

**NEW MEXICO  
DEPARTMENT OF  
TRANSPORTATION  
Financial Statements  
for the Year Ended  
June 30, 2008,  
and Independent  
Auditors' Report**

NEW MEXICO DEPARTMENT OF TRANSPORTATION

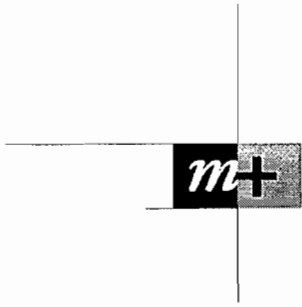


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NEW MEXICO DEPARTMENT OF TRANSPORTATION

Official Roster

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Year Ended June 30, 2008

Commission

Johnny Cope	Chairperson	Hobbs
Jim Franken	Vice-Chairperson	Las Vegas
Norman Assed	Secretary	Albuquerque
John Hummer	Member	Las Cruces
Roman Maes III	Member	Santa Fe
Jackson Gibson	Member	Thoreau

Administrative Officer

Gary Giron	Cabinet Secretary
Domingo Sanchez III	Deputy Secretary

## INDEPENDENT AUDITORS' REPORT

Members of the Commission  
New Mexico Department of Transportation and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying basic 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 (Department) as of and for the year ended June 30, 2008, which collectively comprise the Department's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Department's non-major governmental funds and the budget comparison for the enterprise fund presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2008, as listed in the table of contents. We also have audited the combined budget comparisons for the special revenue and debt service funds presented as required supplemental information. These financial statements are the responsibility of the Department's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the basic financial statements of the Department are intended to present the financial position, and changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of New Mexico (State) 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 as of June 30, 2008, and the changes in its financial position and its cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Members of the Commission  
New Mexico Department of Transportation and  
Mr. Hector H. Balderas  
New Mexico State Auditor

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the major special revenue funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Department as of June 30, 2008, and the respective changes in financial position thereof, and the budget comparisons for the major debt service and enterprise fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the combined budget comparison referred to above presents fairly, in all material respects, the budget comparison of all the non-major special revenue funds and debt service funds of the Department for the year ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2009, 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual financial statements and the budgetary comparisons of the Department. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Also, the schedules listed as other supplementary information in the table of contents are

Members of the Commission  
New Mexico Department of Transportation and  
Mr. Hector H. Balderas  
New Mexico State Auditor

presented for purposes of additional analysis and are not a required part of the basic financial statements of the Department. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Mayners + Company, LLC*

September 16, 2009

# NEW MEXICO DEPARTMENT OF TRANSPORTATION

## Management's Discussion and Analysis - Year Ended June 30, 2008

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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, 2008. 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 can be found on pages 38 through 105 of this audit report.

### **Financial Highlights**

The Department's net assets declined by \$114,843,694, mainly due to depreciation and amortization expense of \$549,177,995. The net assets of the Department's governmental activities decreased by \$115,604,224 due to increases in contractual services, capital outlay and debt service expenditures related to GRIP Bond Projects.

### **Overview of the Financial Statements**

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.

**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 Assets presents information on all of the Department's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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 can be found on pages 23 through 25 of this report.



# NEW MEXICO DEPARTMENT OF TRANSPORTATION

## Management's Discussion and Analysis - Year Ended June 30, 2008 - continued

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### Overview of the Financial Statements - continued

**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.

#### 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 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 sheets and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Department has 34 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 governmental fund reports as least 10 percent of any of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund expenditures.
- **Five percent criterion.** An individual governmental fund reports at least 5 percent of the total for both governmental and enterprise funds of any of the items for which it met the 10 percent criterion.

The Department's major governmental funds are the following:

**State Road Fund** – The state road fund was created by Section 67-3-65, NMSA 1978. The state road fund is the operating fund of the Department and is used to account for substantially all the Department's financial activities.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Management's Discussion and Analysis - Year Ended June 30, 2008 - continued

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#### Overview of the Financial Statements - continued

##### **Fund Financial Statements - continued**

**2004A GRIP Bond Project Fund** – The bond project fund was created when the \$700,000,000 New Mexico State Transportation Subordinate Lien Revenue Bonds Series 2004A were issued through the New Mexico Finance Authority (NMFA) in May 2004. The funds from the sale of the Debentures were required to be deposited in a special account with the NMFA. Unspent proceeds are on deposit with the NMFA and recorded as restricted cash. The funds are used to finance State transportation projects.

**2006A Bond Project Fund** – The bond project fund was created due to 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.

**2006C Bond Project Fund** – The bond project fund was created due to 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 determined to be necessary or desirable as part of the GRIP transportation projects.

**2004B/C GRIP Debt Service Fund** – This 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.

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 29 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 121.

#### Enterprise 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.

# NEW MEXICO DEPARTMENT OF TRANSPORTATION

## Management's Discussion and Analysis - Year Ended June 30, 2008 - continued

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### Overview of the Financial Statements - continued

#### **Fund Financial Statements - continued**

##### Enterprise Funds - continued

The basic proprietary fund financial statements can be found on pages 34 through 36 and the cash flows statement is on page 37 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38 through 105 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information including the Schedule of Severance Tax Bonds, Schedule of Special Appropriations, Schedule of Petty Cash Deposit Accounts, Schedule of State Road Fund User and Fuel Taxes, Schedule of Debt Service and Coverage Ratios and the Schedule of Expenditures of Federal Awards.

#### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the Department's financial position. At June 30, 2008, the Department's assets exceeded liabilities by \$6,001,374,908.

The largest portion of the Department's net assets 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.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Management's Discussion and Analysis -  
Year Ended June 30, 2008 - continued**

**Government-wide Financial Analysis - continued**

**Net Assets**

As of June 30, 2008 and 2007, the Department has positive balances in two categories of net assets, 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 assets for the fiscal years ended June 30, 2008 and 2007.

**Table A-1  
The Department's Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Assets:</b>						
Current and other assets	\$ 800,698,578	1,106,018,138	21,807,779	19,617,041	822,506,357	1,125,635,179
Capital assets and other	<u>7,120,291,143</u>	<u>7,073,498,383</u>	<u>-</u>	<u>-</u>	<u>7,120,291,143</u>	<u>7,073,498,383</u>
<b>Total assets</b>	<b>7,920,989,721</b>	<b>8,179,516,521</b>	<b>21,807,779</b>	<b>19,617,041</b>	<b>7,942,797,500</b>	<b>8,199,133,562</b>
<b>Liabilities:</b>						
Current liabilities	230,110,898	286,611,162	1,545,918	115,710	231,656,816	286,726,872
Long-term liabilities	<u>1,709,765,776</u>	<u>1,793,478,506</u>	<u>-</u>	<u>-</u>	<u>1,709,765,776</u>	<u>1,793,478,506</u>
<b>Total liabilities</b>	<b>1,939,876,674</b>	<b>2,080,089,668</b>	<b>1,545,918</b>	<b>115,710</b>	<b>1,941,422,592</b>	<b>2,080,205,378</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt and unspent bond proceeds	5,284,234,236	5,153,462,227	-	-	5,284,234,236	5,153,462,227
Restricted	<u>696,878,811</u>	<u>945,964,626</u>	<u>20,261,861</u>	<u>19,501,331</u>	<u>717,140,672</u>	<u>965,465,957</u>
<b>Total net assets</b>	<b>\$ <u>5,981,113,047</u></b>	<b><u>6,099,426,853</u></b>	<b><u>20,261,861</u></b>	<b><u>19,501,331</u></b>	<b><u>6,001,374,908</u></b>	<b><u>6,118,928,184</u></b>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Management's Discussion and Analysis -  
Year Ended June 30, 2008 - continued**

**Government-wide Financial Analysis – continued**

**Changes in Net Assets**

Table A-2 provides a summary of the Department's operations for the years ended June 30, 2008 and 2007. Governmental activities decreased the Department's net assets by \$115,604,224 in 2008 and by \$264,012,070 in 2007. Business-type activities increased the Department's net assets by \$760,530 in 2008 and by \$617,694 in 2007 due to interest income earned during the year.

**Table A-2  
Changes in the Department's Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Revenues:						
Program revenues:						
Capital grants	\$ 305,469,842	312,260,388	-	-	305,469,842	312,260,388
Operating grants	75,933,653	120,765,052	-	-	75,933,653	120,765,052
Charges for services	13,549,696	14,762,893	-	-	13,549,696	14,762,893
General revenues:						
Taxes	419,976,392	426,792,376	-	-	419,976,392	426,792,376
Interest income	46,706,497	47,432,110	760,530	617,694	47,467,027	48,049,804
Gain (loss) on disposal of assets	(6,028)	(34,518)	-	-	(6,028)	(34,518)
Total revenues	861,630,052	921,978,301	760,530	617,694	862,390,582	922,595,995
Expenses:						
Public works	-	554,165,527	-	-	-	554,165,527
Depreciation & amortization	549,177,995	523,085,599	-	-	549,177,995	523,085,599
Interest on long-term debt	-	98,952,245	-	-	-	98,952,245
Programs and infrastructure Transportation and Highway Operations	11,028,125	-	-	-	11,028,125	-
Program support	246,894,734	-	-	-	246,894,734	-
Total other expenses	163,329,100	-	-	-	163,329,100	-
	970,429,954	1,176,203,371	-	-	970,429,954	1,176,203,371
Net revenues (loss) before transfers and reversions	(108,799,902)	(254,225,070)	760,530	617,694	(108,039,372)	(253,607,376)
Transfers and reversions	(6,804,322)	(9,787,000)	-	-	(6,804,322)	(9,787,000)
(Decrease) increase in net assets	(115,604,224)	(264,012,070)	760,530	617,694	(114,843,694)	(263,394,376)
Net assets, beginning of year	6,099,426,853	6,360,293,219	19,501,331	18,883,637	6,118,928,184	6,379,176,856
Restatements	(2,709,582)	3,145,704	-	-	(2,709,582)	3,145,704
Net assets, end of year	\$ 5,981,113,047	6,099,426,853	20,261,861	19,501,331	6,001,374,908	6,118,928,184

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Management's Discussion and Analysis -  
Year Ended June 30, 2008 - continued

**Government-wide Financial Analysis - continued**

The changes in net assets for the Department's major funds for 2008 are as follows:

State Road Fund	\$ 13,115,509
2004A GRIP Bond Project Fund	(92,265,202)
2006A GRIP Bond Project Fund	(58,826,089)
2006C GRIP Bond Project Fund	(124,688,832)
2004B/C GRIP Debt Service Fund	<u>1,471,486</u>
Major funds, net change in assets	\$ <u>(261,193,128)</u>

**Financial Analysis of the Government's Funds**

**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, unreserved 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 2008 fiscal year, the Department's governmental funds reported combined ending fund balances of \$661,474,428, a decrease of \$237,561,489 from the prior year. Fund balance is reserved to indicate that it is not available for new spending because it has already been committed to provide for inventories, long term assets and prepaid items and other reserved items of \$67,231,951.

**Budgetary Highlights**

The Department budgets are on a modified accrual basis and not all funds are budgeted. The Department made revisions to the original approved budget by \$52,843,220. Overall, these changes were caused by the following significant budget adjustments.

Reclassifications of costs from FHWA contract services to Federal Mass Transit other costs	\$ 10,000,000
Increase in cash for Rail Runner other costs	2,004,120
Reclassification of costs for Federal Aviation	1,727,600
Increase in cash for Federal Aviation	960,000
Increase in cash for State Infrastructure Bank for loaning	3,485,000
Increase in cash for WIPP construction	13,800,000
Increase in cash for Motorcycle Training Fund	8,000
Increase in cash for DWI Prevention and Education for personnel services and other costs	275,000

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Management's Discussion and Analysis - Year Ended June 30, 2008 - continued

#### Financial Analysis of the Government's Funds - continued

##### **Budgetary Highlights - continued**

Increase in cash for NHTSA for other costs	\$ 7,200,000
Increase in cash for FHWA revenues	15,000
Increase in cash for DWI Prevention and Education transfers from DFA	300,000
Increase in cash for earnings on trustee accounts	1,582,500
Increase in State Road Fund cash for personnel services	4,000,000
Increase in cash for WIPP construction	4,000,000
Increase due to Interagency Agreements	100,000
Increase in cash for earnings on trustee accounts	3,250,000
Decrease in cash from earnings on trustee accounts	(264,000)
Increase in cash for Interlock Device Fund other costs	<u>400,000</u>
	\$ <u>52,843,220</u>

##### **Capital Assets Overview**

The Department's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$7,075,397,952 (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.

##### **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 2007-2008 Active Projects with a contract amount of \$10 million or more:**

Rail Runner Phase 2, design and build project in Santa Fe County  
I-40, MP 316.500 to 324.500, located in Quay County  
I-40, MP 162.140 to MP 163.750, located in Bernalillo County  
I-40, MP 177.150 to MP 181.660, located in Bernalillo County  
US 491, MP 77.000 to MP 85.200, located in San Juan County  
I-40, MP 308.000 to 312.360, located in Quay County

**Capital Assets Overview - continued**

**Major Infrastructure Projects - continued**

**Fiscal Year 2007-2008 Active Projects with a contract amount of \$10 million or more - continued:**

I-40, MP 150.042 to MP 152.334, located in Bernalillo County  
NM 128, MP 10.900 to MP 24.700, located in Eddy and Lea Counties  
I-40, MP 60.000 to MP 62.706, located in McKinley County  
I-40, MP 12 to 17, Gallup for 5.000 Miles  
US 491 and NM 602 for 3.100 miles  
US 70 D/B, MP 264.2 to MP 302.1, Ruidoso Downs to Riverside  
US 84/285 North of Santa Fe from Santa Fe Opera  
US 84/285, Santa Fe Relief Route to Santa Fe Opera  
Design of Paseo del Volcan (North Section), Stage II, Iris Road to US 550  
Design and reconstruction of Double Eagle II Access Road (existing Paseo del Volcan)  
Acquire land and plan, design, construct, furnish and equip the Southwest Regional Spaceport in Sierra  
County

**Equipment**

For fiscal year 2008, the Equipment modified accrual basis budget total was approximately \$13.9 million. Of this budget, approximately \$13.8 million was fully expended at June 30, 2008. 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.



**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Management's Discussion and Analysis -  
Year Ended June 30, 2008 - continued**

**Capital Assets Overview - continued**

**Equipment - continued**

**Table A-3  
Department's Capital Assets**

		<u>2008</u>	<u>2007</u>
Land	\$	5,076,633	4,979,663
Right of way		377,725,494	373,318,194
Infrastructure		15,172,765,450	15,031,104,263
Equipment and furniture		31,472,967	30,933,278
Library		102,614	-
Buildings		40,005,443	38,463,834
Vehicles		192,015,322	179,456,262
Accumulated depreciation		<u>(8,743,765,971)</u>	<u>(8,636,038,507)</u>
Total	\$	<u>7,075,397,952</u>	<u>7,022,216,987</u>

Additional information on the Department's capital assets can be found in Note 9 of this report.

**Debt Administration**

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

At June 30, 2008, the Department had a total outstanding debt (bonds) of \$1,761,675,000. Outstanding bond debt is backed by the Department's state tax revenues and FHWA revenues.

**Table A-4  
Department's Outstanding Debt**

		<u>2008</u>	<u>2007</u>
Bonds (excludes deferred amount on refunding)	\$	<u>1,761,675,000</u>	<u>1,832,645,000</u>

The Department's total bond debt decreased by 3.9%, or \$70,970,000. Total outstanding bond debt at the end of the fiscal year was \$1,761,675,000 compared to \$1,832,645,000 at the end of the 2007 fiscal year. Key factors

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Management's Discussion and Analysis - Year Ended June 30, 2008 - continued

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#### Debt Administration - continued

affecting the Department's outstanding bonds during the current fiscal year included bond principal repayments totaling \$70,970,000 and the issuance of four refunding bond series totaling \$470,400,000. See Note 11 for a detail of all outstanding bonds.

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

The New Mexico Finance Authority (NMFA) issued a total of \$470,400,000 in Variable Rate Demand Obligation (VRDO) bonds on behalf of the Department during fiscal year 2008 for the purpose of redeeming high interest rate Auction Rate Security (ARS) bonds. The Series 2008A of refunding bonds totaling \$115,200,000 were issued in April of 2008. The Series 2008B of refunding bonds totaling \$220,000,000 were issued in April of 2008, the Series 2008C of refunding bonds totaling \$84,800,000 were issued in May of 2008, the Series 2008D of taxable refunding bonds totaling \$50,400,000 were issued in May of 2008. The following is a detail of the refunding bonds issued:

The NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008A in the amount of \$115,200,000 were issued in April of 2008 and are payable, together with additional bonds hereafter issued, 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 taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Series 2008A Bonds are being issued by the New Mexico Finance Authority (the NMFA) at the direction of the New Mexico State Transportation Commission 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.

The NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008B in the amount of \$220,000,000 were issued in April of 2008 and are payable, together with additional bonds hereafter issued, 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 taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Series 2008B Bonds are being issued by the New Mexico Finance Authority (the NMFA) at the direction of the New Mexico State Transportation Commission 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.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Management's Discussion and Analysis - Year Ended June 30, 2008 - continued

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#### **Debt Administration - continued**

The NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008C in the amount of \$84,800,000 were issued in May of 2008 and are payable, together with additional bonds hereafter issued, 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 taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Series 2008C Bonds are being issued by the New Mexico Finance Authority (the NMFA) at the direction of the New Mexico State Transportation Commission 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.

The NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008D (Taxable) in the amount of \$50,400,000 were issued in May of 2008 and are payable, together with additional bonds hereafter issued, 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 taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Series 2008D Bonds are being issued by the New Mexico Finance Authority (the NMFA) at the direction of the New Mexico State Transportation Commission 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.

#### **Economic Factors and Revenue Forecasts**

##### **Economic and Demographic Characteristics**

New Mexico is the 36<sup>th</sup> largest state by population and the fifth largest in land area. The population of the State as of the time of the official 2000 United States Census was 1,819,046. In the 1990s, the State was the twelfth fastest growing state, as the population increased 20.1 percent from the 1990 population of 1,515,069. Over the same period of time, the national population grew 13.2 percent. Most of this population growth is occurring in or near the larger cities. There are four Metropolitan Statistical Areas (MSA) in the state. The Albuquerque MSA is comprised of Bernalillo, Sandoval, Tarrant 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 Santa Fe.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Management's Discussion and Analysis - Year Ended June 30, 2008 - continued

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#### Economic Factors and Revenue Forecasts - continued

#### **Economic and Demographic Characteristics - continued**

Major industries in the State are energy resources, semi-conductor manufacturing, tourism, services, arts and crafts, agriculture-agribusiness, government, manufacturing and mining. In 2006, the value of energy resources production (crude petroleum, natural gas and coal) was approximately \$15.6 billion. Total value of energy and other mineral production was \$17.0 billion. The mining industry employed about 19,400 New Mexicans in 2007. 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:**

**FHWA Revenue.** The amount of FHWA revenue (obligation authority) available to all states has slightly increased as a result of the passage of the new 5 year transportation reauthorization bill entitled "Safe, Accountable, Flexible, and Efficient Transportation Equity Act for the 21<sup>st</sup> Century – A Legacy for Users" "SAFETEA-LU" in 2005. The amounts of "obligation limitation" available to New Mexico are \$287.5 million in FY2005, \$292.8 million in FY2006, \$271.1 million in FY2007 and \$253.5 million in FY2008. This compares to previous amounts of \$278.9 million in FY2002, \$263.2 million in FY2003, and \$243.5 million in FY2004. The reauthorization bill provides "apportionment" amounts, but the real spending amount (the "obligation limitation") is determined by the appropriation levels in each year's federal budget bill.

As of November 2007, the Department projects FHWA "obligation authority" should increase by \$305.4 million in FY2009.

**Federal Transit and Traffic Safety Revenue:** The five-year reauthorization of federal transportation funding to the states that was recently passed by Congress is entitled the "Safe, Accountable, Flexible, and Efficient Transportation Equity Act for the 21<sup>st</sup> Century – A Legacy for Users" (SAFETEA-LU). The reauthorization bill stresses the importance of safety innovations, including a new "Safe Routes to School Program" that promotes walking and riding bicycles to school. With this emphasis on safety, it is expected there will be increased federal revenue available to states for traffic safety and transit programs. The Department anticipates the total amount of funding from the Federal Transit Administration (FTA) and federal traffic safety (NHTSA) increased from the \$13 million level in past years to \$34.7 million in FY2008.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

Management's Discussion and Analysis -  
Year Ended June 30, 2008 - continued

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### Economic Factors and Revenue Forecasts - continued

#### Revenue Forecasts and Budgets - continued

##### Federal Revenue - continued:

**DOE Revenue:** The Department of Energy will continue to provide New Mexico with more than \$20 million per year through FY2011 pursuant to an agreement in connection with the Waste Isolation Pilot Project in Carlsbad, New Mexico. The amount of this revenue budgeted for debt service was \$20.7 million in FY2004, \$21.1 million in FY2005, \$19.8 million in FY2006, \$14.7 million in FY2007 and \$23.3 million in FY 2008.

##### 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 2008 it was 5.0%. In fiscal year 2001, there was a contraction and then a slowdown due to economic recession that lasted three years.

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 strong economy, added almost \$100 million annually (36%) from FY 2003 to FY 2007 to the State Road Fund.

##### State Revenue Forecasts – Major Revenue Sources

The budget estimate for state tax and fee revenue is prepared in July/August and December/January for each year for the budget year ending 24 months (or 18 months) later. Each fiscal year's revenue estimate is assessed six times: twice before the year begins, twice during the fiscal year and twice after the end, with the final numbers being the actual audit.

In fiscal years 2005 through 2007, state revenues from gasoline, special fuels, weight/distance and vehicle registrations grew by \$42.9, \$20.6, \$18.8, respectively; in 2008, they decreased by \$13.2 million. These four revenue sources constitute 94% of the state road fund. These revenues were consistent with the forecasts for the periods and did add the expected \$60 million for GRIP and maintenance. Strong economic trends, particularly in the trucking industry, also helped to provide for strength in revenue growth.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Management's Discussion and Analysis - Year Ended June 30, 2008 - continued

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#### Economic Factors and Revenue Forecasts - continued

##### Revenue Forecasts and Budgets - continued

##### State Revenue Forecasts – Major Revenue Sources - continued

In FY 2008, two accounting timing factors from previous years influenced the revenue stream such that, for the four major revenue sources, FY 2008 came in below FY 2007. Gasoline revenue was impacted because a new system was installed in FY 2006 that did not capture some of the revenues in that year. Those revenues were caught and moved into FY 2007, creating an FY 2007 bump up over FY 2006 and then a bump down in FY 2008.

For weight/distance revenues, the monthly accounting period was changed from the 1<sup>st</sup> – 31<sup>st</sup> to the 13<sup>th</sup> -12<sup>th</sup> in FY 2007. This revenue is collected from quarterly tax payments and the time period change was such that one of four revenue peaks was moved from FY 2008 to FY 2007. This created the same bump up, bump down effect as for gasoline.

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 \$107.7 million in revenue in FY 2008. This tax is 17 cents per gallon of gasoline sold, with about three-fourths going to the state road fund and the remainder going 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, plateaued from 1995 to 1999, and decreased to 2001, when they plateaued again. The peak years were 1995 to 1999, with 1998 providing \$117.9 million. When increases, slowing and plateaus are discussed in conjunction with gasoline revenues, it should be noted that they are not very large changes.

Of much interest and frequent query is how the gasoline usage (gallons) is fairing in light of prices and economic slowdown. While being watched carefully, there appears to be some slowing through June 2008. FY 2008 estimated ran \$5.6 million or 5.0% below budget. Trends in national vehicle miles traveled have been flat or slightly declining since 2005, and New Mexico has shown a similar pattern.

**Special fuels** is the second largest of the state's revenue sources, providing \$101.5 million in FY 2008. The tax per gallon was raised from 18 to 21 cents per gallon effective FY 2005. Of the 21 cents, the Department receives 19 cents, with the remainder going to local governments. With the increase, special fuels has grown by \$27.0 million, or 36%, from FY 2004 to FY 2008. Special fuels, over time, has been a strongly growing revenue with an average annual compound growth rate of 5.2% from 1988 to 2008. This revenue is being closely watched for softness due to economic slowdown and currently there appears to be some evidence of such a change.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

Management's Discussion and Analysis -  
Year Ended June 30, 2008 - continued

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### Economic Factors and Revenue Forecasts - continued

#### Revenue Forecasts and Budgets - continued

#### State Revenue Forecasts – Major Revenue Sources - continued

**Weight/Distance tax** is charged on trucks over 26,000 pounds and varies by load carried and distance traveled in New Mexico. It is the third largest revenue producer, with \$77.4 million in revenue in FY 2008. Its rates, too, were raised in the fall 2003 special session. Prior to the increases, revenues averaged \$50 million. From FY 2004, an additional \$25.9 million, or 50% in revenue is received annually. (It should be noted that an increase, as discussed above, occurred in 2007 because of an accounting time period change, providing for an extra month of revenue. This resulted in a subsequent decrease in FY 2008.)

**Motor vehicle registration fees** are the fourth largest revenue at \$73.7 million. These fees were raised also and have represented an increase of \$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 taxes above. The long term average annual compound rate of growth from FY 1988 has been 4.3%, including the rate increases. With the 2003 increases now in the system, revenues have flattened out and are projected to be \$74.0 million in FY 2009.

#### State Revenue Forecasts - Procedure Changes Impact

Two revenue sources have been impacted negatively by recent federal procedure rulings and legislation. One is the trip tax and the other is New Mexico Public Regulation Commission common carrier registration fees. Trip tax was charged on trucks in lieu of the weight/distance 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. New federal regulations now prevent states from requiring the showing of the cards. Trip tax rose to a peak of \$8.6 million in FY 2006 and provided revenues of \$4.8 million in FY 2008. Recent computer truck identification interface with the weight/distance tax data base has created a slight increase in revenues and FY 2009 is forecast at \$5.0 million.

The New Mexico Public Regulation Commission used to collect common carrier registration fees. Because of efforts by the trucking industry to centralize registrations (because so many trucks are on the road and prorating registrations in so many states), a new centralized system and procedures were passed into law in the fall of 2006. In FY 2006, the Department received \$3.7 million in revenue. Under the new national system, the total fees across the country were capped at \$100 million and then apportioned such that the maximum New Mexico can now receive is \$3.2 million once the system is in place and up and running, which currently it is not. Revenue for FY 2007 came in at \$377,000 and \$866,000 for FY 2008. As the system improves over time, it is expected that the cap maximum will be reached.

# NEW MEXICO DEPARTMENT OF TRANSPORTATION

Management's Discussion and Analysis -  
Year Ended June 30, 2008 - continued

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## Economic Factors and Revenue Forecasts - continued

### Revenue Forecasts and Budgets - continued

#### Background - Gasoline Tax and Tribal Tax Sharing Agreements

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, 40% of the tax collected on 30 million gallons of gasoline per year will be shared with each of the two Pueblos, in exchange for the Pueblos ceasing their sales activities outside reservation boundaries. The result of these agreements (entered into on January 1, 2004 and July 1, 2004) should be a small revenue gain for the state and significantly more predictable gasoline revenues.

The state permits gasoline to be sold at retail by registered Indian tribal distributors on Indian reservations free of State gasoline tax to the extent that the applicable Indian government imposes a similar tax (for its own benefit) on retail gasoline sales. The growth in tribal market share has out-paced the overall growth rate of gasoline in recent years as a result of competitive pricing, casino traffic, and development of new tribal travel centers. It is anticipated that the tribal market share will continue to grow, but at a decreasing rate over the next few years.

#### Contacting the Agency's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators and 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: Deputy Comptroller  
New Mexico Department of Transportation  
1120 Cerrillos Road  
P.O. Box 1149  
Santa Fe, New Mexico 87504-1149  
(505) 827-5340



## **FINANCIAL STATEMENTS**

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Statement of Net Assets**

**AS OF JUNE 30, 2008**

	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities (State</u>	
		<u>Infrastructure Bank</u>	<u>Total</u>
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Note 2):			
Unrestricted - Investment in State			
General Fund Investment Pool	\$ 49,737,288	-	49,737,288
Restricted	589,826,302	14,027,767	603,854,069
Receivables:			
Tax receivable	62,621,092	-	62,621,092
Accounts receivable, net (Note 3)	58,744	-	58,744
Severance tax bond proceeds receivable (Note 4)	12,817,132	-	12,817,132
Interest receivable	883,925	377,763	1,261,688
Notes and loans receivable (Note 5)	21,543	7,402,249	7,423,792
Other receivables	1,480,417		1,480,417
U.S. Department of Transportation, net (Note 6)	52,742,680	-	52,742,680
Other State Agencies (Note 3)	1,199,225	-	1,199,225
Capitalized issuance costs	847,846	-	847,846
Inventories (Note 8)	16,037,602	-	16,037,602
Prepaid expense - warranty	3,189,030	-	3,189,030
Property held for resale, net	<u>9,235,752</u>	<u>-</u>	<u>9,235,752</u>
<b>TOTAL CURRENT ASSETS</b>	<b>800,698,578</b>	<b>21,807,779</b>	<b>822,506,357</b>
<b>NON-CURRENT ASSETS:</b>			
Capitalized issuance costs	8,821,915	-	8,821,915
Prepaid expense - warranty	36,071,276	-	36,071,276
Capital assets, net (Note 9)	<u>7,075,397,952</u>	<u>-</u>	<u>7,075,397,952</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<b><u>7,120,291,143</u></b>	<b><u>-</u></b>	<b><u>7,120,291,143</u></b>
<b>TOTAL ASSETS</b>	<b>\$ <u>7,920,989,721</u></b>	<b><u>21,807,779</u></b>	<b><u>7,942,797,500</u></b>

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

## Statement of Net Assets - continued

AS OF JUNE 30, 2008

	Governmental Activities	Business-type Activities (State Infrastructure Bank	Total
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable and contracts payable, including retainage of \$5,875,308	\$ 71,145,573	1,110,856	72,256,429
Due (to) from other funds (Note 7)	(435,062)	435,062	-
Due to other state agencies	2,103,759	-	2,103,759
Due to State General Fund (Note 12)	400,623	-	400,623
Accrued payroll, taxes and withholdings	4,186,652	-	4,186,652
Accrued interest	8,930,963	-	8,930,963
Deferred revenue	55,766,344	-	55,766,344
Other liabilities	5,875,308	-	5,875,308
Current portion of long-term obligations:			
Compensated absences (Note 11)	3,230,912	-	3,230,912
Debentures payable (Note 11)	74,500,000	-	74,500,000
Capitalized bond premium	<u>4,405,826</u>	<u>-</u>	<u>4,405,826</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>230,110,898</b>	<b>1,545,918</b>	<b>231,656,816</b>
<b>LONG-TERM LIABILITIES:</b>			
Long-term obligations:			
Compensated absences (Note 11)	4,154,554	-	4,154,554
Debentures payable (Note 11)	1,656,305,772	-	1,656,305,772
Capitalized bond premium	<u>49,305,450</u>	<u>-</u>	<u>49,305,450</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>1,709,765,776</u></b>	<b><u>-</u></b>	<b><u>1,709,765,776</u></b>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>1,939,876,674</u></b>	<b><u>1,545,918</u></b>	<b><u>1,941,422,592</u></b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of any related debt	\$ 5,284,234,236	-	5,284,234,236
Restricted for:			
Loans	-	20,261,861	20,261,861
Specific purposes	<u>696,878,811</u>	<u>-</u>	<u>696,878,811</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>5,981,113,047</u></b>	<b><u>20,261,861</u></b>	<b><u>6,001,374,908</u></b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Statement of Activities

YEAR ENDED JUNE 30, 2008

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
<b>PROGRAM EXPENSES:</b>			
Programs and infrastructure	\$ 11,028,125	-	11,028,125
Transportation and highway operations	246,894,734	-	246,894,734
Program support	163,329,100	-	163,329,100
Depreciation and amortization (Note 9)	<u>549,177,995</u>	<u>-</u>	<u>549,177,995</u>
<b>TOTAL PROGRAM EXPENSES</b>	970,429,954	-	970,429,954
<b>PROGRAM REVENUES:</b>			
Charges for services	13,549,696	-	13,549,696
Operating grants	19,256,628	-	19,256,628
Capital grants	<u>305,469,842</u>	<u>-</u>	<u>305,469,842</u>
<b>TOTAL PROGRAM REVENUES</b>	<u>338,276,166</u>	<u>-</u>	<u>338,276,166</u>
<b>NET PROGRAM (EXPENSES) REVENUE</b>	(632,153,788)	-	(632,153,788)
<b>GENERAL REVENUES:</b>			
User and fuel taxes	419,976,392	-	419,976,392
Interest income	46,706,497	760,530	47,467,027
Loss on disposal of assets	<u>(6,028)</u>	<u>-</u>	<u>(6,028)</u>
<b>TOTAL GENERAL REVENUES</b>	466,676,861	760,530	467,437,391
<b>TRANSFERS:</b>			
Special appropriations, net of reversions	56,276,402	-	56,276,402
Transfers to other state agencies and local governments, net (Note 10)	<u>(6,403,699)</u>	<u>-</u>	<u>(6,403,699)</u>
<b>TOTAL TRANSFERS</b>	<u>49,872,703</u>	<u>-</u>	<u>49,872,703</u>
<b>NET GENERAL REVENUES AND TRANSFERS</b>	<u>516,549,564</u>	<u>760,530</u>	<u>517,310,094</u>
<b>CHANGE IN NET ASSETS/OPERATING INCOME</b>	(115,604,224)	760,530	(114,843,694)
<b>NET ASSETS, BEGINNING OF FISCAL YEAR</b>	6,099,426,853	19,501,331	6,118,928,184
<b>RESTATEMENT (Note 24)</b>	<u>(2,709,582)</u>	<u>-</u>	<u>(2,709,582)</u>
<b>NET ASSETS, BEGINNING OF FISCAL YEAR, restated</b>	<u>6,096,717,271</u>	<u>19,501,331</u>	<u>6,116,218,602</u>
<b>NET ASSETS, END OF FISCAL YEAR</b>	\$ <u>5,981,113,047</u>	<u>20,261,861</u>	<u>6,001,374,908</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Balance Sheet - Governmental Funds

AS OF JUNE 30, 2008

	Major Funds						Total Governmental Funds
	State Road Fund	Bond Project Fund (2004A GRIP)	Bond GRIP Project Fund (2006A)	Bond GRIP Project Fund (2006C)	Debt Service (2004B/C GRIP)	Other Governmental Funds	
<b>ASSETS:</b>							
Cash and cash equivalents (Note 2):							
Unrestricted - Investment in State							
General Fund Investment Pool	16,377,058	-	-	-	-	33,360,230	49,737,288
Restricted	50,586,604	107,021,042	110,878,316	99,715,406	45,336,087	176,288,847	589,826,302
Receivables:							
Taxes receivable	56,869,309	-	-	-	-	5,751,783	62,621,092
Accounts receivable, net (Note 3)	58,744	-	-	-	-	-	58,744
Severance Tax Bond proceeds receivable (Note 4)	-	-	-	-	-	12,817,132	12,817,132
Interest receivable	600,000	156,432	-	-	20,602	106,891	883,925
Notes and loans receivable (Note 5)	21,543	-	-	-	-	-	21,543
Other Receivables	171,514	-	-	-	-	1,308,903	1,480,417
Due from:							
Other State agencies (Note 3)	263,074	-	-	-	-	936,151	1,199,225
Due from other funds (Note 7)	137,741,772	670,000	500,000	47,777	-	76,090,324	215,049,873
U.S. Department of Transportation, net (Note 6)	45,990,156	-	-	-	-	6,752,524	52,742,680
Inventories (Note 8)	16,037,602	-	-	-	-	-	16,037,602
Prepaid expense - NM44 Warranty	39,260,306	-	-	-	-	-	39,260,306
Property held for resale	2,235,752	-	-	-	-	-	2,235,752
<b>TOTAL ASSETS</b>	<b>\$ 373,213,434</b>	<b>107,847,474</b>	<b>111,378,316</b>	<b>99,763,183</b>	<b>45,356,689</b>	<b>313,412,785</b>	<b>1,050,971,881</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>LIABILITIES:</b>							
Accounts payable	\$ 28,518,530	3,343,454	5,316,631	17,757,229	-	16,209,729	71,145,573
Due to other funds (Note 7)	143,862,020	16,378,410	670,000	-	83,855	53,620,526	214,614,811
Payable to other governments	30,570	-	-	-	-	2,073,189	2,103,759
Due to State General Fund (Note 12)	-	-	-	-	-	400,623	400,623
Deferred revenue	87,270,395	-	-	-	-	4,300,955	91,571,350
Due to others	-	-	-	-	-	-	-
Other accrued expenses	3,817,913	-	-	-	-	368,739	4,186,652
Other liabilities	4,222,146	1,646,162	-	-	-	-	5,875,308
<b>TOTAL LIABILITIES</b>	<b>267,728,574</b>	<b>21,368,026</b>	<b>5,986,631</b>	<b>17,757,229</b>	<b>83,855</b>	<b>76,973,761</b>	<b>389,898,076</b>
<b>FUND BALANCES:</b>							
Reserved for:							
Inventories	16,037,602	-	-	-	-	-	16,037,602
Encumbrances	-	-	-	-	-	-	-
Prepaid expenses	39,260,306	-	-	-	-	-	39,260,306
Debt service	-	-	-	-	-	-	-
Property held for resale	11,934,043	-	-	-	-	-	11,934,043
Unreserved-undesignated (Note 21)	38,252,909	-	-	-	-	-	38,252,909
Unreserved, reported in non-major:							
Special revenue funds	-	86,479,448	105,391,685	82,005,954	-	221,758,476	495,635,563
Capital projects funds	-	-	-	-	-	5,746,965	5,746,965
Debt service funds	-	-	-	-	45,272,834	8,933,583	54,206,417
<b>TOTAL FUND BALANCES</b>	<b>105,484,860</b>	<b>86,479,448</b>	<b>105,391,685</b>	<b>82,005,954</b>	<b>45,272,834</b>	<b>236,439,024</b>	<b>661,073,805</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 373,213,434</b>	<b>107,847,474</b>	<b>111,378,316</b>	<b>99,763,183</b>	<b>45,356,689</b>	<b>313,412,785</b>	<b>1,050,971,881</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

YEAR ENDED JUNE 30, 2008

**Total Fund Balances - Governmental Funds**  
**(Governmental Fund Balance Sheet)** \$ 661,073,805

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

Amounts recorded as deferred revenue in the governmental funds  
that were not received within the period of availability - 60 days  
after year end. Deferred revenue:

Balance sheet	\$	91,571,350	
Statement of net assets		<u>(55,766,344)</u>	
 Change in deferred revenue			 35,805,006

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

The cost of capital assets is		15,819,163,923	
Accumulated depreciation is		<u>(8,743,765,971)</u>	
 Total capital assets			 7,075,397,952

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

Debentures payable			(1,732,577,211)
Compensated absences			(7,385,466)
Amortization of deferred costs on refunding not recorded by the government funds			1,771,439

Accrued interest on long-term obligations not recorded by the governmental funds until paid.			(8,930,963)
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Capitalized issuance costs not recorded in the governmental funds as an asset, net of amortization.			9,669,761
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Capitalized bond premiums not recorded in the governmental funds as a liability, net of amortization.			<u>(53,711,276)</u>
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<b>Net assets of governmental activities (Statement of Net Assets)</b>	<b>\$</b>		<b><u>5,981,113,047</u></b>
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NEW MEXICO DEPARTMENT OF TRANSPORTATION

Statement of Revenues, Expenditures and Changes  
in Fund Balances - Governmental Funds

YEAR ENDED JUNE 30, 2008

	State Road Fund	Bond Project Fund (2004A GRIP)	Bond GRIP Project Fund (2006A)	Bond GRIP Project Fund (2006C)	Debt Service (2004B/C GRIP)	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
User and fuel taxes	\$ 388,723,811	-	-	-	-	31,252,581	419,976,392
U.S. Department of Transportation	253,570,939	-	-	-	-	34,706,323	288,277,262
U.S. Department of Energy	23,383,712	-	-	-	-	-	23,383,712
Licenses and permits	-	-	-	-	-	492,082	492,082
Charges for services	7,851,408	-	-	-	-	4,906,207	12,757,615
Investment earnings	-	-	-	-	-	-	-
DWI Interlock Device	-	-	-	-	-	300,000	300,000
Interest Revenue	924,052	5,061,238	7,710,691	9,968,302	11,074,868	11,967,346	46,706,497
<b>TOTAL REVENUES</b>	<b>674,453,922</b>	<b>5,061,238</b>	<b>7,710,691</b>	<b>9,968,302</b>	<b>11,074,868</b>	<b>83,624,539</b>	<b>791,893,560</b>
<b>EXPENDITURES:</b>							
Current:							
Operating costs	10,299,052	-	-	-	-	61,135	10,360,187
Personal services	90,042,558	-	-	-	-	810,799	90,853,357
Out-of-state travel	258,870	-	-	-	-	40,650	299,520
Grants and services	1,355,787	-	-	-	-	69,038,993	70,394,780
Travel	15,884,685	-	-	-	-	2,341,104	18,225,789
Maintenance and repairs	8,132,032	-	-	-	-	81,488	8,213,520
Supplies	35,788,584	-	-	-	-	4,244,550	40,033,134
Contractual services	3,903,146	-	-	-	-	5,221,558	9,124,704
Other costs	16,510,990	-	-	-	-	362,556	16,873,546
Employee benefits	51,374,303	-	-	-	-	267,990	51,642,293
Capital outlay	260,082,926	96,878,246	65,206,280	134,074,634	-	43,590,169	599,832,255
Debt service:							
Principal	-	-	-	-	213,170,000	328,200,000	541,370,000
Interest and other charges	-	-	-	-	22,200,162	71,939,190	94,139,352
Swap Interest	-	-	-	-	-	12,138,343	12,138,343
Trustee and Broker Fees	5,000	-	-	-	412,233	3,423,366	3,840,599
Debt refunding costs	-	-	-	-	-	-	-
Debt issuance cost	-	-	-	-	-	2,043,624	2,043,624
<b>TOTAL EXPENDITURES</b>	<b>493,637,933</b>	<b>96,878,246</b>	<b>65,206,280</b>	<b>134,074,634</b>	<b>235,782,395</b>	<b>543,805,515</b>	<b>1,562,385,003</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>180,815,989</b>	<b>(91,817,008)</b>	<b>(57,495,589)</b>	<b>(124,106,332)</b>	<b>(224,707,527)</b>	<b>(460,180,976)</b>	<b>(777,491,443)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds from long-term debt, net	-	-	-	-	-	470,400,000	470,400,000
Severance Tax Bond revenue	-	-	-	-	-	19,256,628	19,256,628
Special appropriations, net of reversions	30,000	-	-	-	-	56,246,402	56,276,402
Other use	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-
Bond Premiums	-	-	-	-	-	-	-
Bond Discounts	-	-	-	-	-	-	-
Transfers in (out)	(167,730,480)	(448,194)	(1,330,500)	(582,500)	226,179,013	(62,491,038)	(6,403,699)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(167,700,480)</b>	<b>(448,194)</b>	<b>(1,330,500)</b>	<b>(582,500)</b>	<b>226,179,013</b>	<b>483,411,992</b>	<b>539,529,331</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>13,115,509</b>	<b>(92,265,202)</b>	<b>(58,826,089)</b>	<b>(124,688,832)</b>	<b>1,471,486</b>	<b>23,231,016</b>	<b>(237,962,112)</b>
<b>BEGINNING FUND BALANCES</b>	<b>92,369,351</b>	<b>178,744,650</b>	<b>164,217,774</b>	<b>206,694,786</b>	<b>43,801,348</b>	<b>215,917,590</b>	<b>901,745,499</b>
<b>RESTATEMENT (Note 24)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,709,582)</b>	<b>(2,709,582)</b>
<b>BEGINNING FUND BALANCES, restated</b>	<b>92,369,351</b>	<b>178,744,650</b>	<b>164,217,774</b>	<b>206,694,786</b>	<b>43,801,348</b>	<b>213,208,008</b>	<b>899,035,917</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 105,484,860</b>	<b>86,479,448</b>	<b>105,391,685</b>	<b>82,005,954</b>	<b>45,272,834</b>	<b>236,439,024</b>	<b>661,073,805</b>

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

**YEAR ENDED JUNE 30, 2008**

<b>Net Changes in Fund Balances - Total Governmental Funds</b> (Statement of Revenues, Expenditures, and Changes in Fund Balances)		\$ (237,962,112)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Amounts recorded as deferred revenue 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:		(6,191,132)
In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The increase in the liabilities for the fiscal year was		(764,058)
Governmental Funds report capital outlays as expenditures. However, 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	\$ 599,832,255	
Depreciation expense	(546,645,262)	
Sale of fixed asset, net book value	<u>(6,028)</u>	
Excess of depreciation expense over capital outlay		53,180,965
Repayment of debentures recorded as expenditures in the governmental funds, recorded as a reduction in long-term liabilities in the Statement of Net Assets:		
Bond proceeds	470,400,000	
Principal payments	<u>70,970,000</u>	
Deferred amount of debt recorded as a reduction of long-term liabilities in the Statement of Activities		541,370,000
Bond premiums recorded in the governmental funds as an other financing source, recorded as a liability in the Statement of Net Assets, net of amortization of \$53,711,276, recorded as a reduction of interest expense in the Statement of Activities.		1,394,501
Deceased Bond Premiums, recorded as a reduction of interest expense in the Statement of Activities		4,405,826
Deceased Bond Premiums, recorded as a reduction of interest expense in the Statement of Activities		8,148,146
Governmental Funds report bond proceeds as an other financing source, \$470,400,000 recorded as a liability in the Statement of Net Assets, and associated premium/discouts of \$0.		(470,400,000)
Bond issuance costs recorded in the governmental funds as other costs, recorded as an asset in the Statement of Net Assets, net of amortization of \$761,295, recorded as an expense in the Statement of Activities.		(1,046,846)
Net change in accrual of long-term debt interest expense not recorded in the governmental funds until paid.		(5,426,962)
Deceased Bond Discounts		<u>(2,312,552)</u>
<b>Change in net assets of governmental activities</b> (Statement of Activities)		<b>\$ <u>(115,604,224)</u></b>



NEW MEXICO DEPARTMENT OF TRANSPORTATION

Statement of Revenues and Expenditures -  
Major Governmental Funds -  
Budget and Actual (Modified Accrual Basis)

YEAR ENDED JUNE 30, 2008

	STATE ROAD FUND (SHARE 20100/20200/43100)			
	Budgeted Amounts		Current Year	
	Original	Final	Actual Amounts (Modified Accrual)	Budget Positive (Negative)
<b>REVENUES:</b>				
Federal funds	\$ 336,555,700	326,570,700	276,954,651	(49,616,049)
Other state funds	619,712,439	624,380,939	397,499,271	(226,881,668)
State General Fund	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
<b>TOTAL REVENUES</b>	956,268,139	950,951,639	<u>674,483,922</u>	<u>(276,467,717)</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	<u>11,842,000</u>	<u>33,642,000</u>		
	\$ <u>968,110,139</u>	<u>984,593,639</u>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ 24,817,500	24,817,500	24,095,604	721,896
Contractual Services	488,745,926	497,409,726	194,838,663	302,571,063
Other	10,986,500	10,122,700	3,547,510	6,575,190
Transfers (in) out	<u>18,369,300</u>	<u>18,369,300</u>	<u>18,368,598</u>	<u>702</u>
	542,919,226	550,719,226	240,850,375	309,868,851
Transportation and Highway Ops:				
Personal Services/Employee Benefits	95,962,800	99,062,800	93,021,066	6,041,734
Contractual Services	57,135,342	57,135,342	44,622,615	12,512,727
Other	<u>78,597,371</u>	<u>78,697,371</u>	<u>74,874,602</u>	<u>3,822,769</u>
	231,695,513	234,895,513	212,518,283	22,377,230
Business/Program Support:				
Personal Services/Employee Benefits	26,669,200	27,569,200	25,978,938	1,590,262
Contractual Services	2,557,100	2,572,100	1,582,737	989,363
Other	17,389,100	17,389,100	20,541,301	(3,152,201)
Transfers (in) out	<u>146,880,000</u>	<u>151,448,500</u>	<u>149,361,882</u>	<u>2,086,618</u>
	193,495,400	198,978,900	197,464,858	1,514,042
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ <u>968,110,139</u>	<u>984,593,639</u>	<u>650,833,516</u>	<u>333,760,123</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Statement of Revenues and Expenditures -  
Major Governmental Funds -

Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	2004A GRIP BOND PROJECT FUND (SHARE 20400)			
	Budgeted Amounts		Current Year	
	Original	Final	Actual Amounts (Modified Accrual)	Budget Positive (Negative)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	5,061,238	5,061,238
State General Fund	-	-	-	-
	-	-	\$ <u>5,061,238</u>	<u>5,061,238</u>
Fund balance budgeted	<u>178,744,650</u>	<u>178,744,650</u>		
<b>TOTAL REVENUES</b>	\$ <u>178,744,650</u>	<u>178,744,650</u>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	178,162,150	178,162,150	96,878,246	81,283,904
Transfers (in) out	-	582,500	448,194	134,306
	178,162,150	178,744,650	97,326,440	81,418,210
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ <u>178,162,150</u>	<u>178,744,650</u>	<u>97,326,440</u>	<u>81,418,210</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Statement of Revenues and Expenditures -  
Major Governmental Funds -

Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	2006A GRIP BOND PROJECT FUND (SHARE 10210)			
	Budgeted Amounts		Current Year	
	Original	Final	Actual Amounts (Modified Accrual)	Budget Positive (Negative)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	7,710,691	7,710,691
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	<u>7,710,691</u>	<u>7,710,691</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	<u>164,217,774</u>	<u>164,217,774</u>		
	\$ <u>164,217,774</u>	<u>164,217,774</u>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	164,217,774	164,217,774	65,206,280	99,011,494
Other	-	-	-	-
Transfers (in) out	-	-	<u>1,330,500</u>	<u>(1,330,500)</u>
	164,217,774	164,217,774	66,536,780	97,680,994
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ <u>164,217,774</u>	<u>164,217,774</u>	<u>66,536,780</u>	<u>97,680,994</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Statement of Revenues and Expenditures -  
Major Governmental Funds -

Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	2006C GRIP BOND PROJECT FUND (SHARE 10250)			
	Budgeted Amounts		Current Year	
	Original	Final	Actual Amounts (Modified Accrual)	Budget Positive (Negative)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	582,500	9,968,302	9,385,802
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	-	582,500	<u>9,968,302</u>	<u>9,385,802</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	<u>206,694,786</u>	<u>206,694,786</u>		
	\$ <u>206,694,786</u>	<u>207,277,286</u>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	206,694,786	206,694,786	134,074,634	72,620,152
Other	-	-	-	-
Transfers (in) out	-	<u>582,500</u>	<u>582,500</u>	-
	206,694,786	207,277,286	134,657,134	72,620,152
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ <u>206,694,786</u>	<u>207,277,286</u>	<u>134,657,134</u>	<u>72,620,152</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Statement of Net Assets -  
Business-type Activities - Enterprise Fund

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YEAR ENDED JUNE 30, 2008

	<u>State Infrastructure Bank</u>
<b>ASSETS:</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents (Note 2):	
Unrestricted	\$ 9,157,816
Restricted	4,869,951
Receivables:	
Interest receivable	377,763
Notes and loans receivable (Note 5)	<u>7,402,249</u>
<b>TOTAL CURRENT ASSETS</b>	<u>21,807,779</u>
<b>TOTAL ASSETS</b>	<u>\$ 21,807,779</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Statement of Net Assets -  
Business-type Activities - Enterprise Fund - continued

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YEAR ENDED JUNE 30, 2008

	<u>State Infrastructure Bank</u>
<b>LIABILITIES:</b>	
<b>CURRENT LIABILITIES:</b>	
Due to Other Funds	\$ 435,062
Due to Other Governments	<u>1,110,856</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,545,918</u>
<b>TOTAL LIABILITIES</b>	\$ <u><u>1,545,918</u></u>
<b>NET ASSETS:</b>	
Restricted for:	
Loans	\$ <u>20,261,861</u>
<b>TOTAL NET ASSETS</b>	\$ <u><u>20,261,861</u></u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Statement of Activities -  
Business-type Activities - Enterprise Fund

YEAR ENDED JUNE 30, 2008

		<u>State Infrastructure Bank</u>
<b>GENERAL REVENUES:</b>		
Interest income	\$	<u>760,530</u>
<b>TOTAL GENERAL REVENUES</b>		<u>760,530</u>
<b>NET GENERAL REVENUES</b>		<u>760,530</u>
<b>CHANGE IN NET ASSETS/OPERATING INCOME</b>		760,530
<b>NET ASSETS, BEGINNING OF FISCAL YEAR</b>		<u>19,501,331</u>
<b>NET ASSETS, END OF FISCAL YEAR</b>	\$	<u><u>20,261,861</u></u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Statement of Cash Flows -  
Business-type Activities - Enterprise Fund

YEAR ENDED JUNE 30, 2008

		State <u>Infrastructure Bank</u>
Cash flows provided from operating activities	\$	2,209,248
Cash flows from capital financing activity:		
Loans issued		(5,251,825)
Loans repaid		<u>4,572,720</u>
Cash flows used from capital financing activity		<u>(679,105)</u>
Net decrease in cash and cash equivalents		1,530,143
Cash and cash equivalents at June 30, 2007		<u>12,497,624</u>
Cash and cash equivalents at June 30, 2008:		
Unrestricted	\$9,157,816	
Restricted	<u>4,869,951</u>	
	\$	<u><u>14,027,767</u></u>
Reconciliation of operating income to net cash provided from operating activities	\$	760,530
Adjustment to reconcile operating income to net cash by operating activities:		
Increase in interest receivable		(97,199)
Increase in due to other governments		1,110,855
Increase in due to other funds		<u>435,062</u>
Cash flows provided by operating activities	\$	<u><u>2,209,248</u></u>



## NATURE OF ORGANIZATION

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 GASB has issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These Statements established the financial reporting requirements for state and local governments throughout the United States. 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. Effective July 1, 2003, GASB 39, *Determining Whether Certain Organizations are Component Units*, expands the criteria of component units. GASB 39 has no impact on the Department and the Department has no blended or discretely presented component units during the year ended June 30, 2008.

**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 Assets 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. All other income, if any, would be 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 (in direct) (Note 9).

Net assets are 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 assets. 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.

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

## • Basis of Presentation - continued

**Ten percent criterion.** An individual governmental fund reports at least ten percent of *any* of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental 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 (Fund #20100). The state road fund was created by Section 67-3-65, NMSA 1978. The state road fund is 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 special revenue fund.

Bonds Project Fund 2004A GRIP (Fund #20400). The bonds project fund was created when the \$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 the 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 reversion. This is a special revenue fund.

Bond Project Fund 2006A GRIP (Fund #10210). The bond project fund was created due to the issuance of the September 2006 \$150,000,000 Revenue Bonds 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. This is a special revenue fund.

Bond Project Fund 2006C GRIP (Fund #10250). The bond project fund was created due to 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 determined to be necessary or desirable as part of the GRIP transportation projects. The fund does not receive state general fund appropriations that are subject to reversion. This is a special revenue fund.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****• Basis of Presentation - continued**

Debt Service Fund 2004B and C GRIP (Fund #10090). This 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 fund does not receive state general fund appropriations that are subject to reversion. This is a debt service fund.

**• 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.

A proprietary fund has the option under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The SIB has elected to not apply FASB pronouncements issued after the applicable date.

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, 2008, 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 reservation of fund balance.

**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.

The following are the governmental fund types used:

**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. The State Road Fund is the operating fund of the Department and is 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.

Local Government Road Fund (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.

Federal Planning and Development Fund (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.

Traffic Safety Fund (Fund #20800). This fund is authorized by the Commission to account for federal grant monies and state matching monies 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**

State Aviation Fund (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.

Motorcycle Training Fund (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.

Driver Improvement Program Fund (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.

DWI Prevention and Education Fund (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.

Bond Project Fund (1993 Bonds) (Fund #39400). The bond project fund was created due to 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.

Bond Project Fund (1998 & 1999 CHAT) (Fund #43000). The bond project fund was created due to 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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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

**Special Revenue Funds – continued**Bond Project Fund (1998 & 1999 CHAT) (Fund #43000) - continued.

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.

Bond Project Fund (2000 CHAT) (Fund #34500). The bond project fund was created due to the issuance of the May 2000 \$201,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2000A. 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.

Bond Project Fund (2001 CHAT) (Fund #00600). The bond project fund was created due to 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.

Bond Project Fund (2002A CHAT) (Fund #36800). The bond project fund was created due to the issuance of the January 2002 \$95,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2002A. 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**

Bond Project Fund (2002C HIF) (Fund #36100). The bond project fund was created due to 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.

Bond Project Fund (2002D CHAT) (Fund #11500). The bond project fund was created due to 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.

Bond Project Fund 2006A (Fund #10210). The bond project fund was created due to 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.

Bond Project Fund 2006B (Fund #10230). The bond project fund was created due to 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.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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

**Special Revenue Funds – continued**

Bond Project Fund 2006C (Fund #10250). The bond project fund was created due to 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 determined to be necessary or desirable as part of the GRIP transportation projects. The fund does not receive state general fund appropriations that are subject to reversion.

Bond Project Fund 2006D (Fund #10270). The bond project fund was created due to 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.

Severance Tax Bond Appropriations Fund (Fund #10060). The Severance Tax Bond fund was created to separately account for the construction of infrastructure on behalf of other governments 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.

General Fund Appropriations Fund (Fund 10070). The General Fund Appropriations fund was created to separately account for the construction of infrastructure on behalf of other governments 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 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

**Debt Service Funds - continued**

Debt Service - WIPP Bonds (Fund #97200). Created when the \$100,000,000 New Mexico State Highway Commission Subordinate Lien Tax Revenue Highway Bond Series 1998B were issued in October 1998.

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

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

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

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****• Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued****Debt Service Funds - continued**

Debt Service Fund - 2004A GRIP (Fund #10080). This 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/C GRIP Debt Service Fund (Fund #10090). This 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.

Debt Service Fund – 2006A (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.

Debt Service Fund – 2006B (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.

Debt Service Fund – 2006C (Fund #10260). The fund was created when the \$220,000,000 New Mexico State Highway Commission Revenue Bonds Series 2006C were issued in September 2006.

Debt Service Fund – 2006D (Fund #10280). The fund was created when the \$50,400,000 New Mexico State Highway Commission Revenue Bonds Series 2006D were issued in September 2006.

Debt Service Fund – 2008A (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.

Debt Service Fund – 2008B (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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****• Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued****Debt Service Funds - continued**

Debt Service Fund – 2008C (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.

Debt Service Fund – 2008D (Fund #10440). The fund was created when the \$50,400,000 New Mexico State Transportation Commission Revenue Bonds Series 2008D 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.

**Capital Project Improvements Fund.** The Capital Project Improvements Fund is used to account for the purchase or construction of facilities used in the operation of the Department. It is a non-major fund. This fund reverts to the State Road Fund upon completion of the appropriation project or appropriation period. 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 collectibility is assured subsequent to year-end. Grant revenues are collected in advance of the period intended to finance expenditures. If the eligibility requirements are not met, they are recorded as deferred revenues.

**• Budgets and Budgetary Accounting**

Per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, item N, "For the purpose of administering the General Appropriation Act of 2007 and approving operating budgets, 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. 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****• Budgets and Budgetary Accounting - continued**

The legal level of budgetary control is at the appropriation unit level.

**• 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 (Notes 10 and 14) 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 due under the \$105,000,000 Senior Subordinate Lien Tax Revenue Highway Bonds, Series 1998A (CHAT Bonds); the \$100,000,000 Subordinate Lien Tax Revenue Highway Bonds, Series 1998B (WIPP Bonds); the \$100,000,000 Senior Subordinate Lien Tax Revenue Highway Bonds, Series 1999 (CHAT Bonds); the \$201,000,000 Senior Subordinate Lien Tax Revenue Highway Bonds, Series 2000A (CHAT Bonds); the \$198,800,000 Senior Subordinate Lien Tax Revenue Highway Bonds, Series 2001A (CHAT Bonds); the \$95,000,000 Senior Subordinate Lien Tax Revenue Highway Bonds, Series 2002A (CHAT Bonds); the \$79,920,000 Senior Subordinate Lien Tax Revenue Highway Bonds, Series 2002B (WIPP Bonds); the \$67,750,000 Highway Infrastructure Fund Revenue Highway Bonds, Series 2002C (HIF Bonds); and the \$16,000,000 Senior Subordinate Tax Revenue Highway Bonds, Series 2002D (CHAT Bonds). 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**

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; federal excise taxes; and for other services performed by the Department. The Department provides an allowance for uncollectible accounts. The allowance is based on estimated collectible balances using an analysis of an aging of outstanding accounts and historical collection experience. The Department does not require collateral on these accounts receivable (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 Board of Finance (Note 4).

**• Notes and Loans Receivable**

Notes receivable represent:

- Funds advanced to various state and local agencies to promote van-pooling activities within the state. The Federal Highway Administration (FHWA) provides matching funds (90%) for the purchase of vehicles by various not-for-profit van pooling organizations.
- The funds advanced to such organizations are payable to the Department and are designated for future vehicle purchases.
- Notes issued to individuals displaced by purchases of right of way properties. The funds loaned to such individuals are provided in part by FHWA funds per FHWA guidelines.

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, 2008. 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).

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****• 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).

**• 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 GAAP-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.

**• 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 by the fund balance reserve, which indicates that it does not constitute “available spendable resources” (Note 8) even though they are a component of current assets.

**• Prepaid Expense - Warranty**

The warranty represents the no-fault portion of \$32,490,080 being amortized over 20 years that will meet performance criteria. The remaining \$13,148,286 of the warranty that represents the no-fault warranty that the structures will meet performance criteria is being amortized over 11 ½ years.

**• Property Held for Resale**

Property held for resale represents excess land acquired through condemnation and is recorded at its estimated fair value. The Department’s management estimated the fair value based upon original cost plus inflation using the Consumer Price Index (CPI).

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**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, 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 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 9 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. Another allowable methodology is to use the modified approach to record infrastructure. Under this process, the Department does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets, unless the improvements expand the capacity or efficiency of an asset. If this method was used, it would require the Department to: 1) commit to maintaining and preserving the assets at or above a condition level established by the Department, 2) maintain an inventory of the assets and perform periodic assessments to ensure that the condition level is being maintained, and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. The Department elected to use the depreciation method as it determined it could not meet the condition to maintain the infrastructure at a predetermined condition level due to an anticipated lack of future funding for maintenance. All major infrastructure has been recorded.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

- **Capital Assets - continued**

- The Department records its other capital assets (buildings and 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

- **Deferred Revenue**

Deferred revenue occurs when the Department receives funds before the corresponding expense or expenditure has been incurred, or all of the eligibility requirements have been met. The Department has received funds in advance of work done from the Department of Energy (DOE) for road projects and other costs relating to the Waste Isolation Pilot Plant (WIPP). The Department has received pass-through federal funds in advance of work done from the New Mexico Department of Human Services for the temporary assistance of needy families. Revenue is recognized when eligible expenditures are incurred for these projects and programs and all eligibility requirements are met.

- **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 Assets 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 Assets 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, 2008, and includes direct and incremental salary related payments, such as the employees' share of social security taxes.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

- **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 columns for governmental and business-type activities. The same is presented in the proprietary fund financial statements. Bond and note premiums and discounts, as well as issuance costs, 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 reported as deferred charges in other assets and also amortized straight line over the term of the related debt.

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.

- **Net Assets**

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

**Investments in Capital Assets** - is intended to reflect the portion of net assets 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 assets that do not meet the definition of "restricted assets" or "investments in capital assets".

- **Encumbrances**

With the Laws of 2004, Chapter 114, "General Appropriations" establishing the modified accrual basis of accounting for governmental funds as the budgetary basis of accounting for the State of New Mexico, there are no encumbrances outstanding at year-end with the exception of the Capital Projects Fund. Encumbrances outstanding in this fund at year-end are reported as reservations of fund balance on the balance sheets (in the fund financial statement) and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****• Encumbrances - continued**

It is necessary to include the budgetary basis consistent with the Department's legally adopted budget as presented in the required supplementary information. Unused and excess encumbrances are adjusted in the year it is determined the funds will not be spent.

**• Reservations**

Reservations of fund balance are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated, or (2) identify the portion of the fund balance that is not appropriated for future expenditures. Specific reservations of fund balance accounts are summarized below:

Reserved for Encumbrances. This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the Department but not completed as of the close of the fiscal year.

Reserved for Inventory. This reserve was created to represent the portion of fund balance that is not available for expenditures because the Department expects to use the resources within the next budgetary period.

**• Designated Fund Balance**

The Department established a designation for projects to be funded by the Capital Projects Fund that have not been started in the governmental fund financial statements.

**• 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. Interfund eliminations have not been made in the aggregation in the governmental fund financial statements. Due from/to other funds and interfund transfers have been eliminated in the government-wide financial statements.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**2. CASH AND CASH EQUIVALENTS**

Cash funds, other than petty cash, are deposited by the Department into its accounts with the State Treasurer, which are pooled and invested by the State Treasurer. The State Treasurer issues separate financial statements, which disclose the collateral pledged to secure these deposits, the categories of risk involved, and the market value of purchased investments. In general, state statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50 percent. Money of the Department may be deposited with the State Treasurer for a short-term investment pursuant to Section 6-10-10.1, NMSA 1978 Compilation, or may be invested in direct and general obligations or of obligations fully and unconditionally guaranteed by the United States, obligations issued by agencies of the United States, obligations of the State of New Mexico, or any political subdivision of the State and other investments allowed by state law. Petty cash funds are deposited with various financial institutions and are fully insured. Some of the cash held by the trustee for the NMFA loan proceeds is also invested in a money market mutual fund that invests in short-term U.S. Treasury securities. The reconciled balances at June 30, 2008, are as follows:

	<u>SHARE Account Number</u>	<u>Amount</u>
Unrestricted:		
Road Fund	20100/10040/78800 78900/82000	\$ 16,374,458
Local Government Fund	20300	19,789,298
Aviation Fund	20500	3,363,538
Motorcycle Training Fund	20600	280,364
DWI Prevention Fund	20700	1,018,771
Traffic Safety	20800/82600/10010	10,289,023
Driver Improvement Program Fund	10020	3,191
Federal Planning and Development	10030	<u>(1,383,955)</u>
Total unrestricted State Treasurer's Accounts		49,734,688
Unrestricted petty cash		<u>2,600</u>
Total unrestricted cash		49,737,288
Restricted:		
Capital Project Improvements	10050	(8,988,138)
General Fund Appropriations Fund	10070	(8,649,323)
Severance Tax Appropriations Fund	10060	119,182,809
Road Fund (relates to WIPP bond projects and various other road projects)	20200/43100	48,392,141
Bond Project Fund (1993 Bonds)	39400	1,605,586
Debt Service Fund (1998 WIPP Bonds)	97200	606
Bond Project Fund (1999 CHAT Bonds)	43000	241,049

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**2. CASH AND CASH EQUIVALENTS - continued**

	<u>SHARE Account Number</u>	<u>Amount</u>
Bond Project Fund (2000 CHAT Bonds)	34500	\$ 6,675
Bond Project Fund (2001 CHAT Bonds)	00600	9,424,555
Bond Project Fund (2002A CHAT Bonds)	36800	154,124
Bond Project Fund (2002C HIF Bonds)	36100	1,282,448
Bond Project Fund (2002D CHAT Bonds)	11500	767,090
Bond Project Fund (2006A GRIP Bonds)	10210	(9,093,802)
Bond Project Fund (2006B GRIP Bonds)	10250	(12,887,361)
Bond Project Fund (2004A GRIP Bonds)	20400	9,241,574
Debt Service Fund (1998 CHAT Bonds)	54800	139,242
Debt Service Fund (1999 CHAT Bonds)	43400	139,990
Debt Service Fund (2000 CHAT Bonds)	43200	200,704
Debt Service Fund (2001A CHAT Bonds)	00700	232,648
Debt Service Fund (2002A CHAT Bonds)	54700	82,188
Debt Service Fund (2002B WIPP Bonds)	75000	109,081
Debt Service Fund (2002C HIF Bonds)	36300	61,199
Debt Service Fund (2002D CHAT Bonds)	18700	12,597
State Infrastructure Bank	89300	<u>14,027,767</u>
 Total restricted State Treasurer's accounts		 <u>165,685,449</u>
 Total State Treasurer accounts and petty cash		 215,422,737
 Other authorized bank accounts – Wells Fargo Bank		 2,194,463
 Bond proceeds invested in Money Market Mutual Funds at Bank of Albuquerque		 <u>435,974,157</u>
 Total cash		 \$ <u>653,591,357</u>

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, 2008.

Bond proceeds are invested in money market mutual funds at the Bank of Albuquerque	\$ <u>435,974,157</u>
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NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

2. **CASH AND CASH EQUIVALENTS - continued**

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 trustee and paying agent 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.

**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/OTHER STATE AGENCIES**

The aging of accounts receivable as of June 30, 2008, is as follows:

Number of Days Outstanding

0 - 30	\$	-
31 - 60		2,018,318
61 - 120		37,438
Beyond 120		<u>328,756</u>
		2,384,512
Allowance for uncollectible accounts		<u>(2,325,768)</u>
	\$	<u><u>58,744</u></u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

3. ACCOUNTS RECEIVABLE/OTHER STATE AGENCIES - continued

The allowance for uncollectible accounts has been established from experience based on the records of the respective activities.

Other state agencies amount of \$1,199,225 represents interest receivable from the State Treasurer's Office. The entire amount is deemed fully collectible.

4. SEVERANCE TAX BOND PROCEEDS RECEIVABLE

Severance tax bonds proceeds receivable as of June 30, 2008, 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	\$ 64,405,183
Sale and reauthorization of severance tax bonds	43,412,622
Funding from the State Board of Finance	(13,112,781)
Reversion to the State Board of Finance	<u>(527,678)</u>
Balance, end of year	\$ <u>94,177,346</u>
Total approved funding from the State Board of Finance	\$ 13,112,781
FY07 approved funding from the State Board of Finance	<u>(44,905,482)</u>
FY08 approved funding from the State Board of Finance	\$ <u>(31,792,701)</u>

The funding for the year ended June 30, 2008 was received under the Laws of 1994, Chapter 148; Laws of 1999, Chapter 2; Laws of 2000, Chapter 23; Laws of 2002, Chapter 110; Laws of 2003, Chapters 110 and 429; Laws of 2005, Chapter 347; Laws of 2006, Chapters 347 and 111; Laws of 2007, Chapter 42; and Laws of 2008, for projects completed. Of the amount available for draw of \$94,177,346, \$12,817,132 was expended and due to the Department as of year end.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**5. NOTES AND LOANS RECEIVABLE**

Notes receivable as of June 30, 2008 consist of the following:

A note receivable from a private entity, non-interest bearing, in accordance with federal statutes, collateralized by various property.	\$ <u>21,543</u>
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Loans receivable funded by the SIB consist of the following:

City of Albuquerque, including interest at 1.5%, due during the 2009 federal fiscal year, secured by federal highway revenue.	\$ 641,087
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City of Rio Rancho, including interest at 1.5%, due during the 2009 federal fiscal year, secured by federal highway revenue.	325,677
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County of Bernalillo, including interest at 1.5%, due during the 2009 federal fiscal year, secured by federal highway revenue.	3,897,062
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Albuquerque Metropolitan Arroyo Flood Control Authority (AMAFCA), including interest at 1.5%, due during the 2009 federal fiscal year, secured by federal highway revenue.	\$ <u>2,538,423</u>
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\$ <u>7,402,249</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, 2008:

Agency

Federal Highway Administration	\$ 50,133,348
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Less allowance for uncollectible amounts	<u>(4,143,192)</u>
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Total Federal Highway Administration	45,990,156
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Other USDOT Agencies	<u>6,752,524</u>
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Total USDOT	\$ <u>52,742,680</u>
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Subsequent to June 30, 2008, the Federal Highway Administration unbilled portion of \$46,788,820 was billed and the amounts were collected by the Department. Management determined that the balance relating to payroll expenditures outstanding at year end was not collectible and, therefore, an allowance was established at June 30, 2008.



**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**7. DUE FROM AND DUE TO OTHER FUNDS**

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

- (1) The State Road Fund pays expenditures on behalf of other funds.
- (2) Grant and other funds are recorded in the State Road Fund and then transferred to the appropriate funds.

Interfund receivables and payables as of June 30, 2008 consist of the following:

	<u>Fund Number</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Special Revenue Funds:			
Bond Project Fund - CHAT 2001A	00600	\$ -	986,447
Federal Traffic Safety Fund	10010	3,433,008	6,118,191
Driver Improvement Program Fund	10020	289,704	-
Federal Mass Transit Fund	10030	14,860	841,299
Department Services (Inventories)	10040	43,771,264	16,122,731
Sev. Tax Multiyear Capital Project	10060	28,508,395	33,186,068
Gen. Fund Multiyear Capital Project	10070	21,834,003	1,338,933
Bond GRIP Project Fund - GRIP 2006A	10210	500,000	670,000
Bond GRIP Project Fund - GRIP 2006C	10250	47,777	-
Bond Project Fund - CHAT 2002D	11500	-	142,904
State Road Fund	20100	93,970,509	124,868,112
Highway Infrastructure Funds	20200	-	2,547,132
Local Government Road Fund	20300	-	1,826,039
Bond GRIP Project Fund - GRIP 2004A	20400	670,000	16,378,410
State Aviation Fund	20500	1,353,106	639,276
DWI Prevention & Education Fund	20700	-	31,895
Traffic Safety Fund	20800	-	38,773
Bond Project Fund - CHAT 2000A	34500	1,788,987	3,682,444
Bond Project Fund - CHAT 2002A	36800	-	2,020,148
Bond Project Fund -1993 Bonds	39400	-	37,804
Bond Project Fund - CHAT 1999A	43000	3,088,612	1,224,580
WIPP Project Fund	43100	-	270,524
Rubberized Asphalt Fund	82000	-	53,521
Interlock Device Fund	82600	-	3,818
		<hr/>	<hr/>
Total Special Revenue Funds		199,270,225	213,029,049

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**7. DUE FROM AND DUE TO OTHER FUNDS - continued**

	<b>Fund Number</b>	<b>Due From Other Funds</b>	<b>Due to Other Funds</b>
Debt Service Funds:			
Debt Service Fund - 2004A GRIP	10080	\$ 83,855	-
Debt Service Fund - 2004B/C GRIP	10090	-	83,855
Debt Service Fund - 2006A GRIP	10220	673,110	-
Debt Service Fund - 2006B GRIP	10240	416,459	-
Debt Service Fund - 2006C GRIP	10260	-	1,490,847
Debt Service Fund - 2006D GRIP	10280	401,278	-
Debt Service Fund - 2008A GRIP	10410	436	-
Debt Service Fund - 2008B GRIP	10420	-	436
Debt Service Fund - WIPP 1998	97200	13,829	-
 Total Debt Service Funds		1,588,967	1,575,138
Capital Projects Funds:			
Capital Projects (CIP) Fund	10050	14,190,681	10,624
 Total Capital Projects Funds		14,190,681	10,624
Enterprise Funds:			
State Infrastructure Bank	89300	-	435,062
 Total Enterprise Funds		-	435,062
 Total interfund receivables and payables		\$ 215,049,873	215,049,873

**8. INVENTORY**

Inventory as of June 30, 2008, consists of the following:

Highway maintenance materials stockpiled	\$ 8,983,201
Repair parts and expendable supplies	5,935,304
Fuel, oil and lubricants	1,119,097
	\$ 16,037,602

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

9. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Non-depreciable assets:				
Rail System Infrastructure -				
Right of Way	\$ -	71,957,100	-	71,957,100
Land	4,979,663	96,970	-	5,076,633
Right of Way	<u>373,318,194</u>	<u>4,407,300</u>	-	<u>377,725,494</u>
Total non-depreciable assets	378,297,857	76,461,370	-	454,759,227
Depreciable assets:				
Infrastructure	15,031,104,263	399,893,009	(438,279,757)	14,992,717,515
Vehicles	179,456,262	12,734,693	(175,633)	192,015,322
Rail System Infrastructure	-	108,090,835	-	108,090,835
Buildings	38,463,834	1,541,609	-	40,005,443
Equipment and furniture	30,830,664	1,110,739	(468,436)	31,472,967
Library	<u>102,614</u>	-	-	<u>102,614</u>
Total depreciable assets	<u>15,279,957,637</u>	<u>523,370,885</u>	<u>(438,923,826)</u>	<u>15,364,404,696</u>
Total assets	15,658,255,494	599,832,255	(438,923,826)	15,819,163,923
Less accumulated depreciation:				
Infrastructure	(8,474,744,280)	(525,851,996)	438,279,757	(8,562,316,519)
Vehicles	(114,591,933)	(9,803,859)	166,098	(124,229,694)
Rail System Infrastructure	-	(8,647,267)	-	(8,647,267)
Buildings	(23,263,730)	(640,803)	-	(23,904,533)
Equipment and furniture	(23,335,950)	(1,701,337)	471,943	(24,565,344)
Library	<u>(102,614)</u>	-	-	<u>(102,614)</u>
Total accumulated depreciation	<u>(8,636,038,507)</u>	<u>(546,645,262)</u>	<u>438,917,798</u>	<u>(8,743,765,971)</u>
Total capital assets, net	\$ <u>7,022,216,987</u>	<u>53,186,993</u>	<u>(6,028)</u>	<u>7,075,397,952</u>

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

Programs and infrastructure	\$ 525,851,996
Transportation and Highway Operations	8,647,267
Program support	<u>12,145,999</u>
	546,645,262
Program support (amortization on defeased debt)	<u>2,532,733</u>
Total	\$ <u>549,177,995</u>

**10. OPERATING TRANSFERS**

	<u>State Road Fund</u>	<u>General Fund Multi-year Capital Projects</u>	<u>Bond Project Fund 2004A GRIP</u>	<u>Bond Project Fund 2006C GRIP</u>	<u>Bond Project Fund 2006D GRIP</u>	<u>Bond GRIP Debt Service 2004A</u>
(1)	\$ (160,686,082)	-	-	-	-	36,216,759
(2)	(3,130,076)	-	-	-	-	1,750,000
(3)	-	-	-	-	350,000	-
(4)	-	-	-	-	-	-
(5)	-	-	-	-	-	-
(6)	-	-	-	-	-	-
(7)	-	-	-	-	(1,503,980)	-
(8)	-	-	-	-	-	-
(9)	<u>1,819,378</u>	<u>-</u>	<u>(448,194)</u>	<u>(582,500)</u>	<u>(501,808)</u>	<u>-</u>
Total	(161,996,780)	-	<u>(448,194)</u>	<u>(582,500)</u>	<u>(1,655,788)</u>	<u>37,966,759</u>

Transfers to other state agencies:

(10)	(33,699)	-
(11)	-	205,000
(12)	-	(350,000)
(13)	300,000	-
(14)	(6,000,000)	-
(15)	<u>-</u>	<u>(525,000)</u>

Total transfers to other state agencies (5,733,699) (670,000) = (6,403,699)

\$ (167,730,479) (670,000)

- (1) The transfer from the State Road fund to the above debt service funds for debt repayments required by the State of New Mexico Highway Debentures.
- (2) Transfer from the State Road fund to the above debt service funds to cover trustee fees.
- (3) Transfer from the State Road fund to the above debt service funds to cover trustee fees.
- (4) Transfer interest earnings from one account to another.
- (5) Transfer cash from defeased fund to new debt service fund.
- (6) Transfer to cover debt service interest expenditures.
- (7) Transfer of cash among trustee accounts to cover debt service expenditures and fees.
- (8) Transfer for debt service payments - bond defeasance.
- (9) Amounts refunded to State Road Fund cash for over-estimates of Cost of Issuance expenditures.
- (10) Transfer of capital assets to infrastructure fund.
- (11) Transfer in from NM State General Fund: SB 826, Laws 2007, Chapter 841, Section E.  
Transfer out to NM State General Fund per reauthorization: SB 710, Laws 2007, Chapter 2, Section 23, HB 622, Laws 2006, Chapter 111, Section 158; HB 855, Laws 2005, Chapter 347, Section 155.
- (12)
- (13) Transfer in per MOU; Laws 2007, Chapter 841, Section E.
- (14) Transfer out to Department of Public Safety.
- (15) Transfer out to Department of Finance and Administration.

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

<b>Bond GRIP Debt Service 2004B</b>	<b>Debt Service Fund CHAT 2002D</b>	<b>Debt Service Fund WIPP 2002B</b>	<b>Debt Service Fund WIPP 1998</b>	<b>Debt Service Fund CHAT 1998A</b>	<b>Debt Service Fund CHAT 1999</b>	<b>Debt Service Fund CHAT 2000A</b>
27,378,736	194,825	9,423,500	1,751,613	910,200	9,428,925	15,480,650
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(4,330,363)	-	-	-	-	-	-
3,130,640	-	-	-	-	-	-
-	-	-	-	-	-	-
200,000,000	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>226,179,013</u>	<u>194,825</u>	<u>9,423,500</u>	<u>1,751,613</u>	<u>910,200</u>	<u>9,428,925</u>	<u>15,480,650</u>

**10. OPERATING TRANSFERS - continued**

	<u>Debt Service Fund CHAT 2001A</u>	<u>Debt Service Fund CHAT 2002A</u>	<u>Debt Service Fund CHAT 2002C</u>	<u>Bond GRIP Project Fund 2006A</u>	<u>Bond GRIP Debt Service 2006A</u>	<u>Bond GRIP Bond Project 2006B</u>
(1)	\$ 23,193,148	9,917,250	1,709,524	-	7,477,407	-
(2)	-	-	-	-	375,000	-
(3)	-	-	-	-	-	-
(4)	-	-	-	-	575,608	-
(5)	-	-	-	-	-	-
(6)	-	-	-	-	-	-
(7)	-	-	-	-	-	-
(8)	-	-	-	-	-	-
(9)	-	-	-	(1,330,500)	-	(1,000,000)
<b>Total</b>	<u>23,193,148</u>	<u>9,917,250</u>	<u>1,709,524</u>	<u>(1,330,500)</u>	<u>8,428,015</u>	<u>(1,000,000)</u>

- (1) The transfer from the State Road fund to the above debt service funds for debt repayments required by the State of New Mexico Highway Debentures.
- (2) Transfer from the State Road fund to the above debt service funds to cover trustee fees.
- (3) Transfer from the State Road fund to the above debt service funds to cover trustee fees.
- (4) Transfer interest earnings from one account to another.
- (5) Transfer cash from defeased fund to new debt service fund.
- (6) Transfer to cover debt service interest expenditures.
- (7) Transfer of cash among trustee accounts to cover debt service expenditures and fees.
- (8) Transfer for debt service payments - bond defeasance.
- (9) Amounts refunded to State Road Fund cash for over-estimates of Cost of Issuance expenditures.

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

Bond GRIP Debt Service 2006B	Bond GRIP Bond Project 2006C	Bond GRIP Debt Service 2006D	Bond GRIP Debt Service 2008A	Bond GRIP Debt Service 2008B	Bond GRIP Debt Service 2008C	Bond GRIP Debt Service 2008D
5,451,225	10,971,400	1,180,920	-	-	-	-
75,000	550,000	380,076	-	-	-	-
-	-	(350,000)	-	-	-	-
(950,478)	-	500,000	-	(125,129)	-	-
-	(5,229,055)	(584,286)	2,728,204	5,259,342	1,571,872	584,286
-	3,007,331	-	(1,730,644)	(3,007,331)	(1,399,996)	-
-	(88,120)	1,428,422	30,287	57,833	-	75,558
-	220,000,000	50,400,000	(115,200,000)	(220,000,000)	(84,800,000)	(50,400,000)
-	-	-	457,260	873,240	448,194	264,930
<u>4,575,747</u>	<u>229,211,556</u>	<u>52,955,132</u>	<u>(113,714,893)</u>	<u>(216,942,045)</u>	<u>(84,179,930)</u>	<u>(49,475,226)</u>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2008:

<u>Governmental Activities</u>	<u>Balance at June 30, 2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at June 30, 2008</u>	<u>Amounts Due Within One Year</u>
1998 WIPP Bonds	\$ 34,435,000	-	-	34,435,000	10,545,000
1998 CHAT Bonds	17,760,000	-	-	17,760,000	8,205,000
1999 CHAT Bonds	18,780,000	-	(8,370,000)	10,410,000	10,410,000
2000 CHAT Bonds	41,475,000	-	(13,060,000)	28,415,000	13,810,000
2001 CHAT Bonds	107,085,000	-	(17,685,000)	89,400,000	14,630,000
2002A CHAT Bonds	37,160,000	-	(7,935,000)	29,225,000	-
2002B WIPP Bonds	17,970,000	-	(8,525,000)	9,445,000	-
2002C HIF Bonds	32,945,000	-	-	32,945,000	3,000,000
2002D CHAT Bonds	4,570,000	-	-	4,570,000	-
2004A GRIP Bonds	700,000,000	-	-	700,000,000	-
2004B/C GRIP Bonds	162,330,000	-	(13,170,000)	149,160,000	10,735,000
2004C GRIP Bonds	200,000,000	-	(200,000,000)	-	-
2006A GRIP Bonds	150,000,000	-	-	150,000,000	-
2006B GRIP Bonds	37,735,000	-	(2,225,000)	35,510,000	3,165,000
2006C GRIP Bonds	220,000,000	-	(220,000,000)	-	-
2006D GRIP Bonds	50,400,000	-	(50,400,000)	-	-
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	-
2008D GRIP Bonds	-	50,400,000	-	50,400,000	-
Deferred amount on refunding	(29,474,727)	(3,165,940)	1,771,439	(30,869,228)	-
Compensated absences payable	<u>6,621,408</u>	<u>5,248,576</u>	<u>(4,484,518)</u>	<u>7,385,466</u>	<u>3,230,912</u>
Total obligations	1,809,791,681	\$ <u>472,482,636</u>	<u>(544,083,079)</u>	1,738,191,238	<u>77,730,912</u>
Less current portion	<u>(77,672,000)</u>			<u>(77,730,912)</u>	
Net long-term obligations	\$ <u>1,732,119,681</u>			<u>1,660,460,326</u>	

The State Road Fund 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;



**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

and the Supplemental Public Securities Act constituting Sections 6-15-8 through 6-14-11 of the NMSA (1978), as amended.

The Department issued \$105,000,000 of the New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Highway Bonds Series 1998A and \$100,000,000 New Mexico State Highway Commission Subordinate Lien Tax Revenue Highway Bonds Series 1998B in October 1998. The net proceeds to the Department were \$108,979,050 for the Series 1998A Bonds and \$103,753,450 for the Series 1998B Bonds, including \$3,979,050 and \$3,753,450, respectively, of original bond issue premium. The cost of issuance for the Series 1998A and Series 1998B Bonds was \$773,588 and \$767,380, respectively. The Bonds are special limited obligations of the Department, payable solely by a pledge of proceeds of the collection of gasoline excise taxes, special fuel excise taxes and vehicle transaction taxes and fees that are required to be paid into the State Road Fund. The Series 1998A Bonds (CHAT Bonds) were issued to fund projects identified by the Department and the Legislature. The Series 1998B Bonds (1998 WIPP Bonds) were issued by the Department for roads relating to the Waste Isolation Pilot Project (WIPP) in the State of New Mexico.

Principal of the Series 1998A Bonds (CHAT) is payable on June 15. The interest is payable semi-annually on June 15 and December 15 through the year 2010.

The Department's future scheduled annual requirements to amortize the Series 1998A Bonds (CHAT), including interest payments of \$1,399,894 based on interest rates that range from 4.5% to 5.125%, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 1998A CHAT:			
2009	\$ 8,205,000	910,200	9,115,200
2010	<u>9,555,000</u>	<u>489,694</u>	<u>10,044,694</u>
Total	\$ <u>17,760,000</u>	<u>1,399,894</u>	<u>19,159,894</u>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

Principal of the Series 1998 Bonds (WIPP) is payable on June 15. The interest is payable semi-annually on June 15 and December 15 through the year 2011.

The Department's future scheduled annual requirements to amortize the Series 1998B Bonds (1998 WIPP Bonds), including interest payments of \$3,613,014 based on interest rates that range from 3.8% to 5.125%, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 1998 WIPP:			
2009	\$ 10,545,000	1,751,613	12,296,613
2010	11,460,000	1,224,363	12,684,363
2011	<u>12,430,000</u>	<u>637,038</u>	<u>13,067,038</u>
Total	\$ <u>34,435,000</u>	<u>3,613,014</u>	<u>38,048,014</u>

On October 2, 1998, the Department borrowed \$100,230,000 from the New Mexico Finance Authority (NMFA). The NMFA had issued \$100,230,000 of NMFA Federal Highway Grant Anticipation Revenue Bonds to fund the loan. The Department's obligation under the loan agreement is to repay the loan from certain federal funds payable to the Department from the Federal Highway Administration. If insufficient federal revenues are received, the Department will use good faith efforts to seek additional revenues that are otherwise not obligated and are legally available to repay the loan. After all loan payments and other payments due on any future obligations secured by these federal funds are made, any remaining federal funds received will be deposited into the State Road Fund.

Eligible federal funds that can be used for debt repayment are not available for approximately two years after the date of the loan. Accordingly, \$8,468,451 of the loan proceeds were recorded to the debt service fund to pay future debt service.

The Department was also responsible for the NMFA issuance costs and must annually pay the NMFA two basis points on the outstanding principal balance every September 1. Total issue costs were \$2,144,423, net of \$1,656,807 of the premium received from the sale of the NMFA bonds.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

Principal of the loan was paid in May 2004 with funds provided from the issuance of the Series 2004B and 2004C NMFA State Transportation Refunding Revenue Bonds.

The Department issued \$100,000,000 of the New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Highway Bonds Series 1999 in November 1999. The gross proceeds to the Department were \$101,161,999, including \$1,161,999 of an original issue premium. The cost of issuance including underwriting fees was approximately \$791,000. The Bonds are special limited obligations of the State Highway Commission, payable solely from and secured by a pledge of proceeds of the collection of gasoline excise taxes and motor vehicle registration fees that are required to be paid into the State Road Fund. The Series 1999 Bonds (CHAT Bonds) were issued to fund projects identified by the Department and the Legislature.

Principal of the bonds is payable annually each June 15. Interest, with rates ranging from 4.75% to 5.75% per annum, is payable semi-annually on June 15 and December 15 through the year 2009.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$598,575, are as follows:

<b><u>Year Ended June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
Series 1999 CHAT:			
2009	\$ <u>10,410,000</u>	<u>598,575</u>	<u>11,008,575</u>
Total	\$ <u>10,410,000</u>	<u>598,575</u>	<u>11,008,575</u>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

The Department issued \$201,000,000 of the New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Highway Bonds, Series 2000A in May 2000. The gross proceeds to the Department were \$206,023,307, including \$5,023,307 of an original issue premium. The cost of issuance including underwriting fees was approximately \$1,392,000. The Bonds are special limited obligations of the State Highway Commission, payable solely from and secured by a pledge of proceeds of the collection of gasoline excise taxes and motor vehicle registration fees that are required to be paid into the State Road Fund. The Series 2000 Bonds (CHAT Bonds) were issued to fund projects identified by the Department and the Legislature.

Principal of the bonds is payable annually each June 15. Interest, with rates ranging from 5.5% to 6.0% per annum, is payable semi-annually on June 15 and December 15 through the year 2010.

The Department's future scheduled annual requirements to amortize the bonds, including interest payments of \$2,546,900, are as follows:

<b><u>Year Ended June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
Series 2000A CHAT:			
2009	\$ 13,810,000	1,670,600	15,480,600
2010	<u>14,605,000</u>	<u>876,300</u>	<u>15,481,300</u>
Total	\$ <u>28,415,000</u>	<u>2,546,900</u>	<u>30,961,900</u>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

The Department issued \$198,800,000 of the New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Highway Bonds, Series 2001A, in November 2001. The gross proceeds to the Department were \$209,050,033, including \$10,250,033 of an original issue premium. The cost of issuance including underwriting fees was approximately \$1,343,586. The bonds are special limited obligations of the State Highway Commission, payable solely from and secured by a pledge of proceeds of the collection of gasoline excise taxes, special fuel excise taxes, vehicle transaction taxes or fees, drivers license fees, oversize/overweight permit fees, and to the extent authorized to be paid into the State Road Fund in the future, motor vehicle excise taxes, in each case that are required by law to be paid into the State Road Fund and interest on such amounts in the State Road Fund. The Series 2001A Bonds (CHAT Bonds) were issued to fund projects identified by the Department and the Legislature.

Principal of the Bonds is payable annually each June 15. Interest, with rates ranging from 4.3% to 5.25% per annum, is payable semi-annually on June 15 and December 15 through the year 2013.

The Department's future scheduled annual requirements to amortize the bonds, including interest payments of \$15,468,820 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2001A CHAT:			
2009	\$ 14,630,000	4,623,898	19,253,898
2010	9,545,000	3,892,398	13,437,398
2011	20,645,000	3,415,148	24,060,148
2012	21,720,000	2,338,838	24,058,838
2013	<u>22,860,000</u>	<u>1,198,538</u>	<u>24,058,538</u>
Total	\$ <u>89,400,000</u>	<u>15,468,820</u>	<u>104,868,820</u>

On March 14, 2001, the Department borrowed \$18,535,000 from the New Mexico Finance Authority (NMFA). The NMFA had issued \$18,535,000 of NMFA Federal Highway Grant Anticipation Revenue Bonds to fund the loan. The Department's obligation under the loan agreement is to repay the loan from certain federal funds payable to the Department from the Federal Highway Administration. If insufficient federal revenues are received, the Department will use good faith efforts to seek additional revenues that are otherwise not obligated and are legally available to repay the loan. After all loan payments and other payments due on any future obligations secured by these federal funds are made, any remaining federal funds received will be deposited into the State Road Fund.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

The Department was also responsible for the NMFA issuance costs and must annually pay the NMFA two basis points on the outstanding principal balance every September 1. Total issue costs were \$467,998 and there was a premium of \$704,443 from the sale of the NMFA bonds.

Principal of the loan was paid in May 2004 with funds provided from the issuance of the Series 2004B and 2004C NMFA State Transportation Refunding Revenue Bonds.

The Department issued \$95,000,000 of the New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Highway Bonds Series 2002A in January 2002. The gross proceeds including accrued interest to the Department were \$98,361,534, including \$3,913,043 of an original premium. The cost of issuance including underwriting fees was \$592,819. The Bonds are special limited obligations of the State Highway Commission, payable solely from and secured by a senior subordinate pledge of proceeds of the collection of gasoline excise taxes, special fuel excise taxes, vehicle transaction taxes or fees, drivers license fees, oversize/overweight permit fees, certain Public Commission fees, trip taxes, weight distance taxes, motor vehicle registration fees and, to the extent authorized, to be paid into the State Road Fund in the future, motor vehicle excise taxes, in each case that are required by law to be paid in the State Road Fund and interest on such amounts in the State Road Fund. The Series 2002A Bonds (CHAT Bonds) were issued to fund projects identified by the Department and the Legislature.

Principal of the bonds is payable annually each June 15. Interest, with rates ranging from 5.0% to 5.5% per annum, is payable semi-annually on June 15 and December 15 through the year 2014.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$7,209,600, are as follows:

<b><u>Year Ended June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
Series 2002A CHAT:			
2009	\$ -	1,585,500	1,585,500
2010	8,750,000	1,585,500	10,335,500
2011	-	1,726,125	1,726,125
2012	9,690,000	1,126,125	10,816,125
2013	<u>10,785,000</u>	<u>1,186,350</u>	<u>11,971,350</u>
Total	\$ <u>29,225,000</u>	<u>7,209,600</u>	<u>36,434,600</u>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

The Department issued \$79,920,000 of the New Mexico State Highway Commission Subordinate Lien Tax Revenue Highway Bonds, Series 2002B, in January 2002. The gross proceeds including accrued interest to the Department were \$82,007,147 including \$2,670,686 of an original issue premium. The cost of issuance including underwriter fees was \$614,561. The Bonds are special limited obligations of the State Highway Commission, payable solely from and secured by a subordinate pledge of proceeds of the collection of gasoline excise taxes, special fuel excise taxes, vehicle transaction taxes or fees, drivers license fees, oversize/overweight permit fees, certain Public Regulation Commission fees, trip taxes, weight distance taxes, motor vehicle registration fees, and to the extent authorized to be paid into the State Road Fund and interest on such amounts in the State Road Fund. The Series 2002B Bonds (WIPP Bonds) were issued to provide funds to refund the 1996 WIPP Bonds on the date of delivery of the Bonds, and to pay all costs incident thereto and to the issuance of the Bonds, including, without limitation, costs of issuance.

Principal of the bonds is payable on June 15. Interest at a rate of 5% per annum is payable semi-annually on June 15 and December 15 through the year 2010.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$944,500, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2002B WIPP:			
2009	\$ -	472,250	472,250
2010	<u>9,445,000</u>	<u>472,250</u>	<u>9,917,250</u>
Total	\$ <u>9,445,000</u>	<u>944,500</u>	<u>10,389,500</u>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

The Department issued \$67,750,000 of the New Mexico State Highway Infrastructure Fund Revenue Highway Bonds (additionally secured by a Senior Subordinate Lien on Certain State Road Fund Revenues), Series 2002C, in May 2002. The gross proceeds including accrued interest to the Department were \$69,809,036 including \$2,499,411 of an original issue premium. The cost of issuance including underwriter fees was \$440,375. The bonds are special limited obligations of the State Highway Commission, payable from and secured by a senior pledge of proceeds of the collection of leased vehicle gross receipts tax revenues and tire recycling fees, in each case that are required by law to be paid into the Highway Infrastructure Fund and interest on such amounts in the Highway Infrastructure Fund. The Bonds are additionally payable from and secured by a senior subordinate pledge of proceeds of the collection of gasoline excise taxes, special fuel excise taxes, vehicle transaction taxes or fees, drivers license fees, oversize/overweight permit fees, certain Public Regulation Commission fees, trip taxes, weight distance taxes, motor vehicle registration fees, and to the extent authorized to be paid into the State Road Fund in the future, motor vehicle excise taxes, in each case that are required by law to be paid into the State Road Fund and interest on such amounts in the State Road Fund. The Series 2002C Bonds (HIF Bonds) were issued to funds projects identified by the Department and the Legislature.

Principal of the Bonds is payable on June 15. Interest, with rates ranging from 3.25% to 5.375% per annum, is payable semi-annually on June 15 and December 15 through the year 2017.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$10,737,769, are as follows:

<b><u>Year Ended June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
Series 2002C HIF:			
2009	\$ 3,000,000	1,709,524	4,709,524
2010	2,000,000	1,559,524	3,559,524
2011	-	1,459,524	1,459,524
2012	-	1,459,524	1,459,524
2013	5,040,000	1,459,524	6,499,524
2014 - 2017	<u>22,905,000</u>	<u>3,090,150</u>	<u>25,995,150</u>
<b>Total</b>	<b>\$ <u>32,945,000</u></b>	<b><u>10,737,770</u></b>	<b><u>43,682,770</u></b>



**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

The Department issued \$16,000,000 of the New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Highway Bonds, Series 2002D, in December 2002. The gross proceeds to the Department were \$16,572,740 including \$699,498 of an original issue premium. The cost of issuance including underwriter fees was \$126,758. The Bonds are special limited obligations of the State Highway Commission, payable solely from and secured by a senior subordinate pledge of proceeds of the collection of gasoline excise taxes, special fuel excise taxes, vehicle transaction taxes or fees, drivers license fees, oversize/overweight permit fees, certain Public Regulation Commission fees, trip taxes, weight distance taxes, motor vehicle registration fees, and to the extent authorized to be paid into the State Road Fund in the future, motor vehicle excise taxes, in each case that are required by law to be paid into the State Road Fund and interest on such amounts in the State Road Fund. The Series 2002D Bonds (CHAT Bonds) were issued to fund projects identified by the Department and the Legislature.

Principal of the bonds is payable as follows on June 15. Interest, with rates ranging from 3.9% to 5.00% per annum, is payable semi-annually on June 15 and December 15 through the year 2014.

The Department's future scheduled annual requirements to amortize the Bonds including interest payments of \$835,525 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2002D CHAT:			
2009	\$ -	194,825	194,825
2010	1,360,000	194,825	1,554,825
2011	-	126,825	126,825
2012	-	126,825	126,825
2013	1,575,000	126,825	1,701,825
2014	<u>1,635,000</u>	<u>65,400</u>	<u>1,700,400</u>
	<u>\$ 4,570,000</u>	<u>835,525</u>	<u>5,405,525</u>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

The Department issued \$700,000,000 through the New Mexico Finance Authority's (NMFA) State Transportation Revenue Bonds (Senior Lien), Series 2004A, in May 2004. The gross proceeds to the Department were \$738,787,815, including \$43,556,815 of an original issue premium. The cost of issuance including underwriter fees was \$6,368,367. The Bonds are special limited obligations of the Department, together with additional bonds hereafter issued, 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 Series 2004A Bonds were issued to provide funds for certain transportation projects authorized by the State Legislature and that the Department has determined to be necessary or desirable.

The Department is responsible for the NMFA issuance costs and must annually pay the NMFA 25 basis points on the outstanding principal balance. Principal of the Bonds is payable as follows on June 15. Interest, with rates ranging from 3.8% to 5.25% 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 \$398,277,648, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2004A GRIP:			
2009	\$ -	36,216,759	36,216,759
2010	-	36,216,759	36,216,759
2011	-	36,216,759	36,216,759
2012	-	36,216,759	36,216,759
2013	-	36,216,759	36,216,759
2014 - 2017	214,495,000	132,175,759	346,670,759
2018 - 2022	443,025,000	82,063,733	525,088,733
2023 - 2024	<u>42,480,000</u>	<u>2,954,363</u>	<u>45,434,363</u>
	\$ <u>700,000,000</u>	<u>398,277,650</u>	<u>1,098,277,650</u>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

The Department issued \$237,950,000 and \$200,000,000 of bonds through the New Mexico Finance Authority's (NMFA) State Transportation Refunding Revenue Bonds (Subordinate Lien), Series 2004B and Series 2004C, in May 2004. The gross proceeds to the Department for both issuances were \$451,069,205, including \$16,347,187 of an original issue premium. The cost of issuance including underwriter fees was \$4,228,696. Following is the detail of the Series 2004B and Series 2004C bonds issued.

The \$237,950,000 Series 2004B Bonds are special limited obligations of the Department, together with additional bonds hereafter issued, 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 and restructure certain outstanding bonds of the NMFA and the Commission.

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 2014.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$29,957,485, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2004B GRIP:			
2009	\$ 10,735,000	7,347,765	18,082,765
2010	9,230,000	6,879,385	16,109,385
2011	36,275,000	6,421,085	42,696,085
2012	29,060,000	4,639,050	33,699,050
2013	34,120,000	3,186,800	37,306,800
2014	<u>29,740,000</u>	<u>1,483,400</u>	<u>31,223,400</u>
Total	\$ <u>149,160,000</u>	<u>29,957,485</u>	<u>179,117,485</u>

The Series 2004C Bonds are special limited obligations of the Department payable, together with additional bonds hereafter issued, solely from and secured solely 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 Highway Infrastructure Fund. The lien on the bonds on such revenues is subordinate to the lien thereon securing other bonds issued concurrently with the 2004C bonds or which may hereafter be used through the NMFA. 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 and restructure certain outstanding debt.

**11. LONG-TERM OBLIGATIONS - continued****• Refunding**

NMFA, on behalf of the Department, used the 2004B and 2004C Bonds to advance refund certain older debt issues of the Department, and the New Mexico Finance Authority Federal Highway Grant Anticipation Revenue Bonds Series 2001 and New Mexico Finance Authority Federal Highway Grant Anticipation Revenue Bonds Series 1998. The net proceeds of \$408,855,872 plus an additional \$7,285,997 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 refund of the older debt is considered to be defeased and the liability for those bonds has been removed from long-term obligations. The bonds outstanding of \$363,490,000 were considered defeased as of June 30, 2007.

The Department is responsible for the issuance costs and must annually pay the 25 basis points on the outstanding principal balance, which will be \$500,000 a year through 2022 and \$339,063 during 2023. Principal of the bonds is payable on June 15, with interest payable semi-annually on June 15 and December 15 through the year 2023. Interest is based on interest rate swap agreements as disclosed below.

**• Refunding of Variable Rate Bonds**

The 2004C, 2006C, and 2006D Series bonds were issued as Auction Rate Securities ("ARS"). ARS are one of the two principal types of securities for which interest rates are reset in a periodic auction process. For each of these Series, the rates were reset in weekly auctions. All of the bonds were insured by certain municipal bond insurance companies. In late 2007 and early 2008, the market for ARS was negatively impacted by a number of factors, the principal event being downgrades of the ratings of certain insurers of ARS. These downgrades and other events caused the weekly auctions of the bonds to "fail", meaning that insufficient bids were received to permit resale of all of the bonds. In the event of a failed auction, no bonds are resold, even though some bids were received. In a failed ARS auction, the existing holders of the bonds must continue to hold their bonds until the next successful auction. The procedures applicable to a failed auction included a provision that the interest rate on the bonds resets to a default rate. In the case of the 2004C bonds, the default rate was one-month LIBOR plus 175 basis points. The default rate for the 2006C and D bonds was 12%.

The deferred amount on the refunding of \$30,869,228 recorded as a reduction of the Department's long-term obligation 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 including unamortized old bond issuance costs. The deferred amount on the refunding is recorded to the government-wide financial statements and is required to be amortized as additional interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

## 11. LONG-TERM OBLIGATIONS - continued

- **Refunding of Variable Rate Bonds - continued**

In April and May, 2008, NMFA, on behalf of the Department, refunded all of the ARS Series 2004C, 2006C, and 2006D, reissuing the bonds as Variable Rate Demand Notes (VRDN). As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The transaction resulted in an economic gain of \$3.1 million. The interest rates for these bonds reset in weekly auctions, as was the case for the ARS. The principal difference between the ARS and the VRDN is that the ARS were credit-enhanced with insurance, while the VRDN are supported by bank letters of credit. The following bonds were issued:

	<u>Par Value</u>
Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008A	\$ 115,200,000
Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008B	220,000,000
Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008C	84,800,000
Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008D (Taxable)	<u>50,400,000</u>
Total	\$ <u>470,400,000</u>

All of the above refunding bonds were issued at par. The Department provided additional funds totaling \$2,043,624 to pay for the cost of issuance of the bonds.

- **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 both to 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.

11. LONG-TERM OBLIGATIONS - continued

• **Derivative Instruments - continued**

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 2008 A 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.

• **Significant Terms**

**2004 Swaps:**

Counterparty	Royal Bank of Canada	Goldman Sachs	Lehman Brothers*
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	May 20, 2004
Termination Date:	June 15, 2024	June 15, 2024	June 15, 2024

\* On October 6, 2008, as discussed below, Lehman Brothers was replaced as the counterparty by Deutsche Bank. The significant terms of the Deutsche Bank swap are the same as the Lehman Brothers swap.

\*\*For the period May 20, 2004 to June 15, 2006 the rate was the BMA Municipal Swap Index

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

11. LONG-TERM OBLIGATIONS - continued

• Significant Terms - continued

2006 Forward Starting Swaps:

Counterparty	JPMorgan Chase Bank	UBS AG
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.

• Fair Value

The estimated fair value of the swaps at June 30, 2008 was as follows:

<u>Counterparty</u>	<u>Notional Value</u>	<u>Fair Value*</u>
Goldman Sachs	\$ 50,000,000	(3,569,145)
Deutsche	50,000,000	(3,569,145)
Royal Bank of Canada	100,000,000	(7,138,291)
JPMorgan Chase Bank	110,000,000	(17,327,912)
UBS AG	<u>110,000,000</u>	<u>(17,327,912)</u>
Total	\$ <u>420,000,000</u>	<u>(48,932,405)</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

11. LONG-TERM OBLIGATIONS - continued

• **Fair Value - continued**

\*The Fair Value is the estimated amount that would have been paid by NMFA on behalf of the Department to the counterparties if the agreements had been terminated at June 30, 2008 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, 2008.

• **Associated Debt**

<u>Variable Rate Debt*</u>		<u>2008 Debt Service</u>		<u>Net Swap</u>	<u>Total</u>	<u>Actual</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Made (Received)</u>		<u>Synthetic</u>	<u>Fixed Rate</u>
Series 2008A and C	\$	200,000,000	-	7,520,995	1,864,390	9,385,385	4.693%
Series 2008B		220,000,000	-	8,360,775	2,890,693	11,251,468	5.114%

\*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 fiscal year.

• **Replacement of Counterparty**

The terms of the agreements with the swap counterparties provide that a bankruptcy filing is an event that terminates the agreement. In September 2008, Lehman Brothers, one of the counterparties for the 2004 swaps, filed for bankruptcy. NMFA, on behalf of the Department, evaluated a number of options and replaced Lehman Brothers with Deutsche Bank as the counterparty for this swap. All significant terms of the new agreement with Deutsche Bank remain the same as the original Lehman Brothers agreement. At the closing of the transaction on October 6, 2008, Deutsche Bank paid the then-current termination value as provided by the original agreement. The amount paid was calculated pursuant to the agreement to be \$4,840,000. This was approximately \$300,000 greater than the amount due Lehman Brothers, which was calculated, per the agreement, as of September 23, 2008, a termination date triggered by the bankruptcy filing. The excess funds were deposited in a debt service account and will be used to make debt service payments on the bonds.



## 11. LONG-TERM OBLIGATIONS - continued

## • Risks

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

The credit ratings of the counterparties, at October 10, 2008, were:

	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>
Royal Bank of Canada	Aaa	AA-	AA
Goldman Sachs	Aaa	AAA	NR
Deutsche Bank	Aa1	AA-	AA-
JP Morgan Chase	Aaa	AA	AA-
UBS AG	Aa2	AA-	AA-

Presently NMFA, on behalf of 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 NMFA 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. No termination value currently exceeds these limits, and, accordingly, no collateral is posted. The swap agreements permit the netting of amounts owed between NMFA and the counterparty, mitigating, to some extent, the level of credit risk that would exist if NMFA were owed a termination value by a counterparty. NMFA believes it has an adequate degree of diversification with regard to counterparties.

**Interest Rate Risk.** The knock-out option in the 2006 swaps leaves NMFA, on behalf of 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 NMFA 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. NMFA, on behalf of the Department, has little or no such risk with respect to the 2004 bonds as the 2004 swaps pay a variable rate equal to the SIFMA Municipal Swap index which has very closely approximated, historically, the rates paid on variable rate municipal debt. NMFA has basis risk, however, with respect to the 2006 swaps. The variable rate NMFA receives with respect to the 2006 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 2006 swap agreements, resulting in a failure to achieve the synthetic fixed rate expected when the swaps initiated.

11. LONG-TERM OBLIGATIONS - continued

• Risks - continued

**Basis Risk – continued.** One event that would cause a divergence between the indices is 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 NMFA’s variable rate debt.

• Termination Risk

The unplanned termination of one or more of the swaps exposes NMFA, on behalf of 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, NMFA, but not the counterparties, can terminate the swaps at any time with 30-day notice. As discussed above, an unplanned termination occurred due to the bankruptcy filing by Lehman Brothers. In this situation, NMFA was successful in replacing the counterparty with another on the same terms, resulting in no loss to NMFA. There can be no assurance that the same result could be obtained if other unplanned terminations occur in the future.

• Interest Rate Swaps

**Swap Payments and Associated Debt.** As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments for their term, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year Ending	Variable Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
June 30				
2009	\$ -	7,868,000	510,000	8,378,000
2010	-	7,868,000	510,000	8,378,000
2011	-	7,868,000	510,000	8,378,000
2012	-	7,868,000	510,000	8,378,000
2013	-	7,868,000	510,000	8,378,000
2014 - 2018	-	39,340,000	2,550,000	41,890,000
2019 - 2023	-	39,340,000	2,550,000	41,890,000
2024	<u>200,000,000</u>	<u>5,335,487</u>	<u>345,844</u>	<u>205,681,331</u>
	\$ <u>200,000,000</u>	<u>123,355,487</u>	<u>7,995,844</u>	<u>331,351,331</u>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. 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:

State Transportation Series 2006A Revenue Bonds. 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.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$121,146,936, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2006A GRIP:	-		
2009	\$ -	7,477,408	7,477,408
2010	-	7,477,408	7,477,408
2011	-	7,477,408	7,477,408
2012	240,000	7,472,608	7,712,608
2013	195,000	7,472,608	7,667,608
2014 - 2018	11,055,000	28,985,375	40,040,375
2019 - 2023	18,020,000	32,355,181	50,375,181
2024 - 2027	<u>120,490,000</u>	<u>22,428,942</u>	<u>142,918,942</u>
Total	\$ <u>150,000,000</u>	<u>121,146,938</u>	<u>271,146,938</u>

11. LONG-TERM OBLIGATIONS - continued

- Bonds Issued by NMFA - continued

State Transportation Series 2006B Revenue Bonds. On September 19, 2006, the Authority issued \$39,005,000 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.

The Department’s future scheduled annual requirement to amortize the Bonds, including interest payments of \$16,562,493, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2006B GRIP:			
2009	\$ 3,165,000	1,538,238	4,703,238
2010	2,345,000	1,432,350	3,777,350
2011	2,100,000	1,346,946	3,446,946
2012	1,225,000	1,283,585	2,508,585
2013	1,270,000	1,283,585	2,553,585
2014 - 2018	5,630,000	4,361,039	9,991,039
2019 - 2023	8,670,000	3,875,500	12,545,500
2024 - 2027	<u>11,105,000</u>	<u>1,441,250</u>	<u>12,546,250</u>
Total	\$ <u>35,510,000</u>	<u>16,562,493</u>	<u>52,072,493</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

11. LONG-TERM OBLIGATIONS - continued

• Bonds Issued by NMFA - continued

The NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008A in the amount of \$115,200,000 were issued in May of 2008 and are payable, together with additional bonds hereafter issued, 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 taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Series 2008A bonds are being issued by the New Mexico Finance Authority (NMFA) at the direction of the New Mexico State Transportation Commission 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.

The Department's future scheduled annual requirement to amortize the Bonds, including interest payments of \$71,252,761, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008A GRIP:			
2009	\$ -	4,531,968	4,531,968
2010	-	4,531,968	4,531,968
2011	-	4,531,968	4,531,968
2012	-	4,531,968	4,531,968
2013	-	4,531,968	4,531,968
2014 – 2018	-	22,659,840	22,659,840
2019 - 2023	37,080,000	22,659,840	59,739,840
2024	<u>78,120,000</u>	<u>3,273,241</u>	<u>81,393,241</u>
Total	\$ <u>115,200,000</u>	<u>71,252,761</u>	<u>186,452,761</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

11. LONG-TERM OBLIGATIONS - continued

- Bonds Issued by NMFA - continued

The NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008B in the amount of \$220,000,000 were issued in May of 2008 and are payable, together with additional bonds hereafter issued, 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 taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Series 2008B bonds are being issued by the New Mexico Finance Authority (NMFA) at the direction of the New Mexico State Transportation Commission 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.

The Department's future scheduled annual requirement to amortize the Bonds, including interest payments of \$181,562,108, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008B GRIP:			
2009	\$ -	10,410,400	10,410,400
2010	-	10,410,400	10,410,400
2011	-	10,410,400	10,410,400
2012	-	10,410,400	10,410,400
2013	-	10,410,400	10,410,400
2014 - 2018	-	52,052,000	52,052,000
2019 - 2023	11,200,000	52,052,000	63,252,000
2024 - 2027	<u>208,800,000</u>	<u>25,406,108</u>	<u>234,206,108</u>
Total	\$ <u>220,000,000</u>	<u>181,562,108</u>	<u>401,562,108</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

11. LONG-TERM OBLIGATIONS - continued

• Bonds Issued by NMFA - continued

The NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008C in the amount of \$84,800,000 were issued in May of 2008 and are payable, together with additional bonds hereafter issued, 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 taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Series 2008C bonds are being issued by the New Mexico Finance Authority (NMFA) at the direction of the New Mexico State Transportation Commission 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.

The Department's future scheduled annual requirement to amortize the Bonds, including interest payments of \$52,302,727, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008C GRIP:			
2009	\$ -	3,336,032	3,336,032
2010	-	3,336,032	3,336,032
2011	-	3,336,032	3,336,032
2012	-	3,336,032	3,336,032
2013	-	3,336,032	3,336,032
2014 - 2018	-	16,680,160	16,680,160
2019 - 2023	27,295,000	16,680,160	43,975,160
2024	<u>57,505,000</u>	<u>2,262,247</u>	<u>59,767,247</u>
Total	\$ <u>84,800,000</u>	<u>52,302,727</u>	<u>137,102,727</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

**11. LONG-TERM OBLIGATIONS - continued**

- **Bonds Issued by NMFA - continued**

The NMFA Adjustable Rate State Transportation Refunding Revenue Bonds (Subordinate Lien) Series 2008D in the amount of \$50,400,000 were issued in May of 2008 and are payable, together with additional bonds hereafter issued, 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 taxes and fees required by law to be paid into the Highway Infrastructure Fund. The Series 2008D bonds are being issued by the New Mexico Finance Authority (NMFA) at the direction of the New Mexico State Transportation Commission 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.

The Department's future scheduled annual requirement to amortize the Bonds, including interest payments of \$18,648,000, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008D GRIP:			
2009	\$ -	1,008,000	1,008,000
2010	-	1,008,000	1,008,000
2011	-	1,008,000	1,008,000
2012	-	1,008,000	1,008,000
2013	-	1,008,000	1,008,000
2014 - 2018	-	5,040,000	5,040,000
2019 - 2023	-	5,040,000	5,040,000
2024 - 2027	<u>50,400,000</u>	<u>3,528,000</u>	<u>53,928,000</u>
Total	\$ <u>50,400,000</u>	<u>18,648,000</u>	<u>69,048,000</u>

- **Capital Leases**

There are no future minimum lease obligations to report as of June 30, 2008.



**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**11. LONG-TERM OBLIGATIONS - continued**

Total future principal and interest obligation repayments are as follows:

<u>Year Ended June 30,</u>	<u>Bonds</u>
2009	\$ 159,883,553
2010	159,882,154
2011	149,563,256
2012	135,884,713
2013	147,262,388
2014 – 2018	552,053,123
2019 – 2023	760,016,414
2024 – 2027	<u>630,194,150</u>
 Total	 \$ <u>2,694,739,751</u>

An obligation amounting to \$7,385,466 at June 30, 2008, has been recorded to the government-wide financial statements representing the Department’s commitment for accrued vacation, sick leave and other compensated absences.

**12. REVERSIONS**

Current year reversions due to the State General Fund as of June 30, 2008 were as follows:

	<u>SHARE System Fund 10070</u>
2008 reversions	\$ 400,623

**13. 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](http://www.pera.state.nm.us).

**13. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION - continued****• Funding Policy**

Plan members are required to contribute 7.42% of their gross salary. The Department's is required to contribute 16.59% 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, 2008, 2007 and 2006 were \$15,997,412, \$14,933,952 and \$15,199,631, respectively, equal to the amount of the required contribution for each year.

**14. 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 the 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.

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

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**14. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

• **Funding Policy - continued**

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](http://www.nmrhca.state.nm.us).

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. The statute requires each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Department's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$1,218,924, \$1,201,755 and \$1,146,926, respectively, which equal the required contributions for each year.

**15. COOPERATIVE AND 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%. 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.

<b>JOINT POWERS AGREEMENTS</b>			
<b>Contract Number</b>	<b>Contractor</b>	<b>Description</b>	<b>Expended in 2008</b>
J00074	Pueblo of Laguna	Miscellaneous construction, to include geotechnical and engineering fees for pedestrian, bikeway and roadway improvements at entrance to new Laguna-Acoma High School on Casa Blanca Road.	-
J00131	City of Albuquerque	Bicycle/pedestrian safety program.	3,340
J00640	City of Albuquerque	Highway maintenance and beautification.	58,826

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**15. COOPERATIVE AND JOINT POWERS AGREEMENTS – continued**

<b>JOINT POWERS AGREEMENTS</b>			
<b>Contract Number</b>	<b>Contractor</b>	<b>Description</b>	<b>Expended in 2008</b>
J00671	City of Albuquerque	Bicycle Travel Demand Management Program/ CN 7366.	90,244
J00682	Navajo Nation	Survey, archaeological clearance and environmental assessment of and improvements to roads in the Rock Springs Chapter in McKinley County.	-
J00686	Pueblo of Acoma	Fund and share the conduct of a feasibility study to replace the Acomita Interchange on I-40.	-
J00692	Village of Tularosa	Construction and remodeling of the existing police department and converting it to the Tularosa Welcome Center/CN 7530.	-
J00694	Navajo Nation	Purchase and install school zone warning signals and speed sign on NM 491/CN 7782.	-
J00695	Navajo Nation	Pave roads for the Thoreau Chapter of the Navajo Nation/CN 7742.	-
J00697	Ohkay Owingeh/San Juan Pueblo	Miscellaneous construction to include the San Juan Pueblo parking area.	-
J00698	NM Institute of Mining & Technology	Severance Tax Agreement for Water Canyon Road/CN 1339.	120,116
J00699	Pueblo of Acoma	Construction of "SP 26", an all weather access road/CN 86581.	-
J00700	City of El Paso, Texas	Replacement of the bridge and culverts on Sunland Park Drive/CN 4035/TC 6301(4).	-
J00701	NM Energy, Minerals and Natural Resources Dept.	Establish a framework to acquire, enhance and maintain approximately 130 acres of wetland habitat in Santa Rosa.	-
J00703	NM Energy, Minerals and Natural Resources Dept.	Provide inmate work crews for improving natural resources and safety on public lands and roads.	-

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**15. COOPERATIVE AND JOINT POWERS AGREEMENTS - continued**

<b>JOINT POWERS AGREEMENTS</b>			
<b>Contract Number</b>	<b>Contractor</b>	<b>Description</b>	<b>Expended in 2008</b>
J00704	Pueblo of Laguna	Miscellaneous construction to include geotechnical and engineering fees for pedestrian, bikeway and roadway improvements at entrances to new Laguna-Acoma High.	215,000
J00707	Pueblo of Zuni	A pedestrian travel demand study for Black Rock Community.	-
J00708	Navajo Nation	Road improvements and a maintenance yard at the Bread Springs Chapter of Navajo Nation in McKinley County.	-
J00709	NM Department of Cultural Affairs	Provide FY 2006 – 2010 Consultant Design Program to maintain an inventory of cultural properties in the State of New Mexico.	-
J00711	NM Office of Cultural Affairs	Provide FY 2006 – 2010 Consultant Design Program for the review of cultural resource documents pertinent to the completion of proposed highway construction project in New Mexico.	-
J00713	Pueblo of Zuni	Install two traffic school flashing units on State Road 53 Priority (2) BIA Route 301 North Zuni High School.	-
J00714	Pueblo of Laguna	Provide for the design and improvement of the Exit 108 Interchange on Interstate Highway 40 and BIA Road L22 on the Pueblo of Laguna Indian Reservation.	-
J00717	NM Tourism Department	Design and construct the Special Attraction Component of the Glenrio and Manuelito rest areas/visitor information centers.	-
J00718	Pueblo of Acoma	Construction, re-construction of various streets on Pueblo of Acoma Indian Reservation.	-
J00721	Navajo Nation	Plan, design and construct various road improvements in McKinley, San Juan and Sandoval counties.	-

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**15. COOPERATIVE AND JOINT POWERS AGREEMENTS - continued**

<b>JOINT POWERS AGREEMENTS</b>			
<b>Contract Number</b>	<b>Contractor</b>	<b>Description</b>	<b>Expended in 2008</b>
J00722	Navajo Nation	Acquire Right of Way.	-
J00724	Pueblo of Acoma	Road improvements on Skyline Road, Acoma Route 32 for 0.8 miles, to include 3 inch mill/inlay for pavement, sidewalks, new curb and gutter, street lighting, 2 crosswalks at school crossing, drainage culverts, signing, marking.	-
J00725	Pueblo of Acoma	Construction, reconstruction for various streets for the Pueblo of Acoma in Acoma Indian Reservation.	-
J00726	Pueblo of Acoma	Construction of Acomita Road, Pueblo of Acoma Indian Reservation, Acomita Road SP30(1)2 & 4 (clearing and grubbing, roadway excavation, Portland cement standard curb and gutter.	-
J00727	Pueblo of Santa Clara	Maintain traffic signal at NM 30 and Puye Road.	-
J00729	Navajo Nation	Plan, design and construct road and culvert improvements.	-
J00730	NM Corrections Department	Utilize supervised inmates to perform minor highway maintenance and beautification.	315,739
J00731	Acoma Pueblo	Road improvements on Skyline Road, Acoma Route 32 for 0.8 miles, to include 3 inch mill/inlay for pavement, sidewalks for .8 miles, new curb and gutter for .3 miles, street lighting, 2 crosswalks at school crossing, drainage culverts, signing and markings.	-
J00734	Pueblo of Zia	Acquisition of rights of way, planning, design and construction drainage and paving improvements in Zia Pueblo.	-
J00735	Tesuque Pueblo	Safety enhancements, including acquisition of rights of way, planning, design and construction for pedestrian and school areas and for the purchase of an emergency vehicle in the Pueblo of Tesuque in Santa Fe County.	-

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**15. COOPERATIVE AND JOINT POWERS AGREEMENTS - continued**

<b>JOINT POWERS AGREEMENTS</b>			
<b>Contract Number</b>	<b>Contractor</b>	<b>Description</b>	<b>Expended in 2008</b>
J00736	Mescalero Apache Tribe	Study of alternate routes and the acquisition of rights of way, planning, design and construction of roadway drainage and paving improvements to Ski Apache access road in Otero County.	-
J00737	Pueblo of Sandia	Acquisition of right of way, planning, design and construction of railroad crossing safety improvement in the Pueblo of Sandia in Sandoval County.	-
J00738	Pueblo of Pojoaque	Acquisition of rights of way, planning, design and construction, drainage, safety and paving improvements, including sidewalks and new road construction for housing subdivisions and pedestrian and bike trails in the Pueblo of Pojoaque in Santa Fe County.	-
J00739	Jicarilla Apache Nation	Acquisition of rights of way, planning, design and construction, drainage, safety and paving improvements, sidewalks and street lighting to Sandhill Drive in the Jicarilla Apache Nation in Rio Arriba County.	-
J00740	NM Environment Department	Joint sponsorship of a position of employment at the NMED Surface Water Quality Bureau.	-
J00741	Pueblo of Picuris	Renovate roadways, including acquisition of right of way, planning, design and construction, drainage and paving improvements in the Pueblo of Picuris in Taos County.	-
J00743	Pueblo of Sandia	Plan, design and construct improvements to streets at the Pueblo of Sandia in Sandoval County.	-
J00744	Sierra County	Acquire land, plan, design, construct, furnish and equip the Southwest Regional Spaceport in Sierra County; acquire rights of way, plan, design and construct drainage and paving improvements in Sierra County and Dona Ana County that are related to the Spaceport.	-

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**15. COOPERATIVE AND JOINT POWERS AGREEMENTS - continued**

<b>JOINT POWERS AGREEMENTS</b>			
<b>Contract Number</b>	<b>Contractor</b>	<b>Description</b>	<b>Expended in 2008</b>
J00745	Pueblo of Sandia	Specify and delineate the rights and duties related to the NM 313 (4 <sup>th</sup> Street/NM 556-Roy Avenue) intersection. CN D3086/Project No. TPU-0313 (5).	-
J00746	Pueblo of Acoma	Pavement rehabilitation and reconstruction of various roads within the Pueblo of Acoma.	-
J00747	Taos Pueblo	Construction of Hail Road through Pueblo Land on a new alignment and signalization of the intersection with US 64 within the Town of Taos city limits.	-
J00748	Pueblo of Zuni	Acquisition of right of way, planning, study, design and construction of roadway drainage and paving improvements to BIA Route 301 in the Pueblo of Zuni in McKinley County.	-
J00749	Pueblo of Acoma	Acquisition of right of way, planning, study, design and construction of new bridge and roadway drainage and paving improvement for a railroad grade separation bridge connecting Bureau of Indian Affairs Road 30 and 36 in the Pueblo of Acoma in Cibola County.	-
J00750	Pueblo of Nambe	Acquisition of right of way, planning, study, design and construction of roadway drainage and paving improvements to Alabama Street in the Pueblo of Nambe in Santa Fe County.	-
J00751	Pueblo of San Felipe	Acquisition of right of way, planning, design and construction of roadway drainage and bridge replacement for bridge number 8 on State Road 313 in the Pueblo of San Felipe in Sandoval County.	-
J00752	US Department of Interior	To allow the Department to transfer the apportionments, contract authority and obligation authority to BIA to complete the Chaco Wash Bridge and road improvements on Navajo Route 46, in rural area of McKinley County, NM.	-



**16. RISK MANAGEMENT**

The Department is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the agency carries insurance (Workers' Compensation, Unemployment Compensation, Employee Liability and Transportation Property), with the State of New Mexico Risk Management Division (RMD) of the General Services Department.

There are no pending or known threatened legal proceedings involving material matters to which the Department is party.

**17. FEDERAL HIGHWAY ADMINISTRATION (FHWA) AUTHORIZATIONS**

The FHWA annually allocates funds to the State of New Mexico, which are available for various federally-sponsored projects. The authorizations expire within two to five years from date of authorization.

In order to obtain funding commitments from FHWA for such allotments, projects must be submitted to and be approved by the FHWA. As of June 30, 2008, the amount of authorizations granted to the State of New Mexico that had not been converted to commitments because FHWA did not award sufficient obligation authority to the Department was \$172,854,909.

**18. 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 legal counsel, it is possible that contractor claims in excess of \$700,000 may result in potential exposure to the Department, but the exact amount of loss cannot be reasonably estimated and is therefore not accrued in the accompanying financial statements.

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

19. **OPERATING LEASE COMMITMENT**

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, 2008, was \$877,228.

The future minimum lease payments under operating leases as of June 30, 2008 are as follows:

Years ending June 30:	<u>Lease Amounts</u>
2009	\$ 796,402
2010	378,134
2011	206,522
2012	81,623
2013	70,158
2014 and thereafter	<u>469,758</u>
	\$ <u>2,002,597</u>

20. **COMMITMENTS AND CONTINGENCIES**

- **Arbitrage Rebate Obligation**

As of June 30, 2008, the Department has paid all arbitrage rebates due to the Internal Revenue Service (IRS) on the excess interest income earned on the 1999 CHAT and 2000 CHAT bond proceeds.

- **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, 2008 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.

- **Warranty Claim**

The Department has filed a notice of deficiency regarding New Mexico 44 (now U.S. 550) under the design and construction warranty provided by the contractor. The Department has not specified a dollar amount of the cost of the repairs or replacement attributable to its claim made under the warranty. Accordingly, no amount for the claim receivable is accrued for in the June 30, 2008 financial statements.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**21. UNRESERVED, UNDESIGNATED FUND BALANCE (DEFICIT)**

The unreserved, undesignated fund balance (deficit) is the component of fund balance that represents the portion of the encumbrances that have not been billed to the applicable funding source.

**22. BUDGET TO GAAP RECONCILIATION**

	<u>State Road Fund</u>	<u>Severance Tax Bond Fund</u>	<u>Traffic Safety Fund</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 493,637,933	19,256,628	20,392,575
Add: Net change in accruals due to accounts payable past the DFA cut-off	<u>(10,534,897)</u>	<u>(743,920)</u>	<u>(208,220)</u>
Statement of Revenues and Expenditures – Major Governmental Funds – Budget and Actual (Modified Accrual Basis)	\$ <u>483,103,036</u>	<u>18,512,708</u>	<u>20,184,355</u>
	<u>Local Government Road Fund</u>	<u>Federal Planning and Development</u>	<u>General Fund Appropriations</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 27,052,579	25,238,818	20,721,709
Add: Net change in accruals due to accounts payable past the DFA cut-off	<u>9,233</u>	<u>(384,500)</u>	<u>(1,372,2490)</u>
Statement of Revenues and Expenditures – Major Governmental Funds – Budget and Actual (Modified Accrual Basis)	\$ <u>27,061,812</u>	<u>24,854,318</u>	<u>19,349,460</u>

**23. BUDGETED VS. ACTUAL EXPENDITURES**

The Department had expenditures that exceeded the final budget expenditures as follows:

- State Road Fund, Business/Program Support, Other Category, in the amount of \$3,152,201
- Traffic Safety Fund, Programs and Infrastructure, Contractual Services Category, in the amount of \$68,803
- 2002A CHAT Bond Project Fund, Programs and Infrastructure, Other Category, in the amount of \$28,958
- 2006A GRIP Bond Project Fund, Operating Transfers, in the amount of \$1,330,500
- 2006C GRIP Bond Project Fund, Operating Transfers, in the amount of \$582,500

**23. BUDGETED VS. ACTUAL EXPENDITURES - continued**

- 2006D GRIP Bond Project Fund, Programs and Infrastructure, Other Category, in the amount of \$1,282
- 2006D GRIP Bond Project Fund, Operating Transfers, in the amount of \$1,655,788
- 2006B GRIP Debt Service Fund, Operating Transfers, in the amount of \$950,478
- 2006C GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$5,155,073
- 2006D GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$1,112,884
- 2008A GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$1,439,214
- 2008B, GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$3,690,337
- 2008C GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$719,304
- 2008D GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$365,800

**24. FUND BALANCE RESTATEMENT**

To comply with Governmental Accounting Standards Board Statement No. 33 (GASBS 33), *Accounting and Financial Reporting for Nonexchange Transactions*, the Department has changed its accounting treatment of capital project appropriations financed with bond proceeds.

Prior to the change, the Department recognized – in the year the capital project appropriations were authorized by the Legislature – the entire amount of bond proceeds related to capital project appropriations. It also recognized a corresponding liability, due to project recipients, and the expenditure related to that. It did not take into account the impact of eligibility requirements: under the modified accrual basis of accounting, GASBS 33 requires that the recognition of revenues and expenditures occur only when all applicable *eligibility requirements* have been met. Since all of the eligibility requirements established by the State Board of Finance had not been met by the end of the last fiscal year, the Department's recognition of bond proceeds and the related liability to recipients was premature. As a result of the restatement, the June 30, 2008 fund balance in the Severance Tax Bond Fund (10060) was decreased by \$2,709,582.

**REQUIRED SUPPLEMENTARY INFORMATION**

AS OF JUNE 30, 2008

	Local Government Road Fund	Traffic Safety Fund (SHARE Fund 20800)	State Aviation Fund (SHARE Fund 20500)	Motorcycle Training Fund (SHARE Fund 20600)	Driver Improvement Program Fund
<b>ASSETS:</b>					
Cash and cash equivalents (Note 2):					
Unrestricted	\$ 19,789,298	10,289,023	3,363,538	280,364	3,191
Restricted	-	-	-	-	-
Receivables:					
Taxes receivable, net	3,623,838	40,311	2,041,236	14,548	-
Accounts Receivable, net (Note 3)	-	-	-	-	-
Severance Tax Bond proceeds receivable (Note 4)	-	-	-	-	-
Due from Other State Agencies	121,996	16,068	-	1,526	-
Due from other funds (Note 7)	-	3,433,008	1,353,106	-	289,704
U.S. Department of Transportation, net (Note 6)	-	5,574,803	494,087	-	-
Interest receivable	-	-	-	-	-
Notes and loans receivable (Note 5)	-	-	-	-	-
Other receivables	-	-	14,081	-	-
<b>TOTAL ASSETS</b>	<b>\$ 23,535,132</b>	<b>19,353,213</b>	<b>7,266,048</b>	<b>296,438</b>	<b>292,895</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 4,121,989	4,452,695	110,706	-	-
Due to other funds (Note 7)	1,826,039	6,160,782	639,276	-	-
Payable to other governments	-	-	181,733	-	-
Due to State General Fund	-	-	-	-	-
Deferred revenue	121,996	3,614,270	14,081	1,527	-
Due to others - severance	-	-	-	-	-
Other accrued expenses	-	145,215	3,276	-	-
Other payables	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>6,070,024</b>	<b>14,372,962</b>	<b>949,072</b>	<b>1,527</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Inventories	-	-	-	-	-
Encumbrances	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Debt service	-	-	-	-	-
Other purposes	-	-	-	-	-
Unreserved - undesignated (Note 21)	-	-	-	-	-
Unreserved, reported in non-major:					
Special revenue funds	17,465,108	4,980,251	6,316,976	294,911	292,895
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>17,465,108</b>	<b>4,980,251</b>	<b>6,316,976</b>	<b>294,911</b>	<b>292,895</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,535,132</b>	<b>19,353,213</b>	<b>7,266,048</b>	<b>296,438</b>	<b>292,895</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Combining Balance Sheet - By Fund Type -  
Non-major Governmental Funds

Special Revenue Funds					
DWI Prevention and Education Fund (SHARE Fund 20700)	Bond Project Fund (1993 Bonds) (Fund 39400)	Bond Project Fund (1998 & 1999 CHAT)	Bond Project Fund (2000 CHAT)	Bond Project Fund (2001 CHAT)	Bond Project Fund (2002A CHAT)
1,018,771	-	-	-	-	-
-	1,605,586	241,049	6,675	9,424,555	154,124
31,850	-	-	-	-	-
-	-	-	-	-	-
-	9,327	1,401	29	-	896
-	-	3,088,612	1,788,987	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	275	-
<u>1,050,621</u>	<u>1,614,913</u>	<u>3,331,062</u>	<u>1,795,691</u>	<u>9,424,830</u>	<u>155,020</u>
-	-	-	-	-	-
31,895	37,804	1,224,580	3,682,444	986,446	2,020,149
-	-	-	-	-	-
-	9,327	1,401	29	-	896
-	-	-	-	-	-
8,497	-	-	-	-	-
-	-	-	-	-	-
40,392	47,131	1,225,981	3,682,473	986,446	2,021,045
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,010,229	1,567,782	2,105,081	(1,886,782)	8,438,384	(1,866,025)
-	-	-	-	-	-
<u>1,010,229</u>	<u>1,567,782</u>	<u>2,105,081</u>	<u>(1,886,782)</u>	<u>8,438,384</u>	<u>(1,866,025)</u>
<u>1,050,621</u>	<u>1,614,913</u>	<u>3,331,062</u>	<u>1,795,691</u>	<u>9,424,830</u>	<u>155,020</u>

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AS OF JUNE 30, 2008

	Bond Project Fund (2002C HIF)	Bond Project Fund (2002D CHAT)	Federal Planning and Development Fund	Bond GRIP Project Fund (2006B)	Bond GRIP Project Fund (2006D)
<b>ASSETS:</b>					
Cash and cash equivalents (Note 2):					
Unrestricted	\$ -	-	(1,383,955)	-	-
Restricted	1,282,448	767,090	853,317	149,785	50,179,007
Receivables:					
Taxes receivable, net	-	-	-	-	-
Accounts Receivable, net (Note 3)	-	-	-	-	-
Severance Tax Bond proceeds receivable (Note 4)	-	-	-	-	-
Due from Other State Agencies	7,451	4,457	-	-	-
Due from other funds (Note 7)	-	-	14,860	-	-
U.S. Department of Transportation, net (Note 6)	-	-	683,634	-	-
Interest receivable	-	-	-	-	1,282
Notes and loans receivable (Note 5)	-	-	-	-	-
Other receivables	-	-	694,547	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,289,899</b>	<b>771,547</b>	<b>862,403</b>	<b>149,785</b>	<b>50,180,289</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	-	2,273,209	-	79,657
Due to other funds (Note 7)	-	142,904	841,299	-	-
Payable to other governments	-	-	21,930	-	-
Due to State General Fund	-	-	-	-	-
Deferred revenue	7,451	4,457	520,473	-	-
Due to others - severance	-	-	-	-	-
Other accrued expenses	-	-	211,751	-	-
Other payables	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>7,451</b>	<b>147,361</b>	<b>3,868,662</b>	<b>-</b>	<b>79,657</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Inventories	-	-	-	-	-
Encumbrances	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Debt service	-	-	-	-	-
Other purposes	-	-	-	-	-
Unreserved - undesignated (Note 21)	-	-	-	-	-
Unreserved, reported in non-major:					
Special revenue funds	1,282,448	624,186	(3,006,259)	149,785	50,100,632
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,282,448</b>	<b>624,186</b>	<b>(3,006,259)</b>	<b>149,785</b>	<b>50,100,632</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,289,899</b>	<b>771,547</b>	<b>862,403</b>	<b>149,785</b>	<b>50,180,289</b>



NEW MEXICO DEPARTMENT OF TRANSPORTATION

Combining Balance Sheet - By Fund Type -  
Non-major Governmental Funds - continued

<b>Special Revenue Funds</b>				
<b>10060 - Severance Tax Bonds</b>	<b>10070 - Gen Fund Multi Year</b>	<b>Total Special Revenue Funds</b>	<b>Capital Project Improvements Fund</b>	<b>Total Capital Project Funds</b>
-	-	33,360,230	-	-
(8,649,323)	119,182,809	175,197,122	(8,988,138)	(8,988,138)
-	-	5,751,783	-	-
-	-	-	-	-
12,817,132	-	12,817,132	-	-
-	773,000	936,151	-	-
28,508,396	21,834,003	60,310,676	14,190,681	14,190,681
-	-	6,752,524	-	-
-	-	1,282	-	-
-	-	-	-	-
-	-	708,903	600,000	600,000
<u>32,676,205</u>	<u>141,789,812</u>	<u>295,835,803</u>	<u>5,802,543</u>	<u>5,802,543</u>
2,747,153	2,379,366	16,164,775	44,954	44,954
33,186,068	1,338,933	52,118,619	10,624	10,624
-	525,000	728,663	-	-
-	400,623	400,623	-	-
-	-	4,295,908	-	-
-	-	-	-	-
-	-	368,739	-	-
-	-	-	-	-
35,933,221	4,643,922	74,077,327	55,578	55,578
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(3,257,016)	137,145,890	221,758,476	-	-
-	-	-	5,746,965	5,746,965
-	-	-	-	-
<u>(3,257,016)</u>	<u>137,145,890</u>	<u>221,758,476</u>	<u>5,746,965</u>	<u>5,746,965</u>
<u>32,676,205</u>	<u>141,789,812</u>	<u>295,835,803</u>	<u>5,802,543</u>	<u>5,802,543</u>

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	Debt Service (2001 CHAT)	Debt Service (WIPP Bonds)	Debt Service (1998 CHAT)	Debt Service (1999 CHAT)	Debt Service (2000 CHAT)
<b>ASSETS:</b>					
Cash and cash equivalents (Note 2):					
Unrestricted	\$ -	-	-	-	-
Restricted	1,755,663	139,439	181,113	821,119	1,281,848
Receivables:					
Taxes receivable, net	-	-	-	-	-
Accounts Receivable, net (Note 3)	-	-	-	-	-
Severance Tax Bond proceeds receivable (Note 4)	-	-	-	-	-
Due from Other State Agencies	-	-	-	-	-
Due from other funds (Note 7)	-	13,829	-	-	-
U.S. Department of Transportation, net (Note 6)	-	-	-	-	-
Interest receivable	20,720	1,930	1,284	10,581	15,665
Notes and loans receivable (Note 5)	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,776,383</b>	<b>155,198</b>	<b>182,397</b>	<b>831,700</b>	<b>1,297,513</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	-	-	-	-
Due to other funds (Note 7)	-	-	-	-	-
Payable to other governments	-	-	-	-	-
Due to State General Fund	-	-	-	-	-
Deferred revenue	-	4	810	1,527	1,166
Due to others - severance	-	-	-	-	-
Other accrued expenses	-	-	-	-	-
Other payables	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>4</b>	<b>810</b>	<b>1,527</b>	<b>1,166</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Inventories	-	-	-	-	-
Encumbrances	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Debt service	-	-	-	-	-
Other purposes	-	-	-	-	-
Unreserved - undesignated (Note 21)	-	-	-	-	-
Unreserved, reported in non-major:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	1,776,383	155,194	181,587	830,173	1,296,347
<b>TOTAL FUND BALANCES</b>	<b>1,776,383</b>	<b>155,194</b>	<b>181,587</b>	<b>830,173</b>	<b>1,296,347</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,776,383</b>	<b>155,198</b>	<b>182,397</b>	<b>831,700</b>	<b>1,297,513</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Combining Balance Sheet - By Fund Type -  
Non-major Governmental Funds - continued

Debt Service Funds						
Debt Service (2002A CHAT)	Debt Service (2002B WIPP)	Debt Service (2002C HIF)	Debt Service (2002D CHAT)	Debt Service (2004A GRIP)	Debt Service (2006A GRIP)	Debt Service (2006B GRIP)
-	-	-	-	-	-	-
761,947	789,451	130,741	52,518	1,699,547	-	1,350,612
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	83,855	673,110	416,459
-	-	-	-	-	-	-
9,075	9,119	1,233	-	20,320	2,957	3,685
-	-	-	-	-	-	-
<u>771,022</u>	<u>798,570</u>	<u>131,974</u>	<u>52,518</u>	<u>1,803,722</u>	<u>676,067</u>	<u>1,770,756</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	966,927
477	635	355	73	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>477</u>	<u>635</u>	<u>355</u>	<u>73</u>	<u>-</u>	<u>-</u>	<u>966,927</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
770,545	797,935	131,619	52,445	1,803,722	676,067	803,829
<u>770,545</u>	<u>797,935</u>	<u>131,619</u>	<u>52,445</u>	<u>1,803,722</u>	<u>676,067</u>	<u>803,829</u>
771,022	798,570	131,974	52,518	1,803,722	676,067	1,770,756

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AS OF JUNE 30, 2008

	Debt Service Funds			
	Debt Service (2006C GRIP)	Debt Service (2006D GRIP)	Debt Service (2008A GRIP)	Debt Service (2008B GRIP)
<b>ASSETS:</b>				
Cash and cash equivalents (Note 2):				
Unrestricted	\$ -	-	-	-
Restricted	1,457	-	341,901	213,462
Receivables:				
Taxes receivable, net	-	-	-	-
Accounts Receivable, net (Note 3)	-	-	-	-
Severance Tax Bond proceeds receivable (Note 4)	-	-	-	-
Due from Other State Agencies	-	-	-	-
Due from other funds (Note 7)	-	401,278	436	-
U.S. Department of Transportation, net (Note 6)	-	-	-	-
Interest receivable	-	-	1,757	5,162
Notes and loans receivable (Note 5)	-	-	-	-
Other receivables	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,457</b>	<b>401,278</b>	<b>344,094</b>	<b>218,624</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ -	-	-	-
Due to other funds (Note 7)	1,490,847	-	-	436
Payable to other governments	283,444	94,155	-	-
Due to State General Fund	-	-	-	-
Deferred revenue	-	-	-	-
Due to others - severance	-	-	-	-
Other accrued expenses	-	-	-	-
Other payables	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,774,291</b>	<b>94,155</b>	<b>-</b>	<b>436</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Inventories	-	-	-	-
Encumbrances	-	-	-	-
Prepaid expenses	-	-	-	-
Debt service	-	-	-	-
Other purposes	-	-	-	-
Unreserved - undesignated (Note 21)	-	-	-	-
Unreserved, reported in non-major:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	(1,772,834)	307,123	344,094	218,188
<b>TOTAL FUND BALANCES</b>	<b>(1,772,834)</b>	<b>307,123</b>	<b>344,094</b>	<b>218,188</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,457</b>	<b>401,278</b>	<b>344,094</b>	<b>218,624</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Combining Balance Sheet - By Fund Type -  
Non-major Governmental Funds - continued

<u>Debt Service (2008C GRIP)</u>	<u>Debt Service (2008D GRIP)</u>	<u>Total Debt Service Funds</u>	<u>Total - Other Governmental Funds</u>
-	-	-	33,360,230
-	559,045	10,079,863	176,288,847
-	-	-	-
-	-	-	5,751,783
-	-	-	-
-	-	-	12,817,132
-	-	-	936,151
-	-	1,588,967	76,090,324
-	-	-	-
-	-	-	6,752,524
1,117	1,004	105,609	106,891
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,308,903</u>
<u>1,117</u>	<u>560,049</u>	<u>11,774,439</u>	<u>313,412,785</u>
-	-	-	16,209,729
-	-	1,491,283	53,620,526
-	-	1,344,526	2,073,189
-	-	-	400,623
-	-	5,047	4,300,955
-	-	-	-
-	-	-	368,739
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	2,840,856	76,973,761
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	221,758,476
-	-	-	5,746,965
<u>1,117</u>	<u>560,049</u>	<u>8,933,583</u>	<u>8,933,583</u>
<u>1,117</u>	<u>560,049</u>	<u>8,933,583</u>	<u>236,439,024</u>
<u>1,117</u>	<u>560,049</u>	<u>11,774,439</u>	<u>313,412,785</u>

AS OF JUNE 30, 2008

	Special Revenue Funds					
	Local Government Road Fund (SHARE Fund 20300)	Traffic Safety Fund (SHARE Fund 20800 and 82600)	State Aviation Fund (SHARE Fund 20500)	Motorcycle Training Fund (SHARE Fund 20600)	Driver Improvement Program Fund	DWI Prevention and Education Fund (SHARE Fund 20700)
<b>REVENUES:</b>						
User and fuel taxes	\$ 23,100,192	1,498,994	5,857,165	280,236	184,947	331,047
U.S. Department of Transportation	-	13,365,749	527,042	-	-	-
U.S. Department of Energy	-	-	-	-	-	-
N.M. Department of Human Services	-	-	-	-	-	-
N.M. Dept. of Finance and Administration	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-
Licenses and permits	-	492,082	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Miscellaneous	-	-	74,783	-	-	-
DWI Interlock Device	-	300,000	-	-	-	-
Interest Revenue	814,554	80,163	106,560	5,949	-	-
<b>TOTAL REVENUES</b>	<b>23,914,746</b>	<b>15,736,988</b>	<b>6,565,550</b>	<b>286,185</b>	<b>184,947</b>	<b>331,047</b>
<b>EXPENDITURES:</b>						
Current:						
Operating costs	-	295	60,834	-	-	-
Personal services	-	411,514	77,726	-	-	23,020
Out-of-state travel	-	26,350	14,300	-	-	-
Grants and services	27,052,579	19,085,974	2,349,777	100,000	193,845	5,349
Travel	-	1,609	4,974	-	-	-
Maintenance and repairs	-	-	81,335	-	-	-
Supplies	-	2,496	16,725	-	-	-
Contractual services	-	717,916	459	-	-	-
Other Costs	-	-	4,227	-	-	-
Employee Benefits	-	146,421	25,821	-	-	9,245
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Variable Interest	-	-	-	-	-	-
Trustee and Broker Fees	-	-	-	-	-	-
Debt refunding costs	-	-	-	-	-	-
Debt issuance cost	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>27,052,579</b>	<b>20,392,575</b>	<b>2,636,178</b>	<b>100,000</b>	<b>193,845</b>	<b>37,614</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,137,833)</b>	<b>(4,655,587)</b>	<b>3,929,372</b>	<b>186,185</b>	<b>(8,898)</b>	<b>293,433</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from long-term debt, net	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-
Special appropriations, net of reversions	-	-	-	-	-	-
Other use	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Bond Premiums	-	-	-	-	-	-
Bond Discounts	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(3,137,833)</b>	<b>(4,655,587)</b>	<b>3,929,372</b>	<b>186,185</b>	<b>(8,898)</b>	<b>293,433</b>
<b>FUND BALANCES, June 30, 2007</b>	<b>20,602,941</b>	<b>9,635,838</b>	<b>2,387,604</b>	<b>108,726</b>	<b>301,793</b>	<b>716,796</b>
<b>RESTATEMENT (NOTE 24)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, June 30, 2007, restated</b>	<b>20,602,941</b>	<b>9,635,838</b>	<b>2,387,604</b>	<b>108,726</b>	<b>301,793</b>	<b>716,796</b>
<b>FUND BALANCES, June 30, 2008</b>	<b>\$ 17,465,108</b>	<b>4,980,251</b>	<b>6,316,976</b>	<b>294,911</b>	<b>292,895</b>	<b>1,010,229</b>



AS OF JUNE 30, 2008

## Special Revenue Funds

	Federal Planning and Development Fund	Bond GRIP Project Fund (2006B)	Bond GRIP Project Fund (2006D)	10060 - Severance Tax Bonds	10070 - Gen Fund Multi Year
<b>REVENUES:</b>					
User and fuel taxes	\$ -	-	-	-	-
U.S. Department of Transportation	20,813,532	-	-	-	-
U.S. Department of Energy	-	-	-	-	-
N.M. Department of Human Services	-	-	-	-	-
N.M. Dept. of Finance and Administration	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	4,073,612	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	500,000	-	-	-	-
DWI Interlock Device	-	-	-	-	-
Interest Revenue	524	508,937	1,365,395	-	-
<b>TOTAL REVENUES</b>	<b>25,387,668</b>	<b>508,937</b>	<b>1,365,395</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Current:					
Operating costs	-	-	-	-	6
Personal services	298,539	-	-	-	-
Out-of-state travel	-	-	-	-	-
Grants and services	20,034,010	-	-	50,000	167,459
Travel	-	-	-	-	2,334,521
Maintenance and repairs	-	-	-	-	153
Supplies	-	-	-	3,097,179	1,128,150
Contractual services	4,491,741	-	-	-	11,442
Other Costs	328,025	-	1,282	-	64
Employee Benefits	86,503	-	-	-	-
Capital outlay	-	-	-	16,109,449	17,079,914
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Variable Interest	-	-	-	-	-
Trustee and Broker Fees	-	-	-	-	-
Debt refunding costs	-	-	-	-	-
Debt issuance cost	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>25,238,818</b>	<b>-</b>	<b>1,282</b>	<b>19,256,628</b>	<b>20,721,709</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>148,850</b>	<b>508,937</b>	<b>1,364,113</b>	<b>(19,256,628)</b>	<b>(20,721,709)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from long-term debt, net	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-
Special appropriations, net of reversions	-	-	-	-	50,228,950
Other use	-	-	-	-	-
Bond Proceeds	-	-	-	19,256,628	-
Bond Premiums	-	-	-	-	-
Bond Discounts	-	-	-	-	-
Transfers in (out)	-	(1,000,000)	(1,655,788)	-	(670,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(1,000,000)</b>	<b>(1,655,788)</b>	<b>19,256,628</b>	<b>49,558,950</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>148,850</b>	<b>(491,063)</b>	<b>(291,675)</b>	<b>-</b>	<b>28,837,241</b>
<b>FUND BALANCES, June 30, 2007</b>	<b>(3,155,109)</b>	<b>640,848</b>	<b>50,392,307</b>	<b>(547,434)</b>	<b>108,308,649</b>
<b>RESTATEMENT (NOTE 24)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,709,582)</b>	<b>-</b>
<b>FUND BALANCES, June 30, 2007, restated</b>	<b>(3,155,109)</b>	<b>640,848</b>	<b>50,392,307</b>	<b>(3,257,016)</b>	<b>108,308,649</b>
<b>FUND BALANCES, June 30, 2008</b>	<b>\$ (3,006,259)</b>	<b>149,785</b>	<b>50,100,632</b>	<b>(3,257,016)</b>	<b>137,145,890</b>



NEW MEXICO DEPARTMENT OF TRANSPORTATION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - By Fund Type - Non-major Governmental Funds - continued

Total Special Revenue Funds	Capital Projects Funds		Debt Service Funds			
	Capital Project Improvements Fund	Total Capital Projects Funds	Debt Service (2001 CHAT)	Debt Service (WIPP Bonds)	Debt Service (1998 CHAT)	Debt Service (1999 CHAT)
31,252,581	-	-	-	-	-	-
34,706,323	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
492,082	-	-	-	-	-	-
-	-	-	-	-	-	-
4,073,612	-	-	-	-	-	-
-	-	-	-	-	-	-
832,595	-	-	-	-	-	-
300,000	-	-	-	-	-	-
<u>3,028,735</u>	-	-	<u>430,605</u>	<u>25,865</u>	<u>15,326</u>	<u>195,718</u>
74,685,928	-	-	430,605	25,865	15,326	195,718
61,135	-	-	-	-	-	-
810,799	-	-	-	-	-	-
40,650	-	-	-	-	-	-
69,038,993	-	-	-	-	-	-
2,341,104	-	-	-	-	-	-
81,488	-	-	-	-	-	-
4,244,550	-	-	-	-	-	-
5,221,558	-	-	-	-	-	-
362,556	-	-	-	-	-	-
267,990	-	-	-	-	-	-
33,189,363	10,400,806	10,400,806	-	-	-	-
-	-	-	17,685,000	-	-	8,370,000
-	-	-	5,508,148	1,751,613	910,200	1,058,925
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>115,660,186</u>	<u>10,400,806</u>	<u>10,400,806</u>	<u>23,193,148</u>	<u>1,751,613</u>	<u>910,200</u>	<u>9,428,925</u>
(40,974,258)	(10,400,806)	(10,400,806)	(22,762,543)	(1,725,748)	(894,874)	(9,233,207)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
50,228,950	6,017,452	6,017,452	-	-	-	-
-	-	-	-	-	-	-
19,256,628	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(3,325,788)</u>	-	-	<u>23,193,148</u>	<u>1,751,613</u>	<u>910,200</u>	<u>9,428,925</u>
<u>66,159,790</u>	<u>6,017,452</u>	<u>6,017,452</u>	<u>23,193,148</u>	<u>1,751,613</u>	<u>910,200</u>	<u>9,428,925</u>
25,185,532	(4,383,354)	(4,383,354)	430,605	25,865	15,326	195,718
199,282,526	10,130,319	10,130,319	1,345,778	129,329	166,261	634,455
<u>(2,709,582)</u>	-	-	-	-	-	-
<u>196,572,944</u>	<u>10,130,319</u>	<u>10,130,319</u>	<u>1,345,778</u>	<u>129,329</u>	<u>166,261</u>	<u>634,455</u>
<u>221,758,476</u>	<u>5,746,965</u>	<u>5,746,965</u>	<u>1,776,383</u>	<u>155,194</u>	<u>181,587</u>	<u>830,173</u>

AS OF JUNE 30, 2008

	Debt Service (2000 CHAT)	Debt Service (2002A CHAT)	Debt Service (2002B WIPP)	Debt Service (2002C HIF)	Debt Service (2002D CHAT)	Debt Service (2004A GRIP)
<b>REVENUES:</b>						
User and fuel taxes	\$ -	-	-	-	-	-
U.S. Department of Transportation	-	-	-	-	-	-
U.S. Department of Energy	-	-	-	-	-	-
N.M. Department of Human Services	-	-	-	-	-	-
N.M. Dept. of Finance and Administration	-	-	-	-	-	-
Fees and fines	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
DWI Interlock Device	-	-	-	-	-	-
Interest Revenue	306,704	190,722	190,185	24,638	3,996	464,546
<b>TOTAL REVENUES</b>	<b>306,704</b>	<b>190,722</b>	<b>190,185</b>	<b>24,638</b>	<b>3,996</b>	<b>464,546</b>
<b>EXPENDITURES:</b>						
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	13,060,000	7,935,000	8,525,000	-	-	-
Interest and other charges	2,420,650	1,982,250	898,500	1,709,524	194,825	36,216,759
Variable Interest	-	-	-	-	-	-
Trustee and Broker Fees	-	-	-	-	-	1,750,000
Debt refunding costs	-	-	-	-	-	-
Debt issuance cost	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>15,480,650</b>	<b>9,917,250</b>	<b>9,423,500</b>	<b>1,709,524</b>	<b>194,825</b>	<b>37,966,759</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(15,173,946)</b>	<b>(9,726,528)</b>	<b>(9,233,315)</b>	<b>(1,684,886)</b>	<b>(190,829)</b>	<b>(37,502,213)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from long-term debt, net	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-
Special appropriations, net of reversions	-	-	-	-	-	-
Other use	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Bond Premiums	-	-	-	-	-	-
Bond Discounts	-	-	-	-	-	-
Transfers in (out)	15,480,650	9,917,250	9,423,500	1,709,524	194,825	37,966,759
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>15,480,650</b>	<b>9,917,250</b>	<b>9,423,500</b>	<b>1,709,524</b>	<b>194,825</b>	<b>37,966,759</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>306,704</b>	<b>190,722</b>	<b>190,185</b>	<b>24,638</b>	<b>3,996</b>	<b>464,546</b>
<b>FUND BALANCES, June 30, 2007</b>	<b>989,643</b>	<b>579,823</b>	<b>607,750</b>	<b>106,981</b>	<b>48,449</b>	<b>1,339,176</b>
<b>RESTATEMENT (NOTE 24)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, June 30, 2007, restated</b>	<b>989,643</b>	<b>579,823</b>	<b>607,750</b>	<b>106,981</b>	<b>48,449</b>	<b>1,339,176</b>
<b>FUND BALANCES, June 30, 2008</b>	<b>\$ 1,296,347</b>	<b>770,545</b>	<b>797,935</b>	<b>131,619</b>	<b>52,445</b>	<b>1,803,722</b>



NEW MEXICO DEPARTMENT OF TRANSPORTATION

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - By Fund Type - Non-major Governmental Funds - continued

AS OF JUNE 30, 2008

	Debt Service Funds		
	Debt Service (2008D GRIP)	Total Debt Service Funds	Total - Other Governmental Funds
<b>REVENUES:</b>			
User and fuel taxes	\$ -	-	31,252,581
U.S. Department of Transportation	-	-	34,706,323
U.S. Department of Energy	-	-	-
N.M. Department of Human Services	-	-	-
N.M. Dept. of Finance and Administration	-	-	-
Fees and fines	-	-	-
Licenses and permits	-	-	492,082
Intergovernmental	-	-	-
Charges for services	-	-	4,073,612
Investment earnings	-	-	-
Miscellaneous	-	-	832,595
DWV Interlock Device	-	-	300,000
Interest Revenue	<u>1,075</u>	<u>8,938,611</u>	<u>11,967,346</u>
<b>TOTAL REVENUES</b>	<b>1,075</b>	<b>8,938,611</b>	<b>83,624,539</b>
<b>EXPENDITURES:</b>			
Current:			
Operating costs	-	-	61,135
Personal services	-	-	810,799
Out-of-state travel	-	-	40,650
Grants and services	-	-	69,038,993
Travel	-	-	2,341,104
Maintenance and repairs	-	-	81,488
Supplies	-	-	4,244,550
Contractual services	-	-	5,221,558
Other Costs	-	-	362,556
Employee Benefits	-	-	267,990
Capital outlay	-	-	43,590,169
Debt service:			
Principal	-	328,200,000	328,200,000
Interest and other charges	-	71,939,190	71,939,190
Variable Interest	37,870	12,138,343	12,138,343
Trustee and Broker Fees	63,000	3,423,366	3,423,366
Debt refunding costs	-	-	-
Debt issuance cost	<u>264,930</u>	<u>2,043,624</u>	<u>2,043,624</u>
<b>TOTAL EXPENDITURES</b>	<b><u>365,800</u></b>	<b><u>417,744,523</u></b>	<b><u>543,805,515</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(364,725)</b>	<b>(408,805,912)</b>	<b>(460,180,976)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from long-term debt, net	50,400,000	470,400,000	470,400,000
Proceeds from capital leases	-	-	-
Special appropriations, net of reversions	-	-	56,246,402
Other use	-	-	-
Bond Proceeds	-	-	19,256,628
Bond Premiums	-	-	-
Bond Discounts	-	-	-
Transfers in (out)	<u>(49,475,226)</u>	<u>(59,165,250)</u>	<u>(62,491,038)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>924,774</u></b>	<b><u>411,234,750</u></b>	<b><u>483,411,992</u></b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>560,049</b>	<b>2,428,838</b>	<b>23,231,016</b>
<b>FUND BALANCES, June 30, 2007</b>	<b>-</b>	<b>6,504,745</b>	<b>215,917,590</b>
<b>RESTATEMENT (NOTE 24)</b>	<b>-</b>	<b>-</b>	<b>(2,709,582)</b>
<b>FUND BALANCES, June 30, 2007, restated</b>	<b>-</b>	<b>6,504,745</b>	<b>213,208,008</b>
<b>FUND BALANCES, June 30, 2008</b>	<b>\$ <u>560,049</u></b>	<b><u>8,933,583</u></b>	<b><u>236,439,024</u></b>

**SUPPLEMENTARY INFORMATION**

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis)

YEAR ENDED JUNE 30, 2008

	2004B/C DEBT SERVICE FUND (SHARE 10090)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	11,074,868	11,074,868
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	\$ -	-	11,074,868	11,074,868
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	249,074,660	249,074,660	235,782,395	13,292,265
Transfers (in) out	(235,904,660)	(235,904,660)	(226,179,013)	(9,725,647)
	13,170,000	13,170,000	9,603,382	3,566,618
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ 13,170,000	13,170,000	9,603,382	3,566,618

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	STATE INFRASTRUCTURE BANK (SHARE 89300)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	6,279,402	6,279,402	760,530	(5,518,872)
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	6,279,402	6,279,402	760,530	(5,518,872)
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	3,485,000		
	\$ 6,279,402	9,764,402		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	6,279,402	9,764,402	-	9,764,402
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	6,279,402	9,764,402	-	9,764,402
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ 6,279,402	9,764,402	-	9,764,402

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -

Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

<u>LOCAL GOVERNMENT ROAD FUND (SHARE 20300)</u>				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Modified Accrual)</u>	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	41,482,523	41,482,523	23,914,746	(17,567,777)
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 41,482,523</b>	<b>41,482,523</b>	<b>23,914,746</b>	<b>(17,567,777)</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	41,482,523	41,482,523	27,061,812	14,420,711
	41,482,523	41,482,523	27,061,812	14,420,711
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ 41,482,523</b>	<b>41,482,523</b>	<b>27,061,812</b>	<b>14,420,711</b>



NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -

Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	TRAFFIC SAFETY FUND (SHARE 20800/10010/82600)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ 9,927,500	17,127,500	13,365,749	(3,761,751)
Other state funds	10,574,192	10,574,192	2,371,239	(8,202,953)
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<u>20,501,692</u>	<u>27,701,692</u>	<u>15,736,988</u>	<u>(11,964,704)</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	400,000		
	\$ <u>20,501,692</u>	<u>28,101,692</u>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ 878,000	878,000	557,935	320,065
Contractual Services	505,000	505,000	573,803	(68,803)
Other	19,118,692	26,718,692	19,052,617	7,666,075
Transfers (in) out	-	-	-	-
	<u>20,501,692</u>	<u>28,101,692</u>	<u>20,184,355</u>	<u>7,917,337</u>
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ <u>20,501,692</u>	<u>28,101,692</u>	<u>20,184,355</u>	<u>7,917,337</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

STATE AVIATION FUND (SHARE 20500)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ 100,000	100,000	527,042	427,042
Other state funds	3,222,284	3,222,284	6,038,508	2,816,224
State General Fund	-	960,000	-	(960,000)
<b>TOTAL REVENUES</b>	<b>\$ 3,322,284</b>	<b>4,282,284</b>	<b>6,565,550</b>	<b>2,283,266</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ 508,200	508,200	103,547	404,653
Contractual Services	963,800	100,000	459	99,541
Other	1,850,284	3,674,084	2,532,172	1,141,912
Transfers (in) out	-	-	-	-
	3,322,284	4,282,284	2,636,178	1,646,106
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ 3,322,284</b>	<b>4,282,284</b>	<b>2,636,178</b>	<b>1,646,106</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	MOTORCYCLE TRAINING FUND (SHARE 20600)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	92,000	92,000	286,185	194,185
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	92,000	92,000	286,185	194,185
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	8,000		
	\$ 92,000	100,000		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	92,000	100,000	100,000	-
Transfers (in) out	-	-	-	-
	92,000	100,000	100,000	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ 92,000	100,000	100,000	-

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

DRIVER IMPROVEMENT PROGRAM FUND (SHARE 10020)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Over (Under)
			(Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	247,572	247,572	184,947	(62,625)
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 247,572</b>	<b>247,572</b>	<b>184,947</b>	<b>(62,625)</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	247,572	247,572	193,845	53,727
Transfers (in) out	-	-	-	-
	247,572	247,572	193,845	53,727
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ 247,572</b>	<b>247,572</b>	<b>193,845</b>	<b>53,727</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

**DWI PREVENTION AND EDUCATION FUND (SHARE 20700)**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	192,319	492,319	331,047	(161,272)
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	192,319	492,319	331,047	(161,272)
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	275,000		
	\$ <u>192,319</u>	<u>767,319</u>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	75,000	32,265	42,735
Contractual Services	-	-	-	-
Other	192,319	692,319	5,349	686,970
Transfers (in) out	-	-	-	-
	192,319	767,319	37,614	729,705
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ <u>192,319</u>	<u>767,319</u>	<u>37,614</u>	<u>729,705</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

BOND PROJECT FUND - 1993 BONDS (SHARE 39400)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Over (Under)
			(Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	61,136	61,136
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	<u>61,136</u>	<u>61,136</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-		
	<u>\$ -</u>	<u>-</u>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	BOND PROJECT FUND (1998 - 1999 CHAT) (SHARE 43000)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	9,178	9,178
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	<u>9,178</u>	<u>9,178</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-		
	\$ -	-		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ -	-	-	-

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -

Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

**BOND PROJECT FUND (2000 CHAT) (SHARE 34500)**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	1,886	1,886
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	<u>1,886</u>	<u>1,886</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-		
	\$ -	-		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ -	-	-	-



NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	BOND PROJECT FUND (2001 CHAT) (SHARE 00600)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	207,278	207,278
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	<u>207,278</u>	<u>207,278</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-		
	\$ -	-		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ -	-	<u>-</u>	<u>-</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	BOND PROJECT FUND (2002A CHAT) (SHARE 36800)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	6,045	6,045
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	<u>6,045</u>	<u>6,045</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-		
	\$ -	-		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	28,958	(28,958)
Transfers (in) out	-	-	-	-
	-	-	28,958	(28,958)
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ -	-	<u>28,958</u>	<u>(28,958)</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	BOND PROJECT FUND (2002C HIF) (SHARE 36100)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	89,734	89,734
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	<u>89,734</u>	<u>89,734</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-		
	\$ -	-		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ -	-	<u>-</u>	<u>-</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

**BOND PROJECT FUND (2002D CHAT) (SHARE 11500)**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	29,208	29,208
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	<u>29,208</u>	<u>29,208</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-		
	<u>\$ -</u>	<u>-</u>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

FEDERAL PLANNING AND  
DEVELOPMENT FUND (SHARE 10030)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ 11,546,200	21,546,200	20,813,532	(732,668)
Other state funds	5,300,439	7,304,559	4,574,136	(2,730,423)
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 16,846,639</b>	<b>28,850,759</b>	<b>25,387,668</b>	<b>(3,463,091)</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ 808,700	808,700	385,042	423,658
Contractual Services	-	-	-	-
Other	16,037,939	28,042,059	24,469,276	3,572,783
Transfers (in) out	-	-	-	-
	16,846,639	28,850,759	24,854,318	3,996,441
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ 16,846,639</b>	<b>28,850,759</b>	<b>24,854,318</b>	<b>3,996,441</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -

Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

BOND PROJECT FUND (2006B GRIP) (SHARE 10230)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Over (Under)
			(Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	1,000,000	508,937	(491,063)
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	-	1,000,000	<u>508,937</u>	<u>(491,063)</u>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-		
	\$ -	<u>1,000,000</u>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	1,000,000	1,000,000	-
	-	1,000,000	1,000,000	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ -	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	BOND PROJECT FUND (2006D GRIP) (SHARE 10270)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	350,000	350,000	1,365,395	1,015,395
State General Fund	-	-	-	-
Bond proceeds	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 350,000</b>	<b>350,000</b>	<b>1,365,395</b>	<b>1,015,395</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	1,282	(1,282)
Transfers (in) out	-	-	1,655,788	(1,655,788)
	-	-	1,657,070	(1,657,070)
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>1,657,070</b>	<b>(1,657,070)</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

SEVERANCE TAX BOND APPROPRIATIONS FUND (SHARE 10060)

	<u>Life-to-Date Budgeted Amounts</u>	<u>FY08 Actual Amounts (Modified Accrual)</u>	<u>Life-to-Date Actual Amounts (Modified Accrual)</u>	<u>Variance Over (Under)</u>
<b>REVENUES:</b>				
State General Fund	\$ -	-	-	-
Inter-agency transfers	<u>180,452,258</u>	<u>19,256,628</u>	<u>55,744,895</u>	<u>(124,707,363)</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>180,452,258</u></b>	<b><u>19,256,628</u></b>	<b><u>55,744,895</u></b>	<b><u>(124,707,363)</u></b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	117,945,530	15,365,529	64,670,927	53,274,603
Contractual Services	62,506,728	3,147,179	3,147,179	59,359,549
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	180,452,258	18,512,708	67,818,106	112,634,152
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ <u>180,452,258</u></b>	<b><u>18,512,708</u></b>	<b><u>67,818,106</u></b>	<b><u>112,634,152</u></b>



NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

**GENERAL FUND APPROPRIATIONS FUND (SHARE 10070)**

	Life-to-Date Budgeted Amounts	FY08 Actual Amounts (Modified Accrual)	Life-to-Date Actual Amounts (Modified Accrual)	Variance Over (Under)
<b>REVENUES:</b>				
State General Fund	\$ 158,353,491	50,228,950	157,580,491	(773,000)
Inter-agency transfers	<u>1,837,531</u>	<u>205,000</u>	<u>538,877</u>	<u>(1,298,654)</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>160,191,022</u></b>	<b><u>50,433,950</u></b>	<b><u>158,119,368</u></b>	<b><u>(2,071,654)</u></b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	145,015,522	15,707,665	32,642,887	112,372,635
Other	14,030,400	3,641,795	3,641,795	10,388,605
Transfers (in) out	<u>1,145,100</u>	<u>875,000</u>	<u>360,100</u>	<u>785,000</u>
	160,191,022	20,224,460	36,644,782	123,546,240
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ <u>160,191,022</u></b>	<b><u>20,224,460</u></b>	<b><u>36,644,782</u></b>	<b><u>123,546,240</u></b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

CAPITAL PROJECT IMPROVEMENTS FUND (SHARE 10050)

	<u>Life-to-Date Budgeted Amounts</u>	<u>FY08 Actual Amounts (Modified Accrual)</u>	<u>Life-to-Date Actual Amounts (Modified Accrual)</u>	<u>Variance Over (Under)</u>
<b>REVENUES:</b>				
State General Fund	\$ -	-	-	-
Other state funds	5,417,452	5,417,452	5,417,452	-
Inter-agency funds	-	-	-	-
Transfers in	600,000	600,000	600,000	-
Fund Balances	<u>21,033,000</u>	<u>4,383,380</u>	<u>13,080,633</u>	<u>(7,952,367)</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>27,050,452</u></b>	<b><u>10,400,832</u></b>	<b><u>19,098,085</u></b>	<b><u>(7,952,367)</u></b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	14,000,000	8,520,069	13,748,225	251,775
Other	13,043,426	1,880,737	5,349,834	7,693,592
Transfers (in) out	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
	27,050,426	10,400,806	19,098,059	7,952,367
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ <u>27,050,426</u></b>	<b><u>10,400,806</u></b>	<b><u>19,098,059</u></b>	<b><u>7,952,367</u></b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2001 CHAT) (SHARE 00700)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	430,605	430,605
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>430,605</b>	<b>430,605</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	23,193,200	23,193,200	23,193,148	52
Transfers (in) out	(23,193,200)	(23,193,200)	(23,193,148)	(52)
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (WIPP BONDS) (SHARE 97200)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	25,865	25,865
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>25,865</b>	<b>25,865</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	1,751,650	1,751,650	1,751,613	37
Transfers (in) out	(1,751,650)	(1,751,650)	(1,751,613)	(37)
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (1998 CHAT) (SHARE 54800)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	15,326	15,326
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>15,326</b>	<b>15,326</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	910,200	910,200	910,200	-
Transfers (in) out	(910,200)	(910,200)	(910,200)	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (1999 CHAT) (SHARE 43400)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	195,718	195,718
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>195,718</b>	<b>195,718</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	9,428,925	9,428,925	9,428,925	-
Transfers (in) out	(9,428,925)	(9,428,925)	(9,428,925)	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2000 CHAT) (SHARE 43200)			
	Budgeted Amounts		Actual	Variance
	Original	Final	(Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	306,704	306,704
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>306,704</b>	<b>306,704</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	15,480,650	15,480,650	15,480,650	-
Transfers (in) out	(15,480,650)	(15,480,650)	(15,480,650)	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

DEBT SERVICE FUND (2002A CHAT) (SHARE 54700)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	190,722	190,722
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>190,722</b>	<b>190,722</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	9,917,250	9,917,250	9,917,250	-
Transfers (in) out	(9,917,250)	(9,917,250)	(9,917,250)	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>



NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2002B WIPP) (SHARE 75000)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	190,185	190,185
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>190,185</b>	<b>190,185</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	9,423,500	9,423,500	9,423,500	-
Transfers (in) out	(9,423,500)	(9,423,500)	(9,423,500)	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2002C HIF) (SHARE 36300)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	24,638	24,638
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	\$ -	-	24,638	24,638
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	1,709,600	1,709,600	1,709,524	76
Transfers (in) out	(1,709,600)	(1,709,600)	(1,709,524)	(76)
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	\$ -	-	-	-

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

DEBT SERVICE FUND (2002D CHAT) (SHARE 18700)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	3,996	3,996
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>3,996</b>	<b>3,996</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	194,825	194,825	194,825	-
Transfers (in) out	(194,825)	(194,825)	(194,825)	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2004A GRIP) (SHARE 10080)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	464,546	464,546
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>464,546</b>	<b>464,546</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	37,966,800	37,966,800	37,966,759	41
Transfers (in) out	(37,966,800)	(37,966,800)	(37,966,759)	(41)
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2006A GRIP) (SHARE 10220)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	89,604	89,604
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>89,604</b>	<b>89,604</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	7,852,500	7,852,500	7,852,408	92
Transfers (in) out	(7,852,500)	(7,852,500)	(8,428,015)	575,515
	-	-	(575,607)	575,607
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>(575,607)</b>	<b>575,607</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -

Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2006B GRIP) (SHARE 10240)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	102,554	102,554
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>102,554</b>	<b>102,554</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	5,526,225	5,526,225	3,950,613	1,575,612
Transfers (in) out	(5,526,225)	(5,526,225)	(4,575,747)	(950,478)
	-	-	(625,134)	625,134
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>(625,134)</b>	<b>625,134</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2006C GRIP) (SHARE 10260)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	5,634,257	5,634,257
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>5,634,257</b>	<b>5,634,257</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	231,521,500	231,521,500	236,676,573	(5,155,073)
Transfers (in) out	(231,521,500)	(231,521,500)	(229,211,556)	(2,309,944)
	-	-	7,465,017	(7,465,017)
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>7,465,017</b>	<b>(7,465,017)</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2006D GRIP) (SHARE 10280)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	13,694	13,694
State General Fund	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>13,694</b>	<b>13,694</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	51,960,996	51,960,996	53,073,880	(1,112,884)
Transfers (in) out	(51,960,996)	(51,960,996)	(52,955,132)	994,136
	-	-	118,748	(118,748)
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>118,748</b>	<b>(118,748)</b>



NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2008A GRIP) (SHARE 10410)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	298,201	298,201
State General Fund	-	-	-	-
Bond Proceeds	<u>115,200,000</u>	<u>115,200,000</u>	<u>115,200,000</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>115,200,000</u></b>	<b><u>115,200,000</u></b>	<b><u>115,498,201</u></b>	<b><u>298,201</u></b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	1,439,214	(1,439,214)
Transfers (in) out	<u>115,200,000</u>	<u>115,200,000</u>	<u>113,714,893</u>	<u>1,485,107</u>
	<u>115,200,000</u>	<u>115,200,000</u>	<u>115,154,107</u>	<u>45,893</u>
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ <u>115,200,000</u></b>	<b><u>115,200,000</u></b>	<b><u>115,154,107</u></b>	<b><u>45,893</u></b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2008B GRIP) (SHARE 10420)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	850,570	850,570
State General Fund	-	-	-	-
Bond Proceeds	<u>220,000,000</u>	<u>220,000,000</u>	<u>220,000,000</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>220,000,000</u></b>	<b><u>220,000,000</u></b>	<b><u>220,850,570</u></b>	<b><u>850,570</u></b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	3,690,337	(3,690,337)
Transfers (in) out	<u>220,000,000</u>	<u>220,000,000</u>	<u>216,942,045</u>	<u>3,057,955</u>
	<u>220,000,000</u>	<u>220,000,000</u>	<u>220,632,382</u>	<u>(632,382)</u>
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ <u>220,000,000</u></b>	<b><u>220,000,000</u></b>	<b><u>220,632,382</u></b>	<b><u>(632,382)</u></b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2008C GRIP) (SHARE 10430)			
	Budgeted Amounts		Actual	Variance
	Original	Final	(Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	100,351	100,351
State General Fund	-	-	-	-
Bond Proceeds	<u>84,800,000</u>	<u>84,800,000</u>	<u>84,800,000</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>84,800,000</u></b>	<b><u>84,800,000</u></b>	<b><u>84,900,351</u></b>	<b><u>100,351</u></b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	719,304	(719,304)
Transfers (in) out	<u>84,800,000</u>	<u>84,800,000</u>	<u>84,179,930</u>	<u>620,070</u>
	<u>84,800,000</u>	<u>84,800,000</u>	<u>84,899,234</u>	<u>(99,234)</u>
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ <u>84,800,000</u></b>	<b><u>84,800,000</u></b>	<b><u>84,899,234</u></b>	<b><u>(99,234)</u></b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Revenues and Expenditures -  
Other Governmental Funds -  
Budget and Actual (Modified Accrual Basis) - continued

YEAR ENDED JUNE 30, 2008

	DEBT SERVICE FUND (2008D GRIP) (SHARE 10440)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	1,075	1,075
State General Fund	-	-	-	-
Bond Proceeds	<u>50,400,000</u>	<u>50,400,000</u>	<u>50,400,000</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>50,400,000</u></b>	<b><u>50,400,000</u></b>	<b><u>50,401,075</u></b>	<b><u>1,075</u></b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Business/Program Support:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	365,800	(365,800)
Transfers (in) out	<u>50,400,000</u>	<u>50,400,000</u>	<u>49,475,226</u>	<u>924,774</u>
	<u>50,400,000</u>	<u>50,400,000</u>	<u>49,841,026</u>	<u>558,974</u>
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ <u>50,400,000</u></b>	<b><u>50,400,000</u></b>	<b><u>49,841,026</u></b>	<b><u>558,974</u></b>

**SUPPLEMENTAL SCHEDULES**

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AS OF JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Current Year Expenditures</u>
	<u>Original</u>	<u>Final</u>	
Expenditures for 2004 multi-year projects Capital outlay	\$ 2,000,000	2,000,000	-
Expenditures for 2001 multi-year projects Capital outlay	2,238,000	2,197,574	-
Expenditures for 2000 multi-year projects Capital outlay	2,094,300	2,828,452	-
Expenditures for 2006 multi-year projects Capital outlay	15,250,000	16,285,387	9,351,748
Expenditures for 2007 multi-year projects Capital outlay	2,750,000	2,750,000	1,049,058
Expenditures for 2008 multi-year projects Capital outlay	<u>6,017,426</u>	<u>6,017,426</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>30,349,726</u></b>	<b><u>32,078,839</u></b>	<b><u>10,400,806</u></b>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of Capital Projects**

**CAPITAL PROJECTS FUND**

<u>Life-to-Date Outstanding Encumbrances</u>	<u>Total Actual</u>	<u>Prior Year Actual</u>	<u>Total Expenditures</u>	<u>Variance From Final Budget Over (Under)</u>
-	-	1,804,124	1,804,124	195,876
-	-	17,350	17,350	2,180,224
-	-	185,364	185,364	2,643,088
117,051	9,468,799	5,161,809	14,630,608	1,654,779
358,221	1,407,279	-	1,407,279	1,342,721
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,017,426</u>
<u>475,272</u>	<u>10,876,078</u>	<u>7,168,647</u>	<u>18,044,725</u>	<u>14,034,114</u>

AS OF JUNE 30, 2008

<u>Chapter</u>	<u>Laws</u>	<u>Bonds Appropriated</u>	<u>Bonds Sold</u>	<u>Amounts AIPP</u>	<u>Funds Reauthorized</u>	<u>Funds Reverted</u>
24	1996	\$ 50,000	50,000	-	-	-
2	1999	5,161,415	4,719,721	-	-	(470,492)
23	2000	7,518,079	7,193,284	-	-	(324,795)
110	2002	9,492,863	9,491,910	-	-	(498,388)
429	2003	7,394,100	7,394,100	(1,250)	175,000	(1,495)
126	2004	23,209,750	23,159,750	-	25,000	-
347	2005	15,595,000	15,501,835	(1,500)	(1,450,000)	-
111	2006	25,889,900	25,889,900	-	(7,950,000)	-
42	2007	73,851,728	50,529,728	-	(3,000,000)	-
92	2008	<u>26,698,000</u>	<u>18,598,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
		\$ <u>194,860,835</u>	<u>162,528,228</u>	<u>(2,750)</u>	<u>(12,200,000)</u>	<u>(1,295,170)</u>



**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of Severance Tax Bonds**

<b>Bond Balance After Reauthorization</b>	<b>Funds Received</b>	<b>Expended To Date</b>	<b>Balance Available</b>	<b>Due from Board of Finance</b>
50,000	49,950	49,950	50	-
4,249,229	4,225,479	4,234,373	14,856	8,894
6,868,489	6,701,098	6,702,217	166,272	1,119
8,993,522	8,692,160	8,803,160	190,362	111,000
7,566,355	5,772,651	6,672,148	894,207	899,497
23,184,750	14,580,384	15,734,641	7,450,109	1,154,257
14,050,335	8,718,719	9,363,069	4,687,266	644,350
17,939,900	5,154,891	7,434,451	10,505,449	2,279,560
47,529,726	958,626	8,677,081	38,852,645	7,718,455
<u>18,598,000</u>	<u>-</u>	<u>-</u>	<u>18,598,000</u>	<u>-</u>
<u>149,030,306</u>	<u>54,853,958</u>	<u>67,671,090</u>	<u>81,359,216</u>	<u>12,817,132</u>

Balance Available    \$    81,359,216

Due from Board  
of Finance                    12,817,132

Total                            \$    94,176,348  
(Note 4)

**AS OF JUNE 30, 2008**

	<b>Appropriation Amount</b>	<b>Expenditures Inception to June 30, 2008</b>
<b><u>Special Revenue Funds</u></b>		
Laws of 1991, Chapter 10	\$ 250,000	-
* Laws of 1994, State House Memorial 110	11,505,000	9,386,782
* Laws of 1994, Senate Memorial 130	11,278,000	9,179,460
Laws of 2000, Chapter 23	2,577,500	2,117,156
Laws of 2003, Chapter 385	975,500	407,460
Laws of 2003, Chapter 429	4,631,200	659,981
Laws of 2004, Chapter 126	10,743,658	8,198,943
Laws of 2005, Chapter 347	16,186,687	8,275,253
Laws of 2006, Chapter 111	23,699,500	9,893,687
Laws of 2007, Chapter 42	39,814,206	3,651,646
Laws of 2007 Special Session, Chapter 3	35,000,000	-
Laws of 2008, Chapter 83	42,577,900	6,357,243
Laws of 2008, Chapter 92	<u>8,051,673</u>	<u>-</u>
	207,290,824	58,127,611
<b><u>Capital Projects Funds</u></b>		
Laws of 1999, Chapter 2	2,943,000	2,821,941
Laws of 2004, Chapter 126	2,000,000	1,804,124
Laws of 2005, Chapter 347	2,250,000	1,364,287
Laws of 2006, Chapter 111	14,033,000	11,944,101
Laws of 2007, Chapter 42	2,750,000	1,049,058
Laws of 2008, Chapter 92	<u>6,017,426</u>	<u>-</u>
	<u>29,993,426</u>	<u>18,983,511</u>
<b>Total all fund types</b>	<b>\$ <u><u>237,284,250</u></u></b>	<b><u><u>77,111,122</u></u></b>

\* 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**

<b>Encumbrance Balance as of June 30, 2008</b>	<b>Reappropriation Amount</b>	<b>Reversion Amount</b>	<b>Balance as of June 30, 2008</b>
-	-	250,000	-
-	-	2,118,218	-
-	-	2,098,540	-
-	-	460,344	-
-	-	543,888	24,152
-	-	3,971,219	-
1,968,312	-	-	576,403
4,957,528	525,000	-	2,428,906
12,171,752	50,000	-	1,584,061
-	250,000	-	35,912,560
-	-	-	35,000,000
18,348,425	-	-	17,872,232
-	-	-	8,051,673
<u>37,446,017</u>	<u>825,000</u>	<u>9,442,209</u>	<u>101,449,987</u>
-	-	114,548	6,511
-	-	-	195,876
217,399	-	-	668,314
117,051	-	-	1,971,848
413,177	-	-	1,287,765
-	-	-	6,017,426
<u>747,627</u>	<u>-</u>	<u>114,548</u>	<u>10,147,740</u>
<u><u>38,193,644</u></u>	<u><u>825,000</u></u>	<u><u>9,556,757</u></u>	<u><u>111,597,727</u></u>

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Notes to Supplemental Schedule of Special Appropriations

---

- **Special Revenue Fund**

Under the Laws of 1991, Chapter 10, the Department was directed to expend \$250,000 from the State Road Fund to conduct a study of financing options and evaluation of environmental issues relating to a proposed rapid rail system.

Under the Laws of 1994, House Memorial 110 and Senate Memorial 130, the Department was directed to expend \$11,505,000 and \$11,278,000, respectively, from the State Road Fund for certain infrastructure improvements.

Under the Laws of 2000, Chapter 23, the Department was directed to expend \$2,577,500 from the State Road Fund to conduct a study of financing options and evaluation of environmental issues relating to a proposed rapid rail system.

Under the Laws of 2003, Chapter 385, the Department was appropriated \$975,500 from the State of New Mexico General Fund for certain infrastructure projects and improvements. Any unexpended or unencumbered balance remaining at the end of the 2008 fiscal year will revert to the State General Fund.

Under the Laws of 2003, Chapter 429, the Department was appropriated \$4,631,200 from the State of New Mexico General Fund for certain infrastructure projects and improvements. Any unexpended or unencumbered balance remaining at the end of the 2008 fiscal year will revert to the State General Fund.

Under the Laws of 2004, Chapter 126, the Department was appropriated \$10,743,658 from the State of New Mexico General Fund for certain infrastructure projects and improvements. Any unexpended or unencumbered balance remaining at the end of the 2009 fiscal year will revert to the State General Fund.

Under the Laws of 2005, Chapter 347, the Department was appropriated \$16,186,687 from the State of New Mexico General Fund for certain infrastructure projects and improvements. Any unexpended or unencumbered balance remaining at the end of the 2010 fiscal year will revert to the State General Fund.

Under the Laws of 2006, Chapter 111, the Department was appropriated \$23,699,500 from the State of New Mexico General Fund for certain infrastructure projects and improvements. Any unexpended or unencumbered balance remaining at the end of the 2010 fiscal year will revert to the State General Fund.

Under the Laws of 2007, Chapter 42, the Department was appropriated \$39,814,206 from the State of New Mexico General Fund for certain infrastructure projects and improvements. Any unexpended or unencumbered balance remaining at the end of the 2011 fiscal year will revert to the State General Fund.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Notes to Supplemental Schedule of Special Appropriations

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- **Special Revenue Fund - continued**

Under the Laws of Special Session 2007, Chapter 3, the Department was appropriated \$35,000,000 for GRIP 1 and New Mexico Spaceport projects. Any unexpended or unencumbered balance remaining at the end of the 2011 fiscal year will revert to the State General Fund.

Under the Laws of 2008, Chapters 83 and 92, the Department was appropriated \$42,577,900 and \$8,051,673, respectively, for highway maintenance and certain infrastructure projects and improvements, respectively. Any unexpended or unencumbered balance remaining at the end of the 2012 fiscal year will revert to the State General Fund.

- **Capital Projects Fund**

Under the Laws of 1999, Chapter 2, the Department was appropriated \$2,943,000 from the State Road Fund for various capital projects. Any unexpended or unencumbered balance remaining at the end of the 2003 fiscal year was reverted to the State Road Fund. Under the Laws of 2004, Chapter 126, the appropriation end date was extended for one capital project that totaled \$712,000 through the end of the 2009 fiscal year. Any unexpended or unencumbered balance remaining at the end of the 2009 fiscal year for this project will revert to the State Road Fund.

Under the Laws of 2004, Chapter 126, the Department was appropriated \$12,643,658 from the State Road Fund for various capital projects. Any unexpended or unencumbered balance remaining at the end of the 2009 fiscal year will revert to the State Road Fund.

Under the Laws of 2005, Chapter 347, the Department was appropriated \$2,250,000 from the State Road Fund for various capital projects. Any unexpended or unencumbered balance remaining at the end of the 2010 fiscal year will revert to the State Road Fund.

Under the Laws of 2006, Chapter 111, the Department was appropriated \$14,033,000 from the State Road Fund for patrol buildings and rest stop construction. Any unexpended or unencumbered balance remaining at the end of the 2010 fiscal year will revert to the State Road Fund.

Under the Laws of 2007, Chapter 42, the Department was appropriated \$2,750,000 from the State Road Fund for various capital projects. Any unexpended or unencumbered balance remaining at the end of the 2011 fiscal year will revert to the State Road Fund.

Under the Laws of 2008, Chapter 92, the Department was appropriated \$6,017,426 from the State Road Fund for construction of Salt Domes. Any unexpended or unencumbered balance remaining at the end of the 2012 fiscal year will revert to the State Road Fund.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

## Supplemental Schedule of Individual Bank Accounts

AS OF JUNE 30, 2008

Account Title	Fund Number	Reconciled Balance
<b>Cash on Deposit with State Treasurer:</b>		
Road Fund - General	20100	\$ 57,994,285
Road Fund - Payroll	78800	292,179
Highway Department - WIPP Project	43100	34,614,923
Rubberized Asphalt	82000	13,777,218
Highway Infrastructure Fund	20200	1,774,592
Inventory Fund	10040	(43,686,658)
Severance Tax Bonds	10060	(8,649,323)
	10070	119,182,809
	78900	60
Local Government Fund	20300	19,789,298
Aviation Fund	20500	3,363,538
Motorcycle Training Fund	20600	280,364
DWI Prevention Fund	20700	1,018,771
Traffic Safety	20800	2,774,203
	82600	1,020,096
	10010	6,494,724
Driver Improvement Program Fund	10020	3,191
Capital Project Improvements	10050	(8,988,138)
Federal Planning and Development	10030	(1,383,955)
Bond Project Fund (1993 Bonds)	39400	1,605,586
Debt Service Fund (1998 WIPP Bonds)	97200	606
Bond Project Fund (1999 CHAT Bonds)	43000	241,049
Bond Project Fund (2000 CHAT Bonds)	34500	6,675
Bond Project Fund (2001 CHAT Bonds)	00600	9,424,555
Bond Project Fund (2002A CHAT Bonds)	36800	154,124
Bond Project Fund (2002C HIF Bonds)	36100	1,282,448
Bond Project Fund (2002D CHAT Bonds)	11500	767,090
Bond Project Fund (2006A GRIP Bonds)	10210	(9,093,802)
Bond Project Fund (2006B GRIP Bonds)	10250	(12,887,361)
Bond Project Fund (2004A GRIP Bonds)	20400	9,241,574
Debt Service Fund (1998 CHAT Bonds)	54800	139,242
Debt Service Fund (1999 CHAT Bonds)	43400	139,990
Debt Service Fund (2000 CHAT Bonds)	43200	200,704
Debt Service Fund (2001A CHAT Bonds)	00700	232,648
Debt Service Fund (2002A CHAT Bonds)	54700	82,188
Debt Service Fund (2002B WIPP Bonds)	75000	109,081
Debt Service Fund (2002C HIF Bonds)	36300	61,199
Debt Service Fund (2002D CHAT Bonds)	18700	12,597
State Infrastructure Bank	89300	<u>14,027,767</u>
<b>Total Cash on Deposit with State Treasurer</b>		<b>215,420,137</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Supplemental Schedule of Individual Bank Accounts - continued

AS OF JUNE 30, 2008

<u>Account Title</u>	<u>Reconciled Balance</u>
<b>Other Authorized Bank Accounts - Wells Fargo</b>	\$ 2,194,463
<b>Bond Proceeds invested in Money Market Mutual Funds at Bank of Albuquerque</b>	435,974,157
Petty Cash Funds:	
District 1	400
District 2	400
District 3	400
District 4	400
District 5	400
District 6	400
General Office (Santa Fe)	<u>200</u>
<b>Total petty cash checking accounts</b>	<u>2,600</u>
<b>Total Cash</b>	653,591,357
<b>Less unrestricted</b>	<u>49,737,288</u>
<b>Restricted</b>	\$ <u><u>603,854,069</u></u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Supplemental Schedule of  
State Road Fund User and Fuel Taxes

YEAR ENDED JUNE 30, 2008

Gasoline Excise Taxes	\$	107,732,248
Motor Vehicle Registration Fees		73,679,233
Special Fuel Excise Taxes		101,650,896
Vehicle Transaction Fees		6,963,460
Drivers License Fees		4,562,756
Trip (Mileage) Tax		4,803,749
Weight/Distance Taxes		<u>82,384,659</u>
Subtotal Pledged Revenues		381,777,001
Miscellaneous Fees		<u>6,946,810</u>
	\$	<u><u>388,723,811</u></u>



**AS OF JUNE 30, 2008**

	(97200) <u>1998B-WIPP</u>	(54800) <u>1998-CHAT</u>	(43400) <u>1999-CHAT</u>	(43200) <u>2000-CHAT</u>	(00700) <u>2001-CHAT</u>
Gasoline Excise Taxes	\$ 6,478,177	6,478,177	6,478,177	6,478,177	6,478,177
Motor Vehicle Registration Fees	4,298,021	4,298,021	4,298,021	4,298,021	4,298,021
Special Fuel Excise Taxes	6,596,690	6,596,690	6,596,690	6,596,690	6,596,690
Vehicle Transaction Fees	608,158	608,158	608,158	608,158	608,158
Driver's License Fees	628,121	628,121	628,121	628,121	628,121
Oversize/Oversight Permit Fees	415,078	415,078	415,078	415,078	415,078
Public Regulation Commission Fees	-	-	-	-	-
Trip (Mileage) Tax	282,573	282,573	282,573	282,573	282,573
Weight/Distance Taxes	4,846,156	4,846,156	4,846,156	4,846,156	4,846,156
Leased Vehicle Gross Receipts Taxes	-	-	-	-	-
Tire Recycling Fees	-	-	-	-	-
FHWA Revenues	-	-	-	-	-
<b>SUBTOTAL</b>	<b>24,152,974</b>	<b>24,152,974</b>	<b>24,152,974</b>	<b>24,152,974</b>	<b>24,152,974</b>
Interest on Cash Balances*	<u>517,092</u>	<u>115</u>	<u>115</u>	<u>115</u>	<u>115</u>
<b>TOTAL PLEDGED REVENUES RECEIVED</b>	<b>\$ <u>24,670,066</u></b>	<b><u>24,153,089</u></b>	<b><u>24,153,089</u></b>	<b><u>24,153,089</u></b>	<b><u>24,153,089</u></b>
	(97200) <u>1998B-WIPP</u>	(54800) <u>1998-CHAT</u>	(43400) <u>1999-CHAT</u>	(43200) <u>2000-CHAT</u>	(00700) <u>2001-CHAT</u>
Debt Service Principal Expenditures	\$ -	-	8,370,000	13,060,000	17,685,000
Debt Service Interest Expenditures	<u>1,751,613</u>	<u>910,200</u>	<u>1,058,925</u>	<u>2,420,650</u>	<u>5,508,148</u>
<b>TOTAL DEBT SERVICE</b>	<b><u>1,751,613</u></b>	<b><u>910,200</u></b>	<b><u>9,428,925</u></b>	<b><u>15,480,650</u></b>	<b><u>23,193,148</u></b>
<b>DEBT SERVICE COVERAGE</b>	<b><u>14.08</u></b>	<b><u>26.54</u></b>	<b><u>2.56</u></b>	<b><u>1.56</u></b>	<b><u>1.04</u></b>

\*NOTE: In addition to state road fund revenues, pledged revenues on 2004C GRIP include FHWA revenues, tire recycling fees, leased vehicle gross receipts tax, and interest earned in the HIF fund.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of Debt Service and Coverage**

<b>(54700)</b>	<b>(36300)</b>	<b>(75000)</b>	<b>(18700)</b>	<b>(10080)</b>	<b>(10090)</b>
<b>2002A-CHAT</b>	<b>2002C-HIF</b>	<b>2002B-WIPP</b>	<b>2002D-CHAT</b>	<b>2004A-GRIP</b>	<b>2004B-GRIP</b>
6,478,177	6,478,177	6,478,177	6,478,177	6,478,177	6,478,177
4,298,021	4,298,021	4,298,021	4,298,021	4,298,021	4,298,021
6,596,690	6,596,690	6,596,690	6,596,690	6,596,690	6,596,690
608,158	608,158	608,158	608,158	608,158	608,158
628,121	628,121	628,121	628,121	628,121	628,121
415,078	415,078	415,078	415,078	415,078	415,078
-	-	-	-	-	-
282,573	282,573	282,573	282,573	282,573	282,573
4,846,156	4,846,156	4,846,156	4,846,156	4,846,156	4,846,156
-	902,564	-	-	902,564	902,564
-	-	-	-	-	-
-	-	-	-	<u>34,107,231</u>	<u>34,107,231</u>
24,152,974	25,055,538	24,152,974	24,152,974	59,162,769	59,162,769
<u>115</u>	<u>137,565</u>	<u>517,092</u>	<u>115</u>	<u>137,565</u>	<u>115</u>
<u>24,153,089</u>	<u>25,193,103</u>	<u>24,670,066</u>	<u>24,153,089</u>	<u>59,300,334</u>	<u>59,162,884</u>
<b>(54700)</b>	<b>(36300)</b>	<b>(75000)</b>	<b>(18700)</b>	<b>(10080)</b>	<b>(10090)</b>
<b>2002A-CHAT</b>	<b>2002C-HIF</b>	<b>2002B-WIPP</b>	<b>2002D-CHAT</b>	<b>2004A-GRIP</b>	<b>2004B-GRIP</b>
7,935,000	-	8,525,000	-	-	13,170,000
<u>1,982,250</u>	<u>1,709,524</u>	<u>898,500</u>	<u>194,825</u>	<u>36,216,759</u>	<u>7,938,265</u>
<u>9,917,250</u>	<u>1,709,524</u>	<u>9,423,500</u>	<u>194,825</u>	<u>36,216,759</u>	<u>21,108,265</u>
<u>2.44</u>	<u>14.74</u>	<u>2.62</u>	<u>123.97</u>	<u>1.64</u>	<u>2.80</u>

**AS OF JUNE 30, 2008**

	(10220) <u>2006A-GRIP</u>	(10240) <u>2006B-GRIP</u>	(10410) <u>2008A-GRIP</u>	(10420) <u>2008B-GRIP</u>
Gasoline Excise Taxes	\$ 6,478,177	6,478,177	6,478,177	6,478,177
Motor Vehicle Registration Fees	4,298,021	4,298,021	4,298,021	4,298,021
Special Fuel Excise Taxes	6,596,690	6,596,690	6,596,690	6,596,690
Vehicle Transaction Fees	608,158	608,158	608,158	608,158
Driver's License Fees	628,121	628,121	628,121	628,121
Oversize/Oversight Permit Fees	415,078	415,078	415,078	415,078
Public Regulation Commission Fees	-	-	-	-
Trip (Mileage) Tax	282,573	282,573	282,573	282,573
Weight/Distance Taxes	4,846,156	4,846,156	4,846,156	4,846,156
Leased Vehicle Gross Receipts Taxes	902,564	902,564	902,564	902,564
Tire Recycling Fees	-	-	-	-
FHWA Revenues	<u>34,107,231</u>	<u>34,107,231</u>	<u>34,107,231</u>	<u>34,107,231</u>
<b>SUBTOTAL</b>	59,162,769	59,162,769	59,162,769	59,162,769
Interest on Cash Balances*	<u>115</u>	<u>115</u>	<u>115</u>	<u>115</u>
<b>TOTAL PLEDGED REVENUES RECEIVED</b>	\$ <u>59,162,884</u>	<u>59,162,884</u>	<u>59,162,884</u>	<u>59,162,884</u>
	(10220) <u>2006A-GRIP</u>	(10240) <u>2006B-GRIP</u>	(10410) <u>2008A-GRIP</u>	(10420) <u>2008B-GRIP</u>
Debt Service Principal Expenditures	\$ -	2,225,000	-	-
Debt Service Interest Expenditures	<u>7,477,408</u>	<u>1,643,725</u>	-	-
<b>TOTAL DEBT SERVICE</b>	<u>7,477,408</u>	<u>3,868,725</u>	-	-
<b>DEBT SERVICE COVERAGE</b>	<u>7.91</u>	<u>15.29</u>	<u>0.00</u>	<u>0.00</u>

\*NOTE: In addition to state road fund revenues, pledged revenues on 2004C GRIP include FHWA revenues, tire recycling fees, leased vehicle gross receipts tax, and interest earned in the HIF fund.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of Debt Service and Coverage - continued**

<u>(10430)</u> <u>2008C-GRIP</u>	<u>(10440)</u> <u>2008D-GRIP</u>	<u>TOTAL</u>
6,478,177	6,478,177	110,129,009
4,298,021	4,298,021	73,066,357
6,596,690	6,596,690	112,143,730
608,158	608,158	10,338,686
628,121	628,121	10,678,057
415,078	415,078	7,056,326
-	-	-
282,573	282,573	4,803,741
4,846,156	4,846,156	82,384,652
902,564	902,564	8,123,076
-	-	-
<u>34,107,231</u>	<u>34,107,231</u>	<u>272,857,848</u>
59,162,769	59,162,769	691,581,482
<u>115</u>	<u>115</u>	<u>1,310,809</u>
<u>59,162,884</u>	<u>59,162,884</u>	<u>692,892,291</u>
<u>(10430)</u> <u>2008C-GRIP</u>	<u>(10440)</u> <u>2008D-GRIP</u>	<u>TOTAL</u>
-	-	70,970,000
-	-	<u>69,710,792</u>
-	-	<u>140,680,792</u>
<u>0.00</u>	<u>0.00</u>	<u>4.93</u>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of Pledged Collateral**

**YEAR ENDED JUNE 30, 2008**

	<u>Wells Fargo</u>
<b>Deposits in bank or savings and loan:</b>	
Bank deposits	\$ 853,317
Less FDIC or FSLIC coverage	<u>100,000</u>
<b>Total uninsured public funds</b>	<u>753,317</u>
<b>Collateral requirement @ 50%</b>	376,659
<b>Collateral requirement @ 102%</b>	<u>-</u>
<b>Total required collateralization</b>	<u>376,659</u>
<b>Pledges and securities:</b>	
FGIOH00895, 3128M57G9, 5.5%, due 06/01/2037	2,018,255
FNCL 31371NNV3, 6.0%, due 10/01/2037	<u>275,447</u>
<b>Total pledged securities</b>	<u>2,293,702</u>
<b>(Over) under pledged</b>	\$ <u><u>(1,917,043)</u></u>

Safekeeping locations for the above securities are as follows:

Wells Fargo: Wells Fargo (California)

**SINGLE AUDIT**

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Supplemental Schedule of Expenditures of Federal Awards

YEAR ENDED JUNE 30, 2008

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
<b>Direct Assistance Programs:</b>		
U.S. Department of Energy:		
Waste Isolation Pilot Plant 2008	81.106	\$ <u>23,383,712</u>
Total U.S. Department of Energy		23,383,712
U.S. Department of Transportation:		
Federal Highway Administration highway research, planning and construction (FHWA)	20.205	260,339,772
National Highway Traffic Safety Administration (NHTSA):		
State and Community Highway Safety Grant	20.600	1,924,831
Alcohol Traffic Safety and Drunk Driving Prevention Program	20.601	1,418,049
Occupant Protection Program	20.602	692,812
Repeat Offenders for DWI	20.608	8,505,154
Safety Belt Performance Grants	20.609	971,123
State Traffic Safety Information System Improvements Grants	20.610	130,617
Motorcyclist Safety Grant	20.612	69,928
154 HE Funds	20.XXX	1,107,704
157 Innovative Funds	20.XXX	230,346
164 HE Penalty Funds	20.XXX	945,190
403 Temporary Funds	20.XXX	<u>969,857</u>
		16,965,611
Federal Aviation Division:		
State Planning	20.106	494,087
Federal Transit Administration (FTA):		
Capital Program Grants and Loans	20.500	<u>19,376,736</u>
Total U.S. Department of Transportation		<u>297,176,206</u>
Total Direct Assistance Programs		<u>320,559,918</u>
<b>Total Federal Financial Assistance</b>		<b>\$ <u>320,559,918</u></b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Supplemental Schedule of Expenditures of Federal Awards

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• **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the New Mexico Department of Transportation (Department).

• **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Department's governmental fund financial statements.

Federal grant revenues collected in advance of the period they are intended to finance expenditures are recorded as deferred revenues, 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.

• **Reconciliation of Federal Awards**

Statement of Revenues, Expenditures and  
Changes in Fund Balances:

U.S. Department of Transportation	\$	288,277,262
U.S. Department of Energy		23,383,712
Deferred U.S. Department of Transportation (2008)		35,576,013
Deferred U.S. Department of Transportation (2007)		<u>(26,677,069)</u>
Supplemental Schedule of Expenditures, of Federal Awards	\$	<u>320,559,918</u>



**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***

Members of the Commission  
New Mexico Department of Transportation and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of New Mexico Department of Transportation (Department) as of and for the year ended June 30, 2008, which collectively comprise the Department's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Department's non-major governmental funds presented as supplementary information in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2008, as listed in the table of contents, and have issued our report thereon dated September 16, 2009. We also have audited the combined budget comparisons for the special revenue and debt service funds presented as required supplemental information. 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.

**Internal Control Over Financial Reporting**

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section, and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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*Independent Member of the BDO Sridman Alliance*

Members of the Commission  
New Mexico Department of Transportation and  
Mr. Hector H. Balderas  
New Mexico State Auditor

### **Internal Control Over Financial Reporting - continued**

A **control deficiency** 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 misstatements on a timely basis. We consider item 08-2 in the attached schedule of findings and questioned costs to be a control deficiency. A **significant deficiency** is a control deficiency, or a combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control. We consider items 05-3, 07-3, 07-7, 07-8, 07-13, 07-14, 08-1, 08-4, 08-6, 08-7 and 08-8 in the attached schedule of findings and questioned costs to be significant deficiencies.

A **material weakness** is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 05-3, 07-3, 07-8, 07-13, 07-14, 08-6 and 08-7 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free of 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*.

Members of the Commission  
New Mexico Department of Transportation and  
Mr. Hector H. Balderas  
New Mexico State Auditor

**Compliance and Other Matters - continued**

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as findings 07-10, 08-3 and 08-5.

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Department's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Commissioners, the Department, the Office of the State Auditor, the New Mexico State Legislature, the New Mexico Department of Finance and Administration and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Mayneiro + Company, LLC*

September 16, 2009

**REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

Members of the Commission  
New Mexico Department of Transportation and  
Mr. Hector H. Balderas  
New Mexico State Auditor

**Compliance**

We have audited the compliance of the State of New Mexico Department of Transportation (Department), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Department's compliance with those requirements.

In our opinion, the Department complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.



Members of the Commission  
New Mexico Department of Transportation and  
Mr. Hector H. Balderas  
New Mexico State Auditor

## Internal Control Over Compliance

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A **control deficiency** in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A **significant deficiency** is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-8, 07-13, 08-6 and 08-7 to be significant deficiencies.

A **material weakness** is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 07-8, 07-13, 08-6 and 08-7 to be material weaknesses.

Members of the Commission  
New Mexico Department of Transportation and  
Mr. Hector H. Balderas  
New Mexico State Auditor

The Department's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Department's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Commissioners, the Department, the Office of the State Auditor, the New Mexico State Legislature, the New Mexico Department of Finance and Administration and federal award agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Maynes + Company, LLC*

September 16, 2009

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Findings and Questioned Costs

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YEAR ENDED JUNE 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the New Mexico Department of Transportation (Department).
2. Eleven significant deficiencies relating to the audit of financial statements were reported in the 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*, seven of which were considered to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the Department were disclosed during the audit.
4. There were seven significant deficiencies in the internal control over major programs disclosed by the Department, all of which were considered to be material weaknesses.
5. There were four audit findings that the auditor is required to report under 510(a) of Circular A-133.
6. The auditors' report on compliance for the major federal award programs for the Department expresses an unqualified opinion.
7. The programs tested as the major programs included:

<b>Program</b>	<b>CFDA #</b>
Federal Highway Administration Programs (FHWA)	20.205
National Highway Traffic Safety Administration (NHTSA)	20.600, 20.601, 20.602, 20.608 20.609, 20.610, 20.612
U.S. Department of Energy, WIPP	81.106
Federal Transit Administration (FTA)	20.500

8. The threshold for distinguishing Types A and B programs was \$3,000,000.
9. The Department is considered a high risk auditee.

Schedule of Findings and Questioned Costs - continued

**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**05-3 GRIP POSTING ERRORS (Material Weakness) – Repeated and Modified**

**Condition:** During our audit over cash related to the GRIP 2004, 2006 and 2008 series bonds, we noted the following:

- Due to/from other funds and transfer activity between bond funds were not posted to the general ledger during the course of FY08.
- Activity related to the interest SWAPS was not recorded during the course of FY08.
- Activity related to the 2008 series bonds was not posted to the general ledger in a timely manner: bond issuance costs, trustee fees and proceeds.

**Criteria:** Based upon the Model Accounting Practices 0.9.3 Internal Control Activities, all accounting transactions must be recorded to ensure completeness of the accounting records.

**Cause:** Lack of an established reconciliation process for bond and swap activity, as well as a lack of management oversight of this activity.

**Effect:** Prior year cash balances had to be restated due to improper allocation of cash to funds. Interest expenses, revenue, transfers and internal balances were misstated during the course of the year by material amounts. The Department adjusted these balances during the financial statement audit.

**Recommendation:** The Department should establish a procedure whereby all trustee accounts related to the GRIP bond series accounts are reconciled with the bank and trustee and all transactions are posted on a monthly basis.

**Management's Response:** During the process of assessing the reconciliation and reporting activity related to bonded debt, management found that the organization of accounts held with the trustee was not conducive to effectively tracking all activity without extensive research. Although certain reports have been made available by the New Mexico Finance Authority (NMFA), they were designed for management reporting purposes and not in a formalized accounting format which the Department needed to facilitate recording of bond related transactions.

The Department has hired an additional accountant to help manage the bond program. With NMFA changing custodians, the Department has proactively met with NMFA management in order to organize the new trustee accounts to better track the flow of cash and investment activities. Additionally, the Department has requested timely reports of trustee activities in an accounting format that can be translated easily for generally accepted accounting purposes.

With these new processes in place, the Department will have the resources to track and book all bonded debt cash and investment activities in a timely and effective manner.



**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**07-3 CAPITAL ASSETS (Material Weakness) - Repeated and Modified**

**Condition:** During our testwork over capital assets, we noted the following:

- The Department does not calculate depreciation for infrastructure assets, estimated at approximately \$500 million.
- During capital assets deletions testwork, it was noted that all deletions were made prior to June 29, 2008, the date of the notification letter addressed to the State Auditor's Office. This violates NMAC 2.2.2.10(v)(1).

**Criteria:**

- All capital asset groups, including infrastructure, should be properly depreciated over their estimated useful lives and book value should be properly tracked.
- Per section 2.2.2.10(v)(1) of the NMAC, written notification of the official finding and proposed disposition must be sent to the State Auditor at least 30 days prior to disposition.

**Cause:** The Department does not have policies and procedures in place to ensure that infrastructure capital assets are tracked and depreciated in the capital assets module.

**Effect:**

- Potential misstatement of depreciation expense and accumulated depreciation at the government-wide level.
- The Department is not in compliance with government standards over fixed asset reporting. The Department is in violation of NMAC section 2.2.2.10(v)(1).

**Recommendation:**

- We recommend that the Department develop a process to calculate depreciation and track book value of infrastructure capital assets.
- We further recommend that the Department ensure that notification to the State Auditor's Office regarding asset dispositions occurs prior to the disposition, as required by NMAC 2.2.2.10.(v)(1).

**Management's Response:** The Department is now assigning infrastructure reporting and depreciation to the capital assets unit. Part of this process requires that the Department investigate methods for capturing the data from the operations point with necessary accounting information and incorporating the data into SHARE.

In regard to the failure to timely inform the State Auditor's Office upon disposition of assets, management is investigating the procedural weakness that allowed that to occur. The Department will reengineer the process to ensure better controls over the statutory reporting requirement.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**07-7 ACCOUNTS PAYABLE (Significant Deficiency) – Repeated and Modified**

**Condition:** When performing a search for unrecorded liabilities test work, it was noted that:

- All items sampled had an invoice date subsequent to June 30, 2008 for services performed prior to the fiscal year end. Payment for these items was not made until after June 30, 2008; however, the vouchers were not properly accrued at June 30, 2008. Instead, the accounting date which set up the payable was the same as the entry date.
- Journal entries totaling approximately \$35.7 million were required to correctly state accounts payable as of June 30, 2008.

**Criteria:** In accordance with the matching principle expenditures should be recorded in the same period as the receipt and consumption of the goods or services.

**Cause:** Lack of proper tracking of accounts payable at year end and detective controls to identify key entry errors.

**Effect:** Material adjustments were required to properly state accounts at year end.

**Recommendations:** (1) We recommend an improved process in detective controls over key/data entry errors. (2) Liabilities should only be recorded for goods or services received prior to year end.

**Management's Response:** The errors in properly accruing payables occurred in the area of multi-year project payments.

Management has engaged in a dual approach in controlling the level of errors:

1. Updated, formalized year end instructions for accruals with more clarity in regard to the multi-year project accounting requirements.
2. Additional training for the post-audit staff for researching and analyzing the underlying invoices in order to capture unaccrued expenditures before SHARE closes the year.

Management plans to engage in a continual process improvement in order to communicate the concept of matching expenditures to the period in which the activity occurred.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**07-8 JOURNAL ENTRIES (Material Weakness) – Repeated and Modified**

**Condition:** Our review over financial reporting revealed that journal entries can be initiated and posted to the general ledger system by the same individual.

**Criteria:** Sound internal controls dictate that there should be a system in place that segregates the ability to initiate journal entries and post entries to the accounting system.

**Cause:** Appropriate process controls are not in place to ensure that accounting personnel do not have the ability to both initiate and post journal entries into the system.

**Effect:** There is an increased risk of posting errors, both intentional and unintentional, that will adversely affect the accounting system and may not be detected by normal business operations.

**Recommendation:** We recommend the adoption of a policy whereby all journal entries are initiated and posted by separate individuals.

**Management's Response:** During the initial implementation of SHARE, several managers were given the authority to approve journal entries. In some cases, the procedure of returning erroneous journals to the initiator for correction was disregarded and the correction was done by the approver during the approval process.

When this occurs, SHARE will replace the initiator's identification from the journal entry, since the ending journal will not be what the initiator had originally created. As a result, a person will appear to be both the initiator and the approver.

As a result of the errors, the Department has created two additional controls and also engaged in additional training of staff. The additional controls were:

1. Removing all but 3 managers from the final approval journal authority in SHARE.
2. Creation of additional documentation of the journal entries that will show the initiator and approval signatures of supervisors and any other documentation deemed appropriate to support the entry.

The Department believes that these controls add additional assurance and documentation of segregation of duties in the journal entry function.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Schedule of Findings and Questioned Costs - continued

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#### B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

##### 07-10 PER DIEM REIMBURSEMENTS – Repeated and Modified

**Condition:** During travel expense testwork, it was determined that controls were ineffective in ensuring proper compliance with the New Mexico Administrative Code as it pertains to per diem and actual expense distributions.

**Criteria:** Disbursements must be made in compliance with NMAC 2.42.2.8(B)(2) and NMAC 2.52.2.9.

**Cause:** Inefficiencies in management's control and review over per diem and travel expense reimbursement.

**Effect:** Per diem reimbursements may be made that are not in compliance with state rules.

**Recommendation:** We recommend that the Department develop an accountable process by which management reviews per diem and expense reimbursement requests in greater detail for compliance with NMAC.

**Management's Response:** Beginning July 1, 2009, the Department has implemented travel advance procedures prescribed by the Department of Finance and Administration. Those procedures were formally documented and circulated for staff training.

Additionally, the Department has trained a travel advance specialist in the post-audit group for any travel advances submitted. Due to the complexity of some of the calculations, management believes that a single specialist will be more effective in auditing travel advances for appropriate and compliant disbursements.

##### 07-13 TIMELINESS OF AUDIT AND ACCOUNTING PROCEDURES (Material Weakness) – Repeated and Modified

**Condition:** Significant accounting adjustments and reclassifications continued to be required through July of 2009 to the June 30, 2008 trial balance. These adjustments were necessary to comply with U.S. Generally Accepted Accounting Principles and to prepare the accounting records for audit. As a result, financial information provided during the interim period to management for purposes of making financial decisions was not accurate.

**Criteria:** A financial reporting system should generate timely, accurate information to ensure that decision makers are not misled by poor information. Additionally, the annual financial audit report is due to the State Auditor's Office on or by December 15, 2008, per 2.2.2.9 NMAC.

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Findings and Questioned Costs - continued

**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**07-13 TIMELINESS OF AUDIT AND ACCOUNTING PROCEDURES (Material Weakness)  
– Repeated and Modified - continued**

**Cause:** Sufficient staff with appropriate experience with accounting concepts and procedures were not available to close 2007 timely. As a result, 2008 was delayed.

**Effect:** Financial and business decisions were made based on incorrect financial reporting throughout fiscal year 2008. Noncompliance with the December 15, 2008 State Auditor deadline. Additionally, the Data Collection Form was not submitted to the Federal Clearinghouse within nine months after year end, or March 31, 2009.

**Recommendation:** We recommend that the Department take appropriate measures to ensure that all audit adjustments are properly recorded, that beginning funds/accounts and that adequate resources are allocated to the accounting and reporting function.

**Management's Response:** The Department has implemented measures during the 2009 fiscal year that require major accounts to be reviewed or reconciled on a monthly basis with corrective journals. This process is the beginning of a long-term strategy to bring the Department to a full close every month with complete financial reporting.

This initial step brings the Department closer to an optimal year end close process with the monthly corrective actions as part of the audit workpaper documents provided to the auditors. Additionally, management plans to add qualified staff to aid in the audit preparation in order to avoid delays in the audit process.

With the release of the restated 2007 and 2008 annual financial reports, management will immediately begin the 2009 audit close with the expectation of submission of the annual financial report to the State Auditor's Office by December 15, 2009.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**07-14 OVER-EXPENDED APPROPRIATION UNITS (Material Weakness)**

**Condition:** The Department exceeded budgeted expenditures for the following funds/categories as of June 30, 2008:

- State Road Fund, Business/Program Support, Other Category, in the amount of \$3,152,201
- Traffic Safety Fund, Programs and Infrastructure, Contractual Services Category, in the amount of \$68,803
- 2002A CHAT Bond Project Fund, Programs and Infrastructure, Other Category, in the amount of \$28,958
- 2006A GRIP Bond Project Fund, Operating Transfers, in the amount of \$1,330,500
- 2006D GRIP Bond Project Fund, Programs and Infrastructure, Other Category, in the amount of \$1,282
- 2006D GRIP Bond Project Fund, Operating Transfers, in the amount of \$1,655,788
- 2006B GRIP Debt Service Fund, Operating Transfers, in the amount of \$950,478
- 2006C GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$5,155,073
- 2006D GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$1,112,884
- 2008A GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$1,439,214
- 2008B, GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$3,690,337
- 2008C GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$719,304
- 2008D GRIP Debt Service Fund, Business/Program Support, Other Category, in the amount of \$365,800

**Criteria:** Per (2.2.2.10 NMAC), all actual expenditures exceeding budgeted expenditures at legal level of budgetary compliance must be reported as a finding.

**Cause:** Management has not been consistently monitoring the budgeted expenditure level.

**Effect:** The State Road Fund was over-expended.

**Recommendation:** The Department must track all expenditures and submit Budget Adjustment Requests to ensure compliance with the final budget.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**07-14 OVER-EXPENDED APPROPRIATION UNITS (Material Weakness) - continued**

**Management's Response:**

- The Ignition Interlock program over expended the appropriation due to accruals of prior year expenditures.
- The Road Fund Business/Program Support over expended the appropriation due to a write-down of FHWA receivables of eligible payroll that may not be collectible due to the difficulties of SHARE tracing the expenditures to the individual projects.
- The 2002A CHAT was over expended due to a 2006 audit accrual for an expenditure that did not occur. This adjustment was done in order to clear out the fund in preparation for closure.
- The remaining bonded debt over-expenditures occurred due to the lack of budget available to account for the investment income and trustee/broker fees in the trustee accounts that routinely happen in the course of the bonded debt activities. Because the Department has relied on the investment income in the trustee accounts to aid in defeasement of bonded debt, the lack of budget has pushed the recorded interest costs past the amounts budgeted for the operations transfers for debt service.

Beginning in the 2010 fiscal year, budget adjustments will be initiated for estimated investment income to help satisfy the budgetary needs for debt service.

**08-1 FINANCIAL ACCOUNTING STAFF TRAINING (Significant Deficiency)**

**Condition:** Per questionnaires completed by management and our evaluation of internal controls over the control environment of the Department, it was noted that some employees do not have the competence and training necessary for their assigned level of responsibility or the nature and complexity of the Department's activities.

**Criteria:** For effective financial reporting and internal control, employees or management of the Department should have the necessary qualifications and training to fulfill their assigned duties.

**Cause:** Lack of review procedures to reconcile accounting staff skill capabilities against the necessary tasks to be completed.

**Effect:** Financial information could be compromised if transactions and review processes are performed by individuals lacking qualifications and adequate training for their assigned duties. Risk of material misstatement is higher due to individuals performing financial duties beyond their capabilities.

Schedule of Findings and Questioned Costs - continued

**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**08-1 FINANCIAL ACCOUNTING STAFF TRAINING (Significant Deficiency) - continued**

**Recommendation:** We recommend that the Department's management review current staffing assignments and evaluate whether further training is needed or whether the Department should place qualified individuals in appropriate assigned duties.

**Management's Response:** During the winter of 2009, the Department, in partnership with the New Mexico Energy, Minerals and Natural Resources Department, has held accounting classes for professional improvement of staff. These classes are taught by instructors with university experience and credits for the courses are stored in the personnel files for college equivalent courses to be honored by the State Personnel Office

Staff has volunteered for standards testing and classes for improving their skills. The classes have been full with additional staff on a waiting list for openings. One semester has been completed with excellent results, with the fall semester now in progress.

Management believes that this is a win-win situation for both the Department and staff. The level of technical skill is improving in the finance units and the staff has increased their professional skills and ability to engage in higher level accounting.

**08-2 INVENTORY**

**Condition:** During inventory price testing, it was noted that there were large variances between prior year unit cost and current year unit cost for some inventory items for District 4. Per inquiry, it was noted that the unit of measurement changed in the inventory system from the prior year, which was not properly communicated to accounting, causing the large variances.

**Criteria:** The Department should have written internal control policies over the inventory process, which should include documented procedures over unit measurement and the process for how to properly communicate to accounting any changes in the inventory system.

**Cause:** Management did not communicate a change in unit measurement of inventory held.

**Effect:** Inventory values could be overstated or inflated based on the change of a unit of measurement.

**Recommendation:** We recommend that the Department develop a process whereby management documents and appropriately communicates when a unit of measurement changes in the inventory system, including the reasons for the change and the justification for the change.



**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**08-2 INVENTORY - continued**

**Management's Response:** Because a change in unit of measurement can affect all inventories held under the specific inventory code, a procedure had been put into place to control the effect of a spontaneous adjustment. However, in this case, the procedure was not followed, resulting in a variance that was not caught and corrected in a timely manner.

Management will follow up with additional training and communication with District personnel in order to prevent this from occurring again in the future.

**08-3 INTERNAL CONTROL OVER PAYROLL**

**Condition:** During payroll internal control testing, it was noted that there was one instance out of forty when an employee entered their actual hours worked by day, which represented a full 40 hour week by end of day Thursday. The SHARE system defaulted and gave them credit for a regular work day of 8 hours on Friday. As a result, the employee was overpaid by over \$400 over the course of four weeks. This condition should have been detected during the supervisor's review and approval of timesheets, but was not.

**Criteria:** An employee should only be paid for the hours that they worked and/or for scheduled leave taken. Their supervisor, as part of the approval process, should validate the actual time to be paid for and adjust the time in the SHARE system as necessary to match the employee's actual hours worked.

**Cause:** Management's review of employee timesheets is not following established policies.

**Effect:** The Department overpaid the employee by over \$400 (which was subsequently recovered), and there are likely other instances of under- or overpayment that have gone undiscovered.

**Recommendation:** We recommend that the Department develop a process to hold supervisors accountable for making changes in the system when scheduled work hours change.

**Management's Response:** The Department has developed a new payroll policy (AD 305) in an attempt to solve the problem that caused this audit finding. The purpose of the AD is to ensure managers and supervisors are aware of the requirements for time approvals and to hold them accountable in this regard. Additionally, staff from both the DOT Payroll and Office of the Inspector General will begin conducting payroll audits within each division and district to ensure the policy is by adhered to.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**08-4 DEBT COVENANTS (Significant Deficiency)**

**Condition:** Per review of the bond indentures for outstanding bonds, it was noted that the protective covenants require a completed audit of the Department's books within a range of 210 days to 270 days after the close of the fiscal year end. For FY 2008, the Department is in non-compliance with this covenant.

**Criteria:** Per the bond indentures, the Department's Transportation Commission shall cause an audit of its books and accounts to be completed by an Independent Accountant licensed and in good standing in the State within the prescribed range outlined in the bond indenture agreements. The range is from 210 days to 270 days.

**Cause:** The Department's records for audit were not provided timely in order to meet the deadline as required by the bond indentures.

**Effect:** The Department is in non-compliance with outstanding bonds per requirements.

**Recommendation:** We recommend the Department provide the Independent Auditors with completed records in a timely manner that will allow the audit of books to be completed as required per the bond agreements.

**Management's Response:** With the publication and presentation of the restated 2007 and the 2008 annual financial statements, management plans to immediately load the final audit adjustments into SHARE and begin the 2009 audit close process. We fully expect to deliver the audited financial statements to the State Auditor's Office by December 15, 2009.

**08-5 INTERFUND BALANCES**

**Condition:** During our testwork over interfund balances, we noted that there were several interfund balances that have not been paid out and have been on the books for a period greater than one year.

**Criteria:** GASB 34, Par. 112(a)(1) states that, "If repayment is not expected within a reasonable time, the interfund balances should be reduced and the amount that is not expected to be repaid should be reported as a transfer from the fund that made the loan to the fund that received the loan."

**Cause:** Lack of management oversight.

**Effect:** The Department is not in compliance with GASB 34, Par. 112 (a)(1).

**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**08-5 INTERFUND BALANCES - continued**

**Recommendation:** We recommend that the Department's management analyze all interfund balances and make the appropriate transfers/repayments. We further recommend that the Department establish policies and procedures with regards to oversight and administration of interfund balances.

**Management's Response:** The Department waited to pay the interfund balances until the 2007 audit had been completed and audit adjustments had been loaded into SHARE. With the close of the 2008 financial statements, management will again bring SHARE up to the audited balances and relieve the interfund balances in the early fall of 2009. When the financials are back to a timely close, management will be able to return to relieving the interfund balances on a monthly basis again.

**08-6 NHTSA CASH MANAGEMENT (Material Weakness)**

**Condition:** During our substantive test work of National Highway Traffic Safety Administration (NHTSA) Federal Revenues, we noted that the Public Voucher for Work Performed (reimbursement request) Form's claim period for actual costs incurred did not match the period for actual costs incurred per the general ledger. Additionally, a prior period adjustment in the amount of \$3.1 million was required to restate prior year revenue and beginning fund balance as they were understated in FY07 and overstated in FY08.

**Criteria:** The NHTSA Public Voucher for Work Performed Form clearly requests the claim period for actual costs incurred, rather than the billing month. The general ledger should include all transactions for the fiscal year.

**Cause:** The dates currently being used in the form are for the month of billing/request, not the month the expenditures were incurred.

**Effect:** Claim periods for actual costs incurred reported to NMTSA are not correct. In addition, accruals captured for prior years were not correct due to the inconsistency and required prior period adjustment to beginning balances.

**Recommendation:** We recommend that the Department use the actual expenditure dates on the NHTSA reimbursement form.

**Management's Response:** The Department plans to investigate the nature of the timing deficiencies in the billing and create a new process for capturing, reporting and billing the expenditures in a timely manner. Part of this stage in planning will be a required implementation of the SHARE grants module in capturing and accruing the receivable rather than continue with a manual process that appears to be inefficient.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Schedule of Findings and Questioned Costs - continued

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#### B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

##### 08-6 NHTSA CASH MANAGEMENT (Material Weakness) - continued

###### **Management's Response - continued:**

Once the new process is in place, the NHTSA staff will undergo additional training in the grants module and new process.

The comptroller's office will maintain routine oversight of the monthly financial reports in order to assure quality control in this area.

##### 08-7 TIMELINESS OF BILLINGS (Material Weakness)

**Condition:** During our evaluation of federal receivables, it was noted that there were material amounts related to 2007 and 2008 expenditures that had not been billed to the federal agency as of the date of our request.

**Criteria:** Billings for federal expenditures should be performed on a timely basis and reconciled to the general ledger monthly for proper cash management.

**Cause:** Reconciliations for federal expenditures were not performed on a timely basis and delayed the federal billing process.

**Effect:** The federal agency can deny funding for expenditures if they are not received within a certain time period. The Department had to write off \$4,661,292 relating to federal payroll expenditures as a result of billing not being made timely. The Department had \$35,576,013 in unbilled Federal receivables as of June 30, 2008.

**Recommendation:** We recommend the Department perform timely reconciliations of federal expenditures to federal billings in order to ensure that all amounts are billed in an efficient time period.

**Management's Response:** The Department has continually attempted to bill eligible payroll in a timely manner during the course of business. FHWA requires that the records of the expenditures be pre-submitted for audit before the expenditures are allowed to be billed.

In the case of payroll expenditures, FHWA has not approved the pre-submissions. As a result, management has added to the allowance for doubtful accounts the amounts of eligible payroll in order to bring the receivables down to what may be collectible.

Although the Department will still pursue billing payroll for the 2007 through the 2009 fiscal years, submittal of the billings is still predicated upon audit and pre-approval by FHWA for reimbursement.

NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**08-8 UNTIMELY REVERSION TO STATE GENERAL FUND (Significant Deficiency)**

**Condition:** The Department did not revert the FY08 reversion of \$400,623 on a timely basis to the New Mexico State General Fund.

**Criteria:** Section 6-5-10(A) NMSA 1978 requires all unreserved, undesignated fund balances in reverting funds as of June 30 to be reverted to the New Mexico State General Fund by September 30. The FY08 reversion was due on September 30, 2008.

**Cause:** The Department did not calculate reversions until the FY08 audit was completed on September 16, 2009.

**Effect:** The Department is not in compliance with Section 6-5-10(A) NMSA 1978.

**Recommendation:** The Department should establish procedures to ensure timely calculation and submission of reversions to the New Mexico State General Fund.

**Management Response:** During the research in preparation of the 2008 financial statements, it was noted that some projects in SHARE had expired at the end of the year. Subsequent research shows that those projects noted had not been reverted during the 2009 fiscal year.

In response to this, the Comptroller's Office is initiating a new structure of oversight of the appropriation projects to centralize the fiduciary duties of reverting closed and expired projects. As part of the routine reconciliation of these funds, the assigned staff member will also be given the duties of reviewing lagging activities and expiration dates of outstanding projects in SHARE. The staff member will be expected to follow up on stagnant activities for closure of projects as well as issue notice of pending expirations of projects to the project operations staff for a timely response.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT

07-8 JOURNAL ENTRIES (Material Weakness) – Repeated and Modified

**Relates to all Federal programs; no questioned costs.**

**Condition:** Our review over financial reporting revealed that journal entries can be initiated and posted to the general ledger system by the same individual. The journal entries were unrelated to Federal transactions; nonetheless, the potential for erroneous journal entries related to the recording of Federal transactions exists.

**Criteria:** There should be a system in place that segregates the ability to initiate journal entries and post entries to the accounting system.

**Cause:** Appropriate process controls are not in place to ensure that accounting personnel do not have the ability to both initiate and post journal entries into the system.

**Effect:** There is an increased risk of posting errors, both intentional and unintentional, that will adversely affect the accounting system and may not be detected by normal business operations.

**Recommendation:** We recommend the adoption of a policy whereby all journal entries are initiated and posted by separate individuals.

**Management's Response:** The errors in properly accruing payables occurred in the area of multi-year project payments.

Management has engaged in a dual approach in controlling the level of errors:

3. Updated, formalized year end instructions for accruals with more clarity in regard to the multi-year project accounting requirements.
4. Additional training for the post-audit staff for researching and analyzing the underlying invoices in order to capture unaccrued expenditures before SHARE closes the year.

Management plans to engage in a continual process improvement in order to communicate the concept of matching expenditures to the period in which the activity occurred.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT - continued

07-13 TIMELINESS OF AUDIT AND ACCOUNTING PROCEDURES (Material Weakness)  
– Repeated and Modified

Relates to all Federal programs; no questioned costs.

**Condition:** Significant client, audit and reclassification adjustments continued to be required through August of 2009 to the June 30, 2008 trial balance. These adjustments were necessary to comply with U.S. Generally Accepted Accounting Principles and to prepare the accounting records for audit and to properly record federally funded transactions. As a result, financial information provided during the interim period to management for purposes of making financial decisions was not accurate.

**Criteria:** A financial reporting system should generate timely, accurate information to ensure that decision makers are not misled by poor information. Additionally, the annual financial audit report is due to the State Auditor's Office on or by December 15, 2008. Additionally, the Data Collection Form was not submitted to the Federal Clearinghouse within nine months after year end, or March 31, 2009.

**Cause:** Sufficient staff with appropriate experience with accounting concepts and procedures were not available to close 2007 timely. As a result, 2008 was delayed.

**Effect:** Financial and business decisions were made based on incorrect financial reporting throughout fiscal year 2008. Noncompliance with the December 15, 2008 State Auditor deadline.

**Recommendation:** We recommend that the Department take appropriate measures to ensure that all audit adjustments are properly recorded, that beginning funds/accounts and that adequate resources are allocated to the accounting and reporting function.

**Management's Response:** The Department has implemented measures during the 2009 fiscal year that require major accounts to be reviewed or reconciled on a monthly basis with corrective journals. This process is the beginning of a long-term strategy to bring the Department to a full close every month with complete financial reporting.

This initial step brings the Department closer to an optimal year end close process with the monthly corrective actions as part of the audit workpaper documents provided to the auditors. Additionally, management plans to add qualified staff to aid in the audit preparation in order to avoid delays in the audit process.

With the release of the restated 2007 and 2008 annual financial reports, management will immediately begin the 2009 audit close with the expectation of submission of the annual financial report to the State Auditor's Office by December 15, 2009.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT - continued****08-6 NHTSA CASH MANAGEMENT (Material Weakness)**

U.S. Department of Transportation, NHTSA, CFDA #20.600, 20.601, 20.602, 20.608, 20.609, 20.612; no questioned costs.

**Condition:** During our substantive test work of National Highway Traffic Safety Administration (NHTSA) Federal Revenues, we noted that the Public Voucher for Work Performed (reimbursement request) Form's claim period for actual costs incurred did not match the period for actual costs incurred per the general ledger. Additionally, a prior period adjustment in the amount of \$3.1 million was required to restate prior year revenue and beginning fund balance as they were understated in FY07 and overstated in FY08.

**Criteria:** The NHTSA Public Voucher for Work Performed Form clearly requests the claim period for actual costs incurred, rather than the billing month. The general ledger should include all transactions for the fiscal year.

**Cause:** The dates currently being used in the form are for the month of billing/request, not the month the expenditures were incurred.

**Effect:** Claim periods for actual costs incurred reported to NHTSA are not correct. In addition, accruals captured for prior years were not correct due to the inconsistency and required prior period adjustment to beginning balances.

**Recommendation:** We recommend that the Department use the actual expenditure dates on the NHTSA reimbursement form.

**Management's Response:** The Department plans to investigate the nature of the timing deficiencies in the billing and create a new process for capturing, reporting and billing the expenditures in a timely manner. Part of this stage in planning will be a required implementation of the SHARE grants module in capturing and accruing the receivable rather than continue with a manual process that appears to be inefficient.

Once the new process is in place, the NHTSA staff will undergo additional training in the grants module and new process.

The comptroller's office will maintain routine oversight of the monthly financial reports in order to assure quality control in this area.



NEW MEXICO DEPARTMENT OF TRANSPORTATION

Schedule of Findings and Questioned Costs - continued

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C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT - continued

08-7 TIMELINESS OF BILLINGS (Material Weakness)

U.S. Department of Transportation, NHTSA, CFDA #20.600, 20.601, 20.602, 20.608, 20.609, 20.612; no questioned costs.

U.S. Department of Transportation, FTA, CFDA #20.500; no questioned costs.

U.S. Department of Transportation, FHWA, CFDA #20.205; no questioned costs.

**Condition:** During our evaluation of federal receivables, it was noted that there were material amounts related to 2007 and 2008 expenditures that had not been billed to the federal agency as of the date of our request.

**Criteria:** Billings for federal expenditures should be performed on a timely basis and reconciled to the general ledger monthly for proper cash management.

**Cause:** Reconciliations for federal expenditures were not performed on a timely basis and delayed the federal billing process.

**Effect:** The federal agency can deny funding for expenditures if they are not received within a certain time period. The Department had to write off \$4,661,292 relating to federal payroll expenditures as a result of billing not being made timely. The Department had \$35,576,013 in unbilled Federal receivables as of June 30, 2008.

**Recommendation:** We recommend the Department perform timely reconciliations of federal expenditures to federal billings in order to ensure that all amounts are billed in an efficient time period.

**Management's Response:** The Department has continually attempted to bill eligible payroll in a timely manner during the course of business. FHWA requires that the records of the expenditures be pre-submitted for audit before the expenditures are allowed to be billed.

In the case of payroll expenditures, FHWA has not approved the pre-submissions. As a result, management has added to the allowance for doubtful accounts the amounts of eligible payroll in order to bring the receivables down to what may be collectible.

Although the Department will still pursue billing payroll for the 2007 through the 2009 fiscal years, submittal of the billings is still predicated upon audit and pre-approval by FHWA for reimbursement.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Summary Schedule of Prior Year Audit Findings

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05-2	Personnel and Payroll – Cleared
05-3	GRIP Posting Errors (Material Weakness) – Repeated and Modified
06-1	Inventory Reconciliations – Cleared
07-1	Access to Time Codes (Material Weakness) – Cleared
07-2	Employee Leave Balances (Material Weakness) – Cleared
07-3	Capital Assets (Material Weakness) – Repeated and Modified
07-4	Property Held for Resale – Cleared
07-5	Double Payments – Cleared
07-6	Audit Trail for Payment Vouchers – Cleared
07-7	Accounts Payable (Material Weakness) – Repeated and Modified
07-8	Journal Entries (Material Weakness) – Repeated and Modified
07-9	Misposting of Expenditures – Cleared
07-10	Per Diem Reimbursements – Repeated and Modified
07-11	Payroll Expenditures and Liabilities – Cleared
07-12	Actual Versus Budgeted Expenditures – Cleared
07-13	Timeliness of Audit and Accounting Procedures (Material Weakness) – Repeated and Modified
07-14	Over-Expended Appropriation Units – Repeated and Modified
07-15	Restatement of FY2007 Auditor’s Report (Material Weakness) - Cleared

An exit conference was held with the Department on August 26, 2009. The conference was held at the Department's offices in Santa Fe, New Mexico. In attendance were:

STATE OF NEW MEXICO DEPARTMENT OF TRANSPORTATION

Gary Giron, Cabinet Secretary  
Domingo Sanchez III, Deputy Secretary of the Office of Business Support  
Greg Geisler, Comptroller  
John Cope, Commission Chair  
Jim Franken, Commissioner  
Kathleen Pinyan, Comptroller's Office  
Alexandra Williams, Comptroller's Office  
Art Gottlieb, Inspector General's Office  
Julie Atencio, Inspector General's Office  
Larry Viarreal, Finance

MEYNNERS + COMPANY, LLC

Brandon Hill Haines, CPA, CFE, Assurance Principal  
Janet Pacheco-Morton, CPA, CGFM, Senior Manager  
Jesse Muniz, Senior Accountant  
Kyle McGuire, Senior Accountant

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the Independent Auditor. However, they are the responsibility of management, as addressed in the Independent Auditors' Report.