

NEW MEXICO  
DEPARTMENT OF  
TRANSPORTATION  
Financial Statements  
for the Year Ended  
June 30, 2009,  
and Independent  
Auditors' Report

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NEW MEXICO DEPARTMENT OF TRANSPORTATION

Official Roster

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Year Ended June 30, 2009

Commission

Johnny Cope  
Jim Franken  
Norman Assed  
John Hummer  
Roman Maes III  
Jackson Gibson

Chairperson  
Vice-Chairperson  
Secretary  
Member  
Member  
Member

Hobbs  
Las Vegas  
Albuquerque  
Las Cruces  
Santa Fe  
Thoreau

Administrative Officer

Gary Giron  
Domingo Sanchez III

Cabinet Secretary  
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, the budgetary comparison for the Department as a whole and the aggregate remaining fund information of New Mexico Department of Transportation (Department) as of and for the year ended June 30, 2009, 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 comparisons for each 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, 2009, as listed in the table of contents. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. 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



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

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, 2009, 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.

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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the Department as a whole 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, 2009, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparison for the Department as a whole referred to above presents fairly, in all material respects, the budget comparison of all the governmental funds and enterprise funds of the Department for the year ended June 30, 2009, 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 June 8, 2010, 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 accounting principles generally accepted in the United States of America. 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.

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

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 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.

*Meyers + Company, LLC*

June 8, 2010

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# NEW MEXICO DEPARTMENT OF TRANSPORTATION

## Management's Discussion and Analysis Year Ended June 30, 2009

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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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in footnotes to the basic financial statements, which start on page 33 of this audit report.

### **Financial Highlights**

The Department's net assets declined by \$195,713,481, mainly due to depreciation and amortization expense of \$570,870,614. The net assets of the Department's governmental activities decreased by \$195,917,925 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 start on page 20 of this report.



## 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 44 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.

**General Fund Appropriations Fund** - 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

## Overview of the Financial Statements - continued

### Fund Financial Statements – continued

reverts to the State General Fund upon completion of the appropriation project or upon expiration of the appropriation period.

**ARRA Project Fund** - The ARRA Fund was created under the American Recovery and Reinvestment Act of 2009, a federal economic stimulus program. This fund tracks the expenditure and reimbursement of projects which qualify under the terms of the Act. This is a non-reverting fund.

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 three major funds. Data from the other 41 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 113 through 130.

### 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.

The basic proprietary fund financial statements can be found on pages 28 through 30 and the cash flows statement is on page 31 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 33.

**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, 2009, the Department's assets exceeded liabilities by \$5,803,140,260.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Management's Discussion and Analysis -  
Year Ended June 30, 2009 - continued**

**Government-wide Financial Analysis - continued**

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.

**Net Assets**

As of June 30, 2009 and 2008, 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, 2009 and 2008.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Assets:</b>						
Current and other assets	\$ 588,138,929	800,698,578	21,277,419	21,807,779	609,416,348	822,506,357
Capital assets and other	7,208,713,391	7,120,291,143	-	-	7,208,713,391	7,120,291,143
<b>Total assets</b>	<b>7,796,852,320</b>	<b>7,920,989,721</b>	<b>21,277,419</b>	<b>21,807,779</b>	<b>7,818,129,739</b>	<b>7,942,797,500</b>
<b>Liabilities:</b>						
Current liabilities	335,889,963	230,110,898	811,114	1,545,918	336,701,077	231,656,816
Long-term liabilities	1,678,288,402	1,709,765,776	-	-	1,678,288,402	1,709,765,776
<b>Total liabilities</b>	<b>2,014,178,365</b>	<b>1,939,876,674</b>	<b>811,114</b>	<b>1,545,918</b>	<b>2,014,989,479</b>	<b>1,941,422,592</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt and unspent bond proceeds	5,234,861,006	5,284,234,236	-	-	5,234,861,006	5,284,234,236
Restricted	547,812,949	696,878,811	20,466,305	20,261,861	568,279,254	717,140,672
<b>Total net assets</b>	<b>\$ 5,782,673,955</b>	<b>5,981,113,047</b>	<b>20,466,305</b>	<b>20,261,861</b>	<b>5,803,140,260</b>	<b>6,001,374,908</b>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Management's Discussion and Analysis -  
Year Ended June 30, 2009 - 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, 2009 and 2008. Governmental activities decreased the Department's net assets by \$195,917,925 in 2009 and by \$115,604,224 in 2008. Business-type activities increased the Department's net assets by \$204,444 in 2009 and by \$760,530 in 2008 due to interest income earned during the year.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Capital grants	\$ 402,823,566	305,469,842	-	-	402,823,566	305,469,842
Operating grants	-	75,933,653	-	-	-	75,933,653
Charges for services	38,434,473	13,549,696	-	-	38,434,473	13,549,696
General revenues:						
Taxes	388,743,110	419,976,392	-	-	388,743,110	419,976,392
Interest income	18,733,946	46,706,497	204,444	760,530	18,938,390	47,467,027
Gain (loss) on disposal of assets	(3,855,743)	(6,028)	-	-	(3,855,743)	(6,028)
Total revenues	844,879,352	861,630,052	204,444	760,530	845,083,796	862,390,582
Expenses:						
Depreciation & amortization	570,870,614	549,177,995	-	-	570,870,614	549,177,995
Programs and infrastructure Transportation and Highway Operations	77,477,730	11,028,125	-	-	77,477,730	11,028,125
Program support	289,556,180	246,894,734	-	-	289,556,180	246,894,734
ARRA	147,515,433	163,329,100	-	-	147,515,433	163,329,100
ARRA	634,638	-	-	-	634,638	-
Total expenses	1,086,024,595	970,429,954	-	-	1,086,024,595	970,429,954
Net revenues (loss) before transfers and reversions	(241,145,243)	(108,799,902)	204,444	760,530	(240,940,799)	(108,039,372)
Transfers and reversions	45,227,318	(6,804,322)	-	-	45,227,318	(6,804,322)
(Decrease) increase in net assets	(195,917,925)	(115,604,224)	204,444	760,530	(195,713,481)	(114,843,694)
Net assets, beginning of year	5,981,113,047	6,099,426,853	20,261,861	19,501,331	6,001,374,908	6,118,928,184
Restatements	(2,521,167)	(2,709,582)	-	-	(2,521,167)	(2,709,582)
Net assets, end of year	\$ 5,782,673,955	5,981,113,047	20,466,305	20,261,861	5,803,140,260	6,001,374,908

# NEW MEXICO DEPARTMENT OF TRANSPORTATION

## Management's Discussion and Analysis - Year Ended June 30, 2009 - continued

### Government-wide Financial Analysis - continued

The changes in net assets for the Department's major funds for 2009 are as follows:

State Road Fund	\$ (51,098,100)
ARRA Fund	(14,762,939)
General Fund Appropriations	<u>(71,713,487)</u>
Major funds, net change in assets	\$ <u>(137,574,526)</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 2009 fiscal year, the Department's governmental funds reported combined ending fund balances of \$318,911,624, a decrease of \$339,641,014 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 \$62,025,156.

#### 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 \$375,392,363. Overall, these changes were caused by the following significant budget adjustments:

Transfer budget categories for bridge testing equipment	\$ 172,000
Budget available cash for WIPP/DOE for GRIP project Clines Corners to Lamy	16,000,000
Allocate federal grant funding for Rail Runner Express Operations & Maintenance	3,800,000
Allocate maintenance funds paid by BNSF and Amtrak for railroad repairs	2,500,000
Budget NHTSA Alcohol Countermeasure project funds	6,000,000
Budget DWI Indigent Device Fund to allow for payment to vendors	520,000
Budget Federal Transit Funds for operations in Grants and Services	1,600,000
Utilize WIP/DOE revenue from Acoma and Rubberized Asphalt for Acomita Interchange	12,521,000
Increased debt service costs for refunding done in April 2008	2,500,000
Transfer of costs to cover interest payments for the Line of Credit and unused amounts fees	2,000,000
Increase in GRIP project funds for Rail Runner Belen to Santa Fe	23,500,000

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

Management's Discussion and Analysis -  
Year Ended June 30, 2009 - continued

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

#### Budgetary Highlights - continued

Voluntary reduction in department level budget	\$40,164,615
Increase Interlock Device Fund	407,000
Increase Federal Traffic Safety Fund	280,000
Increase DWI Prevention Fund	80,900
Increase Traffic Safety Education & Enforcement	500,000
Increase Federal Economic Stimulus Package-ARRA	107,900,000
Increase Traffic Safety Education & Enforcement	500,000
Increase Federal Economic Stimulus Package-ARRA Transit	12,255,602
Transfer of funds from Indian Affairs Department for street lighting	328,000
Homeland Security reimbursement for flooding disaster areas statewide	34,743
Increase Mesa PDC-US 550 Warranty reimbursement	1,297,944
Increase Federal Economic Stimulus Package-ARRA-LED Lighting Project	2,500,000
Increase Federal Economic Stimulus Package-ARRA	<u>138,030,559</u>
	\$ <u>375,392,363</u>

#### Capital Assets Overview

The Department's investment in capital assets for its governmental activities as of June 30, 2009, amounts to \$7,168,146,950 (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 2008-2009 Active Projects with a contract amount of \$10 million or more:

- I-40/San Mateo Interchange - Bernalillo County
- I-40/West Interchange - Bernalillo County
- I-40, MP 173.730 to MP 177.177 - Bernalillo County
- I-40, MP 54.000 to MP 58.000 - McKinley County
- US 491, MP 59.000 to MP 67.700 - San Juan County

**Capital Assets Overview - continued**

**Major Infrastructure Projects - continued**

**Fiscal Year 2008-2009 Active Projects with a contract amount of \$10 million or more - continued:**

I-40/San Mateo Interchange - Bernalillo County  
I-40/West Interchange - Bernalillo County  
I-40, MP 173.730 to MP 177.177 - Bernalillo County  
I-40, MP 54.000 to MP 58.000 - McKinley County  
US 491, MP 59.000 to MP 67.700 - San Juan County  
I-40, MP 126.244 to MP 130.760 - Cibola County  
I-40, Interchange at MP 102.000 - Cibola County  
US 62/180, MP 0.240 to MP 16.250 - Eddy County  
US 62/180, MP 16.250 to MP 25.980 - Eddy County  
US 64/87, MP 390.332 to MP 400.000 - Union County  
NM 26, MP 25.900 to MP 45.300 - Luna County  
NM 128, MP 38.810 to MP 48.990 - Lea County  
NM 128, MP 24.700 to MP 38.810 - Lea County  
I-40, MP 124.000 to MP 133.700 - Dona Ana County  
NM 83, MP 0.200 to MP 12.900 - Lea County  
US 84/285, MP 184.910 to MP 186.180 - Santa Fe County  
US 285, MP 250.000 to MP 280.000 - Torrance, San Miguel, Santa Fe Counties  
I-25, MP 220.500 to MP 222.860 - Bernalillo County  
US 550, MP 64.780 to MP 115.300 - Sandoval, Rio Arriba, San Juan Counties

**Equipment**

For fiscal year 2009, the Equipment modified accrual basis budget total was approximately \$11.9 million. Of this budget, approximately \$6.4 million was fully expended at June 30, 2009. 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, 2009 - continued**

**Capital Assets Overview - continued**

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

		<u>2009</u>	<u>2008</u>
Land	\$	5,076,633	5,076,633
Construction in Process		19,637,755	-
Right of way		463,768,765	377,725,494
Infrastructure		15,268,403,662	15,172,765,450
Equipment and furniture		30,039,203	31,472,967
Library		102,614	102,614
Buildings		42,006,106	40,005,443
Vehicles		187,263,628	192,015,322
Accumulated depreciation		<u>(8,848,151,416)</u>	<u>(8,743,765,971)</u>
<b>Total</b>	<b>\$</b>	<u><u>7,168,146,950</u></u>	<u><u>7,075,397,952</u></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, 2009, the Department had a total outstanding debt (bonds) of \$1,687,175,000. Outstanding bond debt is backed by the Department's state tax revenues and FHWA revenues.

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

		<u>2009</u>	<u>2008</u>
Bonds (excludes deferred amount on refunding)	\$	<u>1,687,175,000</u>	<u>1,761,675,000</u>

The Department's total bond debt decreased by 4.2%, or \$74,500,000. Total outstanding bond debt at the end of the fiscal year was \$1,687,175,000 compared to \$1,761,675,000 at the end of the 2008 fiscal year. Key factors affecting the Department's outstanding bonds during the current fiscal year included bond principal repayments totaling \$74,500,000. 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.



## 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 July 1, 2009 was 2,009,671. 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, Torrance and Valencia Counties; the Las Cruces MSA is Dona Ana County; the Santa Fe MSA is Santa Fe County, and the Farmington MSA is San Juan County. The fastest growing counties in the state are Sandoval, Dona Ana, Bernalillo and Santa Fe.

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 21,000 New Mexicans in 2008 and represented 15.6% of the states's GDP. 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, \$253.5 million in FY2008 and \$372.5 million in FY2009. 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.

**Federal Transit Administration Funds:** NMDOT reported revenue of \$25,155,197 in FY 2009 Federal Transit Administration grant funds.

**National Highway Traffic Safety Administration Funds:** NMDOT reported revenue of \$18,895,855 in FY 2009 of National Highway Traffic Safety Administration grant funds.

**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, \$15.7 million in FY2007, \$14.7 million in FY 2008 and \$15.9 million in FY2009.

**ARRA Revenue:** NMDOT reported \$699,965 revenue of \$699,965 of FY2009 ARRA funds passed through from the New Mexico Energy, Mineral and Natural Resources Department. NMDOT also reported \$16,901,789 revenue of FY2009 ARRA funds from FHWA.

**State Revenue:**

Revenues for the New Mexico Department of Transportation over the long-term (20 years) are characterized as being steady and growing at rates associated with the Consumer Price Index (CPI). There have been periods of stronger and slower, even declining, rates of growth. From fiscal years 1988 to 2000, the average annual compound growth rate was 2.7% and from 2003 to 2007 it was 7.5%. In fiscal year 2001, there was a contraction and then a slowdown due to economic recession that lasted three years.

Department of Transportation revenues have not been exempted from the current recession. However, there is sufficient diversity of type that not all are being impacted to the same extent. State Road Fund revenues are about half and half passenger car to trucking activity. Those associated with passenger cars (gasoline and registrations) have been virtually flat while trucking (special fuel and weight/distance) revenues, influenced by economic recession activity, has been impacted negatively by almost 20%. The resultant total state road fund revenue curve characterizing this recession is 7 years (FY 2007 to FY 2014) from peak to trough to return to peak levels. The low point is about 12% down in FY 2010 with the expected climb-out to last 4 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.

**Economic Factors and Revenue Forecasts - continued**

**Revenue Forecasts and Budgets - continued**

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

In fiscal years 2005 through 2007, state revenues from gasoline, special fuels, weight/distance and vehicle registrations grew by \$47.7, \$15.9, \$18.7, million each year, respectively. In fiscal years 2008 and 2009, these revenues declined \$13.2 and \$18.9 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 in FY 2005 through FY 2007 and have led the decline in FY 2008 and FY 2009.

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 \$108.0 million in revenue in FY 2009. 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) has fared during the large price fluctuations in 2008 and in light of the economic slowdown. While being watched carefully, for New Mexico, there has been, surprisingly, little, to no change in gasoline usage.

**Special fuels** are the second largest of the state's revenue sources, providing \$85.6 million in FY 2009, down from \$101.5 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 have grown by \$27.0 million, or 36%, from FY 2004 to FY 2008. Special fuels, over time, have been strongly growing revenue with an average annual compound growth rate of 5.2% from 1988 to 2008.

The current recession, because of the lack of consumer goods purchases and, hence, movement, has led to a fairly steep decline in freight for all sources including air, ship, rail and truck. For all these types that decline from peak has been in range of 20%. Trucking, and its associated fuel usage, experienced its strong contraction beginning in December 2009 with a new low plateau for the remainder of FY 2009. This step-down for the last half of the fiscal year manifested itself in the reduced full year revenue.

**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 \$80.0 million in revenue in FY 2009, down slightly from \$77.4 million 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 a “bump” increase occurred in 2007 because of an accounting time period changes.)

**Motor vehicle registration fees** are the fourth largest revenue at \$72.2 million in FY 2009. 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.

**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 \$5.8 million in FY 2009. Recent New Mexico investments in enforcement and optical scanning computer truck identification interface with the weight/distance tax data base are expected to increase truck related revenues.

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. Because of delays in getting the system up and running, revenue for FY 2007 came in at \$377,000, \$866,000 for FY 2008, and \$2.3 million in FY 2009. As the system improves over time, it is hoped that the cap maximum will be reached.

**Economic Factors and Revenue Forecasts - continued**

**Revenue Forecasts and Budgets - continued**

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

The state permits gasoline to be sold at retail by registered Indian tribal distributors on Indian 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. Currently the tribal sales have been stabilized to slowly growing.

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.

**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

**DEPARTMENT OF TRANSPORTATION**  
**Statement of Net Assets**

AS OF JUNE 30, 2009

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
<b>CURRENT ASSETS:</b>			
Cash (Note 2):			
Unrestricted	2,600	-	2,600
Restricted	228,570,025	-	228,570,025
Cash equivalents (Note 2):			
(Investment in state general fund investment pool)			
Unrestricted	35,205,112	-	35,205,112
Restricted	131,677,225	8,458,560	140,135,785
Receivables:			
Taxes receivable, net	61,939,382	-	61,939,382
Accounts receivable, net (Note 3)	11,899,692	-	11,899,692
Interest receivable	734,562	447,114	1,181,676
Notes and loans receivable (Note 5)	18,143	12,177,853	12,195,996
Other receivables	183,397	-	183,397
U.S. Department of Transportation (Note 6)	65,132,121	-	65,132,121
Due from other state agencies (Note 27)	21,300,598	1,452	21,302,050
Due from other funds (Note 7)	(192,440)	192,440	-
Capitalized issuance costs	798,948	-	798,948
Inventories (Note 8)	16,361,029	-	16,361,029
Prepaid expense - NM44 warranty	3,189,030	-	3,189,030
Prepaid expense - risk management	1,374,036	-	1,374,036
Prepaid expense - other	352,618	-	352,618
Property held for resale, net	9,592,851	-	9,592,851
<b>TOTAL CURRENT ASSETS</b>	<b>588,138,929</b>	<b>21,277,419</b>	<b>609,416,348</b>
<b>NON-CURRENT ASSETS:</b>			
Capitalized issuance costs, net	7,684,195	-	7,684,195
Prepaid expense - NM44 warranty, net	32,882,246	-	32,882,246
Capital assets, net (Note 9)	7,168,146,950	-	7,168,146,950
<b>TOTAL NON-CURRENT ASSETS</b>	<b>7,208,713,391</b>	<b>-</b>	<b>7,208,713,391</b>
<b>TOTAL ASSETS</b>	<b>7,796,852,320</b>	<b>21,277,419</b>	<b>7,818,129,739</b>

**DEPARTMENT OF TRANSPORTATION**  
**Statement of Net Assets-continued**

AS OF JUNE 30, 2009

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable and contracts payable, including retainage of \$6,937,970	93,277,796	573,038	93,850,834
Due to other agencies (Note 26)	82,849,908	-	82,849,908
Due to state general fund	1,867,782	-	1,867,782
Payable to other governments	2,903,424	238,076	3,141,500
Accrued payroll, taxes and withholdings	5,611,635	-	5,611,635
Accrued interest	3,401,336	-	3,401,336
Deferred revenue	32,202,634	-	32,202,634
Short term note payable (taxable line of credit) (Note 11)	10,000,000	-	10,000,000
Other liabilities	17,610,644	-	17,610,644
Current portion of long-term obligations:			
Compensated absences (Note 11)	2,850,370	-	2,850,370
Debentures payable (Note 11)	78,295,000	-	78,295,000
Capitalized bond premium	5,019,434	-	5,019,434
<b>TOTAL CURRENT LIABILITIES</b>	<b>335,889,963</b>	<b>811,114</b>	<b>336,701,077</b>
<b>LONG-TERM LIABILITIES:</b>			
Long-term obligations:			
Tax-exempt line of credit (Note 11)	40,028,625	-	40,028,625
Compensated absences (Note 11)	4,707,348	-	4,707,348
Debentures payable (Note 11)	1,586,175,336	-	1,586,175,336
Capitalized bond premium, net	47,377,093	-	47,377,093
<b>TOTAL LONG-TERM LIABILITIES:</b>	<b>1,678,288,402</b>	<b>-</b>	<b>1,678,288,402</b>
<b>TOTAL LIABILITIES</b>	<b>2,014,178,365</b>	<b>811,114</b>	<b>2,014,989,479</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of any related debt and unspent debt proceeds	5,234,861,006	-	5,234,861,006
Restricted for:			
Loans	-	20,466,305	20,466,305
Specific purposes	547,812,949	-	547,812,949
<b>TOTAL NET ASSETS</b>	<b>5,782,673,955</b>	<b>20,466,305</b>	<b>5,803,140,260</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>7,796,852,320</b>	<b>21,277,419</b>	<b>7,818,129,739</b>



# DEPARTMENT OF TRANSPORTATION

## Statement of Activities

YEAR ENDED JUNE 30, 2009

	Business-type		Total
	Governmental Activities	Activities (State Infrastructure Bank)	
<b>PROGRAM EXPENSES:</b>			
Programs and infrastructure	77,447,730	-	77,447,730
Transportation and highway operations	289,556,180	-	289,556,180
Program support	147,515,433	-	147,515,433
ARRA	634,638	-	634,638
Depreciation and amortization	570,870,614	-	570,870,614
<b>TOTAL PROGRAM EXPENSES</b>	<b>1,086,024,595</b>	<b>-</b>	<b>1,086,024,595</b>
<b>PROGRAM REVENUES:</b>			
Charges for services	38,434,473	-	38,434,473
Operating grants	-	-	-
Capital grants	402,823,566	-	402,823,566
<b>TOTAL PROGRAM REVENUES</b>	<b>441,258,039</b>	<b>-</b>	<b>441,258,039</b>
<b>NET PROGRAM (EXPENSE) REVENUE</b>	<b>(644,766,556)</b>	<b>-</b>	<b>(644,766,556)</b>
<b>GENERAL REVENUES (EXPENSE):</b>			
User and fuel taxes	388,743,110	-	388,743,110
Interest income	18,733,946	204,444	18,938,390
Loss on disposal of assets	(3,855,743)	-	(3,855,743)
<b>TOTAL GENERAL (EXPENSE) REVENUE</b>	<b>403,621,313</b>	<b>204,444</b>	<b>403,825,757</b>
<b>TRANSFERS:</b>			
Reversions to state general fund (Note 12)	(3,098,918)	-	(3,098,918)
Transfers from – severance tax bond appropriation (Note 10)	53,383,093	-	53,383,093
Transfers from (to) other state agencies and local governments, net (Note 10)	(5,056,857)	-	(5,056,857)
<b>TOTAL TRANSFERS</b>	<b>45,227,318</b>	<b>-</b>	<b>45,227,318</b>
<b>NET GENERAL REVENUES AND TRANSFERS</b>	<b>448,848,631</b>	<b>204,444</b>	<b>449,053,075</b>
<b>CHANGE IN NET ASSETS/OPERATING INCOME</b>	<b>(195,917,925)</b>	<b>204,444</b>	<b>(195,713,481)</b>
<b>NET ASSETS, BEGINNING OF FISCAL YEAR</b>	<b>5,981,113,047</b>	<b>20,261,861</b>	<b>6,001,374,908</b>
<b>RESTATEMENT (Note 25)</b>	<b>(2,521,167)</b>	<b>-</b>	<b>(2,521,167)</b>
<b>RESTATED NET ASSETS, BEGINNING OF FISCAL YEAR</b>	<b>5,978,591,880</b>	<b>20,261,861</b>	<b>5,998,853,741</b>
<b>NET ASSETS, END OF FISCAL YEAR</b>	<b>5,782,673,955</b>	<b>20,466,305</b>	<b>5,803,140,260</b>

**DEPARTMENT OF TRANSPORTATION**  
**Balance Sheet – Governmental Funds**

AS OF JUNE 30, 2009

	Major Funds			Other Governmental	Total Governmental
	State Road Fund	General Fund Appropriations	ARRA Project Fund		
<b>ASSETS:</b>					
Cash:					
Unrestricted	2,600	-	-	-	2,600
Restricted	76,096	-	-	228,493,929	228,570,025
Cash Equivalents:					
(Investment in state general fund investment pool)					
Unrestricted	3,258,633	-	-	31,946,479	35,205,112
Restricted	39,222,633	75,029,774	13,540	17,411,278	131,677,225
Receivables:					
Taxes receivable, net	57,565,490	-	-	4,373,892	61,939,382
Accounts receivable, net	11,899,127	-	-	565	11,899,692
Interest receivable	195,582	-	-	538,980	734,562
Notes and loans receivable	18,143	-	-	-	18,143
Other receivables	177,086	-	-	6,311	183,397
Due from:					
Other State agencies	46,011	1,280,750	199,965	19,773,872	21,300,598
Other funds	68,237,760	114,495	419,000	9,469,889	78,241,144
U.S. Department of Transportation	38,961,599	-	16,482,790	9,687,732	65,132,121
Inventories	16,361,029	-	-	-	16,361,029
Prepaid expenses - other	352,618	-	-	-	352,618
Prepaid expenses – risk management	-	-	-	1,374,036	1,374,036
Prepaid expense - NM44 warranty	36,071,276	-	-	-	36,071,276
Property held for resale	9,592,851	-	-	-	9,592,851
<b>TOTAL ASSETS</b>	<b>282,038,534</b>	<b>76,425,019</b>	<b>17,115,295</b>	<b>323,076,963</b>	<b>698,655,811</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	33,281,378	7,172,460	16,480,657	36,343,301	93,277,796
Due to other funds	72,764,088	384,268	634,638	4,650,590	78,433,584
Due to other agencies	30,765,671	-	-	52,084,237	82,849,908
Due to state general fund	13,240	1,854,542	-	1,867,782	1,867,782
Payable to other governments	-	1,401,547	-	1,501,877	2,903,424
Deferred revenue	70,313,865	-	14,762,939	2,112,610	87,189,414
Other accrued expenses	5,580,199	-	-	31,436	5,611,635
Short-term notes payable (taxable line of credit)	-	-	-	10,000,000	10,000,000
Other payables	14,933,333	179,799	-	2,497,512	17,610,644
<b>TOTAL LIABILITIES</b>	<b>227,651,774</b>	<b>10,992,616</b>	<b>31,878,234</b>	<b>109,221,563</b>	<b>379,744,187</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Inventories	16,361,029	-	-	-	16,361,029
Prepaid expenses	36,071,276	-	-	-	36,071,276
Property held for resale	9,592,851	-	-	-	9,592,851
Unreserved, designated					
Special revenue funds	-	65,432,403	(14,762,939)	148,831,383	199,500,847
Capital projects funds	-	-	-	9,576,014	9,576,014
Debt service funds	-	-	-	55,448,003	55,448,003
Unreserved	(7,638,396)	-	-	-	(7,638,396)
<b>TOTAL FUND BALANCES</b>	<b>54,386,760</b>	<b>65,432,403</b>	<b>(14,762,939)</b>	<b>213,855,400</b>	<b>318,911,624</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>282,038,534</b>	<b>76,425,019</b>	<b>17,115,295</b>	<b>323,076,963</b>	<b>698,655,811</b>

**DEPARTMENT OF TRANSPORTATION**

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

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AS OF JUNE 30, 2009

Total Fund Balances - Governmental Funds (Governmental Fund Balance Sheet)	318,911,624
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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; recorded as revenue in the Statement of Activities:

Balance sheet	87,189,414	
Statement of net assets	<u>(32,202,634)</u>	
Change in deferred revenue		54,986,780

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

The cost of capital assets is	16,016,298,366	
Accumulated depreciation is	<u>(8,848,151,416)</u>	
Total capital assets		7,168,146,950

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

Long-term notes payable (tax-exempt line of credit)		(40,028,625)
Debentures payable (bonds only)		(1,687,175,000)
Deferred loss on refunding (net of current period amortization)		22,704,664
Compensated absences		(7,557,718)

Accrued interest on long-term obligations not recorded by the governmental funds until paid:

		(3,401,336)
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Capitalized issuance costs not recorded in the governmental funds as an asset, net of amortization:

		8,483,143
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Capitalized bond premiums not recorded in the governmental funds as a liability, net of amortization:

		<u>(52,396,527)</u>
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Net assets of governmental activities (Statement of Net Assets)	<u><u>5,782,673,955</u></u>
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**DEPARTMENT OF TRANSPORTATION**  
**Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds**

FOR THE YEAR ENDED JUNE 30, 2009

	State Road Fund	General Fund Appropriations	ARRA Project Fund	Other Governmental	Total Governmental
<b>REVENUES:</b>					
User and fuel taxes	362,863,142	-	-	25,879,968	388,743,110
U.S. Department of Transportation	302,428,024	-	1,719,850	46,746,619	350,894,493
U.S. Department of Energy	32,747,299	-	-	-	32,747,299
Fees and fines	-	-	-	72,519	72,519
Licenses and permits	6,635,795	-	-	2,155,941	8,791,736
Charges for services	2,685,603	-	-	-	2,685,603
DWI interlock device	-	-	-	553,787	553,787
Other revenue	26,330,814	-	-	14	26,330,828
Interest earnings	547,074	-	-	18,186,872	18,733,946
<b>TOTAL REVENUES</b>	<b>734,237,751</b>	<b>-</b>	<b>1,719,850</b>	<b>93,595,720</b>	<b>829,553,321</b>
<b>EXPENDITURES:</b>					
Current:					
Operating costs	12,689,645	-	-	425	12,690,070
Personal services	100,514,822	-	-	1,255,085	101,769,907
Out-of-state travel	131,658	-	-	31,912	163,570
Grants and services	5,795,406	-	-	68,579,731	74,375,137
Travel	16,839,052	-	-	5,045	16,844,097
Maintenance and repairs	8,494,777	-	-	34,509	8,529,286
Supplies	35,649,019	-	-	4,653,192	40,302,211
Contractual services	7,702,152	44,397,774	-	28,957,686	81,057,612
Other costs	18,484,962	10,633,086	634,638	379,932	30,132,618
Employee benefits	57,988,644	-	-	445,171	58,433,815
Capital outlay	346,625,985	13,981,595	16,967,116	281,864,226	659,438,922
Debt Service:					
Principal	-	-	-	74,500,000	74,500,000
Interest and other charges	-	-	-	72,960,649	72,960,649
Swap interest	-	-	-	17,940,843	17,940,843
Trustee and broker fees	2,000	-	-	5,309,541	5,311,541
Debt refunding costs	-	-	-	-	-
Debt issuance costs	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>610,918,122</b>	<b>69,012,455</b>	<b>17,601,754</b>	<b>556,917,947</b>	<b>1,254,450,278</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>123,319,629</b>	<b>(69,012,455)</b>	<b>(15,881,904)</b>	<b>(463,322,227)</b>	<b>(424,896,957)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Appropriations, net of reversions	-	(3,098,918)	-	-	(3,098,918)
Proceeds from LT notes payable	-	-	-	40,028,625	40,028,625
Transfers from – Severance Tax Bond Appropriation	-	-	-	53,383,093	53,383,093
Transfers from (to) other agencies	(6,454,708)	397,886	699,965	300,000	(5,056,857)
Transfers	(167,963,021)	-	419,000	167,544,021	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(174,417,729)</b>	<b>(2,701,032)</b>	<b>1,118,965</b>	<b>261,255,739</b>	<b>85,255,943</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(51,098,100)</b>	<b>(71,713,487)</b>	<b>(14,762,939)</b>	<b>(202,066,488)</b>	<b>(339,641,014)</b>
FUND BALANCES, June 30, 2008	105,484,860	137,145,890	-	418,443,055	661,073,805
RESTATEMENT (Note 25)	-	-	-	(2,521,167)	(2,521,167)
RESTATED FUND BALANCES, June 30, 2008	105,484,860	137,145,890	-	415,921,888	658,552,638
FUND BALANCES, June 30, 2009	54,386,760	65,432,403	(14,762,939)	213,855,400	318,911,624

**DEPARTMENT OF TRANSPORTATION**

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

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YEAR ENDED JUNE 30, 2009

Net Changes in Fund Balances - Total Governmental Funds (339,641,014)  
 (Statement of Revenues, Expenditures, and Changes in Fund Balances)

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

Amounts recorded as deferred revenue in the Balance Sheet-Governmental funds that were not received within the period of availability - 60 days after year end; recorded as revenue in the Statement of Activities: 19,181,774

In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) - are measured by the amounts earned during the year, however, expenditures for these items in the Statement of Revenues, Expenditures and Fund Balances are measured by the amounts of financial resources used (essentially, the amounts actually paid). The increase (decrease) in the compensated absences liabilities for the fiscal year was: (172,252)

The Statement of Revenues, Expenditures and Changes in Fund Balances report capital outlays as expenditures. In the Statement of Activities, the cost of those Assets is capitalized and that cost is depreciated over their estimated useful lives. In the current period these amounts were:

Capital assets activity reported in the Statement of Revenue, Expenditures and Changes in Fund Balances:		
Capital outlay	659,438,922	
Capital assets activity reported in the Statement of Activities:		
Depreciation expense	(562,834,181)	
Sale of capital asset, net book value	(3,855,743)	
Excess of depreciation expense over capital outlay		92,748,998

Repayment of debentures recorded as a principal expenditure in the Statement of Revenues, Expenditures and Changes in Fund Balances recorded as a reduction in long-term debentures payable in the Statement of Net Assets: 74,500,000

Amortization of deferred loss on refunding, recorded as a reduction of long-term liabilities in the Statement of Net Assets: (8,164,564)

Amortization of bond premiums recorded as a reduction of interest expense in the Statement of Activities. The liability balance of \$52,396,527 is recorded in the Statement of Net Assets. 1,314,749

Long-term note payable (tax-exempt line of credit) proceeds of \$40,028,625 reported as other financing sources in the Statement of Revenues, Expenditures and Changes in Fund Balances, and recorded as a liability in the Statement of Net Assets. (40,028,625)

Amortization of bond issuance costs recorded as other costs in the Statement of Revenues, Expenditures and Changes in Fund Balances, and recorded as a reduction in an asset of \$8,483,143, in the Statement of Net Assets. (1,186,618)

Net change in accrued interest on long-term debt recorded in the Statement of Net Assets 5,529,627

Change in net assets of governmental activities (Statement of Activities) (195,917,925)

**DEPARTMENT OF TRANSPORTATION**  
**Statement of Net Assets-Business-type Activities-Enterprise Fund**

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AS OF JUNE 30, 2009

ASSETS:	State Infrastructure Bank
CURRENT ASSETS:	
Cash equivalents (Note 2):	
Unrestricted	\$ -
Restricted	-
Cash equivalents (Note 2):	
(Investment in state general fund investment pool)	
Unrestricted	-
Restricted	8,458,560
Receivables:	
Due from other funds	627,503
Due from other state agencies	1,452
Interest receivable	447,114
Notes and loans receivable (Note 5)	12,177,853
	21,712,482
TOTAL CURRENT ASSETS	21,712,482
TOTAL ASSETS	\$ 21,712,482

**DEPARTMENT OF TRANSPORTATION**  
**Statement of Net Assets-Business-type Activities-Enterprise Fund-continued**

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AS OF JUNE 30, 2009

LIABILITIES:	<u>State Infrastructure Bank</u>
CURRENT LIABILITIES:	
Accounts payable and contracts payable	573,038
Due to other funds	435,063
Due to other state agencies	-
Due to other governments	<u>238,076</u>
TOTAL CURRENT LIABILITIES	<u>1,246,177</u>
TOTAL LIABILITIES	\$ <u>1,246,177</u>
NET ASSETS:	
Restricted for:	
Loans	\$ <u>20,466,305</u>
TOTAL NET ASSETS	\$ <u><u>20,466,305</u></u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>21,712,482</u></u>

**DEPARTMENT OF TRANSPORTATION**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds**

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YEAR ENDED JUNE 30, 2009

	State Infrastructure Bank
GENERAL REVENUES:	
Interest income	<u>204,444</u>
TOTAL GENERAL REVENUES (EXPENSES)	<u>204,444</u>
CHANGE IN NET ASSETS/OPERATING INCOME	204,444
NET ASSETS, BEGINNING OF FISCAL YEAR	<u>20,261,861</u>
NET ASSETS, END OF FISCAL YEAR	<u>\$ 20,466,305</u>



**DEPARTMENT OF TRANSPORTATION**  
**Statement of Cash Flows-Business-type Activities-Enterprise Fund**

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YEAR ENDED JUNE 30, 2009

		State Infrastructure Bank
Cash flows provided from operating activities:	\$	(793,603)
Cash flows from financing activities:		
Loans issued		(5,101,280)
Loans repaid		325,676
Net increase in cash and cash equivalents		(5,569,207)
Cash and cash equivalents at June 30, 2008		14,027,767
Cash and cash equivalents at June 30, 2009	\$	8,458,560
Reconciliation of operating income to net cash provided from operating activities:		
Operating income		204,444
Adjustment to reconcile operating income to net cash by operating activities:		
Increase in interest receivable		(157,292)
Increase from due from other funds		(627,503)
Decrease from due from other agency		86,488
Decrease in accounts payable		(354,433)
Increase in due to local governments		54,693
Cash flows provided by operating activities:	\$	(793,603)

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

YEAR ENDED JUNE 30, 2009

DEPARTMENT OF TRANSPORTATION				
agency wide including enterprise fund excluding multi-year funds				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ 358,681,800	634,898,504	383,641,792	(251,256,712)
Other state funds, inc. Line of Credit	646,687,000	640,225,144	467,206,208	(173,018,936)
State General Fund	2,928,000	2,928,000	-	(2,928,000)
Inter-Agency Transfers	300,000	7,628,000	4,481,385	(3,146,615)
Interest Revenue	2,916,000	2,717,700	18,938,390	16,220,690
<b>TOTAL REVENUES</b>	<b>1,011,512,800</b>	<b>1,288,397,348</b>	<b>874,267,775</b>	<b>414,129,573</b>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	<b>347,544,678</b>	<b>592,732,487</b>		
	<b>\$ 1,359,057,478</b>	<b>1,881,129,835</b>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	28,821,900	29,337,800	29,843,919	(506,119)
Contractual Services	363,637,150	817,846,830	403,164,834	414,681,996
Other	488,422,886	521,219,087	257,120,284	264,098,803
Transfers (In) Out	-	(1,721,000)	7,360,118	(9,081,118)
	880,881,936	1,366,682,717	697,489,155	669,193,562
Transportation and Highway Ops:				
Personal Services/Employee Benefits	103,892,400	115,523,559	102,732,038	12,791,521
Contractual Services	51,895,000	59,387,547	3,352,156	56,035,391
Other	101,783,900	116,431,770	96,942,505	19,489,265
Transfers (In) Out	-	-	-	-
	257,571,300	291,342,876	203,026,699	88,316,177
Business/Program Support				
Personal Services/Employee Benefits	27,664,880	27,664,800	27,627,765	37,035
Contractual Services	6,557,100	6,557,100	4,886,892	1,670,208
Other	208,352,156	208,352,156	194,858,152	13,494,004
Transfers In (Out)	(21,969,814)	(19,469,814)	9,243,177	(28,712,991)
	220,604,242	223,104,242	236,615,986	(13,511,744)
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>1,359,057,478</b>	<b>1,881,129,835</b>	<b>1,137,131,840</b>	<b>743,997,995</b>

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

**NOTES TO FINANCIAL STATEMENTS**

## 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, 2009.

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**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:

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**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.

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. This is a special revenue fund.

ARRA Project Fund (Fund #89000). The ARRA Fund was created under the American Recovery and Reinvestment Act of 2009, a federal economic stimulus program. This fund tracks the expenditure and reimbursement of projects which qualify under the terms of the Act. This is a non-reverting fund. This is a special revenue 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.

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

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, 2009, 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.

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

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

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

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.

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

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. This is a capital projects fund.

LOC Project Fund (Fund #10450). The project fund was created by the engagement of \$200,000,000 Line of Credit June 2008. The Line of Credit was engaged in with an adjustable rate and to provide funds for certain transportation projects authorized by the Legislature that the New Mexico Department of Transportation has 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.

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

**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.

Debt Service - WIPP Bonds (Fund #97200). The fund was 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). The fund was created when the \$105,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 1998A were issued in October 1998.

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

Debt Service - 2000 CHAT Bonds (Fund #43200). The fund was 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). The fund was created when the \$198,800,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2001A were issued in March 2001.

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

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

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

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

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

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

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

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. This series was refunded by the 2008C Refunding Revenue Bonds.

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. This series was refunded by the 2008D Refunding Revenue Bonds.

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 (Fund #10050)** 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.

**• 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 at the entity-wide level, except for multiyear funds.

**• Interfund and Interagency Transactions**

Transfers which, because of budgetary or legal restrictions, must be expended by funds other than the fund initially receiving the revenue, are recorded as operating transfers in (out) under the other financing sources (uses) category (Note 10) 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 \$50,000,000 Series 1993 Highway Bonds, 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 \$700,000,000 Senior Subordinate Lien Tax Revenue Highway Bonds, Series 2004A (GRIP Bonds), the \$237,950,000 Subordinate Lien Tax Revenue Highway Bonds, Series 2004B (GRIP Bonds), the \$150,000,000 Senior Subordinate Lien Tax Revenue Highway Bonds, Series 2006A (GRIP Bonds), the \$40,085,000 Subordinate Lien Tax Revenue Highway Bonds, Series 2006B (GRIP Bonds), the \$115,200,000 Subordinate Lien Tax Refunding Bonds, Series 2008A (GRIP Bonds), the \$220,000,000 Subordinate Lien Tax Refunding Bonds, Series 2008B (GRIP Bonds), the \$84,800,000 Subordinate Lien Tax Refunding Bonds, Series 2008C (GRIP Bonds), the \$50,400,000 Subordinate Lien Tax Refunding Bonds, Series 2008D (GRIP 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.



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

**• 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, 2009. 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).

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**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 3 categories of costs that will meet performance criteria: The pavement, which originally cost \$36,100,000, is being amortized over 20 years. At the end of fiscal year 2009 the unamortized value was \$27,075,080. The structures, which originally cost \$15,916,345 is being amortized over 11 1/2 years. At the end of fiscal year 2009 the unamortized value was \$8,996,196. The remaining amount, which originally cost \$13,564,126, is fully amortized and has no value at the end of fiscal year 2009.

**• 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). Reported property held for resale is equally offset by the fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of assets.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****• Capital Assets**

Capital assets, which include property, plant, equipment, software in the equipment category, and infrastructure assets (which is normally immovable and of value only to the state, such as roads, streets, tunnels and similar infrastructure items), are reported in the governmental activities columns in the government-wide financial statements. The Department has no internally developed software that requires capitalization. As a result of House Bill 1074, effective date June 17, 2005, 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). 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, 2009, and includes direct and incremental salary related payments, such as the employees' share of social security taxes.

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**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 column 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.

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**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 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.

Property Held for Resale - This reserve was created to represent the portion of fund balance that is not available for expenditures because the Department holds them in other assets.

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

**• Designated Fund Balance**

The Department established a designation for assets held in fund balances representing items that have not yet been utilized for their established purposes. Specific designations of fund balance accounts are summarized below:

Special Revenue Funds - This designation was created to represent fund balances for projects or special appropriations that have not been started in the governmental fund financial statements.

Capital Project Funds - This designation was created to represent fund balances for projects or special appropriations that have not been started in the governmental fund financial statements.

Debt Service Funds - This designation was created to represent fund balances for the use in satisfying future debt payments.

**• 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.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

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

• **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.

**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, 2009, are as follows:

	<b>SHARE Account Number</b>	Amount	Cash Reported in Due to Other Agencies
Unrestricted:			
Driver Improvement Fund	10020	483,736	
State Road Fund	20100/10040/78800/ 78900/82000	(27,507,038)	
Local Government Road Fund	20300	18,031,983	
State Aviation Fund	20500	4,534,933	
Motorcycle Training Fund	20600	309,007	
DWI Prevention and Education	20700	1,168,464	
Traffic Safety Fund	20800/10020/82600	7,418,356	
Federal Planning and Development	10030	(4,079,569)	
Total Unrestricted Cash		359,872	
add back: negative cash reported in Due to Other Agencies			34,845,240
Total Unrestricted Cash Equivalents reported in Statement of Net Assets		35,205,112	
Unrestricted Petty Cash		2,600	
Total Unrestricted Cash and Cash Equivalents reported in Statement of Net Assets		35,207,712	

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

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

	<b>SHARE Account Number</b>	<b>Amount</b>
Restricted:		
2001A CHAT Bond Project Fund	00600	8,535,823
2001A CHAT Debt Service	00700	232,893
Capital Projects Fund	10050	2,097,161
Severance Tax Appropriations Fund	10060	(15,915,241)
Gen Fund Multi-Year Projects	10070	75,029,774
2006A GRIP Bond Project Fund	10210	(6,487,953)
2006C GRIP Bond Project Fund	10250	(9,587,697)
LOC Project Fund	10450	(8,455,198)
2002D CHAT Bond Project Fund	11500	777,176
2002D CHAT Debt Service	18700	12,763
Road Fund	20200/43100	39,222,633
2004A GRIP Bond Project Fund	20400	(3,807,715)
2000A CHAT Bond Project Fund	34500	(1,886,711)
2002C HIF Bond Project Fund	36100	1,299,309
2002C HIF Debt Service Fund	36300	62,004
2002A CHAT Bond Project Fund	36800	(1,864,153)
1993 Bond Project Fund	39400	1,588,854
1999A CHAT Bond Project Fund	43000	2,110,088
2000 CHAT Debt Service	43200	203,343
1999 CHAT Debt Service	43400	142,550
2002A CHAT Debt Service	54700	83,269
1998A CHAT Debt Service	54800	141,073
2002B WIPP Debt Service	75000	110,515
ARRA Fund	89000	13,540
State Infrastructure Bank	89300	8,458,560
1998A WIPP Debt Service	97200	14,457
Total Restricted Cash Equivalents		92,131,117
add back: negative cash reported in Due to Other Agencies		48,004,668
Total Restricted Cash Equivalents reported in Statement of Net Assets		140,135,785
Other authorized bank accounts - Wells Fargo		11,064
Bond proceeds invested in Money Market Mutual Funds at Bank of Albuquerque and Wells Fargo		228,558,961
Total Restricted Cash reported in Statement of Net Assets		228,570,025
Total Restricted Cash and Cash Equivalents reported in Statement of Net Assets		368,705,810
Total Due to Other Agencies reported in Statement of Net Assets (Note 26)		82,849,908



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

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, 2009.

Bond proceeds are invested in money market mutual funds at the Bank of Albuquerque	\$ <u>228,558,961</u>
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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.

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**3. ACCOUNTS RECEIVABLE**

The aging of accounts receivable as of June 30, 2009, is as follows:

Number of Days Outstanding

0 - 30	\$	7,220,792
31 - 60		4,669
61 - 120		7,133,531
Beyond 120		<u>20,328</u>
		14,379,320
 Allowance for uncollectible accounts		 <u>(2,479,628)</u>
	\$	<u>11,899,692</u>

**4. SEVERANCE TAX BOND PROCEEDS RECEIVABLE**

Severance tax bonds proceeds available as of June 30, 2009, appropriated to the Department, were held by the State Board of Finance to reimburse future expenditures incurred by the Department. The activity of this account is as follows:

Balance, beginning of year	\$	94,177,346
Sale and reauthorization of severance tax bonds		103,579,030
Funding from the State Board of Finance		(49,215,698)
Reversion to the State Board of Finance		<u>(516,298)</u>
 Balance, end of year	\$	 <u>148,024,380</u>

The funding for the year ended June 30, 2009 was received under the Laws of 2000, Chapter 23 and Laws of 2002, Chapter 110; Laws of 2003, Chapter 429; Laws of 2004, Chapter 126; Laws of 2005, Chapter 347; Laws of 2006, Chapter 111; Laws of 2007, Chapter 42; Laws of 2008 Chapter 9 and 92 ; Laws of 2009, Chapter 5, for projects completed.

Receivable at year end (Note 27)	\$	<u>17,096,690</u>
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NEW MEXICO DEPARTMENT OF TRANSPORTATION

Notes to Financial Statements - continued

5. NOTES AND LOANS RECEIVABLE

Notes receivable as of June 30, 2009 consist of the following:

A note receivable from a private entity, non-interest bearing, in accordance with federal statutes, collateralized by various property.	\$	<u>18,143</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.		-
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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>7,639,704</u>
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	\$	<u>12,177,853</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, 2009:

Agency

Federal Highway Administration	\$	49,973,568
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Less allowance for uncollectible amounts		<u>(11,011,969)</u>
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Total Federal Highway Administration		38,961,599
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Other USDOT Agencies		<u>26,170,522</u>
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Total USDOT	\$	<u>65,132,121</u>
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Subsequent to June 30, 2008, portions of 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 and during 2009 was not collectible and, therefore, an allowance was established in June 30, 2008 and June 30, 2009. During the 2010 fiscal year, the Department obtained permission to bill prior years payroll on a case by case basis. Consequently, management has determined that an additional allowance will not be necessary, since it is currently determined to be reasonably collectible.

**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 the 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, 2009 consist of the following:

	Fund Number	Due From Other Funds	Due to Other Funds	Net (Sub-totals only)
Special Revenue Funds:				
Bond Project Fund - CHAT 2001A	00600	-	87,120	
	10010,			
Traffic Safety Fund	208, 826	7,140	2,209,422	
Driver Improvement Program Fund	10020	67,920	-	
Federal Mass Transit Fund	10030	58,266	-	
Sev. Tax Multiyear Capital Project	10060	-	-	
Gen. Fund Multiyear Capital Project	10070	114,495	384,268	
Bond Project Fund - GRIP 2006A	10210	230,271	870,000	
Bond Project Fund - GRIP 2006C	10250	-	-	
Bond Project Fund - CHAT 2002D	11500	-	142,904	
	10040,			
	20100,			
	20200,			
State Road Fund	43100	68,237,760	72,764,088	
Local Government Road Fund	20300	32,803	-	
Bond Project Fund - GRIP 2004A	20400	670,000	316,177	
State Aviation Fund	20500	781,005	1,017,901	
DWI Prevention & Education Fund	20700	-	7,066	
Bond Project Fund - CHAT 2000A	34500	-	-	
Bond Project Fund - CHAT 2002A	36800	-	-	
Bond Project Fund - 1993 Bonds:	39400	-	-	
Bond Project Fund - CHAT 1999A	43000	-	-	
Rubberized Asphalt Fund	82000	-	-	
ARRA Project Fund	89000	419,000	634,638	
Total Special Revenue Funds		<u>70,618,660</u>	<u>78,433,584</u>	<u>(7,814,924)</u>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

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

	Due From Other Funds	Due to Other Funds	Net (Sub-totals only)
<b>Debt Service Funds:</b>			
Debt Service Funds – 2004A GRIP	-	-	
Debt Service Funds – 2004B GRIP	-	-	
Debt Service Funds – 2006A GRIP	-	-	
Debt Service Funds – 2006B GRIP	-	-	
Debt Service Funds – 2006C GRIP	-	-	
Debt Service Funds – 2006D GRIP	-	-	
Debt Service Funds – 2008A GRIP	-	-	
Debt Service Funds – 2008B GRIP	-	-	
Debt Service Funds – 2008C GRIP	-	-	
Debt Service Funds – 2008D GRIP	-	-	
Debt Service Funds – WIPP 1998	-	-	
Total Debt Service Funds	-	-	-
<b>Capital Projects Funds:</b>			
Capital Projects (CIP) Fund	7,622,484	-	
Total Capital Projects Funds	7,622,484	-	7,622,484
<b>Enterprise Funds:</b>			
State Infrastructure Fund	627,503	435,063	
Total Enterprise Funds	627,503	435,063	192,440
Total interfund receivables and payables	78,868,647	78,868,647	-
<b>Summary</b>			
Total Special Revenue Funds - net due to			(7,814,924)
Total Debt Service Funds			-
Total Capital Projects Funds – net due from			7,622,484
Total Governmental – net due to			(192,440)
Total Enterprise Funds – net due from			192,440
Total all funds			-

**8. INVENTORY**

Inventory as of June 30, 2009 consists of the following:

Highway maintenance materials stockpiled	\$	9,533,985
Repair Parts and expendable supplies		6,064,644
Fuel, oil and lubricants		762,400
	\$	16,361,029

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**9. CAPITAL ASSETS**

A summary of changes in capital assets for fiscal year ended June 30, 2009 follows:

	<b>Beginning Balance July 1, 2008</b>	<b>Additions</b>	<b>Reclassifications/ Deletions</b>	<b>Ending Balance June 30, 2009</b>
Non-depreciable assets:				
Construction in Progress		509,635,564	(489,997,809)	19,637,755
Rail System Infrastructure -				
Right of Way	\$ 71,957,100	5,295,000	-	77,252,100
Land	5,076,633	-	-	5,076,633
Right of Way	377,725,494	-	8,791,171	386,516,665
Total non-depreciable assets	454,759,227	514,930,564	(481,206,638)	488,483,153
Depreciable assets:				
Infrastructure	14,992,717,515	86,305,709	(121,740,650)	14,957,282,574
Vehicles	192,015,322	5,108,737	(9,860,431)	187,263,628
Rail System Infrastructure	108,090,835	48,961,823	154,068,430	311,121,088
Buildings	40,005,443	2,802,124	(801,461)	42,006,106
Equipment and furniture	31,472,967	1,329,965	(2,763,729)	30,039,203
Library	102,614	-	-	102,614
Total depreciable assets	15,364,404,696	144,508,358	18,902,159	15,527,815,213
Total assets	15,819,163,923	659,438,922	(462,304,479)	16,016,298,366
Less Accumulated Depreciation:				
Infrastructure	(8,562,316,519)	(540,665,716)	448,880,936	(8,654,101,299)
Vehicles	(124,229,694)	(10,366,844)	6,824,911	(127,771,627)
Rail System Infrastructure	(8,647,267)	(9,240,298)	-	(17,887,565)
Buildings	(23,904,533)	(733,111)	13,270	(24,624,374)
Equipment and furniture	(24,565,344)	(1,828,212)	2,729,619	(23,663,937)
Library	(102,614)	-	-	(102,614)
Total Accumulated Depreciation	(8,743,765,971)	(562,834,181)	458,448,736	(8,848,151,416)
Net Total	7,075,397,952	96,604,741	(3,855,743)	7,168,146,950

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

Programs and infrastructure	540,665,716
Transportation and highway operations	9,240,298
Program support	12,928,167
	<hr/>
	562,834,181
Program support (amortization of defeased debt and issuance costs)	8,036,433
	<hr/>
Total	570,870,614

## 10. OPERATING TRANSFERS

	Funds 201/202/431/10140/10150	Fund 89000	Fund 10070	Fund 82600	Fund 10060	Fund 10030
	State	ARRA	General Fund	DWI Ignition	STB	Federal Planning
	Road	Project Fund	Appropriations	Interlock	Appropriations	And Development
	Fund					Fund
(1)	\$ (162,402,789)	-	-	-	-	-
(2)	-	-	-	-	-	-
(3)	-	-	-	-	-	-
(4)	-	-	-	-	-	-
(5)	-	-	-	-	-	-
(6)	-	-	-	-	-	-
(7)	1,525,935	-	-	-	-	(1,525,935)
(8)	(419,000)	419,000	-	-	-	-
(9)	(6,667,167)	-	-	-	-	-
	(167,963,021)	419,000				(1,525,935)

### Transfers to other state agencies

(10)	(6,873,708)	-	-	-	-	-
(11)	419,000	-	-	-	-	-
(12)	-	699,965	-	-	-	-
(13)	-	-	397,886	-	-	-
(14)	-	-	-	300,000	-	-
(15)	-	-	-	-	53,383,093	-
(16)			(3,098,918)			
	(6,454,708)	699,965	(2,701,032)	300,000	53,383,093	
Total	(174,417,729)	1,118,965	(2,701,032)	300,000	53,383,093	

- (1) The transfer from the State Road Fund to the above debt service funds are for the debt repayments required by the State of New Mexico Highway Debentures.
- (2) Transfers to correct allocation of costs
- (3) Transfers of interest earnings
- (4) Transfers to maximize use of available cash in trustee accounts
- (5) Transfer to move funds from closed fund
- (6) Transfers to allocated balances in shared trustee accounts
- (7) Railrunner fare box funds belonging in Road fund (non Federally reimbursable)
- (8) EMNR funds received by Road Fund
- (9) Capital assets purchased by capital assets fund and not reimbursed by Road fund
- (10) Transfers made to Department of Public Safety (less reversions)
- (11) Transfers in from Energy, Minerals, and Natural Resources Department
- (12) Federal funds for Salt Domes
- (13) Appropriations received
- (14) Transfer in from per MOU; Laws 2007, Chapter 65, Section 20
- (15) Annual Transfer in from Department of Finance and Administration, Board of Finance Division
- (16) Reversions to the State General Fund

**DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

Fund 10050	Fund 20400	Fund 10210	Fund 10230	Fund 10250	Fund 10270	Fund 10450
Capital Projects	2004A	2006A	2006B	2006C	2006D	GRIP
Fund	GRIP Bond	GRIP Bond	GRIP Bond	GRIP Bond	GRIP Bond	LOC
	Project Fund	Project Fund	Project Fund	Project Fund	Project Fund	Project Fund
-	-	-	-	-	-	289,084
-	-	-	-	-	-	68,801
-	-	-	-	-	(224,866)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,667,167	-	-	-	-	-	-
6,667,167	-	-	-	-	(224,866)	357,885



**10. OPERATING TRANSFERS-continued**

	Fund 97200 WIPP 1998 Debt Service Fund	Fund 54800 CHAT 1998 A Debt Service Fund	Fund 43400 CHAT 1999 Debt Service Fund	Fund 43200 CHAT 2000A Debt Service Fund	Fund 00700 CHAT 2001A Debt Service Fund	Fund 54700 CHAT 2002A Debt Service Fund
(1)	\$ 12,296,613	9,115,200	11,008,575	15,480,600	19,253,897	1,585,500
(2)	-	-	-	-	-	-
(3)	-	-	-	-	-	-
(4)	-	-	-	-	-	-
(5)	-	-	-	-	-	-
(6)	-	-	-	-	-	-
(7)	-	-	-	-	-	-
(8)	-	-	-	-	-	-
(9)	-	-	-	-	-	-
Total	12,296,613	9,115,200	11,008,575	15,480,600	19,253,897	1,585,500

- (1) The transfer from the State Road Fund to the above debt service funds are for the debt repayments required by the State of New Mexico Highway Debentures.
- (2) Transfers to correct allocation of costs
- (3) Transfers of interest earnings
- (4) Transfers to maximize use of available cash in trustee accounts
- (5) Transfer to move funds from closed fund
- (6) Transfers to allocated balances in shared trustee accounts
- (7) Railrunner farebox funds belonging in Road fund (non Federally reimbursable)
- (8) EMNR funds received by Road Fund
- (9) Capital assets purchased by capital assets fund and not reimbursed by Road fund

**DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

Fund 75000 WIPP 2002B Debt Service Fund	Fund 36300 CHAT 2002C Debt Service Fund	Fund 18700 CHAT 2002D Debt Service Fund	Fund 10080 GRIP 2004A Debt Service Fund	Fund 10090 GRIP 2004B Debt Service Fund	Fund 10220 GRIP 2006A Debt Service Fund	Fund 10240 GRIP 2006B Debt Service Fund
472,250	4,709,524	194,825	37,966,759	18,082,766	7,852,407	4,368,238
-	-	-	-	-	-	-
-	-	-	-	(1,927,952)	-	-
-	-	-	-	(209,825)	-	209,825
-	-	-	-	-	(673,110)	(698,447)
-	-	-	(101,469)	101,469	(2,455)	2,455
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
472,250	4,709,524	194,825	37,865,290	16,046,458	7,176,842	3,882,071

**10. OPERATING TRANSFERS-continued**

	<b>Fund 10260</b>	<b>Fund 10280</b>	<b>Fund 10410</b>	<b>Fund 10420</b>	<b>Fund 10430</b>	<b>Fund 10440</b>	<b>Total</b>
	<b>GRIP 2006C</b>	<b>GRIP 2006D</b>	<b>GRIP 2008A</b>	<b>GRIP 2008B</b>	<b>GRIP 2008C</b>	<b>GRIP 2008D</b>	<b>All Pages</b>
	<b>Debt Service</b>	<b>Debt Service</b>	<b>Debt Service</b>	<b>Debt Service</b>	<b>Debt Service</b>	<b>Debt Service</b>	<b>Netting Funds</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Only</b>
(1) \$	-	-	4,385,566	12,017,201	2,006,256	1,317,528	-
(2)	-	-	(638,972)	(120,502)	690,673	-	-
(3)	-	-	(173,269)	2,228,766	(127,545)	224,866	-
(4)	-	-	-	(1,529,657)	1,529,657	-	-
(5)	1,772,835	(401,278)	-	-	-	-	-
(6)	-	-	808,621	(808,621)	(8,409)	8,409	-
(7)	-	-	-	-	-	-	-
(8)	-	-	-	-	-	-	-
(9)	-	-	-	-	-	-	-
<b>Total</b>	<b>1,772,835</b>	<b>(401,278)</b>	<b>4,381,946</b>	<b>11,787,187</b>	<b>4,090,632</b>	<b>1,550,803</b>	<b>-</b>

- (1) The transfer from the State Road Fund to the above debt service funds are for the debt repayments required by the State of New Mexico Highway Debentures.
- (2) Transfers to correct allocation of costs
- (3) Transfers of interest earnings
- (4) Transfers to maximize use of available cash in trustee accounts
- (5) Transfer to move funds from closed fund
- (6) Transfers to allocated balances in shared trustee accounts
- (7) Railrunner farebox funds belonging in Road fund (non Federally reimbursable)
- (8) EMNR funds received by Road Fund
- (9) Capital assets purchased by capital assets fund and not reimbursed by Road fund

**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, 2009:

Governmental Activities	Balance at June 30, 2008	Increase	Decrease	Ending Balance June 30, 2009	Amounts due within one year
1998 CHAT Bonds	17,760,000	-	(8,205,000)	9,555,000	9,555,000
1998 WIPP Bonds	34,435,000	-	(10,545,000)	23,890,000	11,460,000
1999 CHAT Bonds	10,410,000	-	(10,410,000)	-	-
2000 CHAT Bonds	28,415,000	-	(13,810,000)	14,605,000	14,605,000
2001A CHAT Bonds	89,400,000	-	(14,630,000)	74,770,000	9,545,000
2002A CHAT Bonds	29,225,000	-	-	29,225,000	8,750,000
2002B WIPP Bonds	9,445,000	-	-	9,445,000	9,445,000
2002C HIF Bonds	32,945,000	-	(3,000,000)	29,945,000	2,000,000
2002D CHAT Bonds	4,570,000	-	-	4,570,000	1,360,000
2004A GRIP Bonds	700,000,000	-	-	700,000,000	-
2004B GRIP Bonds	149,160,000	-	(10,735,000)	138,425,000	9,230,000
2006A GRIP Bonds	150,000,000	-	-	150,000,000	-
2006B GRIP Bonds	35,510,000	-	(3,165,000)	32,345,000	2,345,000
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	-
Tax-exempt Line of Credit	-	40,028,625	-	40,028,625	-
Deferred amount on refunding	(30,869,228)	-	8,164,564	(22,704,664)	-
Compensated absences payable	7,385,466	3,712,510	(3,540,258)	7,557,718	2,850,370
<b>Total obligations</b>	<b>1,738,191,238</b>	<b>43,741,135</b>	<b>(69,875,694)</b>	<b>1,712,056,679</b>	<b>81,145,370</b>
<b>Less current portion</b>	<b>(77,730,912)</b>			<b>(81,145,370)</b>	
<b>Net long-term obligations</b>	<b>1,660,460,326</b>			<b>1,630,911,309</b>	

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

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

**Series 1998A CHAT:**

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 \$489,694 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:			
2010	\$ 9,555,000	489,694	10,044,694
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
	<hr/>	<hr/>	<hr/>
Total	\$ 9,555,000	489,694	10,044,694

## 11. LONG-TERM OBLIGATIONS - continued

**Series 1998 WIPP:**

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 \$1,861,400 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:			
2010	\$ 11,460,000	1,224,363	12,684,363
2011	12,430,000	637,037	13,067,037
2012	-	-	-
2013	-	-	-
2014	-	-	-
	<hr/>	<hr/>	<hr/>
Total	\$ <u>23,890,000</u>	<u>1,861,400</u>	<u>25,751,400</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 \$2,244,426, net of \$1,656,807 of the premium received 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.

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

**Series 1999 CHAT:**

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. Therefore, there are no remaining obligations on the instrument after June 30, 2009.

## 11. LONG-TERM OBLIGATIONS - continued

**Series 2000A CHAT**

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 \$876,300, 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:			
2010	\$ 14,605,000	876,300	15,481,300
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 14,605,000</u>	<u>876,300</u>	<u>15,481,300</u>



11. LONG-TERM OBLIGATIONS - continued

**Series 2001A CHAT**

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 \$10,844,930 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2001A CHAT			
2010	\$ 9,545,000	3,892,398	13,437,398
2011	20,645,000	3,415,147	24,060,147
2012	21,720,000	2,338,838	24,058,838
2013	22,860,000	1,198,537	24,058,537
2014	-	-	-
Total	\$ <u>74,770,000</u>	<u>10,844,920</u>	<u>85,614,920</u>

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

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.

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.

11. LONG-TERM OBLIGATIONS - continued

**Series 2002A CHAT**

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 \$5,024,100, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2002A CHAT			
2010	\$ 8,750,000	1,585,500	10,335,500
2011	-	1,126,125	1,126,125
2012	9,690,000	1,126,125	10,816,125
2013	-	593,175	593,175
2014	10,785,000	593,175	11,378,175
Total	\$ <u>29,225,000</u>	<u>5,024,100</u>	<u>34,249,100</u>

## 11. LONG-TERM OBLIGATIONS - continued

**Series 2002B WIPP**

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 \$472,250, 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 2002B WIPP:			
2010	\$ 9,445,000	472,250	9,917,250
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total	\$ 9,445,000	472,250	9,917,250

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

**Series 2002C HIF**

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 \$9,028,244, 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			
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	5,295,000	1,204,284	6,499,284
2015-2019	17,610,000	1,885,865	19,495,865
Total	\$ 29,945,000	9,028,244	38,973,244

## 11. LONG-TERM OBLIGATIONS - continued

**Series 2002D CHAT**

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 \$640,700 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2002D CHAT			
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	1,635,000	65,400	1,700,400
Total	\$ <u>4,570,000</u>	<u>640,700</u>	<u>5,210,700</u>

## 11. LONG-TERM OBLIGATIONS - continued

**Series 2004A GRIP**

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 \$362,060,888, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2004A GRIP			
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	19,360,000	36,216,759	55,576,759
2015 - 2019	357,835,000	142,138,505	499,973,505
2020 - 2024	322,805,000	38,838,588	361,643,588
Total	\$ <u>700,000,000</u>	<u>362,060,888</u>	<u>1,062,060,888</u>

## 11. LONG-TERM OBLIGATIONS - continued

**Series 2004B GRIP**

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 \$22,609,720, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2004B GRIP:			
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	29,740,000	1,483,400	31,223,400
Total	\$ <u>138,425,000</u>	<u>22,609,720</u>	<u>161,034,720</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 \$22,704,664, 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 a net loss of \$3.5 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><u>470,400,000</u></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.

## 11. LONG-TERM OBLIGATIONS - continued

- **Derivative Instruments - continued**

- In all of the swaps, NMFA, on behalf of the Department, receives a variable-interest rate payment based on an index, and makes a fixed-rate interest payment. This arrangement has the effect of converting the variable rate bonds to “synthetic fixed-rate” issues.
- As in the case of the GRIP bonds, NMFA has entered into the swaps as an agent for the Department. These swap agreements remained in effect following the 2008 refunding and reissuance of the 2004 and 2006 adjustable rate bonds as Variable Rate Demand Notes (the 2008A through D series).

- **Objectives of the Swaps**

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

- **Significant Terms**

**2004 Swaps:**

Counterparty	Royal Bank of Canada	Goldman Sachs	Deutsche Bank
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

## 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, 2009 was as follows:

<u>Counterparty</u>	<u>Notional Value</u>	<u>Fair Value*</u>
Goldman Sachs	\$ 50,000,000	(6,905,745)
Deutsche	50,000,000	(6,905,746)
Royal Bank of Canada	100,000,000	(13,811,493)
JPMorgan Chase Bank	110,000,000	(20,655,646)
UBS AG	<u>110,000,000</u>	<u>(20,655,646)</u>
Total \$	<u>420,000,000</u>	<u>(68,934,276)</u>

## 11. LONG-TERM OBLIGATIONS - continued

- **Fair Value - continued**

\*The Fair Value is the estimated amount that would have been received by or paid by the Department if the agreements had been terminated at June 30, 2009 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, 2009.

Negative amounts indicate payments that would have been made by the Department to the counterparties.

- **Associated Debt**

<u>Variable Rate Debt*</u>	<u>2008 Debt Service</u>		<u>Net Swap</u>	<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Made (Received)</u>			
Series 2008A and C	\$ 200,000,000	-	2,703,032	4,709,005	7,412,037	3.706%
Series 2008B	220,000,000	-	3,046,796	7,115,626	10,162,422	4.619%

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

- **Risks**

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

The credit ratings of the counterparties, at June 30, 2009, 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	A+	AA-
JP Morgan Chase	Aa1	AA-	AA-
UBS AG	Aa3	A+	A+

Presently, the Department has no exposure to loss with respect to the counterparties, as the termination values of the swaps are negative. That is, no amounts would be owed to the Department if any swaps were terminated at present. Each swap agreement contains provisions requiring the posting of collateral in the event that termination values exceed certain amounts. No termination value currently exceeded these limits, and, accordingly, no collateral was posted at June 30, 2009. The swap agreements permit the netting of amounts owed between the Department and a counterparty, mitigating, to some extent, the level of credit risk. The Department believes it has an adequate degree of diversification with regard to counterparties

**11. LONG-TERM OBLIGATIONS - continued****Swap Collateral Requirements – Taxable Line of Credit**

Even though the negative balances at the end of the fiscal year were such that no collateral needed to be posted, earlier in the year the negatives were greater and collateral did need to be posted. For that purpose a short-term Taxable Line of Credit was established. During the current fiscal year \$30,000,000 was borrowed, \$20,000,000 was re-paid and \$10,000,000 was outstanding at June 30, 2009 and subsequently repaid in September of 2009. The outstanding amount is reflected in the funds to which it relates, namely:

SHARE fund 10410 - 2008A GRIP Debt Service Fund	\$ 2,742,857
SHARE fund 10420 – 2008B GRIP Debt Service Fund	5,238,095
SHARE fund 10430 – 2008C GRIP Debt Service Fund	<u>2,019,048</u>
 Total Short term Notes Payable (Taxable Line of Credit)	 \$10,000,000

**Interest Rate Risk.**

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

**Basis Risk.**

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

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

**Termination Risk**

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

## 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:

**Series 2006A GRIP**

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

Principal of the Bonds is payable as follows on December 15. Interest, with rates ranging from 3.6% to 5.0% per annum, is payable semi-annually on June 15 and December 15 through the year 2026.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$113,669,526, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2006A GRIP:			
2010	\$ -	7,477,407	7,477,407
2011	-	7,477,407	7,477,407
2012	240,000	7,472,607	7,712,607
2013	195,000	7,464,298	7,659,298
2014	255,000	7,454,413	7,709,413
2015 - 2019	17,960,000	35,011,644	52,971,644
2020 - 2024	18,695,000	30,542,875	49,237,875
2025 - 2027	112,655,000	10,768,875	123,423,875
Total	\$ 150,000,000	113,669,526	263,669,526

## 11. LONG-TERM OBLIGATIONS - continued

- Bonds Issued by NMFA - continued

**Series 2006B GRIP**

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.

Principal of the Bonds is payable as follows on December 15. Interest, with rates ranging from 3.5% to 5.0% per annum, is payable semi-annually on June 15 and December 15 through the year 2026.

The Department's future scheduled annual requirement to amortize the Bonds, including interest payments of \$15,024,255, is as follows:

<u>Year Ended June 30,</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2006B GRIP:				
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	1,237,288	2,507,288
2014		1,320,000	1,188,261	2,508,261
2015 - 2019		7,520,000	5,026,075	12,546,075
2020 - 2024		9,570,000	2,973,375	12,543,375
2025 - 2027		6,995,000	536,375	7,531,375
Total	\$	<u>32,345,000</u>	<u>15,024,255</u>	<u>47,369,255</u>



## 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 \$66,520,793, is as follows:

<u>Year Ended June 30,</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008A GRIP:				
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		-	4,531,968	4,531,968
2015 - 2019		-	22,659,840	22,659,840
2020 - 2024		115,200,000	21,201,113	136,401,113
Total	\$	115,200,000	66,520,793	181,720,793

## 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 \$171,151,708, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008B GRIP:			
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	-	10,410,400	10,410,400
2015 - 2019	-	52,052,000	52,052,000
2020 - 2024	11,200,000	51,522,016	62,722,016
2025 - 2027	208,800,000	15,525,692	224,325,692
Total	\$ 220,000,000	171,151,708	391,151,708

## 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 \$48,966,695, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008C GRIP:			
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	-	3,336,032	3,336,032
2015 - 2019	-	16,680,160	16,680,160
2020 - 2024	84,800,000	15,606,375	100,406,375
Total	\$ 84,800,000	48,966,695	133,766,695

## 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 \$17,640,000, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008D GRIP:			
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	-	1,008,000	1,008,000
2015 - 2019	-	5,040,000	5,040,000
2020 - 2024	-	5,040,000	5,040,000
2025 - 2027	50,400,000	2,520,000	52,920,000
Total	\$ 50,400,000	17,640,000	68,040,000

## 11. LONG-TERM OBLIGATIONS - continued

**Tax-exempt Line of Credit**

The Department contracted with the Bank of America for \$200,000,000 for a tax-exempt line of credit on June 1, 2008. As of June 30, 2009, the amount of funds drawn was \$40,028,625. The full amount of the Line of Credit is not expected to be drawn until December 2010.

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

Principal is payable on August 31<sup>st</sup> for 2010 and on July 1<sup>st</sup> for the subsequent years.

Interest is payable quarterly on the drawn portions and a fee is charged on the unused portions. The interest rate is 65% of the LIBOR One Monthly Floating Rate plus .65 percentage points and is estimated to average 3.25%.

The Department's future estimated scheduled annual requirement to amortize the Bonds, including interest payments of \$10,889,386, are as follows:

<u>Year Ended June 30, 2009</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008 Tax-exempt Line of Credit			
2010	\$ -	4,308,421	4,308,421
2011	50,000,000	3,255,393	53,255,393
2012	50,000,000	1,700,572	51,700,572
2013	50,000,000	1,625,000	51,625,000
2014	50,000,000	-	50,000,000
2015 - 2019	-	-	-
2020 - 2024	-	-	-
Total	\$ <u>200,000,000</u>	<u>10,889,386</u>	<u>210,889,386</u>

- **Capital Leases**

There are no future minimum lease obligations to report as of June 30, 2009.

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

Total future principal and interest obligation repayments are as follows:

<u>Year Ended June 30,</u>	<u>Bonds</u>
2010	\$ 165,550,533
2011	205,463,256
2012	192,384,713
2013	185,829,605
2014	185,882,091
2015 – 2019	681,419,090
2020 – 2024	727,994,341
2025 – 2027	<u>408,200,942</u>
Total	\$ <u>2,752,724,571</u>

An obligation amounting to \$7,227,718 at June 30, 2009 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, 2009 were as follows:

	<u>SHARE System</u> <u>Fund 10070</u>
2009 reversions	\$ 3,098,918

**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 is required to contribute 16.59% of the gross covered salary. From the 2009 legislative session House Bill 854 temporarily shifts the burden of 1.5% of employer PERA contributions to state employees whose annual salaries exceed \$20,000. For the two-year period from July 1, 2009 to June 30, 2011, the employer contribution rates will be reduced by 1.5% and the employee contribution rates will be increased by 1.5%. After this temporary shift the burden will return to the employer. 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, 2009, 2008 and 2007 were \$16,400,581, \$15,997,412 and \$14,933,952, 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.

**14. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN - continued****• Funding Policy**

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](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, 2009, 2008 and 2007 were \$1,245,299, \$1,218,924 and \$1,201,755, 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.



**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 2009</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.	31,880
J00640	City of Albuquerque	Highway maintenance and beautification.	-
J00671	City of Albuquerque	Bicycle Travel Demand Management Program/ CN 7366.	-
J00698	NM Institute of Mining & Technology	Severance Tax Agreement for Water Canyon Road/CN 1339.	17,156
J00699	Pueblo of Acoma	Construction of “SP 26”, an all weather access road/CN 86581.	98,498
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.	-
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.	-
J00707	Pueblo of Zuni	A pedestrian travel demand study for Black Rock Community.	-

**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 2009</b>
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.	25,000
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.	50,000
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.	-
J00718	Pueblo of Acoma	Construction, re-construction of various streets on Pueblo of Acoma Indian Reservation.	150,000
J00721	Navajo Nation	Plan, design and construct various road improvements in McKinley, San Juan and Sandoval counties.	-
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.	-

**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 2009</b>
J00725	Pueblo of Acoma	Construction, reconstruction for various streets for the Pueblo of Acoma in Acoma Indian Reservation.	100,000
J00726	Pueblo of Acoma	Construction of Acomita Road, Pueblo of Acoma Indian Reservation, Acomita Road SP30(12)2 & 4 (clearing and grubbing, roadway excavation, Portland cement standard curb and gutter.	79,318
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.	307,498
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.	-

**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 2009</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.	13,015
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.	-

**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 2009</b>
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.	-

**DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

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

<b>JOINT POWERS AGREEMENTS</b>			
<b>Contract No.</b>	<b>Contractor</b>	<b>Description</b>	<b>Expended in 2009</b>
M00009		Guidelines for Purchase of Surplus Equipment via Local Government Road Funds	379,536
M00338	Texas Dept. of Transportation	Materials Inspection and Sampling Services	782
M00369	Mid-Region Council of Governments	Transportation Planning Activities in the Albuquerque Metropolitan Area	1,237,002
M00371A	North Central New Mexico Economic District	Northern Pueblos Regional Planning Organization Annual Work Program	53,115
M00379	Mid-Region Council of Governments	Commuter Rail Implementation Project for the Belen to Bernalillo Corridor and for the Albuquerque to Santa Fe Corridor	5,749,164
M00420	National Oceanic and Atmospheric Administration	Geodetic Advisor Program in the State of New Mexico	59,350
M00455A	New Mexico State University	Develop and Deploy State-of-the-Art Single-Load Cell Weigh-In-Motion (WIM) Systems and a Commercial Vehicle Pre-Screening Management System at the Santa Teresa International Port-of-Entry	241,561
M00460	City of Farmington	Develop Annual Unified Planning Work Program (UPWP)	108,822
M00461	City of Santa Fe	Develop Annual Unified Planning Work Program (UPWP)	88,557
M00463	Mid-Region Council of Governments	Commuter Rail Operations and Maintenance for the Belen to Santa Fe Corridor	12,736,280
M00467	City of Santa Fe	Promotion of RideShare Programs	33,938
M00468A	Mid-Region Council of Governments	Establish an Operational Site for a Transportation Management Center (TMC)	140,370
M00473	North Central New Mexico Economic District	Implement Annual Work Program	62,827
M00475	Southwest New Mexico Council of Governments	Implement Annual Work Program	53,456
M00476	Eastern Plains New Mexico Council of Governments	Implement Annual Work Program	127,058
M00477	Northwest New Mexico Council of Governments	Implement Annual Work Program	49,176
M00501	South Central New Mexico Council of Governments	Implement Annual Work Program	55,534
M00513	South Eastern New Mexico Economic District	Implement Annual Work Program	55,775

**DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

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

<b>JOINT POWERS AGREEMENTS</b>			
<b>Contract No.</b>	<b>Contractor</b>	<b>Description</b>	<b>Expended in 2009</b>
M00519	Mid-Region Council of Governments	Implement Annual Work Program	57,710
M00527	City of El Paso	Implement Annual Work Program	56,378
M00532	City of Las Cruces	Implement Annual Work Program	63,372
M00569	Citizens Committee for Historic Preservation	Conduct Conservation Workshops, Develop a Plan for Acquiring Easements, Develop and Publish Electronic Database, and Develop a Santa Fe Trail Traveling Exhibit, Economic Impact Study and Promotions Training Program	236
M00591	City of Albuquerque	Transportation Services	20,997
M00616	Mid-Region Council of Governments	Commuter Rail Implementation Project for the Albuquerque to Santa Fe Corridor	57,308,955
M00632	National Academies Press Transportation Research Board	Research Correlation Service	96,475
M00651	Mid-Region Council of Governments	Develop a Service and Financial Plan	22,597
M00652	NM Corrections Industries	Provide Optical Image Scanning	107,979
M00657	New Mexico State University	Conduct a Bi-national Transportation Infrastructure Needs Assessment and Geographic Information Study	7,423
M00662	Mid-Region Council of Governments	Public Transit Services	108,058
M00669	New Mexico State University	Creation and Development of Bridge Research Projects	68,187
M00675	New Mexico Passenger Transportation Association	Planning and Implementation of a Statewide Transit Conference	8,151
M00678	Village of Los Lunas	Public Transit Services	4,232
M00681	Ben Archer Health Center	Public Transit Services	6,493
M00683	Zia Therapy Center	Public Transit Services	1,474
M00685	Zuni Entrepreneurial Ent. Inc.	Public Transit Services	21,186
M00686	Town of Red River	Public Transit Services	25,231
M00687	Zia Therapy Center	Public Transit Services	117,162
M00688A	Golden Spread Rural Frontier	Public Transit Services	16,466
M00690	North Central Regional Transit District	Public Transit Services	58,382
M00691	North Central Regional Transit District	Public Transit Services	49,492

**DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

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

<b>JOINT POWERS AGREEMENTS</b>			
<b>Contract No.</b>	<b>Contractor</b>	<b>Description</b>	<b>Expended in 2009</b>
M00693	City of Roswell	Public Transit Services	258,008
M00694	City of Clovis	Public Transit Services	167,002
M00695	Village of Los Lunas	Public Transit Services	70,597
M00696	Coyote Canyon Rehab Center, Inc.	Public Transit Services	54,400
M00697	City of Las Vegas	Public Transit Services	60,160
M00701	County of Los Alamos	Public Transit Services	154,942
M00707	Southwest Regional Transit District	Implement the Scope of Work and Budget Necessary to Provide a Regional Network of Safe and Efficient Public Transit Services	59,875
M00708	Village of Angel Fire	Public Transit Services	46,853
M00709	City of Carlsbad	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.	3,957
M00710	County of Grant	Public Transit Services	13,884
M00711	County of Grant	Public Transit Services	205,374
M00712	City of Carlsbad	Public Transit Services	126,179
M00715	Village of Milan	Public Transit Services	69,450
M00716	Department of Cultural Affairs	Traveling Van Museum Exhibits of the History of Transportation in New Mexico	97,624
M00718	Dexter Consolidated Schools	Safe Routes to School Phase 1	5,552
M00719	City of Bayard	Safe Routes to School Phase 1	60
M00720	Village of Corrales	Safe Routes to School Phase 1	6,018
M00721	Torrance County	Public Transit Services	15,457
M00722	City of Socorro	Public Transit Services	7,692
M00724	San Miguel County	Feasibility Study of Possible Public Transportation System	16,000
M00725	City of Portales	Public Transit Services	24,639
M00726	City of Hobbs	Public Transit Services	90,409
M00727A	Wagon Mound Public Schools	Safe Routes to School Phase 1	3,271
M00728	County of Sandoval	Public Transit Services	90,108
M00729	County of Sandoval	Public Transit Services	45,543
M00730	City of Las Cruces	Promotion of Ride-Share Program	8,576
M00734	New Mexico Institute of Mining and Technology		492,776
M00736	Good Shepherd Lutheran Church	Use of Parking Lot for Park and Ride	5,650



**DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

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

<b>JOINT POWERS AGREEMENTS</b>			
<b>Contract No.</b>	<b>Contractor</b>	<b>Description</b>	<b>Expended in 2009</b>
M00737	County of Santa Fe	Traffic Forecast Model Update for NMDOT Corridor Studies	1,500
M00745	City of Albuquerque	Expansion and Revision of Existing Fixed Route Transit Service	27,747
M00746	North Central Regional Transit District	Study of Potential Expansion of Transit Services	9,299
M00748	City of Albuquerque	Promotion of RideSharing and Transportation Demand Management Activities	762,327
M00750	South Central Regional Transit District	Provide a Regional Network of Safe and Efficient Public Transit Services	130,709
M00751	Albuquerque Metropolitan Flood Control	Embudo Arroyo Maintenance	10,000
M00752	New Mexico Passenger Transportation Association	Planning and Management of a Statewide Transportation Conference; Coordinate Management and Driver Training	50,187
M00754	Town of Mesilla	Safe Routes to School Phase 1	2,052
M00756	U.S. Department of Interior	Water Resources Investigations	112,725
M00759	Village of Milan	Public Transit Services	9,138
M00760	Zia Therapy Center	Public Transit Services	12,213
M00761	County of Los Alamos	Public Transit Services	226,290
M00762	Village of Los Lunas	Public Transit Services	51,104
M00763	City of Carlsbad	Safe Routes to School Phase 1	1,049
M00766	South Central Council of Government	Public Transit Services	41,277
M00767	Ben Archer Health Center	Public Transit Services	54,148
M00770	Adelante Development Center	Public Transit Services	14,369
M00771	Torrance County	Public Transit Services	20,917
M00773	City of Roswell	Public Transit Services	13,200
M00774	City of Alamogordo	Safe Routes to School Phase 1	3,559
M00778	State Employee Commuter Association	Public Transit Services	43,369
M00783	County of Sandoval	Public Transit Services	72,328
M00784	Las Cruces Public Schools	Safe Routes to School Phase 1	11,205
M00785	City of Hobbs	Safe Routes to School Phase 1	4,019
M00787	Gallup Express	Public Transit Services	22,611
M00788	Village of Milan	Public Transit Services	32,285
M00789	Town of Red River	Public Transit Services	37,698
M00790	Village of Los Lunas	Public Transit Services	150,277

**DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

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

<b>JOINT POWERS AGREEMENTS</b>			
<b>Contract No.</b>	<b>Contractor</b>	<b>Description</b>	<b>Expended in 2009</b>
M00791	Zuni Entrepreneurial Ent. Inc.	Public Transit Services	74,801
M00792	City of Carlsbad	Public Transit Services	30,690
M00793	Zia Therapy Center	Public Transit Services	202,021
M00794	Golden Spread Rural Frontier	Public Transit Services	46,392
M00795	City of Belen	Public Transit Services	7,228
M00796	City of Clovis	Public Transit Services	251,664
M00799	Town of Taos	Public Transit Services	55,042
M00801	City of Las Vegas	Public Transit Services	94,954
M00802	City of Roswell	Public Transit Services	353,026
M00803	Town of Taos	Public Transit Services	169,860
M00804	Pueblo of Laguna	Public Transit Services	22,230
M00805	City of Hobbs	Public Transit Services	164,639
M00806	City of Socorro	Public Transit Services	53,661
M00807	City of Ruidoso Downs	Public Transit Services	22,285
M00808	Southwest Regional Transit District	Public Transit Services	191,812
M00809	City of Portales	Public Transit Services	38,292
M00810	Village of Angel Fire	Public Transit Services	80,313
M00812	Torrance County	Public Transit Services	94,973
M00813	North Central Regional Transit District	Public Transit Services	623,221
M00814	North Central Regional Transit District	Public Transit Services	193,667
M00815	Southwest Regional Transit District	Public Transit Services	25,720
M00816	City of Carlsbad	Public Transit Services	176,337
M00817	County of Sandoval	Public Transit Services	230,904
M00821	County of Los Alamos	Public Transit Services	526,371
M00822	City of Las Cruces	RideShare Program	19,745
M00823	City of Albuquerque	RideShare Program	365,946
M00824	Navajo Nation Records Management	Public Transit Services	183,800
M00832	City of Santa Fe	RideShare Program	32,865

**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, 2009, 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 \$80,962,917.

**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 management and legal counsel, the ultimate resolution of the above matters will not have a material adverse impact on the financial position or results of operations of the Department.

**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, 2009 was \$1,759,151.

The future minimum lease payments under operating leases as of June 30, 2009 are as follows:

Years ending June 30:	<u>Lease Amounts</u>
2010	\$ 1,283,791
2011	1,116,680
2012	613,168
2013	876,198
2014 and thereafter	<u>943,774</u>
	\$ <u>4,833,611</u>

**20. COMMITMENTS AND CONTINGENCIES**

- **Grant Revenue**

The Department participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Department has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2009 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.

**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**

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		1,254,450,278
Add: Net change in accruals due to accounts payable past the DFA cut-off		(14,126,518)
Add: transfer activities reported in expenses in budgeting reporting		16,603,295
Less: multi-year fund budgetary expenses not reported in agency budget and actual		
Fund 10050	(2,838,118)	
Fund 10060	(53,383,092)	
Fund 10070	(69,012,455)	
Total multi-year expenditures		(125,233,665)
Add: State Infrastructure Bank included in agency budget and actual		5,438,450
Statement of Revenues and Expenditures Budget and Actual (Modified Accrual Basis)		<u><u>1,137,131,840</u></u>

**23. BUDGETED VS. ACTUAL EXPENDITURES**

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

- Programs and Infrastructure, Personal Services, in the amount of \$506,119
- Programs and Infrastructure, Transfers, in the amount of \$9,081,118
- Business/Program Support, Transfers, in the amount of \$28,712,991

**23. BUDGET VS. ACTUAL EXPENDITURES continued****Programs and Infrastructure, Personal Services**

The personal services extended past budget due to issues regarding how SHARE is handled in reporting payroll and benefits. Due to the unique nature of how the Department is required to capture payroll costs for federal reimbursement, payroll is first captured and posted by Department of Finance and Administration in a summarized format which is then reversed and restated in a format that allows more granularity in the payroll reporting. However, when payroll liabilities are subsequently paid by the state, the categories are paid out of the original Department of Finance and Administration categories, not the subsequent categories from the Department's restated postings. At year end during the reconciliation process of the payroll liabilities, any differences cannot be attributed to the cause due to the highly summarized format. The Department expects this issue to be corrected when we go live with a direct payroll posting system that will capture original payroll with full granularity and post at that level of detail. This will enable the Department to reconcile each payroll and analyze all differences with full attribution of discrepancies and allow for correcting entries in a timely manner.

**Programs and Infrastructure, Operating Transfers**

The operating transfers in the Programs and Infrastructure occurred due to the ARRA projects being implemented and expended before all of the ARRA accounting structure was in place. The Department began to capture the ARRA expenditures in the road fund and then engaged in an operating transfer of the expenditures to the ARRA fund when the ARRA fund was up and running. The Department does not expect this to occur again.

**Business/Program Support, Operating Transfers**

The operating transfers in the Business/Program Support is due to technical difficulties in funding debt service payments from the road fund. House Bill 2 sets the appropriation for the debt service funding payments out of the Programs and Infrastructure in the expenditure category, not the operating transfer category. However, for GAAP purposes, the Department must record the funding payments from the road fund to the debt service funds as operating transfers and the expenditures from House Bill 2 in the debt service funds. Thus, the operating transfers are not budgeted formally. The Department is working with the Budget Division of the Department of Finance and Administration for advice in rectifying this technical difficulty in acquiring budget to allow for both the cash transfers and the debt service payments together.

**24. SUBSEQUENT EVENTS**Series 2009A Refunding Bonds

The Department issued \$112,345,000 through the NMFA's State Transportation Senior Lien Refunding Revenue Bonds, Series 2009A in October 2009. The gross proceeds to the Department were \$120,756,035 including the premium of \$8,411,035. The cost of issuance, including the underwriter's discount, was \$918,173. The 2009A Bonds were structured to provide upfront debt service savings in fy10 and fy11. The refunded bonds were from series 1998A, 1998B, 2001A, 2002A and 2002C. The present value of the savings was \$6,189,928 or 4.984%. Principal is payable annually on June 15 thru 2017. Interest is payable on December 15 and June 15 thru 2017 for a total of \$15,229,841.

Long-Term Note Payable (Tax-Exempt Line of Credit)

Additional draws on the tax-exempt line of credit were \$79,780,294 as of May 17, 2010 bringing the total principal outstanding to \$119,808,919 and leaving the remaining available balance of \$80,191,181.

Updated Fair Value of Swaps

The estimated fair value of the swaps at May 5, 2010 was as follows:

<u>Counterparty</u>	<u>Notional Value</u>	<u>Fair Value</u>
Goldman Sachs	\$ 50,000,000	(8,158,960)
Deutsche	50,000,000	(8,158,960)
Royal Bank of Canada	100,000,000	(16,317,920)
JPMorgan Chase Bank	110,000,000	(24,996,828)
UBS AG	110,000,000	(24,996,828)
Total	<u>\$ 420,000,000</u>	<u>(82,629,496)</u>

**DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**25. FUND BALANCE RESTATEMENT**

		<b>STB Appropriations SHARE 10060</b>	<b>State Aviation Fund SHARE 205</b>
Beginning Fund Balance June 30, 2008	\$	(3,257,016)	6,316,973
Reason for restatement: In implementing the Government Accounting Standards Board Statements (GASB 33), <i>Accounting and Financial Reporting for Nonexchange Transactions</i> , errors in calculating certain Severance Tax Bond Appropriations balances occurred and were subsequently corrected in the 2009 fiscal year. This resulted in a restatement to fund balance, increasing it by...		251,049	
In reporting an accrual of over-allocated tax revenues at the end of 2008, the liability of the amounts owed instead increased the tax revenue reported. Subsequently in 2009, this reporting error was corrected by reducing the fund balance by...			(2,772,216)
Restated Beginning Fund Balance June 30, 2008		(3,005,967)	3,544,757

**26. DUE TO OTHER AGENCIES**

Federal Mass Transit Fund	10030	4,079,569
Departmental Services (Inventories)	10040	30,765,671
STB Capital Improvement Projects	10060	15,915,241
2006A GRIP Bond Project Fund	10210	6,487,953
2006C Bond Project Fund	10250	9,587,697
LOC Project Fund	10450	8,455,198
2004A GRIP Bond Project Fund	20400	3,807,715
2000A CHAT Bond Project Fund	34500	1,886,711
2002A CHAT Bond Project Fund	36800	1,864,153
Total due State Treasurer's Office		82,849,908



**DEPARTMENT OF TRANSPORTATION**

**Notes to Financial Statements - continued**

**27. DUE FROM OTHER AGENCIES**

Fund	Description	Sub-total	Total	Due From
20100	Reversion from grantee agency		46,011	Dept of Public Safety
89000	ARRA reimbursement due		199,965	ENMR
10070	General Fund Reauthorizations	773,000		State General Fund
	General Fund Reauthorizations	372,750		DFA-LGD
	General Fund Reauthorizations	<u>135,000</u>		State Engineer
	Total reauthorizations due		1,280,750	
20300	Interest accrued from Local Gov't Investment Pool	3,091		State Treasurer's Office
20800	Interest accrued from Local Gov't Investment Pool	434		State Treasurer's Office
20500	Interest accrued from Local Gov't Investment Pool	777		State Treasurer's Office
20600	Interest accrued from Local Gov't Investment Pool	50		State Treasurer's Office
39400	Interest accrued from Local Gov't Investment Pool	273		State Treasurer's Office
43000	Interest accrued from Local Gov't Investment Pool	362		State Treasurer's Office
00600	Interest accrued from Local Gov't Investment Pool	1,465		State Treasurer's Office
36100	Interest accrued from Local Gov't Investment Pool	223		State Treasurer's Office
11500	Interest accrued from Local Gov't Investment Pool	134		State Treasurer's Office
97200	Interest accrued from Local Gov't Investment Pool	2		State Treasurer's Office
54800	Interest accrued from Local Gov't Investment Pool	24		State Treasurer's Office
43400	Interest accrued from Local Gov't Investment Pool	24		State Treasurer's Office
43200	Interest accrued from Local Gov't Investment Pool	35		State Treasurer's Office
54700	Interest accrued from Local Gov't Investment Pool	14		State Treasurer's Office
75000	Interest accrued from Local Gov't Investment Pool	172		State Treasurer's Office
36300	Interest accrued from Local Gov't Investment Pool	11		State Treasurer's Office
18700	Interest accrued from Local Gov't Investment Pool	<u>2</u>		State Treasurer's Office
	Total accrued interest due		7,093	
10210	Outstanding transfer from trustee account		2,670,089	State Treasurer's Office
10060	Reimbursement due from Board of Finance		<u>17,096,690</u>	DFA Board of Finance
Total Due from other agencies--government funds only			<u>21,300,598</u>	
SIB	Interest accrued from Local Gov't Investment Pool		<u>1,452</u>	
Total Due from other agencies--government wide only			<u><u>21,302,050</u></u>	

**28. NEGATIVE FUND BALANCES**

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

Fund 10240: 2006B GRIP Debt Service fund \$73,579

This amount represents funds due to NMFA in excess of cash balance held at trustee and will reverse in 2010 upon transfers in.

Fund 10260: 2006D GRIP Debt Service Fund \$94,155

This amount represents funds due to NMFA in excess of cash balance held at trustee and will reverse in 2010 upon transfers in.

Fund 10410: 2008A GRIP Debt Service Fund \$52,142

This amount represents accounts and notes payable in excess of cash held at trustee--will reverse in 2010 upon transfers in.

Fund 10450: GRIP Line of Credit fund \$19,401,098

This amount represents cash overdrawn and due to the State Treasurer's Office, plus accounts payable in excess of cash available and will reverse in 2010 upon draw down from the line of credit.

Fund 34500: 2000 CHAT Project Fund \$1,886,711

This amount represents cash overdrawn and due to the State Treasurer's Office and will reverse in 2010 upon transfers in.

Fund 36800: 2002 CHAT Project Fund \$1,864,153

This amount represents cash overdrawn and due to the State Treasurer's Office and will reverse in 2010 upon transfers in.

Fund 89000: ARRA Projects Fund \$14,762,939

This amount represents revenue deferred due to receipt greater than 60 days past the year end and will reverse upon collection.

Fund 10030: Federal Planning and Development Fund \$3,669,693

This amount represents cash overdrawn and due to the State Treasurer's Office, plus revenue deferred due to receipt greater than 60 days past the year end, reduced by prepaid assets—part will reverse in 2010 upon collection of deferred revenue and recognition of prepaid amounts as expenditures. Part will require analysis in 2010 and corrective action as determined.

Fund 10060: Severance Tax Bond Fund \$3,055,966

This amount represents cash overdrawn and due to the State Treasurer's Office, reduced by receivables due from the State Board of Finance and will reverse in 2010 upon transfers in.

**REQUIRED SUPPLEMENTARY INFORMATION**

AS OF JUNE 30, 2009

	<b>Local</b>				<b>Driver</b>
	<b>Government</b>	<b>Traffic</b>	<b>State</b>	<b>Motorcycle</b>	<b>Improvement</b>
	<b>Road Fund</b>	<b>Safety Fund</b>	<b>Aviation Fund</b>	<b>Training Fund</b>	<b>Program Fund</b>
	<b>(SHARE 203)</b>	<b>(SHARE 208, 10010, 826)</b>	<b>(SHARE 205)</b>	<b>(SHARE 206)</b>	<b>(SHARE 10020)</b>
<b>ASSETS:</b>					
Cash					
Unrestricted	\$	-	-	-	-
Restricted		-	-	-	-
Cash equivalents					
(Interest in State General Fund Investment Pool)					
Unrestricted	18,031,983	7,418,356	4,534,933	309,007	483,736
Restricted	-	-	-	-	-
Receivables:					
Taxes receivable, net	3,322,511	184,361	811,505	15,200	-
Accounts receivable, net	-	-	565	-	-
Due from other agencies	3,091	434	777	50	-
Due from other funds	32,803	7,140	781,005	-	67,920
U.S. Department of Transportation	-	6,827,592	187,235	-	-
Interest receivable	-	-	-	-	-
Notes and loans receivable	-	-	-	-	-
Other receivables	-	6,311	-	-	-
Prepaid expenses	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 21,390,388</b>	<b>14,444,194</b>	<b>6,316,020</b>	<b>324,257</b>	<b>551,656</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 5,379,814	3,969,378	105,849	-	-
Due to other funds	-	2,209,422	1,017,901	-	-
Due to other agencies	-	-	-	-	-
Payable to Other Governments	-	-	-	-	-
Deferred Revenue	-	1,081,001	-	-	-
Other accrued expenses	-	5,980	3,276	-	-
Short-term Notes Payable	-	-	-	-	-
Other Payables	-	12,612	15,917	-	-
<b>TOTAL LIABILITIES</b>	<b>5,379,814</b>	<b>7,278,393</b>	<b>1,142,943</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Unreserved, designated					
Special revenue funds	16,010,574	7,165,801	5,173,077	324,257	551,656
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>16,010,574</b>	<b>7,165,801</b>	<b>5,173,077</b>	<b>324,257</b>	<b>551,656</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 21,390,388</b>	<b>14,444,194</b>	<b>6,316,020</b>	<b>324,257</b>	<b>551,656</b>

See Independent Auditors' Report

**DEPARTMENT OF TRANSPORTATION**

**Combining Balance Sheet-By Fund Type-Non Major Funds**

DWI Prevention And Education Fund (SHARE 207)	1993 Bond Project Fund (SHARE 394)	1998/1999 CHAT Project Fund (SHARE 430)	2000 CHAT Project Fund (SHARE 345)	2001 CHAT Project Fund (SHARE 006)	2002 CHAT Project Fund (SHARE 368)	2002C HIF Project Fund (SHARE 361)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,168,464	-	-	-	-	-	-
-	1,588,854	2,110,088	-	8,535,823	-	1,299,309
40,315	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	273	362	-	1,465	-	223
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,208,779	1,589,127	2,110,450	-	8,537,288	-	1,299,532
5,850	-	-	-	-	-	-
7,066	-	-	-	87,120	-	-
-	-	-	1,886,711	-	1,864,153	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,727	-	-	-	-	-	-
-	-	-	-	-	-	-
1,885	-	-	-	-	-	-
16,528	-	-	1,886,711	87,120	1,864,153	-
1,192,251	1,589,127	2,110,450	(1,886,711)	8,450,168	(1,864,153)	1,299,532
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,192,251	1,589,127	2,110,450	(1,886,711)	8,450,168	(1,864,153)	1,299,532
1,208,779	1,589,127	2,110,450	-	8,537,288	-	1,299,532

AS OF JUNE 30, 2009

	Federal					
	2002D CHAT	Planning and	2004A GRIP	2006A GRIP	2006B GRIP	2006 C GRIP
	Project Fund	Development Fund	Project Fund	Project Fund	Project Fund	Project Fund
	(SHARE 115)	(SHARE 10030)	(SHARE 20400)	(SHARE 10210)	(SHARE 10230)	(SHARE 10250)
<b>ASSETS:</b>						
Cash						
Unrestricted	\$ -	-	-	-	-	-
Restricted	-	-	34,853,490	59,624,536	2,193,406	15,302,351
Cash equivalents						
(Interest in State General Fund Investment Pool)						
Unrestricted	-	-	-	-	-	-
Restricted	777,176	-	-	-	-	-
Receivables:						
Taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Due from other agencies	134	-	-	2,670,089	-	-
Due from other funds	-	58,266	670,000	230,271	-	-
U.S. Department of Transportation	-	2,672,905	-	-	-	-
Interest receivable	-	-	6,720	218,269	121,180	74,208
Notes and loans receivable	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Prepaid expenses	-	1,374,036	-	-	-	-
<b>TOTAL ASSETS</b>	\$ 777,310	4,105,207	35,530,210	62,743,165	2,314,586	15,376,559
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ -	2,643,269	3,413,759	4,778,794	-	194,520
Due to other funds	142,904	-	316,177	870,000	-	-
Due to other agencies	-	4,079,569	3,807,715	6,487,953	-	9,587,697
Payable to Other Governments	-	-	-	-	-	-
Deferred Revenue	-	1,031,609	-	-	-	-
Other accrued expenses	-	20,453	-	-	-	-
Short-term Notes Payable	-	-	-	-	-	-
Other Payables	-	-	1,505,438	900,210	-	50,000
<b>TOTAL LIABILITIES</b>	142,904	7,774,900	9,043,089	13,036,957	-	9,832,217
<b>FUND BALANCES:</b>						
Unreserved, designated:						
Special revenue funds	634,406	(3,669,693)	26,487,121	49,706,208	2,314,586	5,544,342
Capital projects funds	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	634,406	(3,669,693)	26,487,121	49,706,208	2,314,586	5,544,342
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 777,310	4,105,207	35,530,210	62,743,165	2,314,586	15,376,559

See Independent Auditors' Report

DEPARTMENT OF TRANSPORTATION

Combining Balance Sheet-By Fund Type-Non Major Funds-continued

2006D GRIP Project Fund (SHARE 10270)	GRIP LOC Project Fund (SHARE 10450)	Total Special Revenue Funds	Capital Projects Fund (SHARE 10050)	STB Appropriations (SHARE 10060)	Total Capital Projects Funds	1998 WIPP Debt Service (SHARE 972)
-	-	-	-	-	-	-
50,105,423	2,490	162,081,696	-	-	-	194,454
-	-	31,946,479	-	-	-	-
-	-	14,311,250	2,097,161	-	2,097,161	14,457
-	-	4,373,892	-	-	-	-
-	-	565	-	-	-	-
-	-	2,676,898	-	17,096,690	17,096,690	2
-	-	1,847,405	7,622,484	-	7,622,484	-
-	-	9,687,732	-	-	-	-
25	-	420,402	-	-	-	1,239
-	-	-	-	-	-	-
-	-	6,311	-	-	-	-
-	-	1,374,036	-	-	-	-
50,105,448	2,490	228,726,666	9,719,645	17,096,690	26,816,335	210,152
-	10,948,390	31,439,623	143,631	4,175,965	4,319,596	-
-	-	4,650,590	-	-	-	-
-	8,455,198	36,168,996	-	15,915,241	15,915,241	-
-	-	-	-	-	-	-
-	-	2,112,610	-	-	-	-
-	-	31,436	-	-	-	-
-	-	-	-	-	-	-
-	-	2,486,062	-	11,450	11,450	-
-	19,403,588	76,889,317	143,631	20,102,656	20,246,287	-
50,105,448	(19,401,098)	151,837,349	-	(3,005,966)	(3,005,966)	-
-	-	-	9,576,014	-	9,576,014	-
-	-	-	-	-	-	210,152
50,105,448	(19,401,098)	151,837,349	9,576,014	(3,005,966)	6,570,048	210,152
50,105,448	2,490	228,726,666	9,719,645	17,096,690	26,816,335	210,152

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AS OF JUNE 30, 2009

	1998 CHAT Debt Service (SHARE 548)	1999 CHAT Debt Service (SHARE 434)	2000 CHAT Debt Service (SHARE 432)	2001 CHAT Debt Service (SHARE 007)	2002A CHAT Debt Service (SHARE 547)
<b>ASSETS:</b>					
Cash					
Unrestricted	\$ -	-	-	-	-
Restricted	83,503	747,957	1,177,325	1,644,307	702,184
Cash equivalents					
(Interest in State General Fund Investment Pool)					
Unrestricted	-	-	-	-	-
Restricted	141,073	142,550	203,343	232,893	83,269
Receivables:					
Taxes receivable, net	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other agencies	24	24	35	-	14
Due from other funds	-	-	-	-	-
U.S. Department of Transportation (NOTE 6)	-	-	-	-	-
Interest receivable	926	1,280	1,783	2,122	230
Notes and loans receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 225,526</b>	<b>891,811</b>	<b>1,382,486</b>	<b>1,879,322</b>	<b>785,697</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other agencies	-	-	-	-	-
Payable to Other Governments	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Other accrued expenses	-	-	-	-	-
Short-term Notes Payable	-	-	-	-	-
Other Payables	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Unreserved, designated:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	225,526	891,811	1,382,486	1,879,322	785,697
<b>TOTAL FUND BALANCES</b>	<b>225,526</b>	<b>891,811</b>	<b>1,382,486</b>	<b>1,879,322</b>	<b>785,697</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 225,526</b>	<b>891,811</b>	<b>1,382,486</b>	<b>1,879,322</b>	<b>785,697</b>

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DEPARTMENT OF TRANSPORTATION

Combining Balance Sheet-By Fund Type-Non Major Funds-continued

2002B WIPP Debt Service (SHARE 750)	2002C HIF Debt Service (SHARE 363)	2002D CHAT Debt Service (SHARE 187)	2004A GRIP Debt Service (SHARE 10080)	2004B GRIP Debt Service (SHARE 10090)	2006A GRIP Debt Service (SHARE 10220)	2006B GRIP Debt Service (SHARE 10240)	2006C GRIP Debt Service (SHARE 10260)
-	-	-	-	-	-	-	-
699,112	90,726	41,198	1,856,524	46,018,646	27,424	1,176,433	-
-	-	-	-	-	-	-	-
110,515	62,004	12,763	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
172	11	2	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19	423	19	2,628	6,955	465	358	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
809,818	153,164	53,982	1,859,152	46,025,601	27,889	1,176,791	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,250,370	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,250,370	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
809,818	153,164	53,982	1,859,152	46,025,601	27,889	(73,579)	-
809,818	153,164	53,982	1,859,152	46,025,601	27,889	(73,579)	-
809,818	153,164	53,982	1,859,152	46,025,601	27,889	1,176,791	-

AS OF JUNE 30, 2009

	2006D GRIP Debt Service (SHARE 10280)	2008A GRIP Debt Service (SHARE 10410)	2008B GRIP Debt Service (SHARE 10420)	2008C GRIP Debt Service (SHARE 10430)	2008D GRIP Debt Service (SHARE 10440)
<b>ASSETS:</b>					
Cash					
Unrestricted	\$ -	-	-	-	-
Restricted	-	2,765,325	5,724,807	2,748,928	713,380
Cash equivalents					
(Interest in State General Fund Investment Pool)					
Unrestricted	-	-	-	-	-
Restricted	-	-	-	-	-
Receivables:					
Taxes receivable, net	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
U.S. Department of Transportation (NOTE 6)	-	-	-	-	-
Interest receivable	-	20,228	63,345	16,373	185
Notes and loans receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>TOTAL ASSETS</b>	\$ -	2,785,553	5,788,152	2,765,301	713,565
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	94,838	202,057	180,129	107,058
Due to other funds	-	-	-	-	-
Due to other agencies	-	-	-	-	-
Payable to Other Governments	94,155	-	52,951	104,401	-
Deferred Revenue	-	-	-	-	-
Other accrued expenses	-	-	-	-	-
Short-term Notes Payable	-	2,742,857	5,238,095	2,019,048	-
Other Payables	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	94,155	2,837,695	5,493,103	2,303,578	107,058
<b>FUND BALANCES:</b>					
Unreserved, reported in non-major:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	(94,155)	(52,142)	295,049	461,723	606,507
<b>TOTAL FUND BALANCES</b>	(94,155)	(52,142)	295,049	461,723	606,507
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ -	2,785,553	5,788,152	2,765,301	713,565

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**DEPARTMENT OF TRANSPORTATION**

**Combining Balance Sheet-By Fund Type-Non Major Funds-continued**

Total Debt Service Funds	Total Government Funds
-	-
66,412,233	228,493,929
-	31,946,479
1,002,867	17,411,278
-	4,373,892
-	565
284	19,773,872
-	9,469,889
-	9,687,732
118,578	538,980
-	-
-	6,311
-	1,374,036
<u>67,533,962</u>	<u>323,076,963</u>
584,082	36,343,301
-	4,650,590
-	52,084,237
1,501,877	1,501,877
-	2,112,610
-	31,436
10,000,000	10,000,000
-	2,497,512
<u>12,085,959</u>	<u>109,221,563</u>
-	148,831,383
-	9,576,014
<u>55,448,003</u>	<u>55,448,003</u>
<u>55,448,003</u>	<u>213,855,400</u>
<u>67,533,962</u>	<u>323,076,963</u>

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FOR THE YEAR ENDED JUNE 30, 2009

	Local Government Road Fund (SHARE 203)	Traffic Safety Fund (SHARE 208, 10010, 826)	State Aviation Fund (SHARE 205)	Motorcycle Training Fund (SHARE 206)	Driver Improvement Program Fund (SHARE 10020)
<b>REVENUES:</b>					
User and fuel taxes	20,760,285	-	4,728,668	130,520	260,495
U.S. Department of Transportation	-	21,778,025	324,533	-	-
Fees and fines	-	-	72,519	-	-
Licenses and permits	-	1,695,815	-	-	2,225
Miscellaneous	-	-	14	-	-
DWI Interlock Device	-	553,787	-	-	-
Interest earnings	264,539	35,542	47,968	3,803	-
<b>TOTAL REVENUES</b>	<b>21,024,824</b>	<b>24,063,169</b>	<b>5,173,702</b>	<b>134,323</b>	<b>262,720</b>
<b>EXPENDITURES:</b>					
Current:					
Operating costs	-	425	-	-	-
Personal services	-	545,508	315,702	-	-
Out-of-state travel	-	27,145	4,767	-	-
Grants and services	22,479,358	20,051,792	2,404,019	104,977	3,959
travel	-	1,662	3,383	-	-
Maintenance and repairs	-	-	34,509	-	-
Supplies	-	-	9,581	-	-
Contractual services	-	1,340,539	584,116	-	-
Other costs	-	-	82,444	-	-
Employee benefits	-	210,548	106,864	-	-
Capital outlay	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Swap interest	-	-	-	-	-
Trustee and broker fees	-	-	-	-	-
Debt issuance costs	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>22,479,358</b>	<b>22,177,619</b>	<b>3,545,385</b>	<b>104,977</b>	<b>3,959</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,454,534)</b>	<b>1,885,550</b>	<b>1,628,317</b>	<b>29,346</b>	<b>258,761</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from appropriations, net of reversions	-	-	-	-	-
Proceeds from LT Notes Payable (LOC)	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Transfers in (out)	-	300,000	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(1,454,534)</b>	<b>2,185,550</b>	<b>1,628,317</b>	<b>29,346</b>	<b>258,761</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>RESTATEMENT (Note 25)</b>	<b>-</b>	<b>-</b>	<b>(2,772,216)</b>	<b>-</b>	<b>-</b>
<b>RESTATED FUND BALANCES, June 30, 2008</b>	<b>17,465,108</b>	<b>4,980,251</b>	<b>3,544,760</b>	<b>294,911</b>	<b>292,895</b>
<b>FUND BALANCES, June 30, 2009</b>	<b>16,010,574</b>	<b>7,165,801</b>	<b>5,173,077</b>	<b>324,257</b>	<b>551,656</b>

**DEPARTMENT OF TRANSPORTATION**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance-By Fund Type-Non Major Funds**

DWI Prevention And Education Fund (SHARE 207)	1993 Bond Project Fund (SHARE 394)	1998/1999 CHAT Project Fund (SHARE 430)	2000 CHAT Project Fund (SHARE 345)	2001 CHAT Project Fund (SHARE 006)	2002A CHAT Project Fund (SHARE 368)	2002C HIF Project Fund (SHARE 361)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
457,901	-	-	-	-	-	-
-	-	-	-	-	-	-
-	21,345	5,369	71	11,784	1,872	17,084
457,901	21,345	5,369	71	11,784	1,872	17,084
-	-	-	-	-	-	-
55,964	-	-	-	-	-	-
-	-	-	-	-	-	-
197,025	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,890	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
275,879	-	-	-	-	-	-
182,022	21,345	5,369	71	11,784	1,872	17,084
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
182,022	21,345	5,369	71	11,784	1,872	17,084
1,010,229	1,567,782	2,105,081	(1,886,782)	8,438,384	(1,866,025)	1,282,448
-	-	-	-	-	-	-
1,010,229	1,567,782	2,105,081	(1,886,782)	8,438,384	(1,866,025)	1,282,448
1,192,251	1,589,127	2,110,450	(1,886,711)	8,450,168	(1,864,153)	1,299,532

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FOR THE YEAR ENDED JUNE 30, 2009

	2002D CHAT	Federal Planning and Development Fund	2004A GRIP	2006A GRIP	2006B GRIP	2006C GRIP
	Project Fund (SHARE 115)	(SHARE 10030)	Project Fund (SHARE 20400)	Project Fund (SHARE 10210)	Project Fund (SHARE 10230)	Project Fund (SHARE 10250)
<b>REVENUES:</b>						
User and fuel taxes	-	-	-	-	-	-
U.S. Department of Transportation	-	24,644,061	-	-	-	-
Fees and fines	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
DWI Interlock Device	-	-	-	-	-	-
Interest earnings	10,220	-	548,179	3,909,062	2,164,801	1,325,674
<b>TOTAL REVENUES</b>	<b>10,220</b>	<b>24,644,061</b>	<b>548,179</b>	<b>3,909,062</b>	<b>2,164,801</b>	<b>1,325,674</b>
<b>EXPENDITURES:</b>						
Current:						
Operating costs	-	-	-	-	-	-
Personal services	-	337,911	-	-	-	-
Out-of-state travel	-	-	-	-	-	-
Grants and services	-	23,338,601	-	-	-	-
travel	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Contractual services	-	-	122,373	-	-	-
Other costs	-	179	-	-	-	-
Employee benefits	-	104,869	-	-	-	-
Capital outlay	-	-	60,418,133	59,594,539	-	77,787,286
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Swap interest	-	-	-	-	-	-
Trustee and broker fees	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>23,781,560</b>	<b>60,540,506</b>	<b>59,594,539</b>	<b>-</b>	<b>77,787,286</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>10,220</b>	<b>862,501</b>	<b>(59,992,327)</b>	<b>(55,685,477)</b>	<b>2,164,801</b>	<b>(76,461,612)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from appropriations, net of reversions	-	-	-	-	-	-
Proceeds from LT Notes Payable (LOC)	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Transfers in (out)	-	(1,525,935)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(1,525,935)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>10,220</b>	<b>(663,434)</b>	<b>(59,992,327)</b>	<b>(55,685,477)</b>	<b>2,164,801</b>	<b>(76,461,612)</b>
<b>FUND BALANCES, June 30, 2008</b>	<b>624,186</b>	<b>(3,006,259)</b>	<b>86,479,448</b>	<b>105,391,685</b>	<b>149,785</b>	<b>82,005,954</b>
<b>RESTATEMENT (Note 25)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>RESTATED FUND BALANCE, June 30, 2008</b>	<b>624,186</b>	<b>(3,006,259)</b>	<b>86,479,448</b>	<b>105,391,685</b>	<b>149,785</b>	<b>82,005,954</b>
<b>FUND BALANCES, June 30, 2009</b>	<b>634,406</b>	<b>(3,669,693)</b>	<b>26,487,121</b>	<b>49,706,208</b>	<b>2,314,586</b>	<b>5,544,342</b>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance-By Fund Type-Non  
Major Funds-continued**

2006D GRIP Project Fund (SHARE 10270)	GRIP LOC Project Fund (SHARE 10450)	Total Special Revenue Funds	Capital Projects Fund (SHARE 10050)	STB Appropriations (SHARE 10060)	Total Capital Projects Funds	1998 WIPP Debt Service (SHARE 972)
-	-	25,879,968	-	-	-	-
-	-	46,746,619	-	-	-	-
-	-	72,519	-	-	-	-
-	-	2,155,941	-	-	-	-
-	-	14	-	-	-	-
-	-	553,787	-	-	-	-
230,964	491	8,598,768	-	-	-	54,958
230,964	491	84,007,616	-	-	-	54,958
-	-	425	-	-	-	-
-	-	1,255,085	-	-	-	-
-	-	31,912	-	-	-	-
-	-	68,579,731	-	-	-	-
-	-	5,045	-	-	-	-
-	-	34,509	-	-	-	-
-	-	9,581	-	4,643,611	4,643,611	-
-	357,885	2,404,913	-	26,552,773	26,552,773	-
1,282	-	83,905	296,027	-	296,027	-
-	-	445,171	-	-	-	-
-	59,335,469	257,135,427	2,542,091	22,186,708	24,728,799	-
-	-	-	-	-	-	10,545,000
-	-	-	-	-	-	1,751,613
-	94,745	94,745	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,282	59,788,099	330,080,449	2,838,118	53,383,092	56,221,210	12,296,613
229,682	(59,787,608)	(246,072,833)	(2,838,118)	(53,383,092)	(56,221,210)	(12,241,655)
-	-	-	-	-	-	-
-	40,028,625	40,028,625	-	-	-	-
-	-	-	-	-	-	-
(224,866)	357,885	(1,092,916)	6,667,167	53,383,093	60,050,260	12,296,613
(224,866)	40,386,510	38,935,709	6,667,167	53,383,093	60,050,260	12,296,613
4,816	(19,401,098)	(207,137,124)	3,829,049	1	3,829,050	54,958
50,100,632	-	361,746,689	5,746,965	(3,257,016)	2,489,949	155,194
-	-	(2,772,216)	-	251,049	251,049	-
50,100,632	(19,401,098)	358,974,473	5,746,965	(3,005,967)	2,740,998	155,194
50,105,448	(19,401,098)	151,837,349	9,576,014	(3,005,966)	6,570,048	210,152

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FOR THE YEAR ENDED JUNE 30, 2009

	1998 CHAT Debt Service (SHARE 548)	1999 CHAT Debt Service (SHARE 434)	2000 CHAT Debt Service (SHARE 432)	2001 CHAT Debt Service (SHARE 007)	2002A CHAT Debt Service (SHARE 547)
<b>REVENUES:</b>					
User and fuel taxes	-	-	-	-	-
U.S. Department of Transportation	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Miscellaneous	-	-	-	-	-
DWI Interlock Device	-	-	-	-	-
Interest earnings	43,939	61,638	86,139	102,939	15,152
<b>TOTAL REVENUES</b>	<b>43,939</b>	<b>61,638</b>	<b>86,139</b>	<b>102,939</b>	<b>15,152</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	8,205,000	10,410,000	13,810,000	14,630,000	-
Interest and other charges	910,200	598,575	1,670,600	4,623,897	1,585,500
Swap interest	-	-	-	-	-
Trustee and broker fees	-	-	-	-	-
Debt issuance costs	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>9,115,200</b>	<b>11,008,575</b>	<b>15,480,600</b>	<b>19,253,897</b>	<b>1,585,500</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(9,071,261)</b>	<b>(10,946,937)</b>	<b>(15,394,461)</b>	<b>(19,150,958)</b>	<b>(1,570,348)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from appropriations, net of reversions	-	-	-	-	-
Proceeds from LT Notes Payable (LOC)	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Transfers in (out)	9,115,200	11,008,575	15,480,600	19,253,897	1,585,500
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>9,115,200</b>	<b>11,008,575</b>	<b>15,480,600</b>	<b>19,253,897</b>	<b>1,585,500</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>43,939</b>	<b>61,638</b>	<b>86,139</b>	<b>102,939</b>	<b>15,152</b>
<b>FUND BALANCES, June 30, 2008</b>	<b>181,587</b>	<b>830,173</b>	<b>1,296,347</b>	<b>1,776,383</b>	<b>770,545</b>
<b>RESTATEMENT (Note 25)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>RESTATED FUND BALANCE, June 30, 2008</b>	<b>181,587</b>	<b>830,173</b>	<b>1,296,347</b>	<b>1,776,383</b>	<b>770,545</b>
<b>FUND BALANCES, June 30, 2009</b>	<b>225,526</b>	<b>891,811</b>	<b>1,382,486</b>	<b>1,879,322</b>	<b>785,697</b>



DEPARTMENT OF TRANSPORTATION

Combining Statement of Revenues, Expenditures and Changes in Fund Balance-By Fund Type-Non Major Funds-continued

2002B WIPP Debt Service (SHARE 750)	2002C HIF Debt Service (SHARE 363)	2002D CHAT Debt Service (SHARE 187)	2004A GRIP Debt Service (SHARE 10080)	2004B GRIP Debt Service (SHARE 10090)	2006A GRIP Debt Service (SHARE 10220)	2006B GRIP Debt Service (SHARE 10240)	2006C GRIP Debt Service (SHARE 10260)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,883	21,545	1,537	156,899	2,789,074	27,387	28,578	-
11,883	21,545	1,537	156,899	2,789,074	27,387	28,578	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,000,000	-	-	10,735,000	-	3,165,000	-
472,250	1,709,524	194,825	36,216,759	7,347,765	7,477,407	1,538,238	-
-	-	-	-	-	-	-	-
-	-	-	1,750,000	-	375,000	84,819	1
-	-	-	-	-	-	-	-
472,250	4,709,524	194,825	37,966,759	18,082,765	7,852,407	4,788,057	1
(460,367)	(4,687,979)	(193,288)	(37,809,860)	(15,293,691)	(7,825,020)	(4,759,479)	(1)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
472,250	4,709,524	194,825	37,865,290	16,046,458	7,176,842	3,882,071	1,772,835
472,250	4,709,524	194,825	37,865,290	16,046,458	7,176,842	3,882,071	1,772,835
11,883	21,545	1,537	55,430	752,767	(648,178)	(877,408)	1,772,834
797,935	131,619	52,445	1,803,722	45,272,834	676,067	803,829	(1,772,834)
-	-	-	-	-	-	-	-
797,935	131,619	52,445	1,803,722	45,272,834	676,067	803,829	(1,772,834)
809,818	153,164	53,982	1,859,152	46,025,601	27,889	(73,579)	-

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FOR THE YEAR ENDED JUNE 30, 2009

	2006D GRIP Debt Service (SHARE 10280)	2008A GRIP Debt Service (SHARE 10410)	2008B GRIP Debt Service (SHARE 10420)	2008C GRIP Debt Service (SHARE 10430)	2008D GRIP Debt Service (SHARE 10440)
<b>REVENUES:</b>					
User and fuel taxes	-	-	-	-	-
U.S. Department of Transportation	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Miscellaneous	-	-	-	-	-
DWI Interlock Device	-	-	-	-	-
Interest earnings	-	1,362,708	3,810,581	1,003,827	9,320
<b>TOTAL REVENUES</b>	-	1,362,708	3,810,581	1,003,827	9,320
<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	-	-	-	-	-
Interest and other charges	-	1,540,922	3,046,796	1,162,110	1,113,668
Swap interest	-	4,063,286	10,886,527	2,991,030	-
Trustee and broker fees	-	536,682	1,587,584	480,713	399,997
Debt issuance costs	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	6,140,890	15,520,907	4,633,853	1,513,665
<b>EXCESS (DEFICIENCY) OF REVENUES</b>					
<b>OVER (UNDER) EXPENDITURES</b>	-	(4,778,182)	(11,710,326)	(3,630,026)	(1,504,345)
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from appropriations, net of reversions	-	-	-	-	-
Proceeds from LT Notes Payable (LOC)	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Transfers in (out)	(401,278)	4,381,946	11,787,187	4,090,632	1,550,803
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(401,278)	4,381,946	11,787,187	4,090,632	1,550,803
<b>NET CHANGES IN FUND BALANCES</b>	(401,278)	(396,236)	76,861	460,606	46,458
<b>FUND BALANCES, June 30, 2008</b>	307,123	344,094	218,188	1,117	560,049
<b>RESTATEMENT (Note 25)</b>	-	-	-	-	-
<b>RESTATED FUND BALANCE, June 30, 2008</b>	307,123	344,094	218,188	1,117	560,049
<b>FUND BALANCES, June 30, 2009</b>	(94,155)	(52,142)	295,049	461,723	606,507

**DEPARTMENT OF TRANSPORTATION**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance-By Fund Type-Non  
Major Funds-continued**

Total Debt Service Funds	Total Governmental Funds
-	25,879,968
-	46,746,619
-	72,519
-	2,155,941
-	14
-	553,787
9,588,104	18,186,872
9,588,104	93,595,720
-	425
-	1,255,085
-	31,912
-	68,579,731
-	5,045
-	34,509
-	4,653,192
-	28,957,686
-	379,932
-	445,171
-	281,864,226
74,500,000	74,500,000
72,960,649	72,960,649
17,940,843	17,940,843
5,214,796	5,309,541
-	-
170,616,288	556,917,947
(161,028,184)	(463,322,227)
-	-
-	40,028,625
-	-
162,269,770	221,227,114
162,269,770	261,255,739
1,241,586	(202,066,488)
54,206,417	418,443,055
-	(2,521,167)
54,206,417	415,921,888
55,448,003	213,855,400

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**SUPPLEMENTARY INFORMATION**

**Budget to Actual Schedules**

**DEPARTMENT OF TRANSPORTATION**

**Schedule of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)**

YEAR ENDED JUNE 30, 2009

STATE ROAD FUND (SHARE 20100/20200/43100/82000)					
	\$	Budgeted Amounts		Actual	Variance
		Original	Final	Amounts	Over (Under)
					(Modified Accrual)
<b>REVENUES:</b>					
Federal funds		327,982,900	331,833,443	335,175,323	3,341,880
Other state funds		416,928,000	408,458,244	398,515,354	(9,942,890)
State General Fund		-	-	-	-
Interagency Transfer		-	7,328,000	4,181,385	(3,146,615)
Interest Revenue		1,600,000	1,608,700	547,074	(1,061,626)
<b>TOTAL REVENUES</b>		746,510,900	749,228,387	738,419,136	(10,809,251)
 <b>PRIOR YEAR FUNDS REBUDGETED</b>					
		11,800,000	220,886,161		
	\$	758,310,900	970,114,548		
 <b>EXPENDITURES - current and capital outlay:</b>					
Programs and Infrastructure					
Personal Services/Employee Benefits		27,359,600	27,331,600	28,143,663	(812,063)
Contractual Services		273,078,600	463,708,090	325,483,706	138,224,384
Other		6,953,658	8,253,110	14,126,233	(5,873,123)
Transfers (In) Out		-	(1,721,000)	7,086,167	(8,807,167)
		307,391,858	497,571,800	374,839,769	122,732,031
Transportation and Highway Ops:					
Personal Services/Employee Benefits		103,892,400	115,523,559	102,732,038	12,791,521
Contractual Services		51,895,000	59,387,547	3,352,156	56,035,391
Other		74,527,400	74,527,400	74,463,147	64,253
		230,314,800	249,438,506	180,547,341	68,891,1645
Business/Program Support					
Personal Services/Employee Benefits		27,664,800	27,664,800	27,627,765	37,035
Contractual Services		6,557,100	6,557,100	4,886,892	1,670,208
Other		17,089,100	17,089,100	24,147,119	(7,058,019)
Transfers (In) Out		169,293,242	171,793,242	171,512,947	280,295
		220,604,242	223,104,242	228,174,723	(5,070,481)
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>		758,310,900	970,114,548	783,561,833	186,552,715

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

GENERAL FUND APPROPRIATIONS FUND (SHARE 10070)					
	Life-to-Date	FY 09 Actual	Adjustments	Life-to-Date	Variance
	Budgeted	Amounts		Actual	
	Amounts	(Modified		Amounts	Over (Under)
	Amounts	Accrual)		(Modified	
		Accrual)		Accrual)	
<b>REVENUES:</b>					
State General Fund	\$ 172,646,202	-	15,065,711	172,646,202	-
Inter-Agency Transfers	3,531,547	1,604,433	1,388,237	3,531,547	-
<b>TOTAL REVENUES</b>	<b>\$ 176,177,749</b>	<b>1,604,433</b>	<b>16,453,948</b>	<b>176,177,749</b>	<b>-</b>
<b>EXPENDITURES - current and capital outlay:</b>					
Programs and Infrastructure					
Personal Services/Employee Benefits	\$ -	-	-	-	-
Contractual Services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (In) Out	-	-	-	-	-
Reversions	-	-	-	-	-
<hr/>					
Transportation and Highway Ops:					
Personal Services/Employee Benefits	\$ -	-	-	-	-
Contractual Services	158,363,780	53,379,369	2,152,007	93,174,263	65,189,516
Other	14,282,422	10,633,086	-	14,274,882	7,541
Transfers (In) Out	2,610,807	1,206,547	1,044,160	2,610,807	-
Reversions	1,645,000	3,098,918	400,624	3,499,542	(1,854,542)
<hr/>					
	176,902,009	73,317,920	3,596,791	113,559,494	63,342,515
Business/Program Support					
Personal Services/Employee Benefits	\$ -	-	-	-	-
Contractual Services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (In) Out	-	-	-	-	-
<hr/>					
	-	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ 176,902,009</b>	<b>73,317,920</b>	<b>3,596,791</b>	<b>113,559,494</b>	<b>63,342,515</b>

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	ARRA Project Fund (89000)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	260,686,161	1,719,850	(258,966,311)
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	-	-
TOTAL REVENUES	-	260,686,161	1,719,850	(258,966,311)
 PRIOR YEAR FUNDS REBUDGETED				
	\$ -	-	260,686,161	
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	176,000	-	176,000
Contractual Services	-	259,510,161	9,565,344	249,944,817
Other	-	1,000,000	634,638	365,362
Transfers (In) Out	-	-	(1,118,965)	1,118,965
	-	260,686,161	9,081,017	251,605,144
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
TOTAL ANNUAL BUDGETED				
EXPENDITURES	-	260,686,161	9,081,017	251,605,144

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

NON-MAJOR GOVERNMENTAL FUNDS				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ 30,698,900	42,378,900	47,521,875	5,142,975
Other state funds	229,759,000	231,766,900	68,698,054	(163,068,847)
State General Fund	2,928,000	2,928,000	-	(2,928,000)
Inter-Agency Transfers	300,000	300,000	300,000	-
Interest Revenue	1,316,000	1,109,000	18,391,316	17,282,316
<b>TOTAL REVENUES</b>	<b>265,001,900</b>	<b>278,482,800</b>	<b>134,911,245</b>	<b>(143,571,556)</b>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	335,744,678	371,639,326		
	<b>\$ 600,746,578</b>	<b>650,122,126</b>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	1,462,300	1,830,200	1,700,255	129,945
Contractual Services	90,858,550	94,928,579	68,115,784	26,512,795
Other	481,469,228	511,965,977	242,806,472	269,159,505
Transfers (In) Out	-	-	1,392,916	(1,392,916)
	573,490,078	608,424,756	314,015,427	294,409,329
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	27,256,500	41,904,370	22,479,358	19,425,012
Transfers (In) Out	-	-	-	-
	27,256,500	41,904,370	22,479,358	19,425,012
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	191,263,056	191,263,056	170,711,033	20,552,023
Transfers In (Out)	(191,263,056)	(191,263,056)	(162,269,770)	(28,993,286)
	-	-	8,441,263	(8,441,263)
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>600,746,578</b>	<b>650,329,126</b>	<b>344,936,048</b>	<b>305,393,078</b>

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



**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

<b>LOCAL GOVERNMENT ROAD FUND (SHARE 20300)</b>				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	23,345,000	23,345,000	20,760,285	(2,584,715)
State General Fund	-	-	-	-
Interest Revenue	870,000	870,000	264,539	(605,461)
<b>TOTAL REVENUES</b>	<b>24,215,000</b>	<b>24,215,000</b>	<b>21,024,824</b>	<b>(3,190,176)</b>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	3,041,500	17,689,370		
	<b>\$ 27,256,500</b>	<b>41,904,370</b>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	27,256,500	41,904,370	22,479,358	19,425,012
	27,256,500	41,904,370	22,479,358	19,425,012
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers In (Out)	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED</b>				
EXPENDITURES	<b>27,256,500</b>	<b>41,904,370</b>	<b>22,479,358</b>	<b>19,425,012</b>

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	<b>2004A GRIP BOND PROJECT FUND (SHARE 20400)</b>			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	548,179	548,179
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>548,179</b>	<b>548,179</b>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	<b>86,479,450</b>	<b>86,479,450</b>		
	<b>\$ 86,479,450</b>	<b>86,479,450</b>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	86,479,450	86,479,450	60,540,506	25,938,944
Transfers (In) Out	-	-	-	-
	<b>86,479,450</b>	<b>86,479,450</b>	<b>60,540,506</b>	<b>25,938,944</b>
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ANNUAL BUDGETED</b>				
EXPENDITURES	<b>86,479,450</b>	<b>86,479,450</b>	<b>60,540,506</b>	<b>25,938,944</b>

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	AVIATION FUND (SHARE 20500)			
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	324,533	324,533
Other state funds	1,479,000	1,479,000	4,801,201	3,322,201
State General Fund	2,928,000	2,928,000	-	(2,928,000)
Interest Revenue	129,000	129,000	47,968	(81,032)
TOTAL REVENUES	<u>4,536,000</u>	<u>4,536,000</u>	<u>5,173,702</u>	<u>637,702</u>
PRIOR YEAR FUNDS REBUDGETED	-	1,441,123		
	<u>\$ 4,536,000</u>	<u>5,977,123</u>		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	546,300	546,300	422,566	123,734
Contractual Services	262,000	262,000	584,116	(322,116)
Other	3,727,700	5,168,823	2,538,703	2,630,120
	<u>4,536,000</u>	<u>5,977,123</u>	<u>3,545,385</u>	<u>2,431,738</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	-	-	-	-
Transfers (In) Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ANNUAL BUDGETED EXPENDITURES	<u>4,536,000</u>	<u>5,977,123</u>	<u>3,545,385</u>	<u>2,431,738</u>

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	<b>MOTORCYCLE TRAINING FUND (SHARE 20600)</b>			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
REVENUES:				
Federal funds	-	-	-	-
Other state funds	100,000	100,000	130,520	30,520
State General Fund	-	-	-	-
Interest Revenue	5,000	5,000	3,803	(1,197)
TOTAL REVENUES	<u>105,000</u>	<u>105,000</u>	<u>134,323</u>	<u>29,323</u>
PRIOR YEAR FUNDS REBUDGETED	-	-		
	<u>\$ 105,000</u>	<u>105,000</u>		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	105,000	105,000	104,977	23
	<u>105,000</u>	<u>105,000</u>	<u>104,977</u>	<u>23</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	-	-	-	-
Transfers (In) Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ANNUAL BUDGETED EXPENDITURES	<u>105,000</u>	<u>105,000</u>	<u>104,977</u>	<u>23</u>

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

DWI PREVENTION AND EDUCATION FUND (SHARE 20700)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	300,000	380,900	457,901	77,001
State General Fund	-	-	-	-
Interest Revenue	-	-	-	-
TOTAL REVENUES	300,000	380,900	457,901	77,001
 PRIOR YEAR FUNDS REBUDGETED				
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	80,900	78,854	2,046
Contractual Services	300,000	300,000	197,025	102,975
Other	-	-	-	-
	300,000	380,900	275,879	105,021
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
TOTAL ANNUAL BUDGETED EXPENDITURES	300,000	380,900	275,879	105,021

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	<b>TRAFFIC SAFETY FUND (SHARE 20800/10010/82600)</b>			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ 9,482,100	15,762,100	21,778,025	6,015,925
Other state funds	1,250,000	3,177,000	2,249,602	(927,398)
State General Fund	-	-	-	-
Inter-Agency Transfers	300,000	300,000	300,000	-
Interest Revenue	82,000	82,000	35,542	(46,458)
<b>TOTAL REVENUES</b>	<b>11,114,100</b>	<b>19,321,100</b>	<b>24,363,169</b>	<b>5,042,069</b>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	<b>-</b>	<b>11,169,783</b>		
	<b>\$ 11,114,100</b>	<b>30,490,883</b>		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	472,100	759,100	756,055	3,045
Contractual Services	502,100	1,422,100	1,100,081	322,019
Other	10,139,900	28,309,683	19,552,137	8,757,546
	<b>11,114,100</b>	<b>30,490,883</b>	<b>21,408,274</b>	<b>9,082,609</b>
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>11,114,100</b>	<b>30,490,883</b>	<b>21,408,274</b>	<b>9,082,609</b>

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	2001 CHAT BOND PROJECT FUND (SHARE 00600)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	11,784	11,784
TOTAL REVENUES	-	-	11,784	11,784
 PRIOR YEAR FUNDS REBUDGETED				
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
TOTAL ANNUAL BUDGETED	-	-	-	-
EXPENDITURES	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2002D CHAT BOND PROJECT FUND (SHARE 11500)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	10,220	10,220
TOTAL REVENUES	-	-	10,220	10,220
PRIOR YEAR FUNDS REBUDGETED	-	-		
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
TOTAL ANNUAL BUDGETED	-	-	-	-
EXPENDITURES	-	-	-	-

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



**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2000 CHAT BOND PROJECT FUND (SHARE 34500)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	
			Over (Under)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	71	71
TOTAL REVENUES	-	-	71	71
 PRIOR YEAR FUNDS REBUDGETED				
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure	-	-	-	-
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
TOTAL ANNUAL BUDGETED	-	-	-	-
EXPENDITURES	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	2002C HIF BOND PROJECT FUND (SHARE 36100)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	17,084	17,084
TOTAL REVENUES	-	-	17,084	17,084
 PRIOR YEAR FUNDS REBUDGETED				
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
TOTAL ANNUAL BUDGETED	-	-	-	-
EXPENDITURES	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2002A CHAT BOND PROJECT FUND (SHARE 36800)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	1,872	1,872
<b>TOTAL REVENUES</b>	-	-	1,872	1,872
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-	-	-
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
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</b>	-	-	-	-
<b>EXPENDITURES</b>	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	1993 BOND PROJECT FUND (SHARE 39400)			
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
	-	-	21,345	21,345
TOTAL REVENUES	-	-	21,345	21,345
PRIOR YEAR FUNDS REBUDGETED	-	-		
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
TOTAL ANNUAL BUDGETED EXPENDITURES	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	1998/1999 CHAT BOND PROJECT FUND (SHARE 43000)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	
				Over (Under)
REVENUES:				
Federal funds	\$	-	-	-
Other state funds		-	-	-
State General Fund		-	-	-
Interest Revenue		-	5,369	5,369
TOTAL REVENUES		-	5,369	5,369
PRIOR YEAR FUNDS REBUDGETED		-	-	
	\$	-	-	
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits		-	-	-
Contractual Services		-	-	-
Other		-	-	-
		-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits		-	-	-
Contractual Services		-	-	-
Other		-	-	-
		-	-	-
Business/Program Support				
Personal Services/Employee Benefits		-	-	-
Contractual Services		-	-	-
Other		-	-	-
Transfers (In) Out		-	-	-
		-	-	-
TOTAL ANNUAL BUDGETED		-	-	-
EXPENDITURES		-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2006A GRIP BOND PROJECT FUND (SHARE 10210)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	3,909,062	3,909,062
TOTAL REVENUES	-	-	3,909,062	3,909,062
PRIOR YEAR FUNDS REBUDGETED	164,217,774	164,217,774		
	\$ 164,217,774	164,217,774		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	164,217,774	164,217,774	59,594,539	104,623,235
Transfers (In) Out	-	-	-	-
	164,217,774	164,217,774	59,594,539	104,623,235
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
TOTAL ANNUAL BUDGETED EXPENDITURES	164,217,774	164,217,774	59,594,539	104,623,235

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	2006B GRIP BOND PROJECT FUND (SHARE 10230)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	2,164,801	2,164,801
TOTAL REVENUES	-	-	2,164,801	1,164,801
 PRIOR YEAR FUNDS REBUDGETED				
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
TOTAL ANNUAL BUDGETED	-	-	-	-
EXPENDITURES	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	2006C GRIP BOND PROJECT FUND (SHARE 10250)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	1,325,674	1,325,674
TOTAL REVENUES	-	-	1,325,674	1,325,674
 PRIOR YEAR FUNDS REBUDGETED				
	82,005,954	82,005,954		
	\$ 82,005,954	82,005,954		
 EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	82,005,954	82,005,954	77,787,286	4,218,668
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	82,005,954	82,005,954	77,787,286	4,218,668
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
TOTAL ANNUAL BUDGETED EXPENDITURES	82,005,954	82,005,954	77,787,286	4,218,668

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



**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2006D GRIP BOND PROJECT FUND (SHARE 10270)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts	
			(Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Bond Proceeds	-	-	-	-
Interest Revenue	-	-	230,964	230,964
<b>TOTAL REVENUES</b>	-	-	230,964	230,964
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-		
	\$ -	-		
<b>EXPENDITURES - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	1,282	(1,282)
Transfers (In) Out	-	-	244,866	(244,866)
	-	-	246,148	(246,148)
<b>Transportation and Highway Ops:</b>				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
<b>Business/Program Support</b>				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	-	-	246,148	(246,148)

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	<b>GRIP LINE OF CREDIT PROJECT FUND (SHARE 10450)</b>			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	200,000,000	200,000,000	40,028,625	(159,971,375)
State General Fund	-	-	-	-
Interest Revenue	-	-	491	491
<b>TOTAL REVENUES</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>40,029,116</b>	<b>(159,970,884)</b>
PRIOR YEAR FUNDS REBUDGETED	-	-		
	\$ 200,000,000	200,000,000		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	452,630	(452,630)
Other	200,000,000	200,000,000	59,335,469	140,664,537
Transfers (In) Out	-	-	(357,885)	357,885
	200,000,000	200,000,000	59,430,214	140,569,786
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>200,000,000</b>	<b>200,000,000</b>	<b>59,430,213</b>	<b>140,569,787</b>

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	DRIVER IMPROVEMENT PROGRAM FUND (SHARE 10020)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
REVENUES:				
Federal funds	-	-	-	-
Other state funds	200,000	200,000	262,720	62,720
State General Fund	-	-	-	-
Interest Revenue	-	-	-	-
TOTAL REVENUES	<u>200,000</u>	<u>200,000</u>	<u>262,720</u>	<u>62,720</u>
PRIOR YEAR FUNDS REBUDGETED	-	-		
	<u>\$ 200,000</u>	<u>200,000</u>		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	200,000	200,000	3,959	196,041
	<u>200,000</u>	<u>200,000</u>	<u>3,959</u>	<u>196,041</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	-	-	-	-
Transfers (In) Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ANNUAL BUDGETED EXPENDITURES	<u>200,000</u>	<u>200,000</u>	<u>3,959</u>	<u>196,041</u>

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	<b>FEDERAL PLANNING AND DEVELOPMENT FUND (SHARE 10030)</b>			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ 21,216,800	26,616,800	24,644,061	(1,972,739)
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	-	-
<b>TOTAL REVENUES</b>	<b>21,216,800</b>	<b>26,616,800</b>	<b>24,644,061</b>	<b>(1,972,739)</b>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	<b>-</b>	<b>5,485,843</b>		
	<b>\$ 21,216,800</b>	<b>32,102,643</b>		
<b>EXPENDITURES - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal Services/Employee Benefits	443,900	443,900	442,780	1,120
Contractual Services	-	-	-	-
Other	20,772,900	31,658,743	23,338,783	8,319,960
Transfers (In) Out	-	-	1,525,935	(1,525,935)
	<b>21,216,800</b>	<b>32,102,643</b>	<b>25,307,498</b>	<b>6,795,145</b>
<b>Transportation and Highway Ops:</b>				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Business/Program Support</b>				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>21,216,800</b>	<b>32,102,643</b>	<b>25,307,498</b>	<b>6,795,145</b>

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2004A DEBT SERVICE FUND (SHARE 10080)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Over (Under)
			(Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	156,899	156,899
<b>TOTAL REVENUES</b>	-	-	156,899	156,899
<b>PRIOR YEAR FUNDS REBUDGETED</b>				
	-	-		
	\$ -	-		
<b>EXPENDITURES - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
<b>Transportation and Highway Ops:</b>				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
<b>Business/Program Support</b>				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	37,966,759	37,966,759	37,966,759	-
Transfers (In) Out	(37,966,759)	(37,966,759)	(37,865,290)	(101,469)
	-	-	101,469	(101,469)
<b>TOTAL ANNUAL BUDGETED</b>				
<b>EXPENDITURES</b>	-	-	101,469	(101,469)

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2004B DEBT SERVICE FUND (SHARE 10090)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	2,789,074	2,789,074
TOTAL REVENUES	-	-	2,789,074	2,789,074
PRIOR YEAR FUNDS REBUDGETED	-	-	-	-
	\$ -	-	-	-
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	18,082,765	18,082,765	18,082,765	-
Transfers (In) Out	(18,082,765)	(18,082,765)	(16,046,458)	(2,036,307)
	-	-	2,036,307	(2,036,307)
TOTAL ANNUAL BUDGETED				
EXPENDITURES	-	-	2,036,307	(2,036,307)

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	2001 CHAT DEBT SERVICE FUND (SHARE 00700)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	102,939	102,939
TOTAL REVENUES	-	-	102,939	102,939
PRIOR YEAR FUNDS REBUDGETED	-	-		
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	19,253,897	19,253,897	19,253,897	-
Transfers (In) Out	(19,253,897)	(19,253,897)	(19,253,897)	-
TOTAL ANNUAL BUDGETED	-	-	-	-
EXPENDITURES	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	2002D CHAT DEBT SERVICE FUND (SHARE 18700)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	1,537	1,537
TOTAL REVENUES	-	-	1,537	1,537
PRIOR YEAR FUNDS REBUDGETED	-	-		
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
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)	-
	-	-	-	-
TOTAL ANNUAL BUDGETED				
EXPENDITURES	-	-	-	-

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



**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	2002C HIF DEBT SERVICE FUND (SHARE 36300)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	21,545	21,545
TOTAL REVENUES	-	-	21,545	21,545
PRIOR YEAR FUNDS REBUDGETED	-	-		
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	4,709,524	4,709,524	4,709,524	-
Transfers (In) Out	(4,709,524)	(4,709,524)	(4,709,524)	-
TOTAL ANNUAL BUDGETED EXPENDITURES	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2000 CHAT DEBT SERVICE FUND (SHARE 43200)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	86,139	86,139
<b>TOTAL REVENUES</b>	-	-	86,139	86,139
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-	-	-
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	15,480,600	15,480,600	15,480,600	-
Transfers (In) Out	(15,480,600)	(15,480,600)	(15,480,600)	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

1999 CHAT DEBT SERVICE FUND (SHARE 43400)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	61,638	61,638
<b>TOTAL REVENUES</b>	-	-	61,638	61,638
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-	-	-
	\$ -	-	-	-
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	11,008,575	11,008,575	11,008,575	-
Transfers (In) Out	(11,008,575)	(11,008,575)	(11,008,575)	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED</b>	-	-	-	-
<b>EXPENDITURES</b>	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2002A CHAT DEBT SERVICE FUND (SHARE 54700)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	15,152	15,152
TOTAL REVENUES	-	-	15,152	15,152
PRIOR YEAR FUNDS REBUDGETED	-	-		
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	1,585,500	1,585,500	1,585,500	-
Transfers (In) Out	(1,585,500)	(1,585,500)	(1,585,500)	-
	-	-	-	-
TOTAL ANNUAL BUDGETED				
EXPENDITURES	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	1998 CHAT DEBT SERVICE FUND (SHARE 54800)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	43,939	43,939
TOTAL REVENUES	-	-	43,939	43,939
 PRIOR YEAR FUNDS REBUDGETED				
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	9,115,200	9,115,200	9,115,200	-
Transfers (In) Out	(9,115,200)	(9,115,200)	(9,115,200)	-
	-	-	-	-
TOTAL ANNUAL BUDGETED EXPENDITURES	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	2002B WIPP DEBT SERVICE FUND (SHARE 75000)			
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	11,883	11,883
TOTAL REVENUES	-	-	11,883	11,883
 PRIOR YEAR FUNDS REBUDGETED				
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	472,250	472,250	472,250	-
Transfers (In) Out	(472,250)	(472,250)	(472,250)	-
TOTAL ANNUAL BUDGETED EXPENDITURES	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

1998 WIPP DEBT SERVICE FUND (SHARE 97200)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	54,958	54,958
TOTAL REVENUES	-	-	54,958	54,958
PRIOR YEAR FUNDS REBUDGETED	-	-		
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	12,296,613	12,296,613	12,296,613	-
Transfers (In) Out	(12,296,613)	(12,296,613)	(12,296,613)	-
	-	-	-	-
TOTAL ANNUAL BUDGETED EXPENDITURES	-	-	-	-

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	<b>2006A GRIP DEBT SERVICE FUND (SHARE 10220)</b>			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	27,387	27,387
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>27,387</b>	<b>27,387</b>
<b>PRIOR YEAR FUNDS REBUDGETED</b>	<b>-</b>	<b>-</b>		
	\$ -	-		
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	36,591,759	36,591,759	7,852,407	28,739,352
Transfers (In) Out	(36,591,759)	(36,591,759)	(7,176,842)	(29,414,917)
	-	-	675,565	(675,565)
<b>TOTAL ANNUAL BUDGETED</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>675,565</b>	<b>(675,565)</b>

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



**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2006B GRIP DEBT SERVICE FUND (SHARE 10240)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	28,578	28,578
<b>TOTAL REVENUES</b>	-	-	28,578	28,578
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-	-	-
	\$ -	-	-	-
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	4,368,237	4,368,237	4,788,057	(419,820)
Transfers (In) Out	(4,368,237)	(4,368,237)	(3,882,071)	(486,166)
	-	-	905,986	(905,986)
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	-	-	905,986	(905,986)

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

	2006C GRIP DEBT SERVICE FUND (SHARE 10260)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	
				Over (Under)
REVENUES:				
Federal funds	\$	-	-	-
Other state funds		-	-	-
State General Fund		-	-	-
Interest Revenue		-	-	-
TOTAL REVENUES		-	-	-
PRIOR YEAR FUNDS REBUDGETED				
	\$	-	-	
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits		-	-	-
Contractual Services		-	-	-
Other		-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits		-	-	-
Contractual Services		-	-	-
Other		-	-	-
Business/Program Support				
Personal Services/Employee Benefits		-	-	-
Contractual Services		-	-	-
Other		-	1	(1)
Transfers (In) Out		-	(1,772,835)	1,772,835
TOTAL ANNUAL BUDGETED EXPENDITURES		-	(1,772,834)	1,772,834

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2006D GRIP DEBT SERVICE FUND (SHARE 10280)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-
 <b>PRIOR YEAR FUNDS REBUDGETED</b>				
	-	-	-	-
	\$ -	-	-	-
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	401,278	(401,278)
	-	-	401,278	(401,278)
<b>TOTAL ANNUAL BUDGETED</b>	-	-	401,278	(401,278)
<b>EXPENDITURES</b>	-	-	401,278	(401,278)

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2008A GRIP DEBT SERVICE FUND (SHARE 10410)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	1,362,708	1,362,708
<b>TOTAL REVENUES</b>	-	-	1,362,708	1,362,708
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-	-	-
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	4,385,566	4,385,566	6,140,890	(1,755,324)
Transfers (In) Out	(4,385,566)	(4,385,566)	(4,381,946)	(3,620)
<b>TOTAL ANNUAL BUDGETED</b>	-	-	1,758,944	(1,758,944)
<b>EXPENDITURES</b>	-	-	1,758,944	(1,758,944)

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2008B GRIP DEBT SERVICE FUND (SHARE 10420)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	3,810,581	3,810,581
TOTAL REVENUES	-	-	3,810,581	3,810,581
PRIOR YEAR FUNDS REBUDGETED	-	-		
	\$ -	-		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	12,017,202	12,017,202	15,520,907	(3,503,703)
Transfers (In) Out	(12,017,202)	(12,017,202)	(11,787,187)	(230,015)
	-	-	3,733,720	(3,733,720)
TOTAL ANNUAL BUDGETED				
EXPENDITURES	-	-	3,733,720	(3,733,720)

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2008C GRIP DEBT SERVICE FUND (SHARE 10430)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	1,003,827	1,003,827
<b>TOTAL REVENUES</b>	-	-	1,003,827	1,003,827
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-	-	-
	\$ -	-	-	-
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	2,006,256	2,006,256	4,633,853	(2,627,597)
Transfers (In) Out	(2,006,256)	(2,006,256)	(4,090,632)	2,084,376
	-	-	543,223	(543,223)
<b>TOTAL ANNUAL BUDGETED</b>	-	-	543,223	(543,223)
<b>EXPENDITURES</b>	-	-	543,223	(543,223)

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

2008D GRIP DEBT SERVICE FUND (SHARE 10440)				
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>REVENUES:</b>				
Federal funds	\$ -	-	-	-
Other state funds	-	-	-	-
State General Fund	-	-	-	-
Interest Revenue	-	-	9,320	9,320
<b>TOTAL REVENUES</b>	-	-	9,320	9,320
<b>PRIOR YEAR FUNDS REBUDGETED</b>	-	-	-	-
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	1,317,528	1,317,528	1,513,665	(196,137)
Transfers (In) Out	(1,317,528)	(1,317,528)	(1,550,803)	233,275
<b>TOTAL ANNUAL BUDGETED</b>	-	-	(37,138)	37,138
<b>EXPENDITURES</b>	-	-	(37,138)	37,138

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

STATE INFRASTRUCTURE BANK (SHARE 89300)				
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final	Amounts (Modified Accrual)	
REVENUES:				
Federal funds	\$ -	-	-	-
Other state funds	3,085,000	3,085,000	-	(3,085,000)
State General Fund	-	-	-	-
Interest Revenue	230,000	23,000	204,444	181,444
TOTAL REVENUES	3,315,000	3,108,000	204,444	(2,903,556)
 PRIOR YEAR FUNDS REBUDGETED				
	-	3,357,029		
	\$ 3,315,000	6,465,029		
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	3,315,000	6,465,029	5,438,450	1,026,579
Other	-	-	-	-
	3,315,000	6,465,029	5,438,450	1,026,579
Transportation and Highway Ops:				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
TOTAL ANNUAL BUDGETED EXPENDITURES	3,315,000	6,465,029	5,438,450	1,026,579

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



**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

<b>CAPITAL PROJECTS FUND (SHARE 10050)</b>				
	Life-to-Date Budgeted Amounts	FY09 Actual Amounts (Modified Accrual)	Life-to-Date Actual Amounts (Modified Accrual)	Variance Over (Under)
<b>REVENUES:</b>				
Other state funds	\$ 5,417,426	-	5,417,426	-
State General Fund	-	-	-	-
Inter-Agency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 5,417,426</b>	<b>-</b>	<b>5,417,426</b>	<b>-</b>
<b>EXPENDITURES - current and capital outlay:</b>				
Programs and Infrastructure				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	14,000,000	296,027	13,748,225	251,775
Other	17,420,415	2,542,091	7,851,561	9,568,854
Transfers (In) Out	(26,002,989)	(6,667,167)	(26,019,489)	16,500
Reversions	-	-	-	-
	5,417,426	(3,829,049)	(4,419,703)	9,837,129
Transportation and Highway Ops:				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
Business/Program Support				
Personal Services/Employee Benefits	\$ -	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Transfers (In) Out	-	-	-	-
	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ 5,417,426</b>	<b>(3,829,049)</b>	<b>(4,419,703)</b>	<b>9,837,129</b>

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

**DEPARTMENT OF TRANSPORTATION**

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

YEAR ENDED JUNE 30, 2009

<b>SEVERANCE TAX BOND APPROPRIATIONS FUND (SHARE 10060)</b>					
	Life-to-Date Budgeted Amounts	FY 09 Actual Amounts (Modified Accrual)	Adjustments	Life-to-Date Actual Amounts (Modified Accrual)	Variance Over (Under)
<b>REVENUES:</b>					
Other state funds	\$ -	-	-	-	-
State General Fund	-	-	-	-	-
Inter-Agency Transfers	252,093,041	53,383,093	(5,059,329)	104,068,660	(148,024,381)
<b>TOTAL REVENUES</b>	<b>\$ 252,093,041</b>	<b>53,383,093</b>	<b>(5,059,329)</b>	<b>104,068,660</b>	<b>(148,024,381)</b>
<b>EXPENDITURES - current and capital outlay:</b>					
<b>Programs and Infrastructure</b>					
Personal Services/Employee Benefits	\$ -	-	-	-	-
Contractual Services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (In) Out	-	-	-	-	-
Reversions	-	-	-	-	-
<b>Transportation and Highway Ops:</b>					
Personal Services/Employee Benefits	\$ -	-	-	-	-
Contractual Services	244,302,250	48,739,481	69,100	113,374,559	130,927,691
Other	7,790,791	4,643,611	-	7,790,791	-
Transfers (In) Out	-	-	-	-	-
	252,093,041	53,383,092	69,100	121,165,350	130,927,691
<b>Business/Program Support</b>					
Personal Services/Employee Benefits	\$ -	-	-	-	-
Contractual Services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (In) Out	-	-	-	-	-
	-	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ 252,093,041</b>	<b>53,383,092</b>	<b>69,100</b>	<b>121,165,350</b>	<b>130,927,691</b>

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

SUPPLEMENTAL SCHEDULES

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AS OF JUNE 30, 2009

	Budgeted Amounts		Current Year Expenditures
	Original	Final	
Expenditures for 2004 multi-year projects Capital outlay	\$ 2,000,000	1,804,124	-
Expenditures for 2001 multi-year projects Capital outlay	2,238,000	2,135,499	-
Expenditures for 2000 multi-year projects Capital outlay	2,094,300	1,920,052	-
Expenditures for 2005 multi-year projects Capital outlay	2,250,000	2,250,000	18,322
Expenditures for 2006 multi-year projects Capital outlay	13,000,000	15,033,000	1,356,348
Expenditures for 2007 multi-year projects Capital outlay	2,750,000	2,750,000	866,408
Expenditures for 2008 multi-year projects Capital outlay	6,017,426	6,017,426	597,040
Expenditures for 2009 multi-year projects Capital outlay	1,450,000	1,450,000	-
Total Expenditures	31,799,726	33,360,101	2,838,118

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of  
Capital Projects**

CAPITAL PROJECTS FUND				
Life-to-Date Outstanding Encumbrances	Total Actual	Prior Year Actual	Total Expenditures	Variance From Final Budget (Over) Under
-	-	1,804,124	1,804,124	-
-	-	2,135,499	2,135,499	-
-	-	1,920,052	1,920,052	-
199,078	217,399	1,364,287	1,581,686	668,314
366,987	1,723,335	12,681,848	14,405,183	627,817
601,071	1,467,480	1,049,058	2,516,537	233,461
2,960	600,000	-	600,000	5,417,426
-	-	-	-	1,450,000
1,170,096	4,008,214	20,954,868	24,963,081	8,397,018

AS OF JUNE 30, 2009

<b>Chapter</b>	<b>Laws</b>		<b>Bonds Appropriated</b>	<b>Bonds Sold</b>	<b>Amounts AIPP</b>	<b>Funds Reauthorized</b>
148	1994	\$	50,000	50,000	-	-
2	1999		5,161,415	4,719,721	-	-
2/23	2000		7,518,079	7,193,284	-	-
110	2002		9,492,863	9,491,910	-	-
429	2003		7,394,100	7,394,100	(1,250)	170,500
126	2004		23,209,750	23,159,750	-	(2,227,000)
347	2005		15,595,000	15,501,835	(1,500)	(1,509,634)
111	2006		25,889,900	25,889,900	-	(7,851,500)
42	2007		79,455,992	79,455,992	(170,000)	(3,000,000)
92	2008		19,978,000	19,198,000	(9,600)	-
9	2008		100,012,260	75,000,000	-	-
5	2009		1,500,000	1,500,000	-	-
			<b>295,257,359</b>	<b>268,554,492</b>	<b>(182,350)</b>	<b>(14,417,634)</b>

**Supplemental Schedule of  
Severance Tax Bonds**

Funds Reverted	Bond Balance After Reauthorization	Funds Received	Expended To Date	Balance Available	Due from Board of Finance
(50)	49,950	49,950	49,950	-	-
(485,348)	4,234,373	4,234,373	4,234,373	-	-
(324,795)	6,868,489	6,702,217	6,702,217	166,272	-
(499,940)	8,991,970	8,773,160	8,843,160	148,810	70,000
(296,935)	7,266,415	6,807,391	6,924,803	341,612	117,412
(204,398)	20,678,352	20,007,822	20,603,352	75,000	595,530
-	13,990,701	11,269,489	11,453,786	2,536,915	184,297
-	18,038,400	11,153,406	11,850,239	6,188,161	696,833
-	76,285,992	31,886,924	42,484,358	33,801,634	10,597,434
-	19,188,400	1,333,882	4,049,678	15,138,722	2,715,796
-	75,000,000	1,850,048	3,969,436	71,030,564	2,119,388
-	1,500,000	-	-	1,500,000	-
<u>(1,811,466)</u>	<u>252,093,042</u>	<u>104,068,662</u>	<u>121,165,352</u>	<u>130,927,690</u>	<u>17,096,690</u>

Balance Available	130,927,690
Due from Board of Finance	<u>17,096,690</u>
Total(Note 4)	<u><u>148,024,380</u></u>

AS OF JUNE 30, 2009

	Appropriation Amount	Expenditures Inception to June 30, 2009
<u>Special Revenue Funds</u>		
Laws of 2003, Chapter 385	975,500	431,612
Laws of 2004, Chapter 126	10,643,657	9,600,588
Laws of 2005, Chapter 347	16,082,810	9,716,905
Laws of 2006, Chapter 111	22,564,500	14,250,769
Laws of 2007, Chapter 42	38,915,552	16,563,402
Laws of 2007 Special Session, Chapter 3	35,000,000	12,546,504
Laws of 2008, Chapter 2	42,577,900	41,617,170
Laws of 2008, Chapter 92	8,051,673	1,801,455
	174,811,592	106,528,405
<u>Capital Projects Funds</u>		
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	1,382,608
Laws of 2006, Chapter 111	15,033,000	14,038,196
Laws of 2007, Chapter 42	2,750,000	1,915,466
Laws of 2008, Chapter 92	6,017,426	597,040
Laws of 2009, Chapter 125	1,450,000	-
	32,443,426**	22,559,375
Total all fund types	207,255,018	129,087,780

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

**Appropriation Amount—Capital Project funds	32,443,426
Less: reversion reported as a reduction in budget	(319,935)
Plus: timing differences in 1999-2001 appropriations reported	1,233,610
Budgeted amounts	33,360,101



**NEW MEXICO DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of  
Special Appropriations**

Encumbrance Balance as of June 30, 2009	Re-appropriation Amount	Reversion Amount	Balance as of June 30, 2009
-	-	(543,888)	-
402,445	260,526	(493,188)	407,962
3,473,271	(706,123)	(167,584)	2,018,927
8,621,702	1,132,750	-	824,779
18,073,742	(1,532,893)	-	2,745,514
22,453,496	-	-	-
-	-	(960,730)	-
-	(75,000)	-	6,175,218
53,024,656	(920,740)	(2,165,390)	12,172,402
-	-	(121,059)	-
-	-	(195,876)	-
199,078	-	-	668,314
366,987	-	-	627,817
601,072	-	-	233,461
2,960	-	-	5,417,426
-	-	-	1,450,000
1,170,097	-	(316,935)	8,397,018
54,194,753	(920,740)	(2,482,325)	20,569,420

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Notes to Supplemental Schedule of Special Appropriations

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#### • **Special Revenue Fund**

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 reverted to the State General Fund.

Under the Laws of 2004, Chapter 126, the Department was appropriated \$10,643,657 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 reverted to the State General Fund.

Under the Laws of 2005, Chapter 347, the Department was appropriated \$16,082,810 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 \$22,564,500 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 \$38,915,552 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.

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 2 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 reverted to the State Road Fund.

Under the Laws of 2004, Chapter 126, the Department was appropriated \$2,000,000 from the State Road Fund for various capital projects. Any unexpended or unencumbered balance remaining at the end of the 2009 fiscal year reverted to the State Road Fund.

## NEW MEXICO DEPARTMENT OF TRANSPORTATION

### Notes to Supplemental Schedule of Special Appropriations-continued

#### **Capital Projects Fund - continued**

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 \$15,033,000 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.

Under the Laws of 2009, Chapter 125, the Department was appropriated \$1,450,000 from the State Road Fund for D3 hilltop building roof replacement. Any unexpended or unencumbered balance remaining at the end of the 2013 fiscal year will revert to the State Road Fund.

**DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of  
Individual Bank Accounts**

Fund	Fund Description	Total Cash and Cash Equivalents	Cash	Unrestricted	Restricted Cash	
			Equivalents	Cash	Bond Proceeds Invested in Money Market Mutual Funds at Bank of Albuquerque and Wells Fargo	Other Authorized Bank Accounts - Wells Fargo
			Investment in State General Fund Investment Pool	Petty Cash		
00600	2001A CHAT Bond Project Fund	8,535,823	8,535,823			
00700	2001A CHAT Debt Service	1,877,200	232,893		1,644,307	
10010	Federal Traffic Safety Fund	4,367,458	4,367,458			
10020	Driver Improvement Fund	483,736	483,736			
10030	Federal Mass Transit Fund	(4,079,569)	(4,079,569)			
10040	Departmental Services (Inventories)	(30,765,671)	(30,765,671)			
10050	Capital Projects Fund	2,097,161	2,097,161			
10060	STB Capital Improvement Projects	(15,915,241)	(15,915,241)			
10070	Gen Fund Multi-Year Projects	75,029,774	75,029,774			
10080	2004A GRIP Debt Service	1,856,524			1,856,524	
10090	2004B GRIP Debt Service	46,018,646			46,018,646	
10140	1998A Bond Fund (US 70)	11,064				11,064
10150	1998A Bond Fund (NMFA)	0				
10210	2006A GRIP Bond Project Fund	53,136,583	(6,487,953)		59,624,536	
10220	2006A GRIP Debt Service	27,424			27,424	
10230	2006B Bond Project Fund	2,193,406			2,193,406	
10240	2006B GRIP Debt Service	1,176,433			1,176,433	
10250	2006C Bond Project Fund	5,714,654	(9,587,697)		15,302,351	
10260	2006C GRIP Debt Service	0				
10270	2006D Bond Project Fund	50,105,423			50,105,423	
10280	2006D GRIP Debt Service	0				
10410	2008A GRIP Debt Service	2,765,325			2,765,325	
10420	2008B GRIP Debt Service	5,724,807			5,724,807	
10430	2008C GRIP Debt Service	2,748,928			2,748,928	
10440	2008D GRIP Debt Service	713,380			713,380	
10450	LOC Project Fund	(8,452,708)	(8,455,198)		2,490	
11500	2002D CHAT Bond Project Fund	777,176	777,176			
18700	Debt Service Fund - CHAT 2002D	53,961	12,763		41,198	
20100	State Road Fund	1,310,355	1,245,323		65,032	
	Petty Cash: District 1	400		400		
	Petty Cash: District 2	400		400		
	Petty Cash: District 3	400		400		
	Petty Cash: District 4	400		400		
	Petty Cash: District 5	400		400		
	Petty Cash: District 6	400		400		
	Petty Cash: General Office (Santa Fe)	200		200		

**DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of  
Individual Bank Account - continued**

Fund	Fund Description	Total Cash and Cash Equivalents	Cash	Unrestricted	Restricted Cash	
			Equivalents	Cash	Bond Proceeds Invested in Money Market Mutual Funds at Bank of Albuquerque and Wells Fargo	Other Authorized Bank Accounts - Wells Fargo
			Investment in State General Fund Investment Pool	Petty Cash		
20200	HIF Fund	12,103,640	12,103,640			
20300	Local Government Road Fund	18,031,983	18,031,983			
20400	2004A GRIP Bond Project Fund	31,045,775	(3,807,715)		34,853,490	
20500	State Aviation Fund	4,534,933	4,534,933			
20600	Motorcycle Training Fund	309,007	309,007			
20700	DWI Prevention and Education	1,168,464	1,168,464			
20800	Traffic Safety Fund	2,556,237	2,556,237			
34500	2000A CHAT Bond Project Fund	(1,886,711)	(1,886,711)			
36100	2002C HIF Bond Project Fund	1,299,309	1,299,309			
36300	2002C HIF Debt Service Fund	152,730	62,004		90,726	
36800	2002A CHAT Bond Project Fund	(1,864,153)	(1,864,153)			
39400	1993 Bond Project Fund	1,588,854	1,588,854			
43000	1999A CHAT Bond Project Fund	2,110,088	2,110,088			
43100	WIPP Bond Project	27,118,993	27,118,993			
43200	2000 CHAT Debt Service	1,380,668	203,343		1,177,325	
43400	1999 CHAT Debt Service	890,507	142,550		747,957	
54700	2002A CHAT Debt Service	785,453	83,269		702,184	
54800	1998A CHAT Debt Service	224,576	141,073		83,503	
75000	2002B WIPP Debt Service	809,627	110,515		699,112	
78800	Road Fund Payroll	292,179	292,179			
78900	Road Fund...	60	60			
82000	Rubberized Asphalt Fund	1,721,071	1,721,071			
82600	Traffic Safety Fund	494,661	494,661			
89000	ARRA Fund	13,540	13,540			
97200	1998A WIPP Debt Service	208,911	14,457		194,454	
Total Cash in Balance Sheet - Governmental Funds		312,605,054	84,032,429	2,600	228,558,961	11,064
89300	State Infrastructure Bank	8,458,560	8,458,560			
Total Cash and Cash Equivalents		321,063,614	92,490,989	2,600	228,558,961	11,064
Plus: Negative cash reported in Due to Other Agencies		82,849,908	82,849,908			
Total Cash and Cash Equivalents in Statement of Net Assets		403,913,522	175,340,897		228,572,625	
Less: Unrestricted Cash and Cash Equivalents		(35,207,712)				
Restricted Cash and Cash Equivalents		368,705,810				

See Independent Auditor's Report

DEPARTMENT OF TRANSPORTATION

Supplemental Schedule of  
State Road Fund Pledged Revenues

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**Pledged State Road Fund Revenues**

**Year ended June 30, 2009**

**Pledged User & Fuel Taxes**

Gasoline Excise	\$	108,023,766
Motor Vehicle Registrations		72,282,562
Special Fuel		85,644,615
Vehicle Transaction		5,519,702
Drivers License		3,826,385
Trip (Mileage) Tax		5,775,718
Tire recycling fees		1,765,785
Weight/Distance Tax		80,024,609
Total pledged user & fuel taxes		<u>362,863,142</u>

**Other Pledged Revenue**

HIF interest income		98,864
Misc Fees		2,286,395
Permits & licenses		4,349,400
Total other pledged revenue		<u>6,734,659</u>
Total pledged state road fund revenues	\$	<u><u>369,597,801</u></u>

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**AS OF JUNE 30, 2009**

	<b>1998B-WIPP (SHARE 972)</b>	<b>1998-CHAT (SHARE 548)</b>	<b>1999-CHAT (SHARE 434)</b>
Gasoline Excise Taxes	\$ 6,501,961	6,501,961	6,501,961
Motor Vehicle Registration Fees	4,251,915	4,251,915	4,251,915
Special Fuel Excise Taxes	5,566,143	5,566,143	5,566,143
Vehicle Transaction Fees	531,878	531,878	531,878
Driver's License Fees	566,369	566,369	566,369
Oversize/Oversight Permit Fees	394,745	394,745	394,745
Public Regulation Commission Fees	-	-	-
Trip (Mileage) Tax	339,748	339,748	339,748
Weight/Distance Taxes	4,707,330	4,707,330	4,707,330
Leased Vehicle Gross Receipts Taxes	-	-	-
Tire Recycling Fees	-	-	-
FHWA Revenues	-	-	-
<b>SUBTOTAL</b>	<b>22,860,089</b>	<b>22,860,089</b>	<b>22,860,089</b>
Interest on Cash Balances*	206,751	1,330	1,330
<b>TOTAL PLEDGED REVENUES RECEIVED</b>	<b>\$ 23,066,840</b>	<b>22,861,419</b>	<b>22,861,419</b>
	<b>1998B-WIPP</b>	<b>1998-CHAT</b>	<b>1999-CHAT</b>
Debt Service Principal Expenditures	\$ 10,545,000	8,205,000	10,410,000
Debt Service Interest Expenditures	1,751,613	910,200	598,575
<b>TOTAL DEBT SERVICE</b>	<b>12,296,613</b>	<b>9,115,200</b>	<b>11,008,575</b>
<b>DEBT SERVICE COVERAGE</b>	<b>1.88</b>	<b>2.51</b>	<b>2.08</b>

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



**DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of  
Debt Service and Coverage**

<b>2000-CHAT (SHARE 432)</b>	<b>2001-CHAT (SHARE 007)</b>	<b>2002A-CHAT (SHARE 547)</b>	<b>2002B-WIPP (SHARE 750)</b>	<b>2002C-HIF (SHARE 363)</b>	<b>2002D-CHAT (SHARE 187)</b>
6,501,961	6,501,961	6,501,961	6,501,961	6,501,961	6,501,961
4,251,915	4,251,915	4,251,915	4,251,915	4,251,915	4,251,915
5,566,143	5,566,143	5,566,143	5,566,143	5,566,143	5,566,143
531,878	531,878	531,878	531,878	531,878	531,878
566,369	566,369	566,369	566,369	566,369	566,369
394,745	394,745	394,745	394,745	394,745	394,745
-	-	-	-	-	-
339,748	339,748	339,748	339,748	339,748	339,748
4,707,330	4,707,330	4,707,330	4,707,330	4,707,330	4,707,330
-	-	-	-	814,944	-
-	-	-	-	-	-
-	-	-	-	-	-
22,860,089	22,860,089	22,860,089	22,860,089	23,675,033	22,860,089
1,330	1,330	1,330	206,751	50,762	1,330
22,861,419	22,861,419	22,861,419	23,066,840	23,725,795	22,861,419

<b>2000-CHAT</b>	<b>2001-CHAT</b>	<b>2002A-CHAT</b>	<b>2002B-WIPP</b>	<b>2002-HIF</b>	<b>2002D-CHAT</b>
13,810,000	14,630,000	-	-	3,000,000	-
1,670,600	4,623,898	1,585,500	472,250	1,709,524	194,825
15,480,600	19,253,898	1,585,500	472,250	4,709,524	194,825
1.48	1.19	14.42	48.84	5.04	117.34

See Independent Auditor's Report

AS OF JUNE 30, 2009

	2004A-GRIP (SHARE 1008)	2004B-GRIP (SHARE 1009)	2006A-GRIP (SHARE 1022)
Gasoline Excise Taxes	\$ 6,507,914	6,507,914	6,507,914
Motor Vehicle Registration Fees	4,235,797	4,235,797	4,235,797
Special Fuel Excise Taxes	5,566,143	5,566,143	5,566,143
Vehicle Transaction Fees	531,878	531,878	531,878
Driver's License Fees	566,369	566,369	566,369
Oversize/Oversight Permit Fees	394,745	394,745	394,745
Public Regulation Commission Fees	-	-	-
Trip (Mileage) Tax	339,748	339,748	339,748
Weight/Distance Taxes	4,707,330	4,707,330	4,707,330
Leased Vehicle Gross Receipts Taxes	814,944	814,944	814,944
Tire Recycling Fees	196,198	196,198	196,198
FHWA Revenues	37,803,503	37,803,503	37,803,503
<b>SUBTOTAL</b>	<b>61,664,569</b>	<b>61,664,569</b>	<b>61,664,569</b>
Interest on Cash Balances*	50,762	1,330	1,330
<b>TOTAL PLEDGED REVENUES RECEIVED</b>	<b>\$ 61,715,331</b>	<b>61,665,899</b>	<b>61,665,899</b>
	<b>2004A-GRIP</b>	<b>2004C-GRIP</b>	<b>2006A-GRIP</b>
Debt Service Principal Expenditures	\$ -	10,735,000	-
Debt Service Interest Expenditures	36,216,759	7,347,765	7,477,408
<b>TOTAL DEBT SERVICE</b>	<b>36,216,759</b>	<b>18,082,765</b>	<b>7,477,408</b>
<b>DEBT SERVICE COVERAGE</b>	<b>1.70</b>	<b>3.41</b>	<b>8.25</b>

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

**DEPARTMENT OF TRANSPORTATION**

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

<b>2006B-GRIP (SHARE 1024)</b>	<b>2008A-GRIP (SHARE 1041)</b>	<b>2008B-GRIP (SHARE 1042)</b>	<b>2008C-GRIP (SHARE 1043)</b>	<b>2008D-GRIP (SHARE 1044)</b>	<b>TOTAL</b>
6,501,961	6,501,961	6,501,961	6,501,961	6,501,961	110,533,345
4,251,915	4,251,915	4,251,915	4,251,915	4,251,915	72,282,562
5,566,143	5,566,143	5,566,143	5,566,143	5,566,143	94,624,431
531,878	531,878	531,878	531,878	531,878	9,041,925
566,369	566,369	566,369	566,369	566,369	9,628,269
394,745	394,745	394,745	394,745	394,745	6,710,668
-	-	-	-	-	-
339,748	339,748	339,748	339,748	339,748	5,775,718
4,707,330	4,707,330	4,707,330	4,707,330	4,707,330	80,024,609
814,944	814,944	814,944	814,944	814,944	7,334,496
196,198	196,198	196,198	196,198	196,198	1,765,785
37,803,503	37,803,503	37,803,503	37,803,503	37,803,503	302,428,023
61,674,734	61,674,734	61,674,734	61,674,734	61,674,734	700,149,831
1,330	1,330	1,330	1,330	1,330	532,313
61,676,064	61,676,064	61,676,064	61,676,064	61,676,064	700,682,144

<b>2006B-GRIP</b>	<b>2008A-GRIP</b>	<b>2008B-GRIP</b>	<b>2008C-GRIP</b>	<b>2008D-GRIP</b>	<b>TOTAL</b>
3,165,000	-	-	-	-	74,500,000
1,538,238	5,604,209	13,933,323	4,153,140	1,113,668	90,901,495
4,703,238	5,604,209	13,933,323	4,153,140	1,113,668	165,401,495
13.11	11.01	4.43	14.85	55.38	4.24

See Independent Auditor's Report

**DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of  
Pledged Collateral**

AS OF JUNE 30, 2009

		<u>Wells Fargo</u>
<b>Deposits in bank or savings and loan:</b>		
Bank deposits (MRCOG/Railrunner)	\$	65,032
Less FDIC or FSLIC coverage		<u>250,000</u>
<b>Total uninsured public funds</b>		<u>(184,968)</u>
<b>Collateral requirement @ 50%</b>		32,516
<b>Collateral requirement @ 102%</b>		<u>-</u>
<b>Total required collateralization</b>		<u>32,516</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>(2,478,670)</u></u>

Safekeeping locations for the above securities are as follows:

Wells Fargo : Wells Fargo (California)

See Independent Auditor's Report

**SINGLE AUDIT**

**DEPARTMENT OF TRANSPORTATION**

**Supplemental Schedule of Expenditures of Federal Awards**

YEAR ENDED JUNE 30, 2009

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participation Expenditures
<b>Direct Assistance Programs:</b>		
U.S. Department of Energy:		
ARRA - State Energy Program (pass-through from NMEMNR)	81.041	\$ 699,965
Waste Isolation Pilot Plant 2004	81.106	32,747,299
Total U.S. Department of Energy		33,447,264
U.S. Department of Transportation:		
Federal Highway Administration highway research, planning and construction (FHWA):		
FHWA	20.205	290,515,122
ARRA - FHWA	20.205	16,901,789
		307,416,911
National Highway Traffic Safety Administration (NHTSA):		
Highway Safety Grant	20.600	6,049,177
Alcohol Traffic Safety and Drunk Driving Prevention	20.601	-
Occupant Protection Program	20.602	294,661
Safety Incentive Grant for Use of Seatbelts	20.604	-
Vehicles by Intoxicated Persons	20.605	-
Section 164 Transfer Funds	20.608	11,355,582
Safety Belt Performance Grants	20.609	645,729
Safety Information Improvement Grants	20.610	500,000
Incentive Program to Increase Motorcycle Safety	20.612	50,706
		18,895,855
Federal Aviation Division:		
State Planning	20.106	324,533
Federal Transit Administration (FTA):		
Capital Program Grants and Loans	20.500	273,841
Federal Transit Metropolitan Planning Grants	20.505	335,830
Urbanized Area Formula Program	20.507	14,685,139
Formula Grants for Other Than Urbanized Areas	20.509	8,395,749
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	650,233
Job Access Reverse Commute Job Access	20.516	797,568
New Freedom Program	20.521	16,837
		25,155,197
Total U.S. Department of Transportation		351,792,495
<b>Total Federal Financial Assistance</b>		<b>\$ 385,239,760</b>

**See Independent Auditor's Report**

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	\$350,894,493
U.S. Department of Energy - WIPP	32,747,299
Transfer in of ARRA from Other Agency	1,118,965
Deferred U.S. Department of Transportation (2009)	54,981,812
Deferred U.S. Department of Transportation (2008)	<u>(54,502,809)</u>
Supplemental Schedule of Expenditures, of Federal Awards	\$ <u>385,239,760</u>

See Independent Auditor's Report

**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, the budgetary comparison for the Department as a whole 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, 2009, 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, 2009, as listed in the table of contents, and have issued our report thereon dated June 8, 2010. 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.

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. A **significant deficiency** is a





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

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

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 over financial reporting. We consider items 07-3, 07-7, 07-13, 07-14, 08-4, 08-7, 08-8, 09-1 and 09-2 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 07-13 and 07-14 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*.

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 07-3, 07-10, 07-13, 07-14, 08-3, 08-5, 08-8, 09-3 and 09-4.

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

**Compliance and Other Matters - continued**

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.

*Meyers + Company, LLC*

June 8, 2010

**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, 2009. 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, 2009. The results of our audit disclosed no instances of noncompliance with those requirements.



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.

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 07-13 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 item 07-13 to be a material weakness.

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.

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.

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

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.

*Meyers + Company, LLC*

June 8, 2010

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2009

**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. Nine 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*, two 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 two significant deficiencies, one of which was a material weakness, in the internal control over major programs disclosed by the Department.
5. There were two 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 Cluster)	20.600, 20.602, 20.609 20.610, 20.612
National Highway Traffic Safety Administration (NHTSA)	20.608
U.S. Department of Energy	81.106, 81.041
Federal Transit Administration (FTA Cluster)	20.500, 20.507
Federal Transit Administration (FTA)	20.509

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

**Findings – Financial Statement Audit****07-3 CAPITAL ASSETS (Significant Deficiency) - Repeated and Modified**

**Condition** – During our testwork over capital assets, it was noted that 11 out of 35 capital assets were disposed of without including them in the letters addressed to the Office of the State Auditor to verify approval of the disposal. Of these deletions 7 were due to property loss. While the department did follow their internal administrative directives surrounding property loss, they failed to submit these items to the State Auditor.

**Criteria** – Deleted assets are to be identified in a letter addressed to the Office of the State Auditor 30 days prior to deletion per NM Audit Rule Section 2.2.2.10 V.

**Cause** – Management neglected to ensure proper documentation and recordation of deleted assets in compliance with NM State Audit Rule.

**Effect** – The Department deleted assets in violation of NM State Audit Rule.

**Recommendation** – Assets scheduled for deletion must be identified to the Office of the State Auditor 30 days prior to deletion. Assets that are unusable due to loss should be identified as such when reporting to the Office of the State Auditor before removing from the capital asset listing.

**Management Response:**

Of the eleven (11) assets listed above, seven (7) were “retired” due to property loss and should not be subject to NM audit rule 2.2.2.10 V, “written notification of the official finding and proposed disposition”.

The procedure we follow for an Inspection and Condemnation report (I&C), 13-6-1 NMSA “Disposition of obsolete, worn-out or unusable tangible personal property” requires the Department to still be in possession of the property in order to follow the process. The Department uses this procedure when filing an I & C. This statute does not contain specific language regarding property loss.

The Department disagrees with the auditors’ interpretation of 2.2.210V. In this case, the statute is silent when dealing with property loss. The Department uses Administrative Directive 607 to cover this area. This AD requires the staff to file a Certification of Property Loss (CPL). That report requires a supplemental supervisor investigation report, police report (if necessary), and then submittal of the package to Capital Assets, Office of the Inspector General and NMDOT’s Risk Management. All of the divisions must review the reports and the Cabinet Secretary must sign approval of the removal of the asset from the Capital Asset system.

Regarding the other assets:

Two of the capital assets are Betterments for 33649-00. These items were written up for disposal in FY05. We were unable locate an FY05 Binder to validate if the OSA was notified.

15684-00 was not on the spreadsheet attached to the notification that was sent to the OSA in June of 2006. This item was “retired” when the final disposition certification was provided in FY09.

34337-00 was “pulled” from the I&C and subsequently was not on the listing provided to the OSA in November 2006. This item was “retired” when the final disposition certification was provided in FY09.

**Action to correct issue:** Record archive material more efficiently. When retiring an asset we will note on the I&C the exhibit # issued to the OSA notification. This will not only ensure that we are double checking that the items were presented to OSA but will also create a more effective audit trail.



## Schedule of Findings and Questioned Costs - continued

**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, 2009 for services performed prior to the fiscal year end. Payment for these items was not made until after June 30, 2009; however, the vouchers were not properly accrued at June 30, 2009. Instead, the accounting date which set up the payable was the same as the entry date. Additionally, when performing internal control testwork over cash disbursements, two of twenty-five cash disbursements transactions were not recorded in the proper reporting period. One transaction contained expenses that had a start date of 06/26/09 and a completion date of 07/25/09. The Department recorded the total amount of \$1,901,723.87 to the 2009 fiscal year. The second transaction contained expenses that had a start date of 07/06/09 and a completion date of 07/27/09. The Department recorded the total amount of \$23,630.50 to the 2009 fiscal year.

**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 of approximately \$27 million were required to properly state accounts payable at year end.

**Recommendation:** (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 Response:**

Of the \$28.7 million accrued into FY2009, \$5.5 million was due to invoices received after the SHARE cutoff for accepting accruals into the system. These items would be required to be found by the post audit process and manually accrued for financial statement purposes. The Department expects detection and capture of invoices submitted subsequent to the SHARE cutoff to be during a reasonable amount of time. For the timely production and publication of financial statements for the deadline of December 15th every year, the determined reasonable cutoff of detection and manual accrual is October 31st.

Of the total \$28.7 million, \$8.7 represent project invoices that spanned a period of time that crossed the fiscal years and was calculated on a average-per-day basis for accrual by the auditor. The Department does not have a policy of accruing an average-per-day for these types of invoices. The allocation of the invoice is at the discretion of the accounting technician and is usually assigned either in one fiscal year or the other depending on where the majority of the work occurred. In the case of an invoice received after the SHARE accrual cutoff, naturally all invoices must be posted into the subsequent fiscal year.

Pertaining to the cash disbursements tested during internal control, the first item above did not have enough information on the work progress to enable an accurate allocation of the invoice between the fiscal years. Because there were only 5 days of the 30 cited in the invoice in the 2009 fiscal year, DOT chose to report all of the expenditures in the 2010 fiscal year. If a pro-rata allocation was utilized in this case, the estimate of \$316,954 would have been immaterial to the fund. The second item was an error in the payment voucher entry. This example was used as an education tool by the Financial Control Unit in the regular communications with the Districts.

**Findings – Financial Statement Audit– continued**

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

**Management Response - continued**

The Department accepts as findings errors in which an operator failed to properly accrue an invoice into a fiscal year during the 2 months that SHARE allows accruals. The Department also accepts as finding errors in which Funding Control failed to capture and manually accrue invoices in a reasonable window of time subsequent to the SHARE close. However, the Department does not believe that calculating and accruing based on an average-per-day cost is cost-beneficial, particularly on projects spanning several years, nor does the Department believe that the detection and accrual of invoices beyond a reasonable amount of time qualifies as a finding.

Management will continue to counsel and train staff in the year-end cutoff procedures and remind all operators of the procedures as part of the year end planning and routine communications.

**Findings – Financial Statement Audit– continued****07-10 Per Diem Reimbursements (Control Deficiency) -Repeated and Modified**

**Condition:** During our testwork over per diem reimbursements, we identified 3 out of 35 reimbursements were not in accordance with the New Mexico Travel and Mileage Act.

- For one voucher, the hours exceeded an 8 hour work day by 6 hours so should have been paid \$20 for partial day per diem but instead was only paid \$12. Additionally, the employee was reimbursed for a \$40 airline ticket upgrade without any justification as to how it was an economically practical choice
- The second voucher had a reimbursement for registration fees and airline fees without any supporting documentation for this out of pocket expenses.
- The third voucher had reimbursement for “other expenses without receipts” in excess of the trip amount of \$30.

**Criteria:** Travel and per diem expenditures should be reimbursed in accordance with the New Mexico Administrative Code Travel and Mileage Act (2.42.2).

**Cause:** Lack of thorough review process of reimbursement packets. Additionally, the Department’s internal administrative policies do not comply with the New Mexico Travel and Mileage Act.

**Effect:** Non-compliance with the New Mexico Administrative Code.

**Recommendation:** We recommend the Department perform a thorough review of all reimbursement requests and update their internal administrative policies to ensure compliance with the New Mexico Administrative code.

**Management’s Response:**

Currently in process, the department is requiring the originator of the payment voucher to enter the per diem payments into the system, but the payment voucher then has to be pre-audited by a second individual at that office to verify that the per diem is accurate, entered into the system correctly and to assure proper documentation is sent in with the payment voucher. During the pre-audit any per diem error should be caught and entered correctly verification of the pre-audit is conducted and request for approval is sent to Financial Control.

In this case when the voucher is sent to Post Audit and verified that it is not in accordance with the NMAC Travel and Mileage Act, an exception is sent out to the originator requesting a correction via a journal voucher.

This language discrepancy between the Department’s Administrative Directive and NMAC Section 2.42.2.12 has been brought to the attention of management and our OIG’s office. We will bring this to the Policies and Procedures Committee for discussion and resolution.

Schedule of Findings and Questioned Costs - continued

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

**Condition:** Significant accounting adjustments and reclassifications continued to be required through April 2010 to the June 30, 2009 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, 2009, per 2.2.2.9 NMAC.

**Cause:** Sufficient staff with appropriate experience with accounting concepts and procedures were not available to close 2008 timely. As a result, 2009 was delayed.

**Effect:** Financial and business decisions were made based on incorrect financial reporting throughout fiscal year 2009. Noncompliance with the December 15, 2009 State Auditor deadline. Additionally, the Data Collection Form was not submitted to the Federal Clearinghouse within nine months after year end, or March 31, 2010.

**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 Response:**

Because the 2008 and restated 2007 audited financial statements were not released until the last week of September, there was not adequate financial staff resources available to submit the upload of audit adjustments to the CAFR Unit of the Department of Finance and Administration and not enough available time to adjust the 2009 financial statements within the window of time that SHARE was still open for year end adjustments.

Management will submit both 2008 and 2009 audit adjustments to the CAFR unit with enough remaining time to formally adjust and close the funds within SHARE's available window of time.

Management also intends to aggressively recruit more financial staff within the confines of the budgetary limits.

**Findings – Financial Statement Audit– continued****07-14 OVER-EXPENDED APPROPRIATION UNITS (Material Weakness)—Repeated and Modified**

**Condition:** The Department exceeded budgeted expenditures for the following funds/categories as of June 30, 2009:

- Programs and Infrastructure, Personal Services, in the amount of \$506,119
- Programs and Infrastructure, Transfers, in the amount of \$9,081,118
- Business/Program Support, Transfers, in the amount of \$28,712,991

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

**Cause:** Failure of internal controls to detect or prevent over-expenditures of allowed budget per expenditure category timely.

**Effect:** The Department is not in compliance with statutory requirements to obtain approval prior to making expenditures.

**Recommendation:** We recommend the Department tracks legal budgets, applicable adjustments to budgets and expenditures properly to comply with all legal requirements.

**Management Response:**

The variance in the personal services is due to the issue of the issue of differing payroll benefits paid from categories posted by DFA and reversed the by Department and replaced with updated categories. Because this is done on a summarized level, it is not currently capable of being properly reconciled. Thus, at year end when the payroll liabilities are reconciled on a summarized level, the liability corrections were posted against expenditures and caused the overage. This is expected to be resolved with the new reconciliation procedures when payroll starts direct-posting into SHARE. The new procedures will allow reconciliation on a detailed level to allow timely correction of any payroll liability postings, either in the payroll posting or in the cash disbursement cycle.

The variance in the transfers is due to budgetary issues related to how debt service payments are categorized. FHWA requires all debt service expenditures to be billed through the Road Fund. However, for GAAP purposes, the expenditure needs to occur in the debt service funds. Currently, the budget is set up in the road fund and is reclassified at year end into the debt service funds. However, there is no budget allowing the operating transfer between the funds and the ultimate expenditure in the debt service funds. The Department will solve this issue in FY2010 with a Budget Adjustment Request that will allow the budget in the other categories as well. In FY2011, the Department will issue OpBud3s to categorize all of the aspects of this debt service cycle.

**Schedule of Findings and Questioned Costs - continued**

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued****08-3 INTERNAL CONTROL OVER PAYROLL (Control Deficiency)—Repeated and Modified**

**Condition:** During internal control testwork over 30 personnel files and time records, we noted the following:

- 1 file did not have a completed I-9 form
- 3 files did not contain a copy of the employee's application for Public Employees Retirement Association of New Mexico membership, or documentation the employee elected out.
- 1 file did not have the employee's completed W-4
- An employee was not paid the correct rate for overtime worked during the pay period ending December 26, 2008.

**Criteria:** The following criteria are applicable to the exceptions identified above:

- In accordance with the Immigration Reform and Control Act of 1986, employers are to have employees fill out a Form I-9 and keep it on file.
- Membership with the Public Employees Retirement Act is mandatory (Section 10-11-1 to 10-11-141 NMSA 1978), unless specifically excluded by the Act. In which case, a form stating exclusion from the Act is required.
- To ensure the Department is withholding the appropriate amount of federal income tax from an employee's paycheck, the Department should maintain a copy of the employee's W-4 in their personnel file.
- Employees should be paid at their hourly rate unless they are non-exempt employees who work overtime at which point they should be paid at 1.5 times their hourly rate. Departures from the standard overtime rate should be identified and justified.

**Cause:** Lack of review of personnel files to ensure completeness and accuracy of employee records and lack of review of payroll information and time records.

**Effect:** Non-compliance with the Immigration Reform and Control Act of 1986, Public Employees Retirement Act, potential errors when deducting federal withholding amounts, and overpayment to the employee based on incorrect overtime rates.

**Recommendation:** We recommend the Department review employee files to ensure the accuracy of record retention and compliance with applicable laws. We also recommend the Department review time records and payroll information to ensure employees are paid accurately.

**Management's Response:**

- The Department's Human Resources Staff have been reminded that they need to ensure that all forms filled out completely and correctly. In this case, all aspects of the I-9 were completed correctly with the exception of the citizenship section which was an oversight on both the part of the employee who completed the form and the Human Resources Staff person who certified the form.
- Original PERA membership forms are completed and submitted to PERA upon hire or when changes are made. Copies are normally kept in the employees' files, however, if a copy is needed they are obtained from PERA. The Department has converted to an electronic imaging record keeping system for personnel documentation and in the scanning process some of the documents may have been misfiled. We are currently auditing the electronic files in an attempt to correct this issue.

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

**08-3 INTERNAL CONTROL OVER PAYROLL (Control Deficiency) – continued**

**Management's Response - continued**

- The Department has converted to an electronic imaging record keeping system for personnel documentation and in the scanning process some of the documents may have been misfiled. We are currently auditing the electronic files in an attempt to correct this issue.
- This is a SHARE (PeopleSoft) issue within the payroll system. The calculation and pay for this employee are correct, however, the additional pay rate showing up for this employee is being generated by the system. The SHARE administrators of the State have been notified of this issue and they are attempting to resolve it.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT – continued****08-4 DEBT COVENANTS (Significant Deficiency) Repeated and Modified**

**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 and FY2009, 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 Response:**

Due to issues regarding the rollforward of the capital asset module and its coordination with the Department of Finance and Administration, the Department could not make its intended deadline of December 15, 2009 for submission of the audited financial statements. The completion of fieldwork and release of the audited financial statements have also been delayed by a prolonged discussion of a release of a material liability assessment with the Federal Highway Administration.

Management is already in the process of pre-planning the 2010 audit in order to prevent future coordination errors in closing the SHARE modules.



**B. FINDINGS - FINANCIAL STATEMENT AUDIT – continued****08-5 INTERFUND BALANCES (Control Deficiency) -Repeated and Modified**

**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).

**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 disagrees with this repeat finding that several interfund balances have not been paid out and have been on the books for greater than one year. The initial finding in FY07 revealed that the interfunds had not been liquidated. The Department responded to that finding that we would wait until the FY07 audit adjustments had been loaded into SHARE and, with the close of the 2008 financial statements, management will again bring SHARE up to the audited balances and relieve the interfund balances. The Department liquidated all the interfund balances on November 25<sup>th</sup> of 2008 (FY09). The liquidation was based on the existing trial balances as of October 31, 2008 (FY09) which included all the FY07 audit adjustments. The FY08 audit was not finalized until September of 2009 and any FY08 audit adjustments had not been loaded into SHARE as of yet. The Department recognizes that the remaining FY09 interfund balances that need to be liquidated consist of the unposted FY08 audit adjustments and any transactions that occurred after October of 2008 through June 30, 2009. The Department intends to liquidate the remaining interfund balances once the FY08 audit adjustments have posted to SHARE and sufficient cash balances exist.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT – continued****08-7 TIMELINESS OF BILLINGS (Significant Deficiency) Repeated and Modified**

**Condition:** During our evaluation of federal receivables, it was noted that there were material amounts related to 2009 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 approximately \$7 million relating to federal payroll expenditures as a result of billing not being made timely. The Department had approximately \$40 Million in unbilled Federal receivables as of June 30, 2009.

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

**Management Response:**

The Department reconciled all FHWA projects, determined the unbilled amounts and would have had all the receivables billed prior to the WYDOT implementation (May 19, 2009) but FHWA issued a billing suspension on April 14, 2009. NMDOT was not allowed to process any corrections until October 2009. NMDOT will have all outstanding prior year receivables cleared by FY10 end.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued****08-8 UNTIMELY REVERSION TO THE STATE GENERAL FUND (Significant Deficiency)—  
Repeated and Modified**

**Condition:** The Department did not revert the FY09 reversion of \$1.4 million 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 FY09 reversion was due on September 30, 2009.

**Cause:** The Department did not calculate reversions until performing the FY09 closing process after September 2009. The FY08 financial statement audit was not completed until 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:**

The General Appropriations fund was assigned to the General Ledger Unit for routine monthly reconciliations to include review of the expiration dates and follow up with the Budget Unit for assuring correct balances and timing for reversions. The Department fully expects to revert funds on a timely basis in the future.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT – continued****09-1 INVENTORY OBSERVATION (Significant Deficiency)**

**Condition:** An inventory observation was conducted for the year ended 6/30/2009 in conjunction with the Office of the Inspector General during the week of June 15, 2009. We visited District 5 and District 3 sites.

We noted at District 5 there were several items that were determined to be obsolete, however those items were not removed from the inventory listing or the stores facility. Also, during the physical count, there were 88 items that did not appear on the count sheets. These items totaled \$113,019. It was noted that there were items in the yard that did not have tag identification and did not appear to be counted as part of the inventory process.

We noted at District 3 that the patrol yard gate was left opened and unattended.

It was noted at District 1 that a stockpile was not assigned an inventory number and was not surveyed. Also, two stockpiles were added together and assigned different inventory numbers.

It was noted at District 2 that inventory in the sign shop is not accounted for in the SHARE reporting system. This totaled \$375,435 of unaccounted for inventory.

It was noted at District 6 that inventory tracking is a manual process. Adjustments to inventory are not accounted for in SHARE. Also, stockpiles located in the Reserve patrol were not labeled or fenced off.

It was noted in all locations that there were varying units of measure for the same items within the inventory reports.

**Criteria:** According to the State of New Mexico's Manual of Model Accounting Practices, FIN 10, Section 6-5-2, NMSA 1978 requires state agencies to account for and report significant inventories of materials, goods, and supplies on the balance sheet at fiscal year end. Inventory management should provide for a timely and accurate accounting of materials and supplies on hand. State agencies should develop written controls and apply those controls to provide safeguards against pilferage, fraud, fire, vandalism, theft, and irregularities caused by employees, customers, or vendors.

**Cause:** Lack of effective internal controls that provide for a timely and accurate accounting of materials and supplies on hand.

**Effect:** Potential misstatement at both the fund level and government-wide level financial statements due to errors in accounting for inventory activity.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT – continued****09-1 INVENTORY OBSERVATION (Significant Deficiency) - continued**

**Recommendation:** We recommend the following:

- Reconciliations and inventory counts are done frequently to identify any potential misstatements and allow timely corrections to be made to the inventory balances.
- All inventory items be entered into the SHARE system and properly tracked through the inventory module. This would minimize any adjustments necessary at year end and the potential of misstatement of inventory values.
- Review inventory item numbers and correct varying units of measurement for the same item numbers.
- Immediately remove obsolete inventory from the inventory listing and from NMDOT facilities to reduce the possibility over overstating inventory values.

**Management's Response**

The notes above regarding Districts 1, 2 and 6 were derived from the inventory observation report made by the Department's Office of the Inspector General for internal reporting and process improvement. The Department is concerned that an observation, not an audit, was used in part in this finding. The observation conducted for inventory was not an audit conducted under Generally Accepted Government Auditing Standards and was meant to be a tool for training and recommendations for process improvements. If observations made by the Department's OIG were of a nature to cause concern, the OIG would have followed up with a full audit of the District and its processes under Generally Accepted Government Auditing Standards.

We will address each District's first with the OIG observations, then the auditor's observations:

**OIG REPORT:**

District 1: Stockpiles are mixed from materials for particular purposes. The typical results of mixing different stockpiles for a third stockpile is a different inventory component and should receive a different inventory number. This observation is not a finding. The District at this time cannot respond to the observation of 2 stockpiles without an assigned number

District 2: District 2 has a sign shop and has purchased traffic signs for distribution to their sixteen patrols. Although the District has consistently directly expended all sign purchases in the past, the District will begin to follow the sign shop inventory processes already in place at other Districts in order to be consistent with the policies and procedures for signs.

District 6: Because there are 2 types of software that track inventory activity (SHARE and HMMS) the District manually reconciles the activities reported in both. HMMS is a valuable cost accounting tool for road maintenance, but is not a software that reports activities under Generally Accepted Accounting Standards. However, it is a valuable tool for the road maintenance and the District takes the extra time to reconcile both software systems to maintain control over the activities of both. The District at this time cannot respond to the observation of stockpiles not labeled or fenced off.

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

**09-1 INVENTORY OBSERVATION (Significant Deficiency) - continued**

AUDITOR OBSERVATION:

District 3: This finding is due to the necessity of the folks who are working in the new building in Bernalillo. The staff at Bernalillo had a need for using state vehicles and had no way to secure them. Management asked D-3 to fence an area within the patrol yard to secure the vehicles. This was done, but the gate to the state vehicles was inside the patrol yard. The Bernalillo staff had difficulties accessing the state vehicles with the patrol yard gate being locked up because of the hours they were coming and going. They were not able to put the vehicle back and pick up their own vehicle. At this time D3 was instructed to leave the area unlocked so they could utilize the area as they needed. It should be noted that the risk of loss at that patrol yard is small since the only inventory items held in that yard are stockpiles, which are difficult to pilfer. Also, a state police family lives in a trailer at that property and monitors activity there. The District is considering installing a gate to the state vehicles that is accessed directly from the outside rather than the inside of the patrol yard.

District 5: Regarding the obsolete items, District Five was unable to transfer these items to the Auction Yard due to the Auction being cancelled for that year. The normal practice is to go through the Stores and identify obsolete items each year, however for this period of time we experienced a change in the Department's auction process due to its cancellation. We have completed the I & C paperwork and have relocated these items to another building awaiting this year's auction.

Regarding the items not showing up on the reports, District 5 has been proactively reporting those issues and was instrumental in bringing the problem up with management and has received a solution from the Department's IT unit that has satisfactorily corrected the problem.

The items within the District Five yard have been tagged and identified.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT – continued****09-2 STATE INFRASTRUCTURE BANK PAYMENTS (Significant Deficiency)**

**Condition:** During FY09 the Department disbursed \$1,445,971.35 to AMAFCA in excess of the loan agreement.

**Criteria:** The amount of disbursement in total should not exceed the agreed loan amount without prior amendment and recordation of the loan agreement.

**Cause:** Excess disbursement was made to AMAFCA

**Effect:** A disbursement of \$1,445,971.35 was made to AMAFCA without loan documentation

**Recommendation:** Management must be familiar with loan documentation to ensure accurate accounting and treatment of loan disbursements.

**Management Response:**

The AMAFCA loan is unique in that the disbursements were not made directly to AMAFCA, but disbursed to pay for infrastructure project expenditures on behalf of AMAFCA for their participating amount. As such, excess disbursements were actually made to contractors on behalf of the infrastructure project that AMAFCA participated in. These excess payments should have been coded to the Department's infrastructure portion of expenditures for that project rather than to the AMAFCA participating amount.

The policy of budgetary funding is based on projected loan repayment and interest revenues for the entire fund, not on actual individual loan agreements. As a result, the periodic disbursements for the project extended beyond AMAFCA's loan amount and into the Department's portion of project costs by using SIB budget available for other loans. Due to this error, the Department will transfer the excess project payments to the correct fund for the Department's portion of project expenditures.

The Department will re-visit the budgetary funding policy for this particular fund and refine the process to reflect budgetary availability on the individual loan agreements rather than an overall budget that includes all activity under one umbrella.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT – continued****09-3 POST AUDIT PROCESS (Control Deficiency)**

**Condition:** During our walk thru of the post audit process and review of the post audit instructions completed by management of the Department, we identified a voucher that did not undergo the post audit and review process in timely fashion, as outlined in the Department's procedures.

**Criteria:** In order to mitigate voucher errors, a post audit of the cash disbursements should be performed in a timely fashion.

**Cause:** Lack of adequate staffing to perform the post audit process as required.

**Effect:** Vouchers and account balances could be misstated.

**Recommendation:** We recommend the department enforce their internal policies of conducting a post audit on a regular basis.

**Management Response:**

An internal reorganization has occurred to place 3 staff on full time post audit duties to assure post audit occurs in a timely fashion. We also have 2 staff on a part time basis performing post audit functions. This compares to having only 2 full time post auditors for most of fiscal year 2009. In addition, the newly implemented scanning of voucher packets in to EDMS will relieve the need to assign staff to manually pull payment vouchers from boxes, which takes away from productive time conducting post audit.



**B. FINDINGS - FINANCIAL STATEMENT AUDIT – continued****09-4 OPERATING LEASES (Control Deficiency)**

**Condition:** During testwork over the operating leases for the Department, we identified 14 operating leases which were not included in the original schedule of future minimum lease payments. The total variance between the original and corrected schedule of future minimum lease payments was approximately \$1.4 million.

**Criteria:** The New Mexico State Auditor Rule, Section 2.2.2.10 Subsection K, states that good accounting practices should be followed, which includes maintaining adequate accounting records for all transactions. The operating lease schedules maintained should be reviewed and updated on a regular basis to ensure completeness of the lease schedule.

**Cause:** Lack of review of the lease amendments and original agreements to the schedule of future minimum lease payments.

**Effect:** The footnote disclosure for the future minimum lease payments could have been misstated.

**Recommendation:** We recommend the Department implement a more thorough review process surrounding this schedule of future minimum lease payments when compared to the lease amendments and original agreements.

**Management Response:**

The Department is in the process of creating a spreadsheet that will aid in tracking all lease agreements for equipment and property. At the start of the new fiscal year the Department will require that all new lease agreements and amendments to existing lease agreements will be submitted to the Procurement Services Bureau for record and audit purposes.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

Federal Highway Administration Programs (FHWA)	20.205
National Highway Traffic Safety Administration (NHTSA Cluster)	20.600, 20.602, 20.609, 20.610, 20.612
National Highway Traffic Safety Administration (NHTSA)	20.608
U.S. Department of Energy	81.106, 81.041
Federal Transit Administration (FTA Cluster)	20.500, 20.507
Federal Transit Administration (FTA)	20.509

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

**Condition:** Significant accounting adjustments and reclassifications continued to be required through April 2010 to the June 30, 2009 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, 2009, per 2.2.2.9 NMAC.

**Cause:** Sufficient staff with appropriate experience with accounting concepts and procedures were not available to close 2008 timely. As a result, 2009 was delayed.

**Effect:** Financial and business decisions were made based on incorrect financial reporting throughout fiscal year 2009. Noncompliance with the December 15, 2009 State Auditor deadline. Additionally, the Data Collection Form was not submitted to the Federal Clearinghouse within nine months after year end, or March 31, 2010.

**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 Response:**

Because the 2008 and restated 2007 audited financial statements were not released until the last week of September, there was not adequate financial staff resources available to submit the upload of audit adjustments to the CAFR Unit of the Department of Finance and Administration and not enough available time to adjust the 2009 financial statements within the window of time that SHARE was still open for year end adjustments.

Management submit both 2008 and 2009 audit adjustments to the CAFR unit with enough remaining time to formally adjust and close the funds within SHARE’s available window of time.

Management also intends to aggressively recruit more financial staff within the confines of the budgetary limits.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

Federal Highway Administration Programs (FHWA)

20.205

**08-7 TIMELINESS OF BILLINGS (Significant Deficiency) Repeated and Modified**

**Condition:** During our evaluation of federal receivables, it was noted that there were material amounts related to 2009 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 approximately \$7 million relating to federal payroll expenditures as a result of billing not being made timely. The Department had approximately \$40 Million in unbilled Federal receivables as of June 30, 2009.

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

**Management Response:**

The Department reconciled all FHWA projects and determined the unbilled amounts and would have had all the receivables billed prior to the WYDOT implementation (May 19, 2009) but FHWA issued a billing suspension on April 14, 2009. NMDOT was not allowed to process any corrections until October 2009. NMDOT will have all outstanding prior year receivables cleared by FY10 end.

**DEPARTMENT OF TRANSPORTATION**

**Summary Schedule of Prior Year Audit Findings**

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- 05-3 GRIP Posting Errors (Material Weakness) – Cleared
- 07-3 Capital Assets (Material Weakness) – Repeated and Modified
- 07-7 Accounts Payable (Material Weakness) – Repeated and Modified
- 07-8 Journal Entries (Material Weakness) – Cleared
- 07-9 Misposting of Expenditures – Cleared
- 07-10 Per Diem Reimbursements – Repeated and Modified
- 07-13 Timeliness of Audit and Accounting Procedures (Material Weakness) – Repeated and Modified
- 07-14 Over-Expended Appropriation Units – Repeated and Modified
- 08-1 Financial Accounting Staff Training (Significant Deficiency) –Cleared
- 08-2 Inventory – Cleared
- 08-3 Internal Control over Payroll – Repeated and Modified
- 08-4 Debt Covenants (Significant Deficiency) – Repeated and Modified
- 08-5 Interfund Balances – Repeated and Modified
- 08-6 NHTSA Cash Management (Material Weakness) – Cleared
- 08-7 Timeliness of Billings (Material Weakness) – Repeated and Modified
- 08-8 Untimely Reversion to State General Fund (Significant Deficiency) – Repeated and Modified

An exit conference was held with the Department on May 3, 2010. 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  
Greg Geisler, Comptroller  
Roman Maes, 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  
Bridgette Long, Accounting Services Manager

MEYNNERS + COMPANY, LLC

Georgie Ortiz, CPA, CGFM, Assurance Principal  
Janet Pacheco-Morton, CPA, CGFM, Assurance Director  
Laura Beltran-Schmitz, CPA, CFE, Senior Accountant  
Tasha Bochkova, CPA, Assurance Staff

PREPARATION OF FINANCIAL STATEMENTS

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