)
Total liabilities	**$ 128,586**	$ 177,050	$ (48,464)

The Authority's current liabilities at June 30, 2025 are made up of accounts payable of $83,261 and leave earned by employees but not yet paid (compensated absences) of $17,249. Lease payable liabilities consist of a building lease payable of $28,076 as of June 30, 2025, the entirety of which is due within one year.

Net Position:

	2025	2024	Change
Net investment in capital assets	**$ 11,372**	$ 4,525	$ 6,847
Restricted for program activities	**12,226,771**	12,696,137	(469,366)
Total Net Position	**$12,238,143**	$12,700,662	$ (462,519)

During fiscal year 2025, net position decreased $462,244 due to ongoing costs to develop projects to a point of commercial viability. Although net position decreased, total cash and investments increased significantly due to payments received under the Western Spirt Transmission Project, which were recognized as revenue in prior years and continue to fund operations.

Analysis of the Results of Operations

	2025	2024	Change
Expenses and Program Revenues			
Electricity transmission planning and development	**$ (1,589,791)**	$ (1,312,374)	$ (277,417)
Developer payments	**722,178**	480,603	241,575
Total program revenues (expenses)	**(867,613)**	(831,771)	(35,842)
General Revenues			
Interest income	**405,094**	427,720	(22,626)
Total general revenues	**405,094**	427,720	(22,626)
Change in Net Position	**$ (462,519)**	$ (404,051)	$ (58,468)

New Mexico Renewable Energy Transmission Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2025

Governmental-Type Activities

The Authority's total expenditures for governmental-type activities during the fiscal year ended 2025 were $1.6 million, which was $179,731 more than 2024 primarily due to an increase in personnel expenditures.

Revenue from developer payments increased $241,575 from the prior year to $722,178 for the year ended June 30, 2025.

Capital Assets

Capital assets consist of a building lease, net of accumulated amortization, of $27,656 and furniture and equipment, net of accumulated depreciation, of $11,791. Additional information on the Authority's capital assets can be found in the notes to the financial statements.

Economic Factors and Next Year's Budget

For 2026, the Authority has budgeted to receive revenue of $2,797,500 from its development partners, which includes $1,037,500 from the initiation of new project installment payments. Given its cash and investments on hand at the beginning of the 2026 fiscal year, and funding expected during the year, the Authority anticipates having sufficient cash to fund operations through 2026.

An MOU or Lease Agreement has been entered into with each developer, which provides that the developers will financially support the Authority by a direct payment of funds or by reimbursing the Authority for expenses incurred on their behalf. Development payments received from theses developers are available for any Authority activity. Advance development payments are earmarked for specific projects and are recorded as unearned revenue.

Contacting the Authority's Financial Management

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

Lynn Mostoller, Executive Director
1400 S. St. Francis Dr., Suite C
Santa Fe, NM 87505
P: (505) 699-0599

Authority-Wide Financial Statements

New Mexico Renewable Energy Transmission Authority
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Current assets	
Cash	$ 144,376
Interest in New Mexico Local Government Investment Pool	1,821,885
Prepaid expenses	3,195
Developer payments receivable	179,940
Project development receivable, net	794,663
Total current assets	2,944,059
Noncurrent assets	
Project development receivable, noncurrent	9,383,222
Furniture and equipment, net	11,792
Right to use asset - building lease, net	27,656
Total noncurrent assets	9,422,670
Total assets	12,366,729
Liabilities	
Current liabilities	
Accounts payable	83,261
Compensated absences, current portion	12,074
Current portion of lease liability	28,076
Total current liabilities	123,411
Noncurrent liabilities	
Compensated absences, net of current portion	5,175
Total noncurrent liabilities	5,175
Total liabilities	128,586
Net Position	
Net investment in capital assets	11,372
Restricted for program activities	12,226,771
Total net position	$ 12,238,143

The accompanying notes are an integral part of these financial statements.

New Mexico Renewable Energy Transmission Authority

Statement of Activities

For the Year Ended June 30, 2025

	Governmental Activities
Expenses	
Electricity transmission planning and development	$ (1,589,791)
Program Revenues	
Developer payments	722,178
Excess (deficiency) of revenues over expenses	(867,613)
General Revenues	
Interest income	405,094
Total general revenues	405,094
Change in net position	(462,519)
Net position, beginning of year	12,700,662
Net position, end of year	$ 12,238,143

The accompanying notes are an integral part of these financial statements.

Fund Financial Statements

New Mexico Renewable Energy Transmission Authority
Balance Sheet–Governmental Fund
June 30, 2025

	General Fund
Assets	
Cash	$ 144,376
Interest in New Mexico Local Government Investment Pool	1,821,885
Prepaid expenses	3,195
Developer payments receivable	179,940
Project development receivable, net	10,177,885
Total assets	$ 12,327,281
Liabilities	
Accounts payable	$ 83,261
Total liabilities	83,261
Deferred Inflow of Resources	
Unavailable revenue - project development receivable, net	10,177,885
Fund balance	
Restricted for program activities	2,062,940
Nonspendable	3,195
Total fund balance	2,066,135
Total liabilities, deferred inflow of resources, and fund balance	$ 12,327,281

The accompanying notes are an integral part of these financial statements.

New Mexico Renewable Energy Transmission Authority

Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position

June 30, 2025

Fund balance - governmental fund	$	2,066,135
Amounts reported for governmental activities in the statement of net position are different because:		
Unavailable revenue is not available to pay for current-period expenditures and, therefore, is reported as a deferred inflow of resources - unavailable revenue in the funds.		10,177,885
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		39,448
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. In the current period, these amounts are:		
Building lease payable		(28,076)
Compensated absences		(17,249)
Net position - governmental activities	$	12,238,143

The accompanying notes are an integral part of these financial statements.

New Mexico Renewable Energy Transmission Authority

Statement of Revenues, Expenditures, and Change in Fund Balance– Governmental Fund

For the Year Ended June 30, 2025

	General Fund
Revenues	
Project development	$ 1,100,000
Developer payments	722,178
Interest income	76,611
Total revenue	1,898,789
Expenditures	
Current	
Personnel	815,861
Contractual services	541,729
Telephone and internet	52,576
Benefits	28,309
Office	27,138
Travel and meetings	25,118
Insurance	21,332
Rent and utilities	19,288
Other	9,894
Capital outlay	8,431
Debt service - building lease	
Principal	39,084
Interest	3,224
Total expenditures	1,591,984
Excess of revenues over expenditures	306,805
Net change in fund balance	306,805
Fund balance, beginning of year	1,759,330
Fund balance, end of year	$ 2,066,135

The accompanying notes are an integral part of these financial statements.

New Mexico Renewable Energy Transmission Authority

Reconciliation of Governmental Fund Statement of Revenue, Expenditures, and Change in Fund Balance to the Statement of Activities

For the Year Ended June 30, 2025

Net change in fund balance - governmental fund	$	306,805
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures, however, in the statement of activities, the cost of assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay		8,431
Amortization expense		(39,293)
Depreciation expense		(1,375)
Project development revenues are recognized as collected in the funds, but were recognized in prior years in the statement of activities		(1,100,000)
Interest income is recognized on long-term project development receivables in the statement of activities but all receipts are recorded as revenue in the funds.		328,483
The repayment of long-term debt (e.g., bonds, notes, leases) consumes the current financial resources of the governmental fund, but has no effect on net position.		39,084
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund - change in compensated absences.		(4,654)
Change in net position - governmental activities	$	(462,519)

The accompanying notes are an integral part of these financial statements.

New Mexico Renewable Energy Transmission Authority

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis) – General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Project development	$ 1,100,000	$ 1,100,000	$ 1,100,000	$ -
Developer payments	640,000	640,000	722,178	82,178
Interest income	50,000	50,000	76,611	26,611
Total budgeted revenues	1,790,000	1,790,000	1,898,789	108,789
Cash balance carry forward	1,734,402	1,734,402		
Total revenues and budgeted fund balance	$ 3,524,402	$ 3,524,402		
Expenditures				
Personnel services and benefits	$ 891,725	$ 891,725	$ 844,170	$ 47,555
Contractual services	643,000	643,000	541,729	101,271
Other costs	223,650	223,650	155,346	68,304
Total budgeted expenditures	$ 1,758,375	$ 1,758,375	1,541,245	$ 217,130
Unbudgeted revenues (expenses)				
Capital outlay			(8,431)	
Debt service - building lease principal and interest			(42,308)	
Net change in fund balance			$ 306,805	

The accompanying notes are an integral part of these financial statements.

New Mexico Renewable Energy Transmission Authority
Notes to the Financial Statements
June 30, 2025

1) History and Organization

This summary of significant accounting policies of the New Mexico Renewable Energy Transmission Authority (the "Authority") is presented to assist in the understanding of the Authority's financial statements. The financial statements and notes are the representation of the Authority's management who is responsible for their integrity and objectivity. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to agencies of the government. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements.

Financial Reporting Entity

The Laws of 2007, Chapter 62, created the Authority. The purpose of the New Mexico Renewable Energy Transmission Authority Act (the "Act") is to create a quasi-governmental entity to finance or plan the acquisition, maintenance and operation of certain electricity transmission and storage facilities within the State of New Mexico. The financing of the eligible projects may be accomplished through the issuance of renewable energy transmission revenue bonds and other debt instruments.

The Authority's governing body is composed of six voting members and one ex-officio non-voting member. The Governor, with the advice and consent of the Senate, appoints three members. The State Treasurer, or her designee, is a member of the Authority with voting privileges. One member is appointed by the Speaker of the House of Representatives and serves at the pleasure of the Speaker of the House. One member is appointed by the President Pro Tempore of the Senate and serves at the pleasure of the President Pro Tempore. The Secretary of Energy, Minerals and Natural Resources serves as an ex-officio, non-voting member to the Authority. The Governor designates an appointed member of the Authority to serve as chair, and the Authority may elect annually such other officers as it deems necessary.

The Authority is not subject to the supervision or control of any other board, bureau, department or agency of the state, except as specifically provided in the Act. The Act specifically excludes the Authority from the definition of "state agency" or "instrumentality" in any other law of the state, unless specifically referred to in the law. Authority employees are not covered by any state retirement or post-retirement benefit plans. Accordingly, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* are not applicable to the Authority's financial statements.

1) History and Organization – continued

The Act created the Renewable Energy Transmission Bonding Fund, which consists of revenues received by the Authority from operating or leasing eligible facilities, fees and service charges collected and, if the Authority has provided financing of eligible facilities, money from payments of principal and interest on loans. Money in the Renewable Energy Transmission Bonding Fund is pledged for the payment of principal and interest on all bonds issued pursuant to the Act.

The Act also established the Renewable Energy Transmission Authority Operations Fund. This fund consists of money appropriated, earned, and deposited to the fund. Earnings from investment of the fund are credited to the fund. Money in the fund is appropriated to the Authority for the purpose of carrying out the provisions of the Act. Any unexpended or unencumbered balance remaining in the fund at the end of a fiscal year does not revert to the general fund of the state.

The Authority is a quasi-governmental entity in accordance with GASB Statement No. 39. The Authority is a governmental entity because it was established by statute; its relationship with other governmental entities; the governmental composition of the Authority's governing board; sources of operational revenue and its ability to issue tax-exempt debt.

The financial reporting entity as defined by GASB Statement No. 39 consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government."

The Authority is a component unit of the primary government, the State of New Mexico. These financial statements present the financial position and changes in financial position of that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Authority.

Based upon the application of the criteria in GASB Statements No. 14, No. 39 and No. 61, the Authority had no component units as of June 30, 2025.

2) Summary of Significant Accounting Policies

Authority-Wide and Fund Financial Statements

The authority-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the Authority. There is no effect from interfund activity that needs elimination because the Authority has only one fund. The Authority's governmental activities are supported by project development revenue, developer payments, cash carried forward from the prior year and transfers from the State, if any. The Authority has no business-type activities.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions.*

In the government-wide Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets, deferred inflows and receivables as well as deferred outflows and long-term debt obligations. There were no deferred inflows or outflows as of June 30, 2025. The Authority's net position is comprised of restricted net position as required by the enabling legislation, Section 62-16A-1 NMSA 1978, *et seq.*

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, which is electricity transmission planning and development. Program revenues include 1) charges to partners or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and payments that are restricted to meeting the operational or capital requirements of a particular function or segment. The Authority did not receive any federal revenues for the year ended June 30, 2025.

Other items not properly included among program revenues are reported as general revenues. The Authority's practice is to use restricted resources first, then unrestricted resources as needed.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Authority did not have any funds classified as proprietary or fiduciary for the year ended June 30, 2025.

2) Summary of Significant Accounting Policies – continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

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 Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Authority reports the following major governmental fund:

- The General Fund is the Authority's operating fund. It is used to account for resources traditionally associated with a government that are not required legally or by sound financial management to be accounted for in some other fund. The general fund is a non-reverting fund as stipulated in Section 62-l6A-l NMSA 1978, *et seq.,* and is not part of the state-wide accounting system.

Assets, Liabilities, and Net Position, or Fund Balance

Deposits and Investments

The Authority considers cash and cash equivalents to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Authority participates in the State Treasurer Local Government Investment Pool (LGIP). This pool is regulated by state law. Investment in the pool is reported at the Authority's proportionate share of LGIP assets, which reasonably estimates fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Accounts Receivable

All receivables, including project development receivables, are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2025, all receivables are considered to be 100% collectible.

2) Summary of Significant Accounting Policies – continued

Capital Assets

According to Section 12-6-10 NMSA 1978, capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

At June 30, 2025, the Authority's capital assets consist of the unamortized portion of its building lease which is being amortized over the remaining life of the lease, and a copier and electric vehicle charging station that are being depreciated over an estimated useful life of five years.

Compensated Absences

Qualified employees are entitled to accumulate vacation leave according to a graduated leave schedule of 120 to 160 hours per year, depending upon the length of service and the employees hire date. The maximum number of vacation hours which may be carried over from one calendar year to the next is 240 hours. Upon separation from Authority employment or retirement, payout will be made for accrued and unused vacation hours.

Authority employees accrue paid sick leave benefits in accordance with state law. Sick leave is front loaded on January 1 of each year. New employees begin accruing sick leave immediately. For full-time employees regularly working at least 36 hours per week, 96 hours of sick leave are accrued. For part-time employees, 48 hours of sick leave are accrued for employees regularly working 20 to 25 hours per week, and 72 hours of sick leave are accrued for employees regularly working 26 to 35 hours per week. For part-time employees working 20 hours or less per week, the accrual rate is in accordance with state law, which is currently one (1) hour of sick leave for every 30 hours worked. There is no cap on the accrual of sick leave hours. Upon separation from Authority employment, the Authority pays 25 percent of the employee's hourly wages for accrued unused sick leave.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net position is defined by GAAP as the residual of all assets, liabilities, deferred outflows of resources and deferred inflows of resources. There were no deferred inflows or deferred outflows at June 30, 2025.

- Net Investment in Capital Assets – Consist of capital assets, net of accumulated depreciation and reduced by debt that is attributed to the acquisition, construction or improvement of those assets.

2) Summary of Significant Accounting Policies – continued

- Restricted Net Position – Restricted net position results from constraints placed on the use of net position when externally imposed by creditors, grantors, laws or regulations, or imposed by law through enabling legislation.

- Unrestricted Net Position – Unrestricted net position consists of net position that does not meet the definition of the two preceding categories.

Fund Balance

The Authority follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* Fund balance is reported by the most binding constraint which is restricted by an external resource or enabling legislation. Beginning with the most binding constraints, fund balance amounts are reported in the following classifications:

- Non-spendable – Amounts that cannot be spent because they are either in a non-spendable form or are contractually required to be maintained until expended for its restricted purpose.

- Restricted – Amounts can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The Authority is a non-reverting agency, and the funds are restricted by its enabling legislation to carry out the provisions of the Authority. Accordingly, all of the Authority's fund balance is restricted.

- Committed – Amounts that can be used only for the specific purposes determined by a formal action of the Authority's highest level of decision-making authority, which is the Board of Directors.

- Assigned – Amounts intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed.

- Unassigned – The residual classification for the Authority's general fund and includes all amounts not contained in the other classifications.

New Accounting Standard

For the year ended June 30, 2025, GASB Statement No. 101, *Compensated Absences,* became effective. This statement expands the types of compensated absences that must be reported as a liability. Under the new standard, compensated absences now include leave that is not required to be settled in cash but is likely to be taken or settled through means other than a cash payment upon termination. The compensated absences liability is recorded when earned and expected to be paid, and is calculated using the employee's pay rate and related benefits at year-end.

2) Summary of Significant Accounting Policies – continued

Retrospective application is required under GASB Statement No. 101, however, management has determined the impact on prior years to be immaterial. Accordingly, the impact of this standard to the Authority has been recognized in 2025.

3) Budget

The Authority prepares a budget for the General Fund. The budget is approved by the Board of Directors but is not required to be approved by the State Legislature. It is used as a measuring mechanism to gauge the Authority's progress. The budget is not legally binding but is presented to inform the reader of the financial statements. The level of budgetary control is at the fund level.

4) Deposits and Investments

Deposits consist of cash on deposit with New Mexico Bank & Trust (NMB&T). Deposits may be made to the extent that they are insured by an agency of the United States or are collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2025, the authority's entire bank balance of $146,129 was insured by the Federal Deposit Insurance Corporation.

Investments. The Authority invests in the New Mexico Local Government Investment Pool (LGIP) in an effort to distribute their interest-bearing accounts among various entities. LGIP investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer, who is also an Authority board member, is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary. Funds are available for withdrawal with 24 hours' notice.

4) Deposits and Investments – continued

The Authority's investments at June 30, 2025, were as follows:

Investments	Rated	Weighted Average Maturity (R)	Weighted Average Maturity (F)	Fair Market Value
Local Government Investment Pool	*AAAm	18	75	$ 1,821,885

**Based off Standard & Poor's rating*

Interest Rate Risk – Investments. The Authority's policy related to interest rate risk with investments is to comply with the State as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA).

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the Authority. The investments in the LGIP represents 100% of the investment portfolio. The Authority's policy related to concentration of credit risk is to comply with the State statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

GASB Statement No. 72 requires investments to be presented at fair value. This statement provides the framework for measuring fair value and provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted, quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2 Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Authority's investment of $1,821,885 in the LGIP are valued using Level 1 inputs as of June 30, 2025.

5) Project Development Receivable

The project development receivable consists of a receivable due from Pattern New Mexico Wind for services provided by the Authority related to the completion of the Western Spirit Transmission line project and subsequent sale of the project to Public Service Company of New Mexico. Terms call for 15 equal annual installments of $1,100,000 with no stated interest rate, beginning in December 2021.

An analysis of the project development receivable for the year ended June 30, 2025, follows:

Receivable	Beginning Balance	Increases	Decreases	Ending Balance
Project development	$ 13,200,000	$ -	$ 1,100,000	$ 12,100,000
Less unamortized discount based on imputed interest rate of 3% over 12 years				(1,922,115)
Project development receivable, net				$ 10,177,885

6) Capital Assets

The Authority has recorded a right to use lease asset as a result of implementing GASB 87. The right to use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease asset into service. Right to use assets are amortized on a straight-line basis over the shorter of the useful life of the asset or the lease term of the asset. Right to use asset and capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated or amortized				
Leased building	$ 79,929	$ -	$ -	$ 79,929
Furniture and equipment	6,110	8,431	-	14,541
Total capital assets being depreciated or amortized	86,039	8,431	-	94,470
Less accumulated depreciation and amortization for				
Leased building	12,979	39,293	-	52,272
Furniture and equipment	1,375	1,375	-	2,750
Total accumulated depreciation and amortization	14,354	40,668	-	55,022
Total capital assets being depreciated or amortized, net	$ 71,685	$ (32,237)	$ -	$ 39,448

7) Lease

The Authority has entered into an agreement to lease office space. The lease agreement, which qualifies as a lease under GASB 87, has been recorded at the net present value of the future minimum lease payments as of the date of lease inception.

The lease agreement was executed on September 1, 2021, to lease a building and required twelve payments of $3,195 through August 1, 2022, twelve payments of $3,291 through August 1, 2023, and six payments of $3,390 through February 1, 2024. There were no variable components of the lease agreement.

In February, 2024, this lease was extended through February, 2026, requiring twelve monthly payments of $3,491 through February 1, 2025, and twelve monthly payments of $3,595 through February 1, 2026. The lease liability is measured at the Authority's incremental borrowing rate of 6.5%.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	28,076	688	28,764
	$ 28,076	$ 688	$ 28,764

A summary of the changes in the Authority's lease liability for the year ended June 30, 2025, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Building lease liability	$ 67,160	$ -	$ (39,084)	$ 28,076	$ 28,076

8) Compensated Absences

The changes in accrued compensated absences for governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	$ 12,595	$ -	$ 4,654	$ 17,249	$ 12,074

9) Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Section 15-7-2 NMSA 1978 requires the General Services Department, Risk Management Division (RMD), to be responsible for the acquisition and administration of all insurance purchased by the state. Since 1977, various state statutes have been passed which allow RMD to insure, self-insure or use a combination of both. Risk management expenditures for the Authority are accounted for in the general fund. Any claims are processed through RMD. There is no pending or known threatened legal proceedings involving material matters to which the Authority is a party. The Authority maintains Directors and Officers insurance.

10) Developer Revenue

The Authority's Developer Revenue is mostly derived from developers who have entered into Development, Acquisition, Lease and Sub Easement Agreements with the Authority related to the building of transmission lines in New Mexico. These agreements are very similar in nature but may differ in the payment terms, depending on the length and capacity of the transmission lines being built. These agreements define the responsibilities, rights and obligations of the Authority and the project companies during the development, construction, and commercial operation phases of each specific project. These agreements also provide processes through which the Authority and the project companies make various development decisions and perform various development tasks. These agreements govern the ownership, possession, and use of the land and improvements constituting each project.

10) Developer Revenue – continued

Once the transmission lines reach commercial operation, the Authority will receive annual lease payments for a specified term. During the development and construction phases, the Authority receives development expense payments, which are for the purpose of compensating the Authority for staff time in support of each project and reimbursing the Authority for its development expenses for each project. These payments are based upon the Authority's direct labor costs (including reasonable overhead and operational charges) and the actual cost of third-party consultants and lawyers. Some of the projects will receive a credit for their development expense payments against the annual lease payments once those become due, as specified in the individual Agreements. These credits do not include any expenses related to eminent domain litigation for a project.

Project companies are billed quarterly for actual development expenses. The Authority also has the ability to bill for estimated development expenses in advance. When this occurs, amounts received from project companies for advanced development expenses during the year ending June 30, 2025, are recorded as unearned revenue in the financial statements when initially received because these are collected based upon estimates of anticipated development expenses. As the Authority expends these funds on a particular project, they are recognized as earned revenue. Amounts unexpended at year end represent cash restrictions for the Authority. On June 30, 2025, there were no unexpended funds from Projects.

Western Spirit and Pattern New Mexico Wind

In May 2019, the Authority entered into an Amended and Restated Lease, a Master Lease, and a Letter Agreement with Western Spirit Transmission LLC, which governed the roles and responsibilities between the Authority and Western Spirit Transmission. Construction on the Western Spirit Project was completed in 2021, and the whole project was sold to Public Service Company of New Mexico in December 2021. Under the terms of the Letter Agreement, the Authority receives $1,100,000 annually from Pattern New Mexico Wind and will continue to receive this amount annually through December 2035 (fiscal year ending June 30, 2036). Through the Letter Agreement, Pattern agreed to provide $100,000 of engineering or consulting services to RETA each year through 2036. Through the 2nd Amendment to the Letter Agreement dated June 25, 2025, instead of providing consulting services, Pattern has agreed to pay a one-time payment of $250,000 for accrued engineering and consulting services through December 9, 2024, and will pay $50,000 per year beginning on December 9, 2025 through 2036.

10) Developer Revenue – continued

Future principal and interest payments under this agreement, discounted to the net present value using a discount rate of 3%, are as follows:

June 30,	Principal	Interest	Total
2026	$ 794,663	$ 305,337	$ 1,100,000
2027	818,503	281,497	1,100,000
2028	843,058	256,942	1,100,000
2029	868,350	231,650	1,100,000
2030	894,401	205,599	1,100,000
2031-2035	4,890,949	609,051	5,500,000
2036	1,067,961	32,039	1,100,000
	$ 10,177,885	$ 1,922,115	$ 12,100,000

SunZia – Line 1 and RioSol – Line 2

On July 15, 2022, the SunZia Transmission project was bifurcated into two separate projects with two separate owners. Pattern Energy acquired Line 1 from owner MMR, and entered into an Amended, Restated, and Bifurcated Development, Acquisition, Lease and Sub-Easement Agreement related to Line 1 between the Authority and SunZia Transmission, LLC (now a wholly owned subsidiary of Pattern Energy). MMR's Southwest Power Group retained ownership of the other line (Line 2), and entered a separate Amended, Restated, and Bifurcated Development, Acquisition, Lease and Sub-Easement Agreement related to Line 2 between RETA and El Rio Sol Transmission (a wholly owned subsidiary of MMR, subsequently renamed RioSol, LLC) on the same date. Under both these Agreements, the Authority receives development expense payments for staff time and reimbursement of expenses during the development phase of these projects and will receive annual lease payments when the projects are completed as specified in the Agreements.

SunZia's Line 1 is planned to be a 525kV HVDC, 3,000 MW transmission line routed from the middle of New Mexico to the middle of Arizona; the portion in New Mexico is approximately 350 miles in length. RioSol's Line 2 is planned to be a 500 kV HVAC, 1,500 MW transmission line that will share most of the same route as SunZia Line 1. The Agreements with RETA cover only the New Mexico portion of the Project.

Payments received from SunZia – Line 1 after the bifurcation for development expenses during the year ended June 30, 2025, totaled $54,542, and as of June 30, 2025, $19,878 is recorded as developer payments receivable.

10) Developer Revenue – continued

Payments received from RioSol-Line 2 for development expenses during the year ended June 30, 2025, totaled $97,776, including $46,250 recognized as revenue in a prior year, and as of June 30, 2025, $12,046 is recorded as developer payments receivable.

Lucky Corridor

On January 2022 the Authority entered into a Development, Acquisition, Lease and Sub-Easement Agreement with Lucky Corridor, LLC for the Mora Line Transmission Project. The project consists of approximately 114 miles of new transmission facilities in northeastern New Mexico.

Payments received from Lucky Corridor for development expenses during the year ended June 30, 2025, totaled $139,924, including $43,881 recognized as revenue in a prior year. Unreimbursed expenses related to this project as of June 30, 2025 are $14,047 and are recorded as developer payments receivable.

Invenergy

On January 12, 2023, the Authority entered into a Development, Acquisition, Lease and sub-Easement Agreement with North Path Transmission, LLC for the New Mexico North Path Transmission Project. The project consists of a single circuit 525 kV DC transmission line and a new substation at each terminus, one in northeast New Mexico and one in northwest New Mexico, covering approximately 400 miles.

Payments received for this project for development expenses during the year ended June 30, 2024, totaled $87,436, including $15,834 recorded as revenue in a prior year. Unreimbursed expenses related to this project as of June 30, 2025 are $21,784 and are recorded as developer payments receivable.

Nextera

On July 11, 2024, the Authority and Nextera Energy Transmission Southwest, LLC entered into a Development, Acquisition, Lease and Sub-Easement Agreement. The project consists of a 345kV double circuit transmission line that connects the Crossroads, Hobbs, and Road Runner substations, covering approximately 140 miles.

Payments received for this project include a lease application fee of $50,000. Development expenses during the year ended June 30, 2025, totaled $152,727, Unreimbursed expenses related to this project as of June 30, 2025, are $35,644 and are recorded as developer payments receivable.

10) Developer Revenue – continued

Southline Transmission
On April 11, 2024, the Authority entered into a MOU with Southline Transmission LLC for Phase 2 of the Southline Transmission Project. Southline Transmission paid the Authority $25,000 as an application fee. There was no development activity on this project involving the Authority during the year ended June 30, 2025.

Hidden Mountain
On October 22, 2024, the Authority entered into an MOU with Agua Fria Energy, LLC for the Hidden Mountain Extension Transmission Project. In June 2025, the MOU was terminated when the Authority entered into a Development, Acquisition, Lease, and Sub-Easement Agreement with Agua Fria Energy, LLC for the Hidden Mountain Extension Transmission Project. The project consists of a 345 KV high voltage transmission line with one or more circuits, covering approximately 21 miles.

Payments received for this project include an MOU application fee of $25,000 and development expenses during the year ended June 30, 2025, totaling $27,234. The lease application fee and unreimbursed expenses related to the project as of June 30,2025, totaled $74,156 and are recorded as developer payment receivable.

Eastern New Mexico Connector
On April 7, 2025, the Authority entered into an MOU with Southwestern Power Group II, LLC for the Eastern NM Connector Transmission Project. The project consists of a 500kV double circuit transmission line to interconnect with PNM, covering approximately 278 miles, which is planned to be built in phases.

Payments received for this project include an MOU application fee of $25,000 and Unreimbursed expenses related to this project as of June 30, 2025, are $2,385 and are recorded as developer payments receivable.

11) Retirement Plan

On August 10th, 2024, the Authority established a Simple IRA retirement plan (the "Plan"). Employees expected to receive $5,000 in annual compensation are immediately eligible to participate in the Plan. Eligible employees may defer up to the maximum allowed by the IRS, with the Authority providing matching contributions of up to 3% of the employee's qualifying compensation. Employees are immediately 100% vested in all matching contributions.

For the year ended June 30, 2025, the Authority contributed $15,611 in matching contributions to the Plan.

12) Subsequent Events

The Authority has evaluated events through September 22, 2025, the date the financial statements were available to be issued. No transactions or events have been identified that would require adjustments as of June 30, 2025, or disclosure as of the date of these financial statements.

Supplementary Information

New Mexico Renewable Energy Transmission Authority
Schedule of Cash Account
June 30, 2025

Name/Account Type	Type	Book Balance
New Mexico Bank & Trust		
Checking account - operating	Interest bearing	$ 146,129
Reconciling item - outstanding checks		(1,753)
Reconciled balance		$ 144,376
As reported in the financial statements:		
Cash		$ 144,376

Compliance Section

SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Joseph M. Maestas, P.E., CFE
New Mexico State Auditor
and The Board of Directors
New Mexico Renewable Energy Transmission Authority

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 general fund, and the budgetary comparison for the general fund of the New Mexico Renewable Energy Transmission Authority (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 22, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

SJT Group LLC

Albuquerque, New Mexico
September 22, 2025

New Mexico Renewable Energy Transmission Authority

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2025

Section I – Status of Prior Year Audit Findings

There were no prior year findings.

New Mexico Renewable Energy Transmission Authority
Schedule of Findings and Responses
For the Year Ended June 30, 2025

Section II — Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No
Other findings required to be reported under Section 12-6-5 NMSA 1978?	No

New Mexico Renewable Energy Transmission Authority

Exit Conference

June 30, 2025

The financial statements presented in this report were prepared by the auditors, SJT Group, LLC.

The content of this report was discussed at an exit conference held on September 22, 2025, with the following in attendance:

New Mexico Renewable Energy Transmission Authority

Robert E. Busch, Board Chairman, Chair, Audit Committee

Jeremy Lewis, Board Member, Audit Committee

Janice Barela, Board Member Designee for Laura Montya, State Treasurer, Audit Committee

Deborah Mann, General Counsel

Lynn E. Mostoller, Executive Director

Rachael Beuchler, Financial Director

SJT Group, LLC

Armando Sanchez, CPA, Managing Principal

Brett Bauer, CPA, Senior Audit Manager

We appreciate the many courtesies and assistance extended to us by management of the New Mexico Renewable Energy Transmission Authority.