

**NM Department of Transportation  
Financial Statements  
for the Year Ended  
June 30, 2010  
and Independent  
Auditors' Report**



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Year Ended June 30, 2010

Commission

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

Administrative Officers

Gary Giron	Cabinet Secretary
Domingo Sanchez III	Deputy Secretary

## Independent Auditors' Report

Mr. Gary Giron, Secretary  
State of New Mexico  
Department of Transportation  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited the accompanying 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, 2010, 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 nonmajor governmental funds and the budgetary comparisons for each fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, 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 of America. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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 financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, major funds and aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2010, and the changes in financial position and budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the Department as a whole for the year then ended in conformity with

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Department of Transportation  
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New Mexico State Auditor  
Santa Fe, New Mexico

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 nonmajor governmental fund of the Department as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds and nonmajor funds for the year then ended in the conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 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 considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 22 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Department's basic financial statements, the combining and individual financial statements and budgetary comparisons. 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 financial statements. Additional schedules listed as other supplemental information in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements. 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 basic financial statements taken as a whole.

*Mess Adams LLP*

Albuquerque, New Mexico  
December 13, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS



As management of New Mexico Department of Transportation (Department), we offer the readers of the Department's financial statement this narrative overview and analysis of the financial activities of the Department for the fiscal year ended June 30, 2010. 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 41 of this audit report.

## **1. Overview of the Financial Statements**

### ***Financial Highlights***

The Department's net assets declined by \$86,117,992, mainly due to depreciation and amortization expense of \$588,860,211. The net assets of the Department's governmental activities decreased by \$86,161,125 due to increases in contractual services, capital outlay and debt service expenditures related to GRIP Bond Projects.

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 24 of this report.

## 1. 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:

- 1) 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.
- 2) 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 reverts to the State General Fund upon completion of the appropriation project or upon expiration of the appropriation period.

## 1. Overview of the Financial Statements - continued

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 43 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 121 through 137.

### ***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 36 through 37 and the cash flows statement is on page 38 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 41.

### ***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.

1. Overview of the Financial Statements - continued

*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, 2010, the Department's assets exceeded liabilities by \$5,717,022,268.

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, 2010 and 2009, 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, 2010 and 2009.

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

	Governmental Activities		Business-type Activities	
	2010	2009	2010	2009
<b>Assets:</b>				
Current and other assets	\$ 485,058,128	\$ 588,138,929	\$ 20,718,458	\$ 21,277,419
Capital assets and other	7,253,383,083	7,208,713,391	-	-
<b>Total assets</b>	<b>\$ 7,738,441,211</b>	<b>\$ 7,796,852,320</b>	<b>\$ 20,718,458</b>	<b>\$ 21,277,419</b>
<b>Liabilities:</b>				
Current liabilities	\$ 317,740,132	\$ 335,889,963	\$ 209,020	\$ 811,114
Long-term liabilities	1,724,188,249	1,678,288,402	-	-
<b>Total liabilities</b>	<b>\$ 2,041,928,381</b>	<b>\$ 2,014,178,365</b>	<b>\$ 209,020</b>	<b>\$ 811,114</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt and unspent bond proceeds	\$ 5,390,883,051	\$ 5,234,861,006	-	-
Restricted	305,629,779	547,812,949	20,509,438	20,466,305
<b>Total net assets</b>	<b>\$ 5,696,512,830</b>	<b>\$ 5,782,673,955</b>	<b>\$ 20,509,438</b>	<b>\$ 20,466,305</b>

1. Overview of the Financial Statements - continued

Total	
2010	2009
\$ 505,776,586	\$ 609,416,348
7,253,383,083	7,208,713,391
\$ 7,759,159,669	\$ 7,818,129,739
\$ 317,949,152	\$ 336,701,077
1,724,188,249	1,678,288,402
\$ 2,042,137,401	\$ 2,014,989,479
\$ 5,390,883,051	\$ 5,234,861,006
326,139,217	568,279,254
\$ 5,717,022,268	\$ 5,803,140,260

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Management's Discussion and Analysis  
Year Ended June 30, 2010

1. Overview of the Financial Statements - continued

Changes in Net Assets

Table A-2 provides a summary of the Department's operations for the years ended June 30, 2010 and 2009. Governmental activities decreased the Department's net assets by \$86,161,125 in 2010 and by \$195,917,925 in 2009. Business-type activities increased the Department's net assets by \$43,133 in 2010 and by \$204,444 in 2009, due to interest income earned during the year.

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

	Governmental Activities		Business-type Activities	
	2010	2009	2010	2009
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 54,053,261	\$ 38,434,473	\$ -	\$ -
Operating grants	-	-	-	-
Capital grants	472,185,843	402,823,566	-	-
General revenues:				
User and fuel taxes	376,607,413	388,743,110	-	-
Interest income	12,164,824	18,733,946	43,133	204,444
Loss on disposal of assets	53,850,793	(3,855,743)	-	-
<b>Total revenues</b>	<b>968,862,134</b>	<b>844,879,352</b>	<b>43,133</b>	<b>204,444</b>
<b>Expenses:</b>				
Programs and infrastructure	132,771,676	77,447,730	-	-
Transportation and highway operations	206,341,438	289,556,180	-	-
Program support	132,853,220	147,515,433	-	-
ARRA	8,945,745	634,638	-	-
Depreciation and amortization	588,860,211	570,870,614	-	-
<b>Total expenses</b>	<b>1,069,772,290</b>	<b>1,086,024,595</b>	<b>-</b>	<b>-</b>
<b>Net revenues before transfers (loss) and reversions</b>	<b>(100,910,156)</b>	<b>(241,145,243)</b>	<b>43,133</b>	<b>204,444</b>
<b>Transfers and reversions</b>	<b>14,749,031</b>	<b>45,227,318</b>	<b>-</b>	<b>-</b>
<b>(Decrease) increase in net assets</b>	<b>(86,161,125)</b>	<b>(195,917,925)</b>	<b>43,133</b>	<b>204,444</b>
<b>Net assets, beginning of year</b>	<b>5,782,673,955</b>	<b>5,981,113,047</b>	<b>20,466,305</b>	<b>20,261,861</b>
<b>Restatements</b>	<b>-</b>	<b>(2,521,167)</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of year</b>	<b>\$ 5,696,512,830</b>	<b>\$ 5,782,673,955</b>	<b>\$ 20,509,438</b>	<b>\$ 20,466,305</b>

1. Overview of the Financial Statements - continued

Total	
2010	2009
\$	\$
54,053,261	38,434,473
-	-
472,185,843	402,823,566
376,607,413	388,743,110
12,207,957	18,938,390
53,850,793	(3,855,743)
968,905,267	845,083,796
132,771,676	77,447,730
206,341,438	289,556,180
132,853,220	147,515,433
8,945,745	634,638
588,860,211	570,870,614
1,069,772,290	1,086,024,595
(100,867,023)	(240,940,799)
14,749,031	45,227,318
(86,117,992)	(195,713,481)
5,803,140,260	6,001,374,908
-	(2,521,167)
\$ 5,717,022,268	\$ 5,803,140,260

## 1. Overview of the Financial Statements - continued

### Governmental Funds

The Department's governmental funds are designed to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Department's financing requirements. In particular, 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 2010 fiscal year, the Department's governmental funds reported combined ending fund balances of \$311,606,058 a decrease of \$7,305,566 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 \$54,925,645.

The changes in fund balance for the Department's major funds for 2010 are as follows:

State Road Fund	\$	59,019,145
General Fund Appropriations		(54,070,739)
ARRA Fund		<u>9,197,867</u>
Major funds, net change in fund balances	\$	<u>14,146,273</u>

The net increase in the State Road Fund is due to some road projects postponed.

The net decrease in the General Fund Appropriations Fund is due to reversions to the State General Fund of \$25,351,263 and \$28,890,545 of expended funds on road projects.

The net increase in the ARRA Fund is due to collections of prior year receivables.



1. Overview of the Financial Statements - continued

*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 \$125,128,145. Overall, these changes were caused by the following significant budget adjustments:

Increase--ARRA funding--9 lead projects, 71 local projects	\$ 6,713,818
Transfer--from contractual services to other costs	4,000,000
Increase--Extend Park & Ride Services from Las Cruces to El Paso	257,803
Transfer--from FHWA to WIPP (correction of budget load)	7,000,000
Increase--Navajo Nation contribution--US 491 Corridor Project	8,000,000
Transfer--from personal and contractual services to other costs	673,859
Increase--DOE WIPP US 285 Corridor Project	2,000,000
Increase--Second half of 2 year budget agreement--ARRA LED project	2,500,000
Increase--Sandia Pueblo contribution--I 25-Tranway intersection	1,750,000
Decrease--Budget freeze	(40,000,000)
Increase--US 550 Warranty reimbursements	3,264,517
Decrease--align budget with latest local government revenue forecast	(6,428,008)
Increase--Four year NHTSA cooperative agreement--pedestrian safety	80,182
Increase--FTA--CMAQ funding--Railrunner	750,000
Transfer--from Operation and Business Support to Programs	3,720,000
Increase--FHWA budget authority	83,890,900
Transfer--from personal services to contractual services	733,751
Increase--HIF to make construction payment settlement	3,000,000
Increase--NHTSA--alcohol countermeasure projects--Section 164	5,683,208
Increase--SIB loan--City of Rio Rancho--widen Unser Blvd	4,700,000
Increase--ARRA Tiger 1 Funds--safety improvements to US 491	31,000,000
Transfer--from personal services to contractual services	1,838,115
	\$ 125,128,145

The road fund (general fund) original budget for fiscal year 2010 was \$738,248,400. The final budget for the fiscal year was \$915,929,317. The \$177,680,917 increase in budget was due to available fund balances from fiscal year 2009 rolled forward to utilize for anticipated road construction projects.

*Capital Assets Overview*

The Department's investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$7,125,545,190 (net of accumulated depreciation). This investment in capital assets includes land, right of way, buildings, equipment, improvement and the infrastructure. Business-type activities have no capital assets.

## 1. Overview of the Financial Statements - continued

### 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 2009-2010 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  
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

1. Overview of the Financial Statements - continued

Equipment

For fiscal year 2010, the Equipment modified accrual basis budget total was approximately \$13.4 million. Of this budget, approximately \$1.2 million was fully expended at June 30, 2010. Equipment purchased includes pickups, dump trucks, rollers, excavators, mowers, tractors, loaders, snowplows, brooms, dozers, motor graders, spreaders, millers, trailers, motor vehicles, etc. All items are approved during the legislative session prior to July of each fiscal year. The Department holds several sales and public auctions during the year to liquidate old and obsolete equipment to public and private entities.

Table A-3

	Department's Capital Assets	
	2010	2009
Land	\$ 5,205,375	\$ 5,076,633
Construction in Process	65,953,737	19,637,755
Right of Way	474,077,800	463,768,765
Infrastructure	15,281,018,047	15,268,403,662
Equipment and furniture	29,174,992	30,039,203
Library	102,614	102,614
Buildings	44,051,133	42,006,106
Vehicles	192,107,225	187,263,628
Accumulated depreciation	<u>(8,966,145,733)</u>	<u>(8,848,151,416)</u>
 Total	 <u>\$ 7,125,545,190</u>	 <u>\$ 7,168,146,950</u>

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

1. Overview of the Financial Statements - continued

*Debt Administration*

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

At June 30, 2010, the Department had a total outstanding debt (bonds) of \$1,608,115,000. Outstanding bond debt is backed by the Department's state tax revenues and FHWA revenues.

Table A-4  
Department's Outstanding Debt

	2010	2009
Bonds (excludes deferred amounts on refunding)	\$ 1,608,115,000	\$ 1,687,175,000

The Department's total bond debt decreased by 4.7%, or \$79,060,000. Total outstanding bond debt at the end of the 2010 fiscal year was \$1,608,115,000 compared to \$1,687,175,000 at the end of the 2009 fiscal year. Key factors affecting the Department's outstanding bonds during the current fiscal year included bond principal repayments totaling \$191,405,000. See Note 14 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.

## 2. 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, Tarrant and Valencia Counties; the Las Cruces MSA is Dona Ana County; the Santa Fe MSA is Santa Fe County, and the Farmington MSA is San Juan County. The fastest growing counties in the state are Sandoval, Dona Ana, Bernalillo and Santa Fe.

Major industries in the State are energy resources, semi-conductor manufacturing, tourism, services, arts and crafts, agriculture-agribusiness, government, manufacturing and mining. In 2008, New Mexico was the 4th largest producing state of natural gas and the 7th largest producing state of petroleum crude oil. That same year coal, copper and potash production topped \$600 million each and the state ranked 12th, 3rd and 1st respectively in the US. The mining industry employed about 21,000 New Mexicans in 2008 and represented 15.6% of the state'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, \$372.5 million in FY2009, and \$314.8 million in FY2010. 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.

## 2. Economic Factors and Revenue Forecasts - continued

Federal Transit Administration Funds - NMDOT reported revenue of \$13,670,119 in FY 2010 Federal Transit Administration grant funds.

National Highway Traffic Safety Administration Funds - NMDOT reported revenue of \$11,488,718 in FY 2010 of National Highway Traffic Safety Administration grant funds.

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 FY 2004, \$21.1 million in FY 2005, \$19.8 million in FY 2006, \$15.7 million in FY 2007, \$14.7 million in FY 2008, \$15.9 million in FY 2009, and \$25.1 million in FY 2010.

ARRA Revenue - NMDOT reported revenue of \$1,273,652 of FY 2010 ARRA funds passed through from the New Mexico Energy, Mineral and Natural Resources Department. NMDOT also reported \$115,755,592 revenue of FY 2010 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%. With recent current improvements in the US economy, trucking activity has begun to improve and concurrently there has been an increase in the trucking related revenues. FY 2007 was the peak year for Road Fund revenues before the recession; FY 2010 was the trough with revenues falling some \$40 million or 10%.; and, FY 2014 is forecast to be the year that revenues return to the FY 2007 level. Peak-to-return is 7 years: 3 years down by 10% and 4 years back up.

### State Revenue Forecasts - Major Revenue Sources

In the fall of 2003, a special session of the New Mexico Legislature was held and transportation rates and fees were raised on special fuels (primarily diesel), weight/distance trucking rates and motor vehicle registration fees. The basis of these increases was to provide \$40 million annually for the debt service on GRIP, a large, multi-year road construction program. The increases were designed also to add \$20 million for road maintenance. These rate/fee increases, along with strong economy, added almost \$100 million annually (36%) from FY 2003 to FY 2007 to the State Road Fund.

## 2. Economic Factors and Revenue Forecasts - continued

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

In fiscal years 2005 through 2007, state revenues from gasoline, special fuels, weight/distance and vehicle registrations grew by \$47.7, \$15.9, \$18.7, million each year, respectively. In fiscal years 2008 through 2010, these same revenues declined \$13.2, \$19.0 and \$5.6 million each year. These four revenue sources constitute 93% 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 through FY 2010, and are now the primary contributors to the return to historic levels.

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 \$109.2 million in revenue in FY 2010. 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 very moderate 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. Somewhat surprisingly, for New Mexico, there has been, surprisingly, little, to no change in gasoline usage.

*Special fuels* (primarily diesel) are the second largest of the state's revenue sources, providing \$88.0 million in FY 2010, 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. Including the 2003 special legislative session rate increase, special fuels grew 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.

## 2. Economic Factors and Revenue Forecasts - 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 historically the third largest revenue producer, with \$69.6 million in revenue in FY 2010, down 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.)

In the current recession, declining consumer durable goods expenditures led to a fairly steep and sudden reduction in freight of all types including air, ship, rail and truck. That decline was in the range of 20% and began in December, 2008. Corresponding reductions in NMDOT trucking related revenues began in March, 2009 and, in only four months, dropped the annual rate of revenues by some \$35 million. This significant step-down in the last half of the FY 2009 manifested itself in the reduced full year revenue.

*Motor vehicle registration fees* are the historically the fourth largest revenue at \$72.9 million in FY 2010, down from \$73.7 million in FY 2008. These fees were raised also in the 2003 Special Legislative session 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. This revenue, like gasoline, has remained stable during the current recession.

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. 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 \$5.5 million in FY 2010. New Mexico is one of four states that has a weight/distance tax and its associated trip tax. There have been strong investments in reporting enforcement and optical scanning computer truck identification interface with the weight/distance tax data base. These have included penalty increases for not or for improper weight/distance tax filing, capital improvements at ports of entry and statewide enhanced documentation checks.

The New Mexico Public Regulation Commission previously collected 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 common 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. 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 and \$1.4 million in FY 2010. As the system improves over time, it is hoped that the cap maximum will be reached.



## 2. Economic Factors and Revenue Forecasts - continued

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

The state permits gasoline to be sold at retail by registered Indian tribal distributors on Indian land free of State gasoline tax 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 initially out-paced the overall growth rate of gasoline sales as a result of competitive pricing, casino traffic, and 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 wholesale sales activities outside reservation boundaries. The result of these agreements (entered into on January 1, 2004 and July 1, 2004) is revenue gain for the state and significantly more predictable gasoline revenues.

## 3. 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

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## FINANCIAL STATEMENTS

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Statement of Net Assets

As of June 30, 2010

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
<b>Current Assets:</b>			
Cash (Note 2):			
Unrestricted	\$ 2,600	\$ -	\$ 2,600
Restricted	65,032	-	65,032
Cash equivalents (Note 2): (Investment in state general fund investment pool)			
Unrestricted	82,861,172	-	82,861,172
Restricted	70,959,753	11,993,450	82,953,203
Managed by NMFA	156,754,995	-	156,754,995
Receivables:			
Taxes receivable, net	67,720,757	-	67,720,757
Accounts receivable, net (Note 3)	9,603,866	-	9,603,866
Interest receivable	297,559	249,177	546,736
Notes and loans receivable (Note 5)	14,497	6,291,109	6,305,606
Other receivables	289,439	-	289,439
Due from other funds (Note 7)	(2,182,954)	2,182,954	-
Due from other state agencies (Note 8)	8,245,019	1,768	8,246,787
U.S. Department of Transportation (Note 6)	64,351,048	-	64,351,048
Capitalized issuance costs	837,922	-	837,922
Inventories (Note 9)	13,197,998	-	13,197,998
Prepaid expense - other	4,994	-	4,994
Prepaid expense - risk management	-	-	-
Prepaid expense - NM44 warranty	3,189,030	-	3,189,030
Property held for resale, net	8,845,401	-	8,845,401
<b>Total Current Assets</b>	<b>485,058,128</b>	<b>20,718,458</b>	<b>505,776,586</b>
<b>Non-Current Assets:</b>			
Deferred outflow of resources	90,591,479	-	90,591,479
Capitalized issuance costs, net	7,553,198	-	7,553,198
Prepaid expense - NM44 warranty, net	29,693,216	-	29,693,216
Capital assets, net (Note 10)	7,125,545,190	-	7,125,545,190
<b>Total Non-Current Assets</b>	<b>7,253,383,083</b>	<b>-</b>	<b>7,253,383,083</b>
<b>Total Assets</b>	<b>\$ 7,738,441,211</b>	<b>\$ 20,718,458</b>	<b>\$ 7,759,159,669</b>

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Statement of Net Assets

As of June 30, 2010

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
<b>Current Liabilities:</b>			
Due to state treasurer's office (Note 12)	\$ 69,121,930	\$ -	\$ 69,121,930
Accounts payable and contracts payable, including retainage of \$8,140,966	66,865,983	-	66,865,983
Due to other agencies (Note 13)	66,934	-	66,934
Due to state general fund	2,388,163	-	2,388,163
Payable to other governments	1,501,877	209,020	1,710,897
Deferred revenue	35,360,043	-	35,360,043
Other accrued expenses	6,114,451	-	6,114,451
Accrued interest	3,467,645	-	3,467,645
Other liabilities	1,357,204	-	1,357,204
Short-term note payable (taxable line of credit) (Note 14)	2,000,000	-	2,000,000
Current portion of long-term obligations (Note 14):			
Tax-exempt line of credit	50,000,000	-	50,000,000
Compensated absences	6,407,802	-	6,407,802
Debentures payable	67,359,977	-	67,359,977
Capitalized bond premium	5,728,123	-	5,728,123
<b>Total Current Liabilities</b>	<b>317,740,132</b>	<b>209,020</b>	<b>317,949,152</b>
<b>Long-Term Liabilities:</b>			
Long-term obligations (Note 14):			
Derivative instruments interest rate swap	90,591,479	-	90,591,479
Tax-exempt line of credit	70,562,692	-	70,562,692
Debentures payable	1,514,537,707	-	1,514,537,707
Capitalized bond premium, net	48,496,371	-	48,496,371
<b>Total Long-Term Liabilities</b>	<b>1,724,188,249</b>	<b>-</b>	<b>1,724,188,249</b>
<b>Total Liabilities</b>	<b>\$ 2,041,928,381</b>	<b>\$ 209,020</b>	<b>\$ 2,042,137,401</b>
<b>Net Assets:</b>			
Invested in capital assets, net of any related debt and unspent debt proceeds	\$ 5,390,883,051	\$ -	\$ 5,390,883,051
Restricted for:			
Loans	-	20,509,438	20,509,438
Specific purposes	305,629,779	-	305,629,779
<b>Total Net Assets</b>	<b>\$ 5,696,512,830</b>	<b>\$ 20,509,438</b>	<b>\$ 5,717,022,268</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,738,441,211</b>	<b>\$ 20,718,458</b>	<b>\$ 7,759,159,669</b>

See Independent Auditors' Report and Notes to Financial Statements

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Statement of Activities

For the Year Ended June 30, 2010

	Governmental Activities	Business-type Activities (State Infrastructure Bank)	Total
<b>Program Expenses:</b>			
Programs and infrastructure	\$ 132,771,676	\$ -	\$ 132,771,676
Transportation and highway operations	206,341,438	-	206,341,438
Program support	132,853,220	-	132,853,220
ARRA	8,945,745	-	8,945,745
Depreciation and amortization	588,860,211	-	588,860,211
<b>Total Program Expenses</b>	<b>1,069,772,290</b>	<b>-</b>	<b>1,069,772,290</b>
<b>Program Revenues:</b>			
Charges for services	54,053,261	-	54,053,261
Operating grants	-	-	-
Capital grants	472,185,843	-	472,185,843
<b>Total Program Revenues</b>	<b>526,239,104</b>	<b>-</b>	<b>526,239,104</b>
<b>Net Program Revenue (Expense)</b>	<b>(543,533,186)</b>	<b>-</b>	<b>(543,533,186)</b>
<b>General Revenues (Expenses):</b>			
User and fuel taxes	376,607,414	-	376,607,414
Interest income	12,164,824	43,133	12,207,957
Gain (loss) on disposal of assets and adjustments	53,850,793	-	53,850,793
<b>Total General Revenues (Expenses)</b>	<b>442,623,031</b>	<b>43,133</b>	<b>442,666,164</b>
<b>Transfers:</b>			
Reversions to state general fund (Note 16)	(25,351,260)	-	(25,351,260)
Transfers from – severance tax bond appropriation (Note 11)	45,101,333	-	45,101,333
Transfers from (to) other state agencies and local governments, net (Note 11)	(5,001,043)	-	(5,001,043)
Transfers (Note 11)	-	-	-
<b>Total Transfers</b>	<b>14,749,030</b>	<b>-</b>	<b>14,749,030</b>
<b>Net General Revenues and Transfers</b>	<b>457,372,061</b>	<b>43,133</b>	<b>457,415,194</b>
<b>Change in Net Assets/Operating Income</b>	<b>(86,161,125)</b>	<b>43,133</b>	<b>(86,117,992)</b>
<b>Net Assets, Beginning of Fiscal Year</b>	<b>5,782,673,955</b>	<b>20,466,305</b>	<b>5,803,140,260</b>
<b>Net Assets, End of Fiscal Year</b>	<b>\$ 5,696,512,830</b>	<b>\$ 20,509,438</b>	<b>\$ 5,717,022,268</b>

See Independent Auditors' Report and Notes to Financial Statements

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NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Balance Sheet - Governmental Funds

As of June 30, 2010

	Major Funds			Other Governmental	Total Governmental
	State Road Fund	General Fund Appropriations	ARRA Project Fund		
<b>Assets:</b>					
<b>Cash:</b>					
Unrestricted	\$ 2,600	\$ -	\$ -	\$ -	\$ 2,600
Restricted	65,032	-	-	-	65,032
<b>Cash Equivalents:</b>					
(Investment in state general fund investment pool)					
Unrestricted	51,406,239	-	-	31,454,933	82,861,172
Restricted	35,810,647	19,106,294	-	16,042,812	70,959,753
Managed by NMFA	11,066	-	-	156,743,929	156,754,995
<b>Receivables:</b>					
Taxes receivable, net	63,103,772	-	-	4,616,984	67,720,756
Accounts receivable, net	9,603,866	-	-	-	9,603,866
Interest receivable	195,582	-	-	101,974	297,556
Notes and loans receivable	14,497	-	-	-	14,497
Other receivables	173,982	114,964	-	493	289,439
<b>Due from:</b>					
Other funds	82,259,422	427,301	429,532	15,739,441	98,855,696
Other State agencies	416,608	160,000	36,149	7,632,262	8,245,019
U.S. Department of Transportation	33,374,733	-	22,048,055	8,928,260	64,351,048
Inventories	13,197,998	-	-	-	13,197,998
Prepaid expenses - other	4,994	-	-	-	4,994
Prepaid expenses - risk management	-	-	-	-	-
Prepaid expense - NM44 warranty	32,882,246	-	-	-	32,882,246
Property held for resale	8,845,401	-	-	-	8,845,401
<b>Total Assets</b>	<b>\$ 331,368,685</b>	<b>\$ 19,808,559</b>	<b>\$ 22,513,736</b>	<b>\$ 241,261,088</b>	<b>\$ 614,952,068</b>

See Independent Auditors' Report and Notes to Financial Statements



NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Balance Sheet - Governmental Funds

As of June 30, 2010

	Major Funds			Other Governmental	Total Governmental
	State Road Fund	General Fund Appropriations	ARRA Project Fund		
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Due to state treasurer's office	\$ 47,191,814	\$ -	\$ 10,983,593	\$ 10,946,523	\$ 69,121,930
Accounts payable	30,150,302	5,727,417	10,873,648	20,114,613	66,865,980
Due to other funds	90,263,386	384,268	1,164,565	9,226,431	101,038,650
Due to other agencies	-	61,400	5,534	-	66,934
Due to state general fund	-	2,273,810	-	114,353	2,388,163
Payable to other governments	-	-	-	1,501,877	1,501,877
Deferred revenue	43,267,296	-	5,036,198	4,587,328	52,890,822
Other accrued expenses	6,023,639	-	15,270	75,541	6,114,450
Other liabilities	1,066,343	-	-	290,861	1,357,204
Short-term notes payable (taxable line of credit)	-	-	-	2,000,000	2,000,000
<b>Total Liabilities</b>	<b>217,962,780</b>	<b>8,446,895</b>	<b>28,078,808</b>	<b>48,857,527</b>	<b>303,346,010</b>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Inventories	13,197,998	-	-	-	13,197,998
Prepaid expenses	32,882,246	-	-	-	32,882,246
Property held for resale	8,845,401	-	-	-	8,845,401
<b>Unreserved, reported in:</b>					
Special revenue funds	-	11,361,664	(5,565,072)	130,634,103	136,430,695
Capital projects funds	-	-	-	6,602,750	6,602,750
Debt service funds	-	-	-	55,166,708	55,166,708
Unreserved	58,480,260	-	-	-	58,480,260
<b>Total Fund Balances</b>	<b>113,405,905</b>	<b>11,361,664</b>	<b>(5,565,072)</b>	<b>192,403,561</b>	<b>311,606,058</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 331,368,685</b>	<b>\$ 19,808,559</b>	<b>\$ 22,513,736</b>	<b>\$ 241,261,088</b>	<b>\$ 614,952,068</b>

See Independent Auditors' Report and Notes to Financial Statements

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

As of June 30, 2010

Total Fund Balances - Governmental Funds (Governmental Fund Balance Sheet)	\$	311,606,058
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	52,890,822	
Statement of net assets	(35,360,043)	
Change in deferred revenue		17,530,779
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds:		
The cost of capital assets is	16,091,690,923	
Accumulated depreciation is	(8,966,145,733)	
Total capital assets		7,125,545,190
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)		(120,562,692)
Debentures payable (bonds only)		(1,608,115,000)
Deferred loss on refunding (net of current period amortization)		26,217,316
Compensated absences		(6,407,802)
Accrued interest on long-term obligations not recorded by the governmental funds until paid:		(3,467,645)
Capitalized issuance costs not recorded in the governmental funds as an asset, net of amortization:		8,391,120
Capitalized bond premiums not recorded in the governmental funds as a liability, net of amortization:		(54,224,494)
Net Assets of Governmental Activities (Statement of Net Assets)	\$	<u>5,696,512,830</u>

See Independent Auditors' Report and Notes to Financial Statements

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

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**NEW MEXICO DEPARTMENT OF TRANSPORTATION**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds**

For the Year Ended June 30, 2010

	Major Funds				Total Governmental
	State Road Fund	General Fund Appropriations	ARRA Project Fund	Other Governmental	
<b>Revenues:</b>					
User and fuel taxes	\$ 357,789,549	\$ -	\$ -	\$ 18,817,869	\$ 376,607,418
U.S. Department of Transportation	325,561,484	-	133,383,248	25,570,404	484,515,136
U.S. Department of Energy	25,126,707	-	-	-	25,126,707
Fees and fines	-	-	-	70,287	70,287
Licenses and permits	8,012,084	-	-	10,537,318	18,549,402
Charges for services	5,184,881	-	-	-	5,184,881
DWI interlock device	-	-	-	-	-
Other revenue	11,164,294	-	-	21,681,035	32,845,329
Interest earnings	63,095	-	-	6,136,535	6,199,630
<b>Total Revenues</b>	<b>732,902,094</b>	<b>-</b>	<b>133,383,248</b>	<b>82,813,448</b>	<b>949,098,790</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Operating costs	12,733,447	-	-	46,562	12,780,009
Personal services	96,695,194	-	67,736	1,010,232	97,773,162
Out-of-state travel	45,547	-	-	18,309	63,856
Grants and services	4,064,434	-	7,672,093	51,431,024	63,167,551
Travel	16,797,592	-	12,278	12,749	16,822,619
Maintenance and repairs	6,884,108	-	-	294,070	7,178,178
Supplies	31,934,879	-	384,451	818,365	33,137,695
Contractual services	36,772,649	19,538,772	788,541	45,100,953	102,200,915
Other costs	2,197,185	-	-	15,504,811	17,701,996
Employee benefits	46,768,614	-	20,646	358,466	47,147,726
Capital outlay	254,800,837	9,351,775	116,513,288	105,877,504	486,543,404
<b>Debt service:</b>					
Principal	14,000,628	-	-	177,404,372	191,405,000
Interest	72,333,329	-	-	14,877,684	87,211,013
Debt issuance costs	-	-	-	899,329	899,329
<b>Total Expenditures</b>	<b>596,028,443</b>	<b>28,890,547</b>	<b>125,459,033</b>	<b>413,654,430</b>	<b>1,164,032,453</b>

See Independent Auditors' Report and Notes to Financial Statements

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds**

For the Year Ended June 30, 2010

	Major Funds				Total Governmental
	State Road Fund	General Fund Appropriations	ARRA Project Fund	Other Governmental	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	136,873,651	(28,890,547)	7,924,215	(330,840,982)	(214,933,663)
<b>Other Financing Sources (Uses):</b>					
Appropriations, net of reversions	-	(25,351,260)	-	-	(25,351,260)
Transfers from – Severance					
Tax Bond Appropriation	-	-	-	45,101,333	45,101,333
Transfers from (to) other agencies	(6,745,763)	171,068	1,273,652	300,000	(5,001,043)
Transfers	(71,108,743)	-	-	71,108,743	-
Proceeds from LT notes payable	-	-	-	80,534,067	80,534,067
Proceeds from debentures payable	-	-	-	112,345,000	112,345,000
<b>Total Other Financing Sources (Uses)</b>	<b>(77,854,506)</b>	<b>(25,180,192)</b>	<b>1,273,652</b>	<b>309,389,143</b>	<b>207,628,097</b>
<b>Net Changes in Fund Balances</b>	<b>59,019,145</b>	<b>(54,070,739)</b>	<b>9,197,867</b>	<b>(21,451,839)</b>	<b>(7,305,566)</b>
<b>Fund Balances June 30, 2009</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>Fund Balances June 30, 2010</b>	<b>\$ 113,405,905</b>	<b>\$ 11,361,664</b>	<b>\$ (5,565,072)</b>	<b>\$ 192,403,561</b>	<b>\$ 311,606,058</b>

See Independent Auditors' Report and Notes to Financial Statements

**NEW MEXICO 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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For the Year Ended June 30, 2010

Net Changes in Fund Balances - Total Governmental Funds  
 (Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ (7,305,566)

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

Net change in deferred revenue adjustments from prior to current year (reported as deferred revenue in the Balance Sheet-Governmental funds and reported as revenue in the Statement of Activities.) (37,456,000)

In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) - are measured by the amounts earned during the year to the Governmental Funds, however, expenditure for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The increase (decrease) in the compensated absences liabilities for the fiscal year was: 1,149,916

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 allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts were:

Capital outlay	486,543,404	
Depreciation expense	(582,995,958)	
Sale of capital asset and adjustments, net book value	53,850,793	
Excess of depreciation expense over capital outlay		(42,601,761)

(Issuance) repayment of debentures recorded as a (source of revenue) principal expenditure in the Statement of Revenues, Expenditures and Changes in Fund Balances recorded as an (increase) reduction in long-term debentures payable in the Statement of Net Assets:

Bond proceeds	(112,345,000)	
Principal payments	191,405,000	
		79,060,000

Net change in deferred loss on refunding which is recorded as a reduction of long-term liabilities in the Statement of Net Assets: 3,512,652

NEW MEXICO 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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Additional bond premiums recorded in the Statement of Activities as an other financing source, recorded as a liability of \$54,224,493 is recorded in the Statement of Net Assets, net of \$5,965,194 of amortization, recorded as a decrease to interest expense in the Statement of Net Assets:

Amortization of bond premium	5,965,194	
Premium of new bonds issued	<u>(8,411,035)</u>	(2,445,841)

Current year long-term note payable (tax-exempt line of credit) proceeds of \$80,534,068 reported as other financing sources in the Statement of Revenues, Expenditures and Changes in Fund Balances.

(80,534,068)

Net increase in accrued interest on long-term debt (exclusive of the swaps) recorded in the Statement of Net Assets

(66,309)

Net write-off of unamortized issuance costs and bond premiums related to bonds refunded

518,999

Bond issuance costs recorded as debt issuance costs in the Statement of Revenues, Expenditures and Changes in Fund Balances, recorded as an asset of \$8,391,120 in the Statement of Net Assets, net of amortization of \$892,476 recorded as an expense in the Statement of Activities:

Bond issuance costs reported in governmental funds as debt issuance costs	899,329	
Amortization of issuance cost	<u>(892,476)</u>	<u>6,853</u>

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

\$ (86,161,125)

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

As of June 30, 2010

	State Infrastructure Bank
<b>Assets:</b>	
<b>Current Assets:</b>	
Cash equivalents (Note 2):	
Unrestricted	\$ -
Restricted	-
Cash equivalents (Note 2): (Investment in state general fund investment pool)	
Unrestricted	-
Restricted	11,993,450
Receivables:	
Due from other funds	2,618,016
Due from other state agencies	1,768
Interest receivable	249,177
Notes and loans receivable (Note 5)	6,291,109
<b>Total Current Assets</b>	<b>21,153,520</b>
<b>Total Assets</b>	<b>\$ 21,153,520</b>
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accounts payable and contracts payable	\$ -
Due to other funds	435,062
Due to other state agencies	-
Due to other governments	209,020
<b>Total Current Liabilities</b>	<b>644,082</b>
<b>Total Liabilities</b>	<b>\$ 644,082</b>
<b>Net Assets:</b>	
Restricted for:	
Loans	\$ 20,509,438
<b>Total Net Assets</b>	<b>\$ 20,509,438</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 21,153,520</b>

See Independent Auditors' Report and Notes to Financial Statements



NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Statement of Activities-Proprietary Fund

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For the Year Ended June 30, 2010

	<u>State Infrastructure Bank</u>
<b>Nonoperating Revenues (Expenses):</b>	
Interest income	\$ 43,133
Expense	<u>-</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>43,133</u>
<b>Change in Net Assets/Operating Income</b>	43,133
<b>Net Assets, Beginning of Fiscal Year</b>	<u>20,466,305</u>
<b>Net Assets, End of Fiscal Year</b>	<u><u>\$ 20,509,438</u></u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Statement of Cash Flows-Proprietary Fund

For the Year Ended June 30, 2010

	State Infrastructure Bank
Cash flows provided from operating activities:	\$ (2,351,855)
Cash flows from financing activities:	
Loans issued	-
Loans repaid	5,886,745
Net increase in cash and cash equivalents	3,534,890
Cash and cash equivalents at June 30, 2009	8,458,560
Cash and cash equivalents at June 30, 2010	\$ 11,993,450
Reconciliation of operating income to net cash provided from operating activities:	
Operating income	\$ 43,133
Adjustment to reconcile operating income to net cash by operating activities:	
Decrease in interest receivable	197,938
Increase from due from other funds	(1,990,513)
Increase from due from other agency	(317)
Decrease in accounts payable	(573,039)
Decrease in due to other funds	-
Decrease in due to local governments	(29,057)
Cash flows provided by operating activities:	\$ (2,351,855)

See Independent Auditors' Report and Notes to Financial Statements

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

For the Year Ended June 30, 2010

	DEPARTMENT OF TRANSPORTATION			
	agency wide including enterprise fund excluding multi-year funds			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ 608,621,544	\$ 730,839,652	\$ 509,641,844	\$ (221,197,808)
Other state funds, inc. line of credit	576,193,044	534,772,839	513,758,681	(21,014,158)
State general fund	-	-	-	-
Inter-agency transfers	1,381,035	3,881,035	1,777,789	(2,103,246)
Interest revenue	3,340,002	3,340,002	6,242,763	2,902,761
Bond proceeds	-	-	112,345,000	112,345,000
<b>Total Revenues:</b>	<b>1,189,535,625</b>	<b>1,272,833,528</b>	<b>\$ 1,143,766,077</b>	<b>\$ (129,067,451)</b>
Prior Year Funds Rebudgeted	139,301,519	301,568,606		
	<b>\$ 1,328,837,144</b>	<b>\$ 1,574,402,134</b>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ 28,898,444	\$ 27,071,993	\$ 25,007,820	\$ 2,064,173
Contractual services	756,290,480	913,243,597	475,893,150	437,350,447
Other	232,353,220	261,879,092	204,018,555	57,860,537
Transfers (in) out	-	-	1	(1)
Reversions	-	-	-	-
	<b>1,017,542,144</b>	<b>1,202,194,682</b>	<b>704,919,526</b>	<b>497,275,156</b>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	108,992,000	97,909,438	95,292,729	2,616,709
Contractual services	45,943,900	122,371,096	39,882,489	82,488,607
Other	100,863,900	100,715,418	81,511,988	19,203,430
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<b>255,799,800</b>	<b>320,995,952</b>	<b>216,687,206</b>	<b>104,308,746</b>
<b>Business/Program Support</b>				
Personal services/employee benefits	26,986,900	25,282,100	24,620,339	661,761
Contractual services	6,345,200	5,461,811	3,861,865	1,599,946
Other	75,634,379	74,338,868	218,416,525	(144,077,657)
Transfers (in) out	(53,471,279)	(53,471,279)	(60,810,673)	7,339,394
Reversions	-	-	-	-
	<b>55,495,200</b>	<b>51,611,500</b>	<b>186,088,056</b>	<b>(134,476,556)</b>
<b>Total Annual Budgeted</b>				
<b>Expenditures</b>	<b>\$ 1,328,837,144</b>	<b>\$ 1,574,802,134</b>	<b>\$ 1,107,694,788</b>	<b>\$ 467,107,346</b>

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

See Independent Auditors' Report and Notes to Financial Statements

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

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**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, 2010.

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 10).

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, it is generally the Department's policy to use restricted resources first, then unrestricted resources as they are needed.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation - continued

*Ten percent criterion-* An individual governmental fund reports at least ten percent of any of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures.

*Five percent criterion-* An individual governmental fund reports at least five percent of the total for both governmental and enterprise funds of any of the items for which it met the ten percent criterion.

The Department's major governmental funds are the following:

State Road Fund (Fund #20100). The state road fund was created by Section 67-3-65, NMSA 1978. The state road fund is the operating fund of the Department and is used to account for substantially all of the Department's financial activities. Section 67-3-59 NMSA establishes that this is a non-reverting fund. This is a special revenue fund.

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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Business Type - Proprietary Fund - State Infrastructure Bank (SIB) Financial Statements. The financial statements of the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

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

Governmental Fund Financial Statements. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues to be available if they are collected within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

Employees' vested compensated absences are recorded as an expenditure when utilized. The amount of accumulated compensated absences unpaid at June 30, 2010, has been reported only in the government-wide financial statements.

Interest and principal payments on general long-term obligations is recognized as expenditures when paid.

Executory purchase orders and contracts are recorded as a reservation of fund balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

*Special Revenue Funds – continued*

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.

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.

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). 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 be deposited in a special account with the State Treasurer. Also, proceeds can be invested in U.S. Treasury obligations and repurchase agreements with maturities of no more than one year until needed. The funds are to be used to finance state highway projects, pay expenses incurred to issue the Debentures and payments of rebate, penalty, interest and other obligations relating to the Debentures or the proceeds. The fund does not receive state general fund appropriations that are subject to reversion.

Bond Project Fund (2000 CHAT) (Fund #34500). The bond project fund was created due to the issuance of the May 2000 \$201,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2000A. The funds from the sale of the Debentures were required to be deposited in a special account with the State Treasurer. Proceeds can also be invested in U.S. Treasury obligations and repurchase agreements with maturities of no more than one year until needed. The funds are to be used to finance state highway projects, pay expenses incurred to issue the Debentures and payments of rebate, penalty, interest and other obligations relating to the Debentures or the proceeds. The fund does not receive state general fund appropriations that are subject to reversion.

Bond Project Fund (2001 CHAT) (Fund #00600). The bond project fund was created due to the issuance of the March 2001 \$198,800,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2001A. The funds from the sale of the Debentures were required to be deposited in a special account with the State Treasurer. Proceeds can also be invested in U.S. Treasury obligations and repurchase agreements with maturities of no more than one year until needed. The funds are to be used to finance state highway projects, pay expenses incurred to issue the Debentures and payments of rebate, penalty, interest and other obligations relating to the Debentures or the proceeds. The fund does not receive state general fund appropriations that are subject to reversion.

Bond Project Fund (2002A CHAT) (Fund #36800). The bond project fund was created due to the issuance of the January 2002 \$95,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2002A. The funds from the sale of the Debentures were required to be deposited in a special account with the State Treasurer. Proceeds can also be invested in U.S. Treasury obligations and repurchase agreements with maturities of no more than one year until needed. The funds are to be used to finance state highway projects, pay expenses incurred to issue the Debentures and payments of rebate, penalty, interest and other obligations relating to the Debentures or the proceeds. The fund does not receive state general fund appropriations that are subject to reversion.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

*Special Revenue Funds – continued*

Bond Project Fund (2002C HIF) (Fund #36100). The bond project fund was created due to the issuance of the May 2002 \$67,750,000 New Mexico State Highway Commission Infrastructure Fund Revenue Highway Bonds Series 2002C. The funds from the sale of the Debentures were required to be deposited in a special account with the State Treasurer. Proceeds can also be invested in U.S. Treasury obligations and repurchase agreements with maturities of no more than one year until needed. The funds are to be used to finance state highway projects, pay expenses incurred to issue the Debentures and payments of rebate, penalty, interest and other obligations relating to the Debentures or the proceeds. The fund does not receive state general fund appropriations that are subject to reversion.

Bond Project Fund (2002D CHAT) (Fund #11500). The bond project fund was created due to the issuance of the December 2002 \$16,000,000 New Mexico State Highway Commission Senior Subordinate Lien Tax Revenue Bonds Series 2002D. The funds from the sale of the Debentures were required to be deposited in a special account with the State Treasurer. Proceeds can also be invested in U.S. Treasury obligations and repurchase agreements with maturities of no more than one year until needed. The funds are to be used to finance state highway projects, pay expenses incurred to issue the Debentures and payments of rebate, penalty, interest and other obligations relating to the Debentures or the proceeds. The fund does not receive state general fund appropriations that are subject to reversion.

Bond Project Fund 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.

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.

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.

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.

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

Debt Service Fund - 2008 Ex LOC (Fund # 11140). The fund was created in fiscal year 2010 to separate out the costs of the debt from the expenditures for the projects for which the debt was incurred.

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 11) in the governmental fund financial statements.

**Restricted Cash and Cash Equivalents**

The funds deposited in the debt service funds are restricted to pay future principal and interest payments 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 \$200,000,000 2008 Tax-Exempt Line of Credit, and the \$112,345,000 NMFA State Transportation Senior Lien Refunding Revenue Bonds, Series 2009A. 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.

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.

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

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, 2010. There are no loans past due for more than 90 days as of the end of the fiscal year which require placement on non-accrual status (Note 5).

**Due From the U.S. Department of Transportation**

Due from the U.S. Department of Transportation represents amounts billed and unbilled in accordance with the various grant agreements. The "billed" portion represents contract expenditures incurred and billed by the Department. The "unbilled" portion represents expenditures included in accounts payable that will be billed when paid by the Department. The "excess project costs" represents costs actually incurred on a project in excess of approved amounts. The Department provides for an allowance for uncollectible accounts in excess of project costs classification. The allowance is based on an analysis of amounts that are reasonably assured of collection (Note 6).

**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 Treasurer's Office**

The amount of negative cash balances are reported in the Due to State Treasurer's Office by fund.

**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 9) even though they are a component of current assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**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 2010 the unamortized value was \$25,270,000. The structures, which originally cost \$15,916,345 is being amortized over 11 1/2 years. At the end of fiscal year 2010 the unamortized value was \$7,612,165. The remaining amount, which originally cost \$13,564,126, is fully amortized and has no net book value after fiscal year ending June 30, 2006 when it became fully amortized.

**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.

**Capital Assets**

Capital assets, which include property, plant, equipment, software in the equipment category, and infrastructure assets (which is normally immovable and of value only to the state, such as roads, streets, tunnels and similar infrastructure items), are reported in the governmental activities columns in the government-wide financial statements. The Department has no internally developed software that requires capitalization. As a result of House Bill 1074, effective date June 17, 2005, and Section 12-6-10 NMSA 1978 the State's capitalization policy threshold was changed from \$1,000 to \$5,000, requiring agencies to capitalize acquisitions greater than \$5,000. Assets purchased prior to June 17, 2005 were not removed and will continue to be depreciated. Purchased and constructed capital assets are valued at historical or estimated historical cost. The Department has not capitalized any construction period interest expense. Donated capital assets are recorded at their estimated fair value at the date of donation.

The Department records as capital assets the specific roads, tunnels and other infrastructure it owns or over which it has primary responsibility for maintenance. According to GASB, if the Department has the primary responsibility for the asset's maintenance, then the capital asset would be recorded on its books.

An estimated historical cost of the entire infrastructure on the Department's government-wide financial statements was determined as of June 2001. The Department calculated the replacement cost as of June 30, 2001 for its entire infrastructure and then deflated the cost by use of a construction price level index maintained by the Federal Highway Administration. Accumulated depreciation at June 30, 2001 was calculated based on the estimated historical cost of the infrastructure, estimated use of the assets and using a 25 to 30-year life of the infrastructure. Current year activity is shown in Note 10 to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - continued

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**Compensated Absences**

The Department accounts for the accumulated vacation and sick leave on the accrual basis in accordance with GASB 16. Accrued vacation up to 240 hours is recorded in the Statement of Net 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, 2010, and includes direct and incremental salary related payments, such as the employees' share of social security taxes.

**Long-Term Obligations**

*Premiums, Discounts and Issuance Costs* - In the government-wide financial statements, long-term debt and other long-term obligations are presented in the column for governmental and business-type activities. The same is presented in the proprietary fund financial statements. Bond and note premiums and discounts, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**Net Assets - continued**

*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.

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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**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.

**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**

The Department has two types of cash equivalents--those that are deposited with the State Treasurer's Office and those that are held with trustees that are managed by NMFA.

**Cash equivalents on deposit with State Treasurer's Office:**

Cash funds, other than petty cash, which are deposited by the Department into its accounts with the State Treasurer, 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.

**Credit Risk.** The LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

**Concentration of Credit Risk.** GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk.

**Interest rate risk.** According to GASB Statement No.40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at [www.stonm.org](http://www.stonm.org). As of June 30, 2010, the LGIP WAM is 50 days.

The reconciled balances at June 30, 2010, are as follows:

	SHARE Account Number	Amount (+)	Amount (-)
Cash:			
Unrestricted	20100	\$ 2,600	
Balance Sheet - Governmental Funds Cash, Unrestricted and Statement of Net Assets Cash, Unrestricted		\$ 2,600	

2. CASH AND CASH EQUIVALENTS (continued)

	SHARE Account Number	Amount (+)	Amount (-)
<b>Restricted:</b>			
State Road Fund	10040/10140/10150/20100/20200/ 43100/78800/78900/82000	\$ 65,032	
 Balance Sheet - Governmental Funds Cash, Restricted and Statement of Net Assets Cash, Restricted		<u>\$ 65,032</u>	
 <b>Cash Equivalents:</b>			
<b>Unrestricted.</b>			
Traffic Safety Fund	10010, 20800, 82600	\$ 5,870,708	\$ 121,653
Driver Improvement Program	10020	331,640	-
Federal Planning and Development	10030	-	3,721,465
State Road Fund	10040/10140/10150/20100/20200/ 43100/78800/78900/82000	51,406,239	47,191,814
Local Government Road Fund	20300	16,390,798	-
State Aviation Fund	20500	7,009,303	-
Motorcycle Training Fund	20600	294,977	-
DWI Prevention and Education	20700	1,557,507	-
 Balance Sheet - Governmental Funds Cash Equivalents, Unrestricted and Statement of Net Assets Cash Equivalents, Unrestricted		<u>\$ 82,861,172</u>	
 <b>Cash Equivalents:</b>			
<b>Restricted:</b>			
2001A CHAT Project Fund	600	\$ 4,794,831	-
2001A CHAT Debt Service	700	233,268	-
State Road Fund	10040/10140/10150/20100/20200/ 43100/78800/78900/82000	35,810,647	-
Capital Projects Fund	10050	278,627	-
STB Capital Improvement Projects	10060	-	3,607,609
General Fund Appropriations	10070	19,106,294	-
2006A GRIP Bond Project Fund	10210	-	844,034
2006C GRIP Project Fund	10250	47,777	-
GRIP LOC Project Fund	10450	4,010,570	-
2002D CHAT Bond Project Fund	11500	778,300	-
2002D CHAT Debt Service	18700	12,781	-
2004A GRIP Bond Project Fund	20400	-	2,651,762
2002C HIF Bond Project Fund	36100	1,301,188	-
2002C HIF Debt Service Fund	36300	62,093	-
1993 Bond Project Fund	39400	1,591,153	-

2. CASH AND CASH EQUIVALENTS (continued)

	SHARE Account Number	Amount (+)	Amount (-)
1999A CHAT Bond Project Fund	43000	2,113,141	-
2000 CHAT Debt Service	43200	203,637	-
1999 CHAT Debt Service	43400	265,627	-
2002A CHAT Debt Service	54700	83,389	-
1998A CHAT Debt Service	54800	141,277	-
2002B WIPP Debt Service	75000	110,675	-
ARRA Fund	89000	-	10,983,593
1998A WIPP Debt Service	97200	14,478	-
Balance Sheet - Governmental Funds Cash Equivalents, Restricted		70,959,753	
State Infrastructure Bank:			
Restricted Cash Equivalents	89300	11,993,450	
Statement of Net Assets Cash Equivalents, Restricted		\$ 82,953,203	
Balance Sheet-Governmental Funds and Statement of Net Assets Due to State Treasurer's Office			\$ 69,121,930

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, 2010.

**Cash equivalents managed by New Mexico Finance Authority**

Money market funds are managed by New Mexico Finance Authority (fiscal agent) and held by State Treasurer authorized bank accounts at Bank of Albuquerque and Bank of New York as trustees and paying agents for Department. The sources of funds are bond proceeds and other debt service requirements. These funds are invested in short-term money market accounts that invest in U.S. Treasury obligations and repurchase agreements collateralized by U.S. Treasury obligations in accordance with state law. The trustees are also permitted to purchase U.S. Treasury obligations.

**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.

2. CASH AND CASH EQUIVALENTS (continued)

**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.

	SHARE Account Number	Amount
<b>Cash Equivalents:</b>		
Managed by NMFA:		
2001A CHAT Debt Service	700	\$ 1,650,619
Slate Road Fund	10040/10140/10150/20100/20200/ 43100/78800/78900/82000	11,066
2004A GRIP Debt Service	10080	1,874,391
2004B GRIP Debt Service	10090	46,088,635
2006A GRIP Bond Project Fund	10210	25,296,048
2006A GRIP Debt Service	10220	30,572
2006B GRIP Project Fund	10230	2,414,297
2006B GRIP Debt Service	10240	3,297
2006C GRIP Project Fund	10250	6,652,128
2006D GRIP Project Fund	10270	50,011,079
2008A GRIP Debt Service	10410	1,711,571
2008B GRIP Debt Service	10420	1,480,537
2008C GRIP Debt Service	10430	890,550
2008D GRIP Debt Service	10440	1,227,406
GRIP LOC Project Fund	10450	2,605
2009A Refunding	11130	49,109
LOC Debt Service	11140	23
2002D CHAT Debt Service	18700	41,619
2004A GRIP Bond Project Fund	20400	13,601,093
2002C HIF Debt Service Fund	36300	91,981
2000 CHAT Debt Service	43200	1,183,729
1999 CHAT Debt Service	43400	749,777
2002A CHAT Debt Service	54700	705,362
1998A CHAT Debt Service	54800	86,138
2002B WIPP Debt Service	75000	702,208
1998A WIPP Debt Service	97200	199,155
		156,754,995
Balance Sheet - Governmental Funds and Statement of Net Assets Cash Equivalents, Managed by NMFA		\$ 156,754,995

**3. ACCOUNTS RECEIVABLE**

The aging of accounts receivable as of June 30, 2010 is as follows:

<u>Number of Days Outstanding</u>		
0 - 30	\$	55,083
31 - 60		7,358,616
61 - 120		2,711,720
Beyond 120		<u>1,851,529</u>
		11,976,948
Allowance for uncollectible accounts		<u>(2,373,082)</u>
	\$	<u><u>9,603,866</u></u>

**4. SEVERANCE TAX BOND PROCEEDS RECEIVABLE**

Severance tax bonds proceeds available as of June 30, 2010, 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	\$	148,024,380
Sale and reauthorization of severance tax bonds		97,776,242
Funding from the State Board of Finance		(3,590,317)
Reversion to the State Board of Finance		<u>(56,286,183)</u>
Balance, end of year	\$	<u><u>185,924,122</u></u>

The funding for the year ended June 30, 2010 was received under the Laws of 1999, Chapter 2; Laws of 2000, Chapter 2 and 23; 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 and 7; and Laws of 2010, Chapter 7, for projects completed.

Receivable at year end (Note 8)	\$	<u><u>7,626,650</u></u>
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5. NOTES AND LOANS RECEIVABLE

Notes receivable as of June 30, 2010 consist of the following:

A note receivable from a private entity, non-interest bearing, in accordance with federal statutes, collateralized by various property.

\$ 14,497

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

County of Bernalillo, including interest at 1.5%, due during the 2009 federal fiscal year, secured by federal highway revenue.

-

Albuquerque Metropolitan Arroyo Flood Control Authority (AMAFCA), including interest at 1.5%, due during the 2009 federal fiscal year, secured by federal highway revenue

5,650,022

\$ 6,291,109

6. DUE FROM U.S. DEPARTMENT OF TRANSPORTATION

Due from U.S. Department of Transportation (USDOT) consists of the following at June 30, 2010:

Agency

Federal Highway Administration	\$ 33,374,733
Less allowance for uncollectible amounts	<u>-</u>
Total Federal Highway Administration	33,374,733
Other USDOT Agencies	<u>30,976,315</u>
Total USDOT	<u>\$ 64,351,048</u>

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.



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, 2010 consist of the following:

	Fund Number	Due From Other Funds	Due to Other Funds	Net (Sub-totals only)
<b>Special Revenue Funds:</b>				
Bond Project Fund - CHAT 2001A	00600	\$ -	\$ 87,120	
Traffic Safety Fund	10010, 20800, 82600	672,246	2,208,886	
Driver Improvement Program Fund	10020	69,920	-	
Federal Planning and Development	10030	142,010	-	
Gen. Fund Multiyear Capital Project	10070	427,301	384,268	
Bond Project Fund - GRIP 2006A	10210	230,271	870,000	
Bond Project Fund - CHAT 2002D	11500	-	142,904	
State Road Fund	10040/10140/10150/20100/20200/ 43100/78800/78900/82000	82,259,422	90,263,386	
Local Government Road Fund	20300	32,803	-	
Bond Project Fund - GRIP 2004A	20400	670,000	419,757	
State Aviation Fund	20500	1,241,327	1,565,765	
Motorcycle Training	20600	-	189,007	
DWI Prevention & Education Fund	20700	48,769	7,066	
ARRA Project Fund	89000	429,532	1,164,565	
<b>Total Special Revenue Funds</b>		<b>86,223,601</b>	<b>97,302,724</b>	<b>(11,079,123)</b>
<b>Debt Service Funds:</b>				
Debt Service Funds – 2006A GRIP	10220	1,437,084	-	
Debt Service Funds – 2008A GRIP	10410	1,155,560	2,269,036	
Debt Service Funds – 2008B GRIP	10420	148,890	-	
Debt Service Funds – 2008C GRIP	10430	593,175	1,065,673	
<b>Total Debt Service Funds</b>		<b>3,334,709</b>	<b>3,334,709</b>	<b>-</b>

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Notes To Financial Statements

7. DUE FROM AND DUE TO OTHER FUNDS - continued

	Fund Number	Due From Other Funds	Due to Other Funds	Net (Sub-totals only)
Capital Projects Funds:				
Capital Projects (CIP) Fund	10050	9,297,386	-	
STB Appropriations	10060	-	401,217	
Total Capital Projects Funds		9,297,386	401,217	8,896,169
Enterprise Funds:				
State Infrastructure Fund	89300	2,618,016	435,062	
Total Enterprise Funds		2,618,016	435,062	2,182,954
Total interfund receivables and payables		\$ 101,473,712	\$ 101,473,712	\$ -
Summary				
Total Special Revenue Funds - net				\$ (11,079,123)
Total Debt Service Funds - net				-
Total Capital Projects Funds - net				8,896,169
Total Governmental - net				(2,182,954)
Total Enterprise Funds - net				2,182,954
Total all funds				\$ -

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Notes To Financial Statements

8. DUE FROM OTHER AGENCIES

Fund	Description	Sub-total	Total	Due From
20100	Fees which should have been transferred	\$ 405,763		Public Regulation Commission
89000	ARRA reimbursement due	36,149		ENMR
10070	General Fund Reauthorizations	160,000		State General Fund
	Total reauthorizations due		601,912	
00600	Interest accrued from Local Gov't Investment Pool	707		State Treasurer's Office
00700	Interest accrued from Local Gov't Investment Pool	34		State Treasurer's Office
11500	Interest accrued from Local Gov't Investment Pool	115		State Treasurer's Office
18700	Interest accrued from Local Gov't Investment Pool	2		State Treasurer's Office
20100	Interest accrued from Local Gov't Investment Pool	5,611		State Treasurer's Office
20200	Interest accrued from Local Gov't Investment Pool	2,055		State Treasurer's Office
20300	Interest accrued from Local Gov't Investment Pool	2,468		State Treasurer's Office
20500	Interest accrued from Local Gov't Investment Pool	1,054		State Treasurer's Office
20600	Interest accrued from Local Gov't Investment Pool	41		State Treasurer's Office
20800	Interest accrued from Local Gov't Investment Pool	323		State Treasurer's Office
36100	Interest accrued from Local Gov't Investment Pool	192		State Treasurer's Office
36300	Interest accrued from Local Gov't Investment Pool	9		State Treasurer's Office
39400	Interest accrued from Local Gov't Investment Pool	235		State Treasurer's Office
43000	Interest accrued from Local Gov't Investment Pool	312		State Treasurer's Office
43100	Interest accrued from Local Gov't Investment Pool	3,179		State Treasurer's Office
43200	Interest accrued from Local Gov't Investment Pool	30		State Treasurer's Office
43400	Interest accrued from Local Gov't Investment Pool	39		State Treasurer's Office
54700	Interest accrued from Local Gov't Investment Pool	12		State Treasurer's Office
54800	Interest accrued from Local Gov't Investment Pool	21		State Treasurer's Office
75000	Interest accrued from Local Gov't Investment Pool	16		State Treasurer's Office
97200	Interest accrued from Local Gov't Investment Pool	2		State Treasurer's Office
	Total accrued interest due		16,457	
10060	Reimbursement due from Board of Finance		7,626,650	DFA Board of Finance
	Total Due from other agencies—government funds only		8,245,019	
SIB	Interest accrued from Local Gov't Investment Pool		1,768	
	Total Due from other agencies—government wide only		<u>\$ 8,246,787</u>	

9. INVENTORY

Inventory as of June 30, 2010 consists of the following:

Highway maintenance materials stockpiled	\$ 6,805,733
Repair Parts and expendable supplies	5,652,744
Fuel, oil and lubricants	739,521
	<u>\$ 13,197,998</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Notes To Financial Statements

10. CAPITAL ASSETS

A summary of changes in capital assets for fiscal year ended June 30, 2010 follows:

	Beginning	Additions	Adjustments &	
	Balance		Transfers	Retirements
	June 30, 2009			
<b>Non-depreciable assets:</b>				
Construction in Progress	\$ 19,637,755	\$ 477,136,538	\$ 15,644,519	\$ -
Rail System Infrastructure -				
Right of Way	77,252,100	-	-	-
Land	5,076,633	-	182,273	(53,531)
Right of Way	386,516,665	-	-	(2,000)
<b>Total non-depreciable assets</b>	<b>488,483,153</b>	<b>477,136,538</b>	<b>15,826,792</b>	<b>(55,531)</b>
<b>Depreciable assets:</b>				
Infrastructure	14,957,282,574	-	-	(459,777,520)
Vehicles	187,263,628	8,248,240	45,400	(3,450,043)
Rail System Infrastructure	311,121,088	-	36,258,645	-
Buildings	42,006,106	-	2,040,803	(16,556)
Equipment and furniture	30,039,203	1,158,627	1,467,730	(3,490,568)
Library	102,614	-	-	-
<b>Total depreciable assets</b>	<b>15,527,815,213</b>	<b>9,406,867</b>	<b>39,812,578</b>	<b>(466,734,687)</b>
<b>Total Assets</b>	<b>16,016,298,366</b>	<b>486,543,405</b>	<b>55,639,370</b>	<b>(466,790,218)</b>
<b>Less Accumulated Depreciation:</b>				
Infrastructure	(8,654,101,299)	(556,015,121)	-	459,777,520
Vehicles	(127,771,627)	(10,166,713)	(812,183)	3,395,699
Rail System Infrastructure	(17,887,565)	(14,341,850)	-	-
Buildings	(24,624,374)	(768,632)	(235,089)	16,556
Equipment and furniture	(23,663,937)	(1,703,642)	(543,189)	3,402,327
Library	(102,614)	-	-	-
<b>Total Accumulated Depreciation</b>	<b>(8,848,151,416)</b>	<b>(582,995,958)</b>	<b>(1,590,461)</b>	<b>466,592,102</b>
<b>Net Total</b>	<b>\$ 7,168,146,950</b>	<b>\$ (96,452,553)</b>	<b>\$ 54,048,909</b>	<b>\$ (198,116)</b>

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

Depreciation:

Programs and Infrastructure	\$ 556,015,121
Transportation and highway operations	14,341,850
Program support	12,638,987
	<u>582,995,958</u>

Amortization

	<u>5,864,253</u>
<b>Total depreciation and amortization</b>	<b>\$ 588,860,211</b>

10. CAPITAL ASSETS (continued)

CIP Reclassifications	Ending Balance June 30, 2010
\$ (446,465,075)	\$ 65,953,737
-	-
-	77,252,100
-	5,205,375
10,311,035	396,825,700
(436,154,040)	545,236,912
424,966,760	14,922,471,814
-	192,107,225
11,166,500	358,546,233
20,780	44,051,133
-	29,174,992
-	102,614
436,154,040	15,546,454,011
-	16,091,690,923
-	(8,750,338,900)
-	(135,354,824)
-	(32,229,415)
-	(25,611,539)
-	(22,508,441)
-	(102,614)
-	(8,966,145,733)
\$	\$ 7,125,545,190

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Notes To Financial Statements

11. OPERATING TRANSFERS

	Funds 201/202/431/10140/10150 State Road Fund	Fund 89000 ARRA Project Fund	Fund 10070 General Fund Appropriations	Fund 10060 STB Appropriations	Fund 82600 DWI Ignition Interlock
(1)	\$ (69,623,664)	\$ -	\$ -	\$ -	\$ -
(2)	-	-	-	-	-
(3)	-	-	-	-	-
(4)	-	-	-	-	-
(5)	-	-	-	-	-
(6)	189,007	-	-	-	-
(7)	(1,674,086)	-	-	-	-
(8)	-	-	-	-	-
(9)	-	-	-	-	-
	<u>(71,108,743)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers to other state agencies					
(10)	(6,801,763)	-	-	-	-
(11)	56,000	1,273,652	-	-	-
(12)	-	-	171,068	-	-
(13)	-	-	-	45,101,333	300,000
(14)	-	-	(25,351,260)	-	-
	<u>(6,745,763)</u>	<u>1,273,652</u>	<u>(25,180,192)</u>	<u>45,101,333</u>	<u>300,000</u>
Total	<u>\$ (77,854,506)</u>	<u>\$ 1,273,652</u>	<u>\$ (25,180,192)</u>	<u>\$ 45,101,333</u>	<u>\$ 300,000</u>

- (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) Correction of debt service amounts originally sent to incorrect fund
- (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) Reversions from 20600 Motorcycle Training Fund
- (7) Capital assets purchased by capital assets fund and not reimbursed by Road fund
- (8) Outstanding debt refunded by 2009A
- (9) Trustee cash used for debt refunded by 2009A
- (10) Transfers made to Department of Public Safety (less reversions)
- (11) Transfers in from Energy, Minerals, and Natural Resources Department
- (12) Appropriations Reauthorized-net transfers in from and out to other agencies
- (13) Annual Transfer in from Department of Finance and Administration
- (14) Reversions to the State General Fund

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Notes To Financial Statements

11. OPERATING TRANSFERS - continued

	Fund 10050 Capital Projects Fund	Fund 97200 WIPP 1998 Debt Service Fund	Fund 54800 CHAT 1998 A Debt Service Fund	Fund 00700 CHAT 2001A Debt Service Fund	Fund 54700 CHAT 2002A Debt Service Fund	Fund 36300 CHAT 2002C Debt Service Fund
(1)	\$ -	\$ 9,513,272	\$ 7,533,520	\$ 12,464,298	\$ 9,989,556	\$ 3,169,643
(2)	-	(4,228,121)	(3,348,231)	(1,019,070)	(75)	(72,436)
(3)	-	-	-	-	-	-
(4)	-	-	-	-	-	-
(5)	-	-	-	-	-	-
(6)	-	-	-	-	-	-
(7)	1,674,086	-	-	-	-	-
(8)	-	23,890,000	9,555,000	65,225,000	10,785,000	14,745,000
(9)	-	(5,285,151)	(4,185,289)	(1,422,978)	(247,156)	(330,227)
	<u>1,674,086</u>	<u>23,890,000</u>	<u>9,555,000</u>	<u>75,247,250</u>	<u>20,527,325</u>	<u>17,511,980</u>

  

	Fund 11130 2009A Refunding Debt Service Fund	Fund 20400 2004A GRIP Bond Project Fund	Fund 10210 2006A GRIP Bond Project Fund	Fund 10230 2006B GRIP Bond Project Fund	Fund 10250 2006C GRIP Bond Project Fund	Fund 10270 2006D GRIP Bond Project Fund
(1)	-	-	-	-	-	-
(2)	8,667,933	-	-	-	-	-
(3)	-	-	-	-	-	(60,972)
(4)	-	-	-	-	-	-
(5)	-	(185,980)	(1,509,810)	(38,058)	89,732	(86,774)
(6)	-	-	-	-	-	-
(7)	-	-	-	-	-	-
(8)	(124,200,000)	-	-	-	-	-
(9)	11,470,801	-	-	-	-	-
	<u>(104,061,266)</u>	<u>(185,980)</u>	<u>(1,509,810)</u>	<u>(38,058)</u>	<u>89,732</u>	<u>(147,746)</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Notes To Financial Statements

11. OPERATING TRANSFERS - continued

	Fund 10450 GRIP Bond LOC Project Fund	Fund 34500 CHAT 2000A Bond Project Fund	Fund 00600 CHAT 2001A Bond Project Fund	Fund 36800 CHAT 2002A Bond Project Fund	Fund 43200 CHAT 2000A Debt Service Fund	Fund 75000 WIPP 2002B Debt Service Fund
(1)	-	-	-	-	15,481,300	9,917,250
(2)	-	-	-	-	-	-
(3)	-	-	-	-	-	-
(4)	-	1,886,711	(3,750,864)	1,864,153	-	-
(5)	(23)	-	-	-	-	-
(6)	-	-	-	-	-	-
(7)	-	-	-	-	-	-
(8)	-	-	-	-	-	-
(9)	-	-	-	-	-	-
	(23)	1,886,711	(3,750,864)	1,864,153	15,481,300	9,917,250

	Fund 18700 CHAT 2002D Debt Service Fund	Fund 10090 GRIP 2004B Debt Service Fund	Fund 10220 GRIP 2006A Debt Service Fund	Fund 10280 GRIP 2006D Debt Service Fund	Fund 10410 GRIP 2008A Debt Service Fund	Fund 10430 GRIP 2008C Debt Service Fund
(1)	\$ 1,554,825	\$ -	\$ -	\$ -	\$ -	\$ -
(2)	-	-	-	-	-	-
(3)	-	(2,228,766)	-	-	1,283,769	944,997
(4)	-	-	-	-	-	-
(5)	-	-	1,437,084	94,155	-	185,980
(6)	-	-	-	-	-	-
(7)	-	-	-	-	-	-
(8)	-	-	-	-	-	-
(9)	-	-	-	-	-	-
	1,554,825	(2,228,766)	1,437,084	94,155	1,283,769	1,130,977

- (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) Correction of debt service amounts originally sent to incorrect fund
- (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) Reversions from 20600 Motorcycle Training Fund
- (7) Capital assets purchased by capital assets fund and not reimbursed by Road fund
- (8) Outstanding debt refunded by 2009A
- (9)



11. OPERATING TRANSFERS - continued

	Fund 10440 GRIP 2008D Debt Service Fund	Fund 11140 GRIP LOC Debt Service Fund	Fund 206 Motorcycle Training Fund	Total All Pages Netting Funds Only
(1)	-	-	-	-
(2)	-	-	-	-
(3)	60,972	-	-	-
(4)	-	-	-	-
(5)	13,671	23	-	-
(6)	-	-	(189,007)	-
(7)	-	-	-	-
(8)	-	-	-	-
(9)	-	-	-	-
	<u>\$ 74,643</u>	<u>\$ 23</u>	<u>\$ (189,007)</u>	<u>\$ -</u>

12. DUE TO STATE TREASURER'S OFFICE

Traffic Safety Fund	10010/20800/82600	\$ 121,653
Federal Planning and Development	10030	3,721,465
STB Capital Improvement Projects	10060	3,607,609
2006A GRIP Bond Project Fund	10210	844,034
State Road Fund	10040/10140/10150/20100/20200/ 43100/78800/78900/82000	47,191,814
2004A GRIP Bond Project Fund	20400	2,651,762
ARRA Fund	89000	10,983,593
Total due to State Treasurer's Office		<u>\$ 69,121,930</u>

13. DUE TO OTHER AGENCIES

General Fund Appropriations	10070	Due to Department of Education	\$ 61,400
ARRA Fund	89000	Due to ENMR	5,534
Total due to other agencies			<u>\$ 66,934</u>

14. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2010:

Governmental Activities	Balance at June 30, 2009	Increase	Decrease	Ending Balance June 30, 2010	Amounts due within one year
1998 CHAT Bonds	\$ 9,555,000	\$ -	\$ (9,555,000)	\$ -	\$ -
1998 WIPP Bonds	23,890,000	-	(23,890,000)	-	-
2000 CHAT Bonds	14,605,000	-	(14,605,000)	-	-
2001 CHAT Bonds	74,770,000	-	(74,770,000)	-	-
2002A CHAT Bonds	29,225,000	-	(19,535,000)	9,690,000	-
2002B WIPP Bonds	9,445,000	-	(9,445,000)	-	-
2002C HIF Bonds	29,945,000	-	(16,745,000)	13,200,000	-
2002D CHAT Bonds	4,570,000	-	(1,360,000)	3,210,000	-
2004A GRIP Bonds	700,000,000	-	-	700,000,000	-
2004B GRIP Bonds	138,425,000	-	(9,230,000)	129,195,000	36,275,000
2006A GRIP Bonds	150,000,000	-	-	150,000,000	-
2006B GRIP Bonds	32,345,000	-	(2,345,000)	30,000,000	2,100,000
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	-
2009A Refunding Bonds	-	112,345,000	(9,925,000)	102,420,000	30,705,000
Gross Debentures	1,687,175,000	112,345,000	(191,405,000)	1,608,115,000	69,080,000
Deferred amount on refunding	(22,704,664)	(4,829,914)	1,317,262	(26,217,316)	(1,720,023)
Net Debentures	1,664,470,336	107,515,086	(190,087,738)	1,581,897,684	67,359,977
Tax-exempt Line of Credit	40,028,625	80,534,067	-	120,562,692	50,000,000
Compensated absences payable	7,557,718	2,776,141	(3,926,057)	6,407,802	6,407,802
Total obligations	1,712,056,679	<u>\$ 190,825,294</u>	<u>\$ (194,013,795)</u>	1,708,868,178	<u>\$ 123,767,779</u>
Less current portion	(81,145,370)			(123,767,779)	
Net long-term obligations	<u>\$ 1,630,911,309</u>			<u>\$ 1,585,100,399</u>	

14. LONG-TERM OBLIGATIONS - continued

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.

**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.

In November 2009, \$9,555,000, was refunded by the 09A Senior Lien Refunding Revenue Bonds.

Principal of the Series 1998A Bonds (CHAT) was payable on June 15. The interest was payable semi-annually on June 15 and December 15 through the year 2010. Therefore, there are no remaining obligations on the instrument after June 30, 2010.

**14. LONG-TERM OBLIGATIONS - continued**

**Series 1998 WIPP:**

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.

In November 2009, \$23,890,000, was refunded by the 09A Senior Lien Refunding Revenue Bonds.

14. 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 was payable annually each June 15. Interest, with rates ranging from 5.5% to 6.0% per annum, was payable semi-annually on June 15 and December 15 through the year 2010. Therefore, there are no remaining obligations on the instrument after June 30, 2010.

14. 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.

In November 2009, \$65,225,000 was refunded by the 09A Senior Lien Refunding Revenue Bonds.

14. 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.

**14. 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.

In November 2009, \$10,785,000 was refunded by the 09A Senior Lien Refunding Revenue Bonds.

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 \$1,065,900, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2002A CHAT:			
2011	\$ -	\$ 532,950	\$ 532,950
2012	9,690,000	532,950	10,222,950
2013	-	-	-
2014	-	-	-
2015	-	-	-
<b>Total</b>	<b><u>\$ 9,690,000</u></b>	<b><u>\$ 1,065,900</u></b>	<b><u>\$ 10,755,900</u></b>



14. 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 was payable on June 15. Interest at a rate of 5% per annum was payable semi-annually on June 15 and December 15 through the year 2010. Therefore, there are no remaining obligations on the instrument after June 30, 2010.

14. 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.

In November 2009, \$14,745,000 was refunded by the 09A Senior Lien Refunding Revenue Bonds.

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 \$2,696,258, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Series 2002C HIF:</i>			
2011	\$ -	\$ 666,980	\$ 666,980
2012	-	666,980	666,980
2013	5,040,000	666,980	5,706,980
2014	5,295,000	411,740	5,706,740
2015	890,000	134,353	1,024,353
2016-2020	<u>1,975,000</u>	<u>149,225</u>	<u>2,124,225</u>
<b>Total</b>	<u>\$ 13,200,000</u>	<u>\$ 2,696,258</u>	<u>\$ 15,896,258</u>

14. 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 \$445,875, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2002D CHAT:			
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
2015	-	-	-
<b>Total</b>	<b><u>\$ 3,210,000</u></b>	<b><u>\$ 445,875</u></b>	<b><u>\$ 3,655,875</u></b>

14. 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 \$325,844,131, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2004A GRIP:			
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	61,305,000	35,269,879	96,574,879
2016-2020	384,850,000	123,550,778	508,400,778
2021-2025	234,485,000	22,156,438	256,641,438
<b>Total</b>	<b>\$ 700,000,000</b>	<b>\$ 325,844,131</b>	<b>\$ 1,025,844,131</b>

14. 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 \$15,730,335, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2004B GRIP:			
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
2015	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 129,195,000</u>	<u>\$ 15,730,335</u>	<u>\$ 144,925,335</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.

**14. 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 \$34,637,302, 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 over the remaining life of the old debt or the life of the new debt, whichever is shorter.

**14. 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:

	Par Value
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)	50,400,000
<b>Total</b>	<b>\$ 470,400,000</b>

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.

In October, 2009, NMFA, on behalf of the Department, refunded portions of Series 1998A, 1998B, 2001A, 2002A and 2002C, with the 2009A Senior Lien Refunding Revenue Bond. 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 gain of \$1.3 million from unamortized premiums and issuance costs.

**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.

14. 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:**

<u>Counterparty</u>	<u>Royal Bank of Canada</u>	<u>Goldman Sachs</u>	<u>Deutsche Bank</u>
Notional Amount	\$100,000,000	\$50,000,000	\$50,000,000
Receipt Rate	68 % of 1 month LIBOR	68 % of 1 month LIBOR	68 % of 1 month LIBOR
Payment Rate (Syn- thetic 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



14. LONG-TERM OBLIGATIONS - continued

Significant Terms - continued

2006 Forward Starting Swaps:

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

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

Fair Value

The estimated fair value of the swaps at June 30 2010 was as follows:

<u>Counterparty</u>	<u>Notional Value</u>	<u>Fair Value *</u>
Goldman Sachs	\$ 50,000,000	\$ (19,056,437)
Deutsche	50,000,000	(9,528,219)
Royal Bank of Canada	100,000,000	(9,528,219)
JPMorgan Chase Bank	110,000,000	(26,239,302)
UBS AG	110,000,000	(26,239,302)
	<u>\$ 420,000,000</u>	<u>\$ (90,591,479)</u>

14. 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, 2010 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, 2010. Negative amounts indicate payments that would have been made by the Department to the counterparties.

Fiscal Year 2010 was the initial year for the implementation of GASB 53, which requires the Department to disclose its interest rate swap valuations in the audited financial statements. For the fiscal year ended June 30, 2010 the cumulative changes since inception have been recorded in the Department's accounting records. These swaps have been deemed a hedge, and as such, the total amount entered as a liability was \$90,591,479 with an offsetting entry classified as a deferred cash outflow. In future years only the year to year change in fair market valuation will be recorded.

Associated Debt

Variable Rate Debt*	Par Value	2010 Debt Service			Total Net Interest Paid	Effective Interest Rate
		Principal	Fixed Interest	Net Variable Made (Received)		
Series 2008A and C	\$ 200,000,000	\$ -	\$ 7,868,000	\$ 64,621	\$ 7,932,621	3.966%
Series 2008B	220,000,000	-	11,158,400	(957,304)	10,201,096	4.637%

\*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.

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

**14. LONG-TERM OBLIGATIONS - continued**

**Risks**

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

The credit ratings of the counterparties, at June 30, 2010, were:

	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>
Royal Bank of Canada	Aaa	AA-	AA
Goldman Sachs	Aa1	AAA	N/A
Deutsche Bank	Aa3	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, 2010. 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.

**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. The outstanding amount is reflected in the funds to which it relates, namely:

SHARE fund 10410 - 2008A GRIP Debt Service Fund	\$ 548,571
SHARE fund 10420 - 2008B GRIP Debt Service Fund	1,047,619
SHARE fund 10430 - 2008C GRIP Debt Service Fund	403,810
Total Short term Notes Payable (Taxable Line of Credit)	<u>\$ 2,000,000</u>

**Interest Rate Risk.**

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

14. LONG-TERM OBLIGATIONS - continued

**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.

**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:

14. LONG-TERM OBLIGATIONS - continued

**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 \$106,192,121, are as follows:

<u>Year Ended June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2006A GRIP:			
2011	\$ -	\$ 7,477,408	\$ 7,477,408
2012	240,000	7,472,608	7,712,608
2013	195,000	7,464,298	7,659,298
2014	255,000	7,454,413	7,709,413
2015	3,715,000	7,355,163	11,070,163
2016-2020	17,850,000	34,128,856	51,978,856
2021-2025	36,945,000	29,156,875	66,101,875
2026-2027	90,800,000	5,682,500	96,482,500
<b>Total</b>	<b>\$ 150,000,000</b>	<b>\$ 106,192,121</b>	<b>\$ 256,192,121</b>

14. 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 requirements to amortize the Bonds, including interest payments of \$13,591,906, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2006B GRIP:			
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	1,375,000	1,135,288	2,510,288
2016-2020	7,875,000	4,670,538	12,545,538
2021-2025	10,055,000	2,488,000	12,543,000
2026-2027	4,780,000	242,000	5,022,000
<b>Total</b>	<b>\$ 30,000,000</b>	<b>\$ 13,591,906</b>	<b>\$ 43,591,906</b>

14. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

**Series 2008A GRIP**

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 requirements to amortize the Bonds, including interest payments of \$61,988,825, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008A GRIP:			
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	-	4,531,968	4,531,968
2016-2020	-	22,659,840	22,659,840
2021-2025	<u>115,200,000</u>	<u>16,669,145</u>	<u>131,869,145</u>
Total	<u>\$ 115,200,000</u>	<u>\$ 61,988,825</u>	<u>\$ 177,188,825</u>

14. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

**Series 2008B GRIP**

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 requirements to amortize the Bonds, including interest payments of \$160,741,308, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008B GRIP:			
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	-	10,410,400	10,410,400
2016-2020	-	52,052,000	52,052,000
2021-2025	106,900,000	50,992,032	157,892,032
2026-2027	113,100,000	5,645,276	118,745,276
<b>Total</b>	<b>\$ 220,000,000</b>	<b>\$ 160,741,308</b>	<b>\$ 380,741,308</b>



14. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

**Series 2008C GRIP**

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 requirements to amortize the Bonds, including interest payments of \$45,630,663, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2008C GRIP:			
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	-	3,336,032	3,336,032
2016-2020	-	16,680,160	16,680,160
2021-2025	<u>84,800,000</u>	<u>12,270,343</u>	<u>97,070,343</u>
Total	<u>\$ 84,800,000</u>	<u>\$ 45,630,663</u>	<u>\$ 130,430,663</u>

14. LONG-TERM OBLIGATIONS - continued

Bonds Issued by NMFA - continued

**Series 2008D GRIP**

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 requirements to amortize the Bonds, including interest payments of \$16,632,000, are as follows:

Year Ended June 30,	Principal	Interest	Total
Series 2008D GRIP:			
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	-	1,008,000	1,008,000
2016-2020	-	5,040,000	5,040,000
2021-2025	-	5,040,000	5,040,000
2026-2027	50,400,000	1,512,000	51,912,000
<b>Total</b>	<b>\$ 50,400,000</b>	<b>\$ 16,632,000</b>	<b>\$ 67,032,000</b>

14. LONG-TERM OBLIGATIONS - continued

**Series 2009A Refunding**

The Department issued \$112,345,000 of bonds through the New Mexico Finance Authority's (NMFA) State Transportation Refunding Revenue Bonds (Senior Lien) Series 2009A , in November 2009. The gross proceeds to the Department were \$120,756,035, including \$8,411,035 of an original issue premium. The cost of issuance, including the underwriter's discount, was \$918,173.

The Series 2009A Bonds, together with additional bonds hereafter issued, are payable solely from and secured by federal funds not otherwise obligated that are paid into the State Road Fund, proceeds of the collection of taxes and fees that are required to be paid into the State Road Fund and not otherwise pledged exclusively to the payment of outstanding bonds and debentures, and taxes and fees required by law to be paid into the Highway Infrastructure Fund. The bonds were issued through the NMFA at the direction of the State Transportation Commission of the State of New Mexico to provide funds to refund certain outstanding bonds of the NMFA which were issued for the purpose of financing projects administered by the New Mexico Department of Transportation. Those projects are part of the GRIP plan to upgrade and improve highways throughout the State and to develop a broad based, intermodal transportation plan that includes light rail, commuter rail, park and ride, airport improvements, bike paths and hiking trails.

Principal of the Bonds is payable as follows on June 15. Interest is payable semi-annually on June 15 and December 15 through the year 2017.

The Department's future estimated scheduled annual requirement to amortize the Bonds, including interest payments of \$12,292,750, based on interest rates from 2.0% to 5.0%, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2009A Refunding:			
2011	\$ 30,705,000	\$ 4,607,650	\$ 35,312,650
2012	22,370,000	3,072,400	25,442,400
2013	23,190,000	2,253,900	25,443,900
2014	11,075,000	1,094,400	12,169,400
2015	4,820,000	651,400	5,471,400
2016-2020	10,260,000	613,000	10,873,000
2021-2025	-	-	-
2026-2027	-	-	-
<b>Total</b>	<b><u>\$ 102,420,000</u></b>	<b><u>\$ 12,292,750</u></b>	<b><u>\$ 114,712,750</u></b>

14. LONG-TERM OBLIGATIONS - continued

**2008 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, 2010, the amount of funds drawn was \$120,562,693. 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.

The Department's future scheduled annual requirements to amortize the Bonds, including interest payments of \$4,386,493, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008 Exempt Line of Credit			
2011	\$ 50,000,000	\$ 1,754,597	\$ 51,754,597
2012	50,000,000	1,315,948	51,315,948
2013	50,000,000	877,299	50,877,299
2014	50,000,000	438,649	50,438,649
2015	-	-	-
2016-2020	-	-	-
2021-2025	-	-	-
<b>Total</b>	<b>\$ 200,000,000</b>	<b>\$ 4,386,493</b>	<b>\$ 204,386,493</b>

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14. LONG-TERM OBLIGATIONS - continued

Total future principal and interest obligation repayments are as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2011	\$ 197,517,600
2012	187,198,505
2013	186,706,549
2014	186,319,422
2015	135,937,483
2016-2020	682,354,397
2021-2025	727,157,833
2026-2027	272,161,776
Total	<u>\$ 2,575,353,565</u>

**Long-Term Debt Interest Expense**

The total amount of interest expense included in direct expenses in the Statement of Activities is \$90,678,658 for the year-ended June 30, 2010.

**Capital Leases**

There are no future minimum lease obligations to report as of June 30, 2010.

**15. 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 \$1,247,032**

This amount represents funds due to NMFA in excess of cash balance held at trustee.

**Fund 10410: 2008A GRIP Debt Service Fund \$192,071**

This amount represents accounts payable and amounts due to other funds in excess of cash held at trustee.

**Fund 10430: 2008C GRIP Debt Service Fund \$342,416**

This amount represents accounts payable and amounts due to other funds in excess of cash held at trustee.

**Fund 89000: ARRA Projects Fund \$5,565,073**

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 \$1,674,448**

This amount represents cash overdrawn and due to the State Treasurer's Office, reduced by receivables from USDOT and other funds.

**Fund 10060: Severance Tax Bond Fund \$2,973,264**

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.

**16. REVERSIONS**

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

Current year reversions due to the State General Fund as of June 30, 2010 were as follows:

	SHARE System Fund 10070
	<hr/>
2010 reversions	<u>\$ 25,351,260</u>

**17. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**Plan Description**

Substantially all of the Department's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding Policy**

Plan members are required to contribute 8.92% of their gross salary. The Department is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the years ending June 30, 2010, 2009 and 2008 were \$14,156,554, \$16,400,581 and \$15,997,412, respectively, equal to the amount of the required contribution for each year.

## 18. 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 case the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

### Funding Policy

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



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

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. During the fiscal year ended June 30, 2010, statute required 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. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	0.833%
FY12	1.834%	0.917%
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 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, 2010, 2009, 2008 were \$1,197,245, \$1,245,299, and \$1,218,924, respectively, which equal the required contributions for each year.

## 19. CONTRACTS

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.

Contract Number	Contractor	Description	Expended in 2010
C04922A	Cambridge Systematics	Provide technical support to the Safety Planning Unit, with the implementation of the engineering related safety improvement strategies documented in the New Mexico Comprehensive Transportation Safety Plan (NMCTSP)	\$ 21,898
C05152A	Catanach, David R.	Mineral Rights Revenues Services	11,455
C05174A	HDR Engineering Inc.	Environmental Oversight Services	91,156
C05193A	Leppa Inc.	Serve as a member of the Department's Claim Board to hear claims submitted on highway construction projects and make recommendations to the Department.	6,233
C05201A	IT PAS LLC	Review/Facilitate IT Contract	5,888
C05227/2	Meyners + Company	Audit Services	267,022
C05246	Wet Water Environmental Services	Bule Hole Cienega Monitoring	5,704
C05284	Pecos Valley Aviation Photography	Provide a monthly report to the Department to analyze the current passenger air service program.	1,080
C05286	The Change Companies	DWI School Curriculum	50,582
C05289A	Blue Skies Consulting LLC	Provide Aerial and Photography Services Statewide.	30,629
C05290	Radian Engineering LLC	Provide Engineering Services to conduct an Alignment Study of the Cambry Bridge on NM 549 in Luna County.	271,463
C05293	Sulin Thayer & Browne	Legal Services	14,674
C05295	Bohannon Huston Inc.	Provide Base mapping and Supplemental Surveying	295,819
C05296	Newberry, Susan J	Safe Routes to School Training	3,656
C05297	Colorado Safety Association	National Safety 4 day Course	11,706
C05298	Lee Engineering LLC	Engineering and design components of Safe Routes to School (SRTS) trainings	39,705
C05299/A	University of New Mexico	Study of DWI offenders	11,780
C05300	MA Strategies LLC	Commercial Motor Vehicle Project	212,998
C05301	University of New Mexico	Traffic Safety Reporting	58,467
C05302	University of New Mexico	Training/DWI-Related Laws	13,951
C05303	University of New Mexico	Cipre Action Plan	56,258

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Notes To Financial Statements

19. CONTRACTS - continued

Contract Number	Contractor	Description	Expended In 2010
C05304	Safer New Mexico Now	Injury Prevention	239,344
C05305	Glorieta Geoscience Inc	Evaluation Of Water Rights	2,488
C05306	Kardas, Abeyta & Weiner PC	Preparation Of Audit Work-Papers	25,408
C05307	Mountain Top Consultant	Review/Update Strategic Plan	4,054
C05308	Ch2m Hill Inc	Dona Ana County Road A-017/Strauss Road Alignment Study And Final Design	219,633
C05309	New Mexico Institute of Mining & Tech	Watercourse Aggradation/Degradation	5,922
C05310	Engelage Mai, Travis D	Appraisal Review & Feasibility	128,327
C05311	Harvey Cornell	Appraisal Review & Feasibility	20,610
C05312	Commercial Appraisal Inc	Appraisal Review & Feasibility	1,919
C05319	Basham & Basham PC	Legal Services	10,810
C05323	Kardas, Abeyta & Weiner PC	Annual Financial Statement Audit	54,004
C05329	Louis Berger & Associates	Engineering services for the study of I-25/South Raton interchange	159,993
C05330	Intera Inc	Evaluation of Water Rights	4,058
C05332	New Mexico State University	Bridge Inspection & Load Rate	244,951
C05333	Sheehan & Sheehan PA	Legal Services	51,339
C05335	Computational Analysis & Network	Information Technology Services	48,038
C05337	Department Of Cultural Affairs	Archaeological Data Recovery Plans for Testing and Excavation	401,471
C05340	Lee Engineering LLC	Administrative, Environmental, Survey, Utility, Right of Way, Traffic, and General Engineering Services	5,971
C05343	Pendleton Appraisal Ltd	Appraisal Services	5,000
C05344	Wilson & Company Inc	Administrative Support and Complete Engineering Service:	13,368
C05347	Molzen-Corbin & Associates PA	NM 185 Valley Drive Roadway Engineering Design (Phase IC, ID, and Phase II)	170,052
C05352	Hdr Engineering Inc	Statewide Highway Safety Improvement Program Support	5,828
C05353	Varela, Ellen Marie	DBE Certification Applications	13,913
C05354	BM Consulting Service	Financial Grant Management	57,412
C05355	Pricehall Research Inc	Technical Grant Writing Services	11,656
C05356	Brownstein Hyatt Farber Schreck LLP	Bond Review	20,670
C05384	C M Enterprises	Assist with Ignition Interlocks	3,246
C05392	MA Strategies LLC	Traffic Records Support Program	3,470
SS0035	New Mexico Activities Assoc	Chemical Health Program	92,766
SS0036	Montgomery & Andrews PA	Legal Services	61,219
SS0037	Sheehan & Sheehan PA	Legal Services	50,000

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Notes To Financial Statements

19. CONTRACTS - continued

Contract Number	Contractor	Description	Expended In 2010
EX01100010	RT Electric Inc	HSIP-1166(10)19	152
EX01100090	CMC Construction Inc	SP-GA-1146(201)06 CN 1100090	735,583
EX01311	EI Terrero Construction LLC	BR-(TPM)-0187(9)	206,098
EX01495	AUI Inc	BR-0377(1)01	129,722
EX02100010	Bixby Electric Inc	HSIP-020-1(44)64	15,160
EX02100020	American Pavement Solutions Inc	TPM-9992(40) CN 2100020	157,380
EX02100030	David Montoya Construction Inc	TPE-082-1(27)86 CN 2100030	272,393
EX02133	James Hamilton Construction CO	IM-010-2(106)78 CN 2133	723,863
EX02763A	Kirkland Construction RLLP	EBS-IM-NH-TPA-WIPP-040-2(58)10	13,330,442
EX03031	Salls Brothers Construtions Inc	CAQ-CBIP-EBS-TPA-TPE-TPU-0273(	5,757,156
EX03052	Fisher Sand & Gravel Co Inc	TPA-(NH)-285-1(37)54	117,695
EX03100070	A S Horner Inc	ST-025-3(212)195 CN 3100070	2,965,957
EX03136	James Hamilton Construcclon CO	NH-070-7(138)417	80,035
EX03187	Northern Mountain Constructors	HSIP-TPE-TPO-064-8(10)254	117,854
EX03269	Star Paving Company	EBS-0003-5(11)66 CN 3269	2,328,666
EX03435	A S Horner Inc	BR-0104(16)52 CN 3435	1,886,087
EX03933	Fisher Sand & Gravel Nm Inc	IM-040-6(57)340 CN 3933	5,908,144
EX04050	Constructors Inc	STP-0176-1(4)20 CN 4050	2,810,290
EX04063	Mountain States Constructors Inc.	IM-010-2(122)130	1,491,409
EX04075	Nationwide Construction Group	SP-P-9997(203) CN 4075	237,197
EX04080	Hout Fencing Of Wyoming Inc	HSIP-025-4(135)243 CN 4080	80,859
EX04082	Reiman Corp	BR-O-GFG2-9997-(1)	2,042,037
EX04084	A S Horner Inc	TPU-025-4(136)227	18,855
EX04085	J-H Supply Co Inc	CAQ-025-4(138)243	61,225
EX04089R	Bixby Electric Inc	HSIP-025-5(106)331 CN 4089R	515,658
EX04091	EI Terrero Construction LLC	BR-O-BR-S-EBS-1151(10)06	1,242,973
EX04097	Mountain States Constructors Inc.	IM-025-4(138)228 CN 4097	504,947
EX04100010	Mountain States Constructors Inc.	SP-025-5(205)308	(4,000)
EX04100020	Mountain States Constructors Inc.	HSIP-025-5(107)301 CN 4100020	144,377
EX05100060	Apache Construction	HSIP-040-3(194)182 CN 5100060	728,682
EX05100070	FNF Construction Inc	NH-285-1(21)356 CN 5100070	3,749,221
EX06100010R	Khani Company	HSIP-038-1(19)24	74,897
EX06100040	Mountain States Constructors Inc.	HSIP-1301(35)47	169,048
EX06100070	Khani Company	ESB-037-1(16)12 CN 6100070	799,949
EX06100100B	FNF Construction Inc	NH-033-2(50)64 CN 6100100B	10,470,987
EX087354	Reiman Corp	SP-5-09(384)	(30,000)
EX088574	A S Homer Inc	SP-6-09(320) CN 88574	1,341,516

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Notes To Financial Statements

19. CONTRACTS - continued

Contract Number	Contractor	Description	Expended In 2010
EX0A300011	Bixby Electric Inc	ESB-HSIP-4001(16)09 CN A300011	249,694
EX0BR406	Hamon Contractors Inc	BR-0402(15)05 CN BR406	719,191
EX0D2047	K Barnett & Sons Inc	TPM-209-1(23)12 CN D2047	4,065,680
EX0D2048	Constructors Inc	HSIP-0208(1)02	16,324
EX0D2410	James Hamilton Construction CO	NH-070-7(5)412 CN D2410	664,478
EX0D3017C	A S Horner Inc	IM-NH-025-4(123)221	6,073,377
EX0D4017	A S Horner Inc	BR-IBRC-IM-025-5(105)307	157,526
EX0D4078R	WWC Inc	EBS-043-1(19)307	-
EX0D4087	WWC Inc	EBE-TPA-044-1(14)11 CN D4087	148,783
EX0D6156	Hasse Contracting Company Inc	HSIP-0134(1)11	8,784
EX0ESG5B66	Skanska USA Cvl West Rocky Mountain Dist Inc	AC-GRIP-(NH)-491-1(11)59	13,751,939
EX0G1036C	FNF Construction Inc	AC-GRIP-(IM)-040-1(133)53	13,461,147
EX0G1143	A S Horner Inc	AC-GRIP-BR-EB-NH-040-3(155)161	16,600,088
EX0G1233A	Mountain States Constructors Inc.	AC-GRIP-IM-(IM)-040-3(149)174	16,876,408
EX0G1436ER	Fisher Sand & Gravel Co Inc	AC-GRIP-(NH)-040-2(68)126	10,985,857
EX0G1945	Star Paving Company	AC-GRIP-(NH)-285-1(97)187	7,730,127
EX0G1955	Mountain States Constructors Inc.	AC-GRIP-(NH)-051-1(97)186	10,815,276
EX0G1965	Northern Mountain Constructors	AC-GRIP-HSIP-(NH)-084-1(107)18	4,615,913
EX0G2132A	James Hamilton Construction CO	TPM-(GRIP)-1271(14)22 CNG2132A	15,829,662
EX0G2142A	James Hamilton Construction CO	SP-GRSS-GRIP-(TPM)-1271(208)08	11,211,737
EX0G2735	A S Horner Inc	AC-GRIP-(R)-064-4(24)106	2,396,090
EX0G3111	James Hamilton Construction CO	AC-GRIP-(TPM)-026-1(12)25	9,880,042
EX0G3212	Constructors Inc	SP-GA-(GRIP)-(TPM)-083-1(201)	7,776,861
EX0G3625	Mountain States Constructors Inc.	WA-NH-285-1(33)250 CN G3625	3,200,823
EX0G4013A	Mountain States Constructors Inc.	AC-GRIP-IMD-(IM-NH)-040-3(168)	26,717,416
EX0G4044BR	David Montoya Construction Inc	AC-GRIP-(NH)-064-9(37)390	8,006,933
EX0G5B07	FNF Construction Inc	STG2-(GRIP)-(NH)-491-1(206)15	6,352,884
EX0G7022C	James Hamilton Construction CO	AC-GRIP-TC-062-1(3) CN G7022C	11,935,655
EX0G7032A	James Hamilton Construction CO	AC-GRIP-HPP-TC-(NH)-062-1(2)16	14,522,301
EX0HE204	AUI Inc	HSIP-082-1(25)13 CN HE204	772,081
EX0L2039/M200098	Constructors Inc	TPE-1231(7)/SP-2-09(361)	839,953
EX0M200092	Versatile Construction Co Inc	SP-2-09(364) CN M200092	328,390
EX0M300010	Salls Brothers Constructions Inc	M300010	453,214
EX0M300105	Salls Brothers Constructions Inc	SP-3-09(335) CN M300105	172,178
EX0M400090	Versatile Construction Co Inc	SP-4-09(979) CN M400090	738,240
EX0M500005A	Star Paving Company	SP-5-09(306)	4,396
EX0T400010	Star Paving Company	Project No. T400010 CN T400010	913,322

## 20. RISK MANAGEMENT

The Department, as a state agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the state of New Mexico. The Department pays annual premiums to the Risk Management Division for coverage provided in the following areas:

1. Liability and civil rights protection for claims made by others against the state of New Mexico.
2. Coverage to protect the state of New Mexico's property and assets.
3. Fringe benefit coverage's for state of New Mexico employees.

During the 2008-2009 fiscal year, the Department paid Risk Management \$6,642,639 in insurance premiums. In the fiscal year 2009-2010, the Department paid Risk Management \$4,318,445. The Department's exposure is limited to \$1,000 per any first-party incurred property loss, with the exception of theft, which has a \$5,000 deductible.

After conferring with legal counsel concerning pending litigation and claims, the Department believes that the outcome of pending litigation should not have a materially adverse effect on the financial position or operations of the Department. In addition, for the years ended June 30, 2008, 2009 and 2010, the Department had no claims for which the Risk Management Division has returned as "not covered" that would become the responsibility of the Department.

## 21. 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, 2010, 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 \$152,586,193.

## 22. 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.

**23. 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, 2010 was \$994,455.

The future minimum lease payments under operating leases as of June 30, 2010 are as follows:

Years ending June 30:	<u>Lease Amounts</u>
2011	\$ 960,148
2012	418,707
2013	332,643
2014	209,604
2015 and thereafter	<u>119,700</u>
	<u>\$ 2,040,802</u>

**24. 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, 2010 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.

**25. 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.

**26. BUDGET TO GAAP EXPENDITURES RECONCILIATION**

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		\$ 1,164,032,453
Add: Net change in accruals due to accounts payable past the DFA cut-off		
Road Fund	4,413,010	
ARRA Fund	7,095,087	
Traffic Safety Fund	333,451	
Fund 10030	(1,374,036)	
Fund 10210	1,923,634	
Fund 10250	194,520	
Fund 10410	(169,873)	
Fund 10420	(110,191)	
Fund 10450	1,368,693	
Fund 20400	(77,878)	
Fund 20500	103,120	
Fund 20700	4,804	
		13,704,341
Add: transfer activities reported in expenses in budgeting reporting		
Road Fund	7,138,902	
Fund 10050	1,674,086	
		8,812,988
Less: multi-year fund budgetary expenses not reported in agency budget and actual		
Fund 10050	(275,843)	
Fund 10060	(46,499,576)	
Fund 10070	(28,890,545)	
Total multi-year expenditures		(75,665,964)
Less: amortization expense in Fund 20100		
		(3,189,030)
Add: State Infrastructure Bank included in agency budget and actual		
		-
Statement of Revenues and Expenditures Budget and Actual (Modified Accrual Basis)		\$ 1,107,694,788



**27. BUDGETED VS. ACTUAL EXPENDITURES**

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

Business/Program Support, Transfers, in the amount of	\$ 144,077,657
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**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 some of 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 has met with the Department of Finance and Administration to arrive at a solution. Although some of the debt service payments will be recognized as HB2 has funded, some are still required to be recorded in the debt service funds. In the case of these ones, the Department will be required to budget additional amounts for activities in those debt service funds in excess of cash distributed from the road fund. The Department will begin budgeting for these activities in fiscal year 2011. Also, in order to gain a better interest rate, the Department has also defeased some bonded debt by selling refunding bonds. The amount also reflects the amount of the bonds defeased.

**28. RELATED PARTY TRANSACTIONS**

During 2006-2009, the Department performed the scope requirements, approved the related study and required improvements, and issued a traffic control permit for a development in Albuquerque. At the conclusion of the construction in July 2009, the Department inspected the work and found the roadway improvement did not meet Department specifications.

Subsequently, in October 2009, a part owner of the developer became a Commissioner of the Department. Discussions continued with the developer and in May 2010, in lieu of reconstruction the improvements, it was agreed to allow the developer to provide the Department with a 10 year written warranty that the improvements would endure as if they met Department specifications.

**29. SUBSEQUENT EVENTS**

**Series 2010A Refunding Bonds**

The Department issued \$175,625,000 through the NMFA State Transportation Senior Lien Refunding Revenue Bonds, Series 2010A-1 for \$95,525,000 and NMFA State Transportation Subordinate Lien Revenue Bonds, Series 2010 A-2 for \$79,100,000 in September 2010. The gross proceeds to the Department were \$200,494,152 including the premium of \$26,745,858. The cost of issuance, including the underwriter's discount, was \$1,370,859. Series 2010A Bonds were issued to refinance the existing 200,000,000 Tax Exempt Line of Credit being used to fund specific projects as designated by the department. At the time of the refunding, the outstanding balance on the LOC was \$ 122,588,067.62.

**Series 2010B Refunding Bonds**

The Department issued \$ 461,075,000 through the NMFA State Transportation Senior Lien Refunding Revenue Bonds, Series 2010B in October 2010. The gross proceeds to the Department were \$543,315,911.25 including the premium of \$84,632,801.80. The cost of issuance, including the underwriter's discount, was \$3,309,457.09. The bonds were issued to refund \$470.3 million of outstanding closed lien and senior lien bonds for debt service savings. The transaction resulted in \$26.7 million in cash flow savings (\$22.4 million in present value savings).

**Updated Fair Value of Swaps**

The estimated fair value of the swaps at November 23, 2010 was as follows:

Counterparty	Notional Value	Fair Value
Goldman Sachs	\$ 50,000,000	\$ (10,364,955)
Deutsche	50,000,000	(10,364,955)
Royal Bank of Canada	100,000,000	(20,729,910)
JPMorgan Chase Bank	110,000,000	(28,763,773)
UBS AG	110,000,000	(28,763,773)
Total	<u>\$ 420,000,000</u>	<u>\$ (98,987,366)</u>

**30. CHANGE IN ACCOUNTING METHOD**

Due to findings in prior years, management met with the Department of Finance and Administration to discuss solutions to budget and technical problems. Under their advisement, we have changed from reporting all debt service expenditures in the debt service funds to recording the expenditures for the newer issuances (issued in 2004 or later) in the road fund. The debt service expenditures for the older issuances continue to be reported in the debt service funds.

**31. INSURANCE COVERAGE**

The Department obtains coverage through Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance and state unemployment. These coverages are designed to satisfy the requirements of the State Tort Claims Act. All employees of the Department are covered by blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence by the State of New Mexico for the period July 1, 2009, through June 30, 2010.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

As of June 30, 2010

	Traffic Safety Fund (SHARE 10010, 20800, 82600)	Driver Improvement Program Fund (SHARE 10020)	Federal Planning and Development Fund (SHARE 10030)	Local Government Road Fund (SHARE 20300)	State Aviation Fund (SHARE 20500)
<b>Assets:</b>					
<b>Cash:</b>					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
<b>Cash Equivalents:</b>					
<b>fund investment pool)</b>					
Unrestricted	5,870,707	331,641	-	16,390,798	7,009,303
Restricted	-	-	-	-	-
Managed by NMFA	-	-	-	-	-
<b>Receivables:</b>					
Taxes receivable, net	140,375	-	-	3,857,075	542,151
Accounts receivable, net	-	-	-	-	-
Interest receivable	-	-	-	-	-
Notes and loans receivable	-	-	-	-	-
Other receivables	-	-	-	-	493
<b>Due from:</b>					
Other funds	672,246	69,920	142,010	32,803	1,241,327
Other State agencies	323	-	-	2,468	1,054
U.S. Department of Transportation	5,740,779	-	2,978,531	-	208,950
Inventories	-	-	-	-	-
Prepaid expenses - other	-	-	-	-	-
Prepaid expenses - risk management	-	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 12,424,430</b>	<b>\$ 401,561</b>	<b>\$ 3,120,541</b>	<b>\$ 20,283,144</b>	<b>\$ 9,003,278</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Due to state treasurer's office	\$ 121,653	\$ -	\$ 3,721,465	\$ -	\$ -
Accounts payable	4,113,352	-	893,986	1,486,704	132,869
Due to other funds	2,208,886	-	-	-	1,565,765
Due to other agencies	-	-	-	-	-
Due to state general fund	-	-	114,353	-	-
Payable to other governments	-	-	-	-	-
Deferred revenue	4,432,162	-	46,341	-	108,825
Other accrued expenses	24,337	-	18,844	-	28,513
Other liabilities	-	-	-	-	-
Short-term notes payable (taxable line of credit)	-	-	-	-	-
<b>Total Liabilities</b>	<b>10,900,390</b>	<b>-</b>	<b>4,794,989</b>	<b>1,486,704</b>	<b>1,835,972</b>
<b>Fund Balances:</b>					
142,010					
<b>Reserved for:</b>					
Inventories	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Unreserved, reported in:</b>					
Special revenue funds	1,524,040	401,561	(1,674,448)	18,796,440	7,167,306
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Unreserved	-	-	-	-	-
<b>Total Fund Balances</b>	<b>1,524,040</b>	<b>401,561</b>	<b>(1,674,448)</b>	<b>18,796,440</b>	<b>7,167,306</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,424,430</b>	<b>\$ 401,561</b>	<b>\$ 3,120,541</b>	<b>\$ 20,283,144</b>	<b>\$ 9,003,278</b>

See Independent Auditors' Report

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

Motorcycle Training Fund	DWI Prevention and Education Fund	1993 Bond Project Fund	1999A CHAT Project Fund	2000A CHAT Project Fund	2001A CHAT Project Fund	2002A CHAT Project Fund
(SHARE 20600)	(SHARE 20700)	(SHARE 39400)	(SHARE 43000)	(SHARE 34500)	(SHARE 00600)	(SHARE 36800)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
294,977	1,557,507	-	-	-	-	-
-	-	1,591,152	2,113,140	-	4,794,832	-
-	-	-	-	-	-	-
16,388	60,995	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	48,769	-	-	-	-	-
41	-	235	312	-	707	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 311,406</u>	<u>\$ 1,667,271</u>	<u>\$ 1,591,387</u>	<u>\$ 2,113,452</u>	<u>\$ -</u>	<u>\$ 4,795,539</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
189,007	7,066	-	-	-	87,120	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,847	-	-	-	-	-
-	-	-	-	-	-	-
<u>189,007</u>	<u>10,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,120</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
122,399	1,656,358	1,591,387	2,113,452	-	4,708,419	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>122,399</u>	<u>1,656,358</u>	<u>1,591,387</u>	<u>2,113,452</u>	<u>-</u>	<u>4,708,419</u>	<u>-</u>
<u>\$ 311,406</u>	<u>\$ 1,667,271</u>	<u>\$ 1,591,387</u>	<u>\$ 2,113,452</u>	<u>\$ -</u>	<u>\$ 4,795,539</u>	<u>\$ -</u>

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

As of June 30, 2010

	2002C HIF Project Fund	2002D CHAT Project Fund	2004A GRIP Project Fund	2006A GRIP Project Fund	2006B GRIP Project Fund
	(SHARE 36100)	(SHARE 11500)	(SHARE 20400)	(SHARE 10210)	SHARE (10230)
<b>Assets:</b>					
<b>Cash:</b>					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
<b>Cash Equivalents:</b>					
<b>fund investment pool)</b>					
Unrestricted	-	-	-	-	-
Restricted	1,301,188	778,300	-	-	-
Managed by NMFA	-	-	13,601,093	25,296,048	2,414,296
<b>Receivables:</b>					
Taxes receivable, net	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Interest receivable	-	-	1,486	4,029	-
Notes and loans receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Due from:</b>					
Other funds	-	-	670,000	230,271	-
Other State agencies	192	115	-	-	-
U.S. Department of Transportation	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid expenses - other	-	-	-	-	-
Prepaid expenses - risk management	-	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,301,380</b>	<b>\$ 778,415</b>	<b>\$ 14,272,579</b>	<b>\$ 25,530,348</b>	<b>\$ 2,414,296</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Due to state treasurer's office	\$ -	\$ -	\$ 2,651,762	\$ 844,034	\$ -
Accounts payable	-	-	830,388	1,936,990	-
Due to other funds	-	142,904	419,757	870,000	-
Due to other agencies	-	-	-	-	-
Due to state general fund	-	-	-	-	-
Payable to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Other accrued expenses	-	-	-	-	-
Other liabilities	-	-	-	-	-
Short-term notes payable (taxable line of credit)	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>142,904</b>	<b>3,901,907</b>	<b>3,651,024</b>	<b>-</b>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Inventories	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Unreserved, reported in:</b>					
Special revenue funds	1,301,380	635,511	10,370,672	21,879,324	2,414,296
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Unreserved	-	-	-	-	-
<b>Total Fund Balances</b>	<b>1,301,380</b>	<b>635,511</b>	<b>10,370,672</b>	<b>21,879,324</b>	<b>2,414,296</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,301,380</b>	<b>\$ 778,415</b>	<b>\$ 14,272,579</b>	<b>\$ 25,530,348</b>	<b>\$ 2,414,296</b>

See Independent Auditors' Report



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

2006C GRIP Project Fund (SHARE 10250)	2006D GRIP Project Fund (SHARE 10270)	GRIP LOC Project Fund (SHARE 10450)	Total Special Revenue Funds	Capital Projects Fund (SHARE 10050)	STB Capital Improvements Projects (SHARE 10060)	Total Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	31,454,933	-	-	-
47,777	-	4,010,570	14,636,959	278,628	-	278,628
6,652,129	50,011,079	2,605	97,977,250	-	-	-
-	-	-	4,616,984	-	-	-
-	-	-	-	-	-	-
-	6	3	5,524	-	-	-
-	-	-	493	-	-	-
-	-	-	3,107,346	9,297,386	-	9,297,386
-	-	-	5,447	-	7,626,650	7,626,650
-	-	-	8,928,260	-	-	-
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**DEPARTMENT OF TRANSPORTATION**  
**Combining Balance Sheet-By Fund Type-Non Major Funds**

As of June 30, 2010

	1998A WIPP Debt Service	1998A CHAT Debt Service	1999 CHAT Debt Service	2000 CHAT Debt Service	2001A CHAT Debt Service
	(SHARE 97200)	(SHARE 54800)	(SHARE 43400)	(SHARE 43200)	(SHARE 00700)
<b>Assets:</b>					
<b>Cash:</b>					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
<b>Cash Equivalents:</b>					
<b>fund investment pool)</b>					
Unrestricted	-	-	-	-	-
Restricted	14,478	141,277	265,627	203,637	233,268
Managed by NMFA	199,155	86,138	749,777	1,183,729	1,650,619
<b>Receivables:</b>					
Taxes receivable, net	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Interest receivable	4	2	17	167	128
Notes and loans receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Due from:</b>					
Other funds	-	-	-	-	-
Other State agencies	2	21	39	30	34
U.S. Department of Transportation	-	-	-	-	-
<b>Inventories</b>					
Prepaid expenses - other	-	-	-	-	-
Prepaid expenses – risk management	-	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 213,639</b>	<b>\$ 227,438</b>	<b>\$ 1,015,460</b>	<b>\$ 1,387,563</b>	<b>\$ 1,884,049</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Due to state treasurer's office	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other agencies	-	-	-	-	-
Due to state general fund	-	-	-	-	-
Payable to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Other accrued expenses	-	-	-	-	-
Other liabilities	-	-	-	-	-
Short-term notes payable (taxable line of credit)	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Inventories	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Unreserved, reported in:</b>					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	213,639	227,438	1,015,460	1,387,563	1,884,049
Unreserved	-	-	-	-	-
<b>Total Fund Balances</b>	<b>213,639</b>	<b>227,438</b>	<b>1,015,460</b>	<b>1,387,563</b>	<b>1,884,049</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 213,639</b>	<b>\$ 227,438</b>	<b>\$ 1,015,460</b>	<b>\$ 1,387,563</b>	<b>\$ 1,884,049</b>

See Independent Auditors' Report

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

2002A CHAT Debt Service (SHARE 54700)	2002B WIPP Debt Service (SHARE 75000)	2002C HIF Debt Service (SHARE 36300)	2002D CHAT Debt Service (SHARE 18700)	2004A GRIP Debt Service (SHARE 10080)	2004B GRIP Debt Service (SHARE 10090)	2006A GRIP Debt Service (SHARE 10220)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
83,389	110,675	62,093	12,781	-	-	-
705,362	702,208	91,981	41,619	1,874,391	46,088,635	30,572
-	-	-	-	-	-	-
103	107	25	15	1,279	1,944	230
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12	16	9	2	-	-	1,437,084
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DEPARTMENT OF TRANSPORTATION  
Combining Balance Sheet-By Fund Type-Non Major Funds

As of June 30, 2010

	2006B GRIP Debt Service	2006C GRIP Debt Service	2006D GRIP Debt Service	2008A GRIP Debt Service	2008B GRIP Debt Service
	(SHARE 10240)	(SHARE 10260)	(SHARE 10280)	(SHARE 10410)	(SHARE 10420)
<b>Assets:</b>					
<b>Cash:</b>					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
<b>Cash Equivalents:</b>					
<b>fund investment pool)</b>					
Unrestricted	-	-	-	-	-
Restricted	-	-	-	-	-
Managed by NMFA	3,297	-	-	1,711,571	1,480,537
<b>Receivables:</b>					
Taxes receivable, net	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Interest receivable	41	-	-	23,116	51,528
Notes and loans receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Due from:</b>					
Other funds	-	-	-	1,155,560	148,890
Other State agencies	-	-	-	-	-
U.S. Department of Transportation	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid expenses - other	-	-	-	-	-
Prepaid expenses - risk management	-	-	-	-	-
Prepaid expense - NM44 warranty	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,338</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,890,247</b>	<b>\$ 1,680,955</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Due to state treasurer's office	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	264,711	312,248
Due to other funds	-	-	-	2,269,036	-
Due to other agencies	-	-	-	-	-
Due to state general fund	-	-	-	-	-
Payable to other governments	1,250,370	-	-	-	52,951
Deferred revenue	-	-	-	-	-
Other accrued expenses	-	-	-	-	-
Other liabilities	-	-	-	-	-
Short-term notes payable (taxable line of credit)	-	-	-	548,571	1,047,619
<b>Total Liabilities</b>	<b>1,250,370</b>	<b>-</b>	<b>-</b>	<b>3,082,318</b>	<b>1,412,818</b>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Inventories	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Unreserved, reported in:</b>					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	(1,247,032)	-	-	(192,071)	268,137
Unreserved	-	-	-	-	-
<b>Total Fund Balances</b>	<b>(1,247,032)</b>	<b>-</b>	<b>-</b>	<b>(192,071)</b>	<b>268,137</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,338</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,890,247</b>	<b>\$ 1,680,955</b>

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**DEPARTMENT OF TRANSPORTATION**

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

For the Year Ended June 30, 2010

	Traffic Safety Fund (SHARE 20800, 10010, 82600)	Driver Improvement Program Fund (SHARE 10020)	Federal Planning and Development Func (SHARE 10030)	Local Government Road Fund (SHARE 20300)	State Aviation Fund (SHARE 20500)
<b>Revenues:</b>					
User and fuel taxes	\$ -	\$ -	\$ -	\$ 13,143,342	\$ 5,674,527
U.S. Department of Transportation	11,187,736	-	14,144,750	-	237,918
U.S. Department of Energy	-	-	-	-	-
Fees and fines	-	-	-	-	70,287
Licenses and permits	1,955,328	365,573	-	7,431,275	-
Charges for services	-	-	-	-	-
DWI interlock device	-	-	-	-	-
Other revenue	232,736	-	2,894,649	-	1,200
Interest earnings	3,030	-	-	23,960	8,117
<b>Total Revenues</b>	<b>13,378,830</b>	<b>365,573</b>	<b>17,039,399</b>	<b>20,598,577</b>	<b>5,992,049</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Operating costs	-	-	-	-	46,562
Personal services	393,610	-	303,014	-	259,565
Out-of-state travel	8,938	-	751	-	8,620
Grants and services	15,788,887	514,193	14,645,145	17,812,711	2,411,268
Travel	3	-	15	-	12,731
Maintenance and repairs	-	-	-	-	38,175
Supplies	-	-	177	-	11,415
Contractual services	958,889	-	-	-	1,103,905
Other costs	2,017,155	1,475	-	-	16,746
Employee benefits	153,109	-	95,052	-	88,833
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Debt issuance costs	-	-	-	-	-
<b>Total Expenditures</b>	<b>19,320,591</b>	<b>515,668</b>	<b>15,044,154</b>	<b>17,812,711</b>	<b>3,997,820</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(5,941,761)</b>	<b>(150,095)</b>	<b>1,995,245</b>	<b>2,785,866</b>	<b>1,994,229</b>
<b>Other Financing Sources (Uses):</b>					
Appropriations, net of reversions	-	-	-	-	-
Transfers from – Severance					
Tax Bond Appropriation	-	-	-	-	-
Transfers from (to) other agencies	300,000	-	-	-	-
Transfers	-	-	-	-	-
Proceeds from LT notes payable	-	-	-	-	-
Proceeds from debentures payable	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>(5,641,761)</b>	<b>(150,095)</b>	<b>1,995,245</b>	<b>2,785,866</b>	<b>1,994,229</b>
Fund Balances June 30, 2009	7,165,801	551,656	(3,669,693)	16,010,574	5,173,077
<b>Fund Balances June 30, 2010</b>	<b>\$ 1,524,040</b>	<b>\$ 401,561</b>	<b>\$ (1,674,448)</b>	<b>\$ 18,796,440</b>	<b>\$ 7,167,306</b>

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

For the Year Ended June 30, 2010

	2002C HIF Project Fund	2002D CHAT Project Fund	2004A GRIP Project Fund	2006A GRIP Project Fund	2006B GRIP Project Fund
	(SHARE 36100)	(SHARE 11500)	(SHARE 20400)	(SHARE 10210)	SHARE (10230)
<b>Revenues:</b>					
User and fuel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Department of Transportation	-	-	-	-	-
U.S. Department of Energy	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
DWI interlock device	-	-	-	-	-
Other revenue	-	-	-	-	-
Interest earnings	1,848	1,105	194,128	547,119	137,768
<b>Total Revenues</b>	<b>1,848</b>	<b>1,105</b>	<b>194,128</b>	<b>547,119</b>	<b>137,768</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Operating costs	-	-	-	-	-
Personal services	-	-	-	-	-
Out-of-state travel	-	-	-	-	-
Grants and services	-	-	-	-	-
Travel	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Supplies	-	-	-	-	-
Contractual services	-	-	77,878	-	-
Other costs	-	-	4,077	9,500	-
Employee benefits	-	-	-	-	-
Capital outlay	-	-	16,042,642	26,854,693	-
<b>Debt service:</b>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Debt issuance costs	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>16,124,597</b>	<b>26,864,193</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,848</b>	<b>1,105</b>	<b>(15,930,469)</b>	<b>(26,317,074)</b>	<b>137,768</b>
<b>Other Financing Sources (Uses):</b>					
Appropriations, net of reversions	-	-	-	-	-
Transfers from - Severance	-	-	-	-	-
Tax Bond Appropriation	-	-	-	-	-
Transfers from (to) other agencies	-	-	-	-	-
Transfers	-	-	(185,980)	(1,509,810)	(38,058)
Proceeds from LT notes payable	-	-	-	-	-
Proceeds from debentures payable	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(185,980)</b>	<b>(1,509,810)</b>	<b>(38,058)</b>
<b>Net Changes in Fund Balances</b>	<b>1,848</b>	<b>1,105</b>	<b>(16,116,449)</b>	<b>(27,826,884)</b>	<b>99,710</b>
Fund Balances June 30, 2009	1,299,532	634,406	26,487,121	49,706,208	2,314,586
<b>Fund Balances June 30, 2010</b>	<b>\$ 1,301,380</b>	<b>\$ 635,511</b>	<b>\$ 10,370,672</b>	<b>\$ 21,879,324</b>	<b>\$ 2,414,296</b>

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DEPARTMENT OF TRANSPORTATION

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

2006C GRIP Project Fund	2006D GRIP Project Fund	GRIP LOC Project Fund	Total Special Revenue Funds	Capital Projects Fund	STB Capital Improvements Projects	Total Capital Projects Funds
(SHARE 10250)	(SHARE 10270)	(SHARE 10450)		(SHARE 10050)	(SHARE 10060)	
\$ -	\$ -	\$ -	\$ 18,817,869	\$ -	\$ -	\$ -
-	-	-	25,570,404	-	-	-
-	-	-	70,287	-	-	-
-	-	-	10,537,318	-	-	-
-	-	-	-	-	-	-
-	-	-	3,128,585	-	32,702	32,702
1,071,756	57,086	141	2,060,884	-	-	-
1,071,756	57,086	141	60,185,347	-	32,702	32,702
-	-	-	46,562	-	-	-
-	-	-	1,010,232	-	-	-
-	-	-	18,309	-	-	-
-	-	-	51,431,024	-	-	-
-	-	-	12,749	-	-	-
-	-	-	38,175	255,895	-	255,895
-	-	-	11,592	19,948	786,825	806,773
-	3,703	-	2,144,375	-	42,956,578	42,956,578
-	-	-	2,048,953	-	-	-
-	-	-	358,466	-	-	-
5,924	-	60,218,072	103,121,331	1,398,243	1,357,930	2,756,173
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,924	3,703	60,218,072	160,241,768	1,674,086	45,101,333	46,775,419
1,065,832	53,383	(60,217,931)	(100,056,421)	(1,674,086)	(45,068,631)	(46,742,717)
-	-	-	-	-	-	-
-	-	-	-	-	45,101,333	45,101,333
-	-	-	300,000	-	-	-
89,732	(147,746)	(23)	(1,980,892)	1,674,086	-	1,674,086
-	-	80,534,067	80,534,067	-	-	-
-	-	-	-	-	-	-
89,732	(147,746)	80,534,044	78,853,175	1,674,086	45,101,333	46,775,419
1,155,564	(94,363)	20,316,113	(21,203,246)	-	32,702	32,702
5,544,342	50,105,448	(19,401,098)	151,837,349	9,576,014	(3,005,986)	6,570,048
\$ 6,699,906	\$ 50,011,085	\$ 915,015	\$ 130,634,103	\$ 9,576,014	\$ (2,973,264)	\$ 6,602,750

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DEPARTMENT OF TRANSPORTATION

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

For the Year Ended June 30, 2010

	1998A WIPP Debt Service	1998A CHAT Debt Service	1999 CHAT Debt Service	2000 CHAT Debt Service	2001A CHAT Debt Service
	(SHARE 97200)	(SHARE 54800)	(SHARE 43400)	(SHARE 43200)	(SHARE 00700)
<b>Revenues:</b>					
User and fuel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Department of Transportation	-	-	-	-	-
U.S. Department of Energy	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
DWI interlock device	-	-	-	-	-
Other revenue	-	-	122,854	-	-
Interest earnings	3,487	1,912	795	5,077	4,727
<b>Total Revenues</b>	<b>3,487</b>	<b>1,912</b>	<b>123,649</b>	<b>5,077</b>	<b>4,727</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Operating costs	-	-	-	-	-
Personal services	-	-	-	-	-
Out-of-state travel	-	-	-	-	-
Grants and services	-	-	-	-	-
Travel	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Supplies	-	-	-	-	-
Contractual services	-	-	-	-	-
Other costs	-	-	-	-	-
Employee benefits	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Debt service:</b>					
Principal	23,890,000	9,555,000	-	14,605,000	74,770,000
Interest	-	-	-	876,300	477,250
Debt issuance costs	-	-	-	-	-
<b>Total Expenditures</b>	<b>23,890,000</b>	<b>9,555,000</b>	<b>-</b>	<b>15,481,300</b>	<b>75,247,250</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(23,886,513)</b>	<b>(9,553,088)</b>	<b>123,649</b>	<b>(15,476,223)</b>	<b>(75,242,523)</b>
<b>Other Financing Sources (Uses):</b>					
Appropriations, net of reversions	-	-	-	-	-
Transfers from – Severance	-	-	-	-	-
Tax Bond Appropriation	-	-	-	-	-
Transfers from (to) other agencies	-	-	-	-	-
Transfers	23,890,000	9,555,000	-	15,481,300	75,247,250
Proceeds from LT notes payable	-	-	-	-	-
Proceeds from debentures payable	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>23,890,000</b>	<b>9,555,000</b>	<b>-</b>	<b>15,481,300</b>	<b>75,247,250</b>
<b>Net Changes in Fund Balances</b>	<b>3,487</b>	<b>1,912</b>	<b>123,649</b>	<b>5,077</b>	<b>4,727</b>
Fund Balances June 30, 2009	210,152	225,526	891,811	1,382,486	1,879,322
<b>Fund Balances June 30, 2010</b>	<b>\$ 213,639</b>	<b>\$ 227,438</b>	<b>\$ 1,015,460</b>	<b>\$ 1,387,563</b>	<b>\$ 1,884,049</b>

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DEPARTMENT OF TRANSPORTATION

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

For the Year Ended June 30, 2010

	2006B GRIP Debt Service	2006C GRIP Debt Service	2006D GRIP Debt Service	2008A GRIP Debt Service	2008B GRIP Debt Service
	(SHARE 10240)	(SHARE 10260)	(SHARE 10280)	(SHARE 10410)	(SHARE 10420)
<b>Revenues:</b>					
User and fuel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Department of Transportation	-	-	-	-	-
U.S. Department of Energy	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
DWI interlock device	-	-	-	-	-
Other revenue	-	-	-	-	-
Interest earnings	1,941	-	-	213,848	1,363,630
<b>Total Revenues</b>	<b>1,941</b>	<b>-</b>	<b>-</b>	<b>213,848</b>	<b>1,363,630</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Operating costs	-	-	-	-	-
Personal services	-	-	-	-	-
Out-of-state travel	-	-	-	-	-
Grants and services	-	-	-	-	-
Travel	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Supplies	-	-	-	-	-
Contractual services	-	-	-	-	-
Other costs	2,931	-	-	578,427	129,827
Employee benefits	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Debt service:</b>					
Principal	1,172,500	-	-	-	-
Interest	(37)	-	-	1,059,119	1,260,715
Debt issuance costs	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,175,394</b>	<b>-</b>	<b>-</b>	<b>1,637,546</b>	<b>1,390,542</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,173,453)</b>	<b>-</b>	<b>-</b>	<b>(1,423,698)</b>	<b>(26,912)</b>
<b>Other Financing Sources (Uses):</b>					
Appropriations, net of reversions	-	-	-	-	-
Transfers from - Severance	-	-	-	-	-
Tax Bond Appropriation	-	-	-	-	-
Transfers from (to) other agencies	-	-	-	-	-
Transfers	-	-	94,155	1,283,769	-
Proceeds from LT notes payable	-	-	-	-	-
Proceeds from debentures payable	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>94,155</b>	<b>1,283,769</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>(1,173,453)</b>	<b>-</b>	<b>94,155</b>	<b>(139,929)</b>	<b>(26,912)</b>
Fund Balances June 30, 2009	(73,579)	-	(94,155)	(52,142)	295,049
<b>Fund Balances June 30, 2010</b>	<b>\$ (1,247,032)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (192,071)</b>	<b>\$ 268,137</b>

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DEPARTMENT OF TRANSPORTATION

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

2008C GRIP Debt Service (SHARE 10430)	2008D GRIP Debt Service (SHARE 10440)	2008 EX LOC Debt Service (SHARE 11140)	2009A Refunding Debt Service (SHARE 11130)	Total Debt Service Funds	Total Government Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,817,869
-	-	-	-	-	25,570,404
-	-	-	-	-	70,287
-	-	-	-	-	10,537,318
-	-	-	-	-	-
-	-	-	18,396,894	18,519,748	21,681,035
156,286	1,414	-	1,610	4,075,651	6,136,535
<u>156,286</u>	<u>1,414</u>	<u>-</u>	<u>18,398,504</u>	<u>22,595,399</u>	<u>82,813,448</u>
-	-	-	-	-	46,562
-	-	-	-	-	1,010,232
-	-	-	-	-	18,309
-	-	-	-	-	51,431,024
-	-	-	-	-	12,749
-	-	-	-	-	294,070
-	-	-	-	-	818,365
-	-	-	-	-	45,100,953
1,273,857	-	-	11,470,803	13,455,858	15,504,811
-	-	-	-	-	358,466
-	-	-	-	-	105,877,504
-	-	-	6,326,872	177,404,372	177,404,372
817,545	-	-	7,960,412	14,877,684	14,877,684
-	-	-	899,329	899,329	899,329
<u>2,091,402</u>	<u>-</u>	<u>-</u>	<u>26,657,416</u>	<u>206,637,243</u>	<u>413,654,430</u>
<u>(1,935,116)</u>	<u>1,414</u>	<u>-</u>	<u>(8,258,912)</u>	<u>(184,041,844)</u>	<u>(330,840,982)</u>
-	-	-	-	-	-
-	-	-	-	-	45,101,333
-	-	-	-	-	300,000
1,130,977	74,643	23	(104,061,266)	71,415,549	71,108,743
-	-	-	-	-	80,534,067
-	-	-	112,345,000	112,345,000	112,345,000
<u>1,130,977</u>	<u>74,643</u>	<u>23</u>	<u>8,283,734</u>	<u>183,760,549</u>	<u>309,389,143</u>
<u>(804,139)</u>	<u>76,057</u>	<u>23</u>	<u>24,822</u>	<u>(281,295)</u>	<u>(21,451,839)</u>
461,723	606,507	-	-	55,448,003	213,855,400
<u>\$ (342,416)</u>	<u>\$ 682,564</u>	<u>\$ 23</u>	<u>\$ 24,822</u>	<u>\$ 55,166,708</u>	<u>\$ 192,403,561</u>

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**SUPPLEMENTARY INFORMATION**  
**Budget to Actual Schedules**

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

For the Year Ended June 30, 2010

	STATE ROAD FUND (SHARE 10040/10140/10150/20100/20200/43100/78800/78900/82000)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ 332,077,000	\$ 417,967,900	\$ 350,688,191	\$ (67,279,709)
Other state funds, inc. line of credit	403,571,398	368,579,201	382,150,807	13,571,606
State general fund	-	-	-	-
Inter-agency transfers	-	-	204,138	204,138
Interest revenue	1,600,002	1,600,002	63,095	(1,536,907)
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<b>737,248,400</b>	<b>788,147,103</b>	<b>\$ 733,106,231</b>	<b>\$ (55,040,872)</b>
<b>Prior Year Funds Rebudgeted</b>	<b>1,000,000</b>	<b>127,782,214</b>		
	<b>\$ 738,248,400</b>	<b>\$ 915,929,317</b>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ 26,581,100	\$ 24,754,649	\$ 23,550,740	\$ 1,203,909
Contractual services	242,759,500	362,927,167	242,189,545	120,737,622
Other	180,432,800	190,494,384	161,719,754	28,774,630
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	449,773,400	578,176,200	427,460,039	150,716,161
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	108,992,000	97,909,438	95,292,729	2,616,709
Contractual services	45,943,900	122,371,096	39,882,489	82,488,607
Other	78,043,900	65,861,083	63,699,277	2,161,806
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	232,979,800	286,141,617	198,874,495	87,267,122
<b>Business/Program Support</b>				
Personal services/employee benefits	26,986,900	25,282,100	24,620,339	661,761
Contractual services	6,345,200	5,461,811	3,861,865	1,599,946
Other	15,213,200	13,917,689	12,059,348	1,858,341
Transfers (in) out	6,949,900	6,949,900	8,623,986	(1,674,086)
Reversions	-	-	-	-
	55,495,200	51,611,500	49,165,538	2,445,962
<b>Total Annual Budgeted</b>				
<b>Expenditures</b>	<b>\$ 738,248,400</b>	<b>\$ 915,929,317</b>	<b>\$ 675,500,072</b>	<b>\$ 240,429,245</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	GENERAL FUND APPROPRIATIONS FUND (SHARE 10070)				
	Life-to-Date	FY10	Adjustments	Life-to-Date	
	Budgeted Amounts	Actual Amounts (Modified Accrual)		Actual Amounts (Modified Accrual)	Variance Over (Under)
<b>REVENUES:</b>					
Federal funds	\$ -	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-	-
State general fund	146,269,030	-	-	146,269,030	-
Inter-agency transfers	2,400,284	497,555	-	2,400,284	-
Interest revenue	-	-	-	-	-
Bond proceeds	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 148,669,314</b>	<b>\$ 497,555</b>	<b>\$ -</b>	<b>\$ 148,669,314</b>	<b>\$ -</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	131,994,148	28,890,547	-	120,997,012	10,997,136
Other	14,274,882	-	-	14,274,882	-
Transfers (in) out	3,041,399	326,487	-	3,041,399	-
Reversions	28,542,562	25,351,260	-	28,542,562	-
	177,852,991	54,568,294	-	166,855,855	10,997,136
<b>Business/Program Support</b>					
Personal services/employee benefits	-	-	-	-	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (in) out	-	-	-	-	-
Reversions	-	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ 177,852,991</b>	<b>\$ 54,568,294</b>	<b>\$ -</b>	<b>\$ 166,855,855</b>	<b>\$ 10,997,136</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**  
**Statement of Revenues and Expenditures-Budget and Actual**  
**(Modified Accrual Basis)**

For the Year Ended June 30, 2010

	ARRA PROJECT FUND (SHARE 89000)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ 249,105,144	\$ 278,918,962	\$ 133,383,248	\$ (145,535,714)
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	1,381,035	3,881,035	1,273,651	(2,607,384)
Interest revenue	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>250,486,179</u>	<u>282,799,997</u>	<u>\$ 134,656,899</u>	<u>\$ (148,143,098)</u>
<b>Prior Year Funds Rebudgeted</b>	-	-		
	<u>\$ 250,486,179</u>	<u>\$ 282,799,997</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ 456,344	\$ 456,344	\$ 88,382	\$ 367,962
Contractual services	236,365,215	267,805,174	124,703,601	143,101,573
Other	13,664,620	14,538,479	7,762,137	6,776,342
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>250,486,179</u>	<u>282,799,997</u>	<u>132,554,120</u>	<u>150,245,877</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<u>\$ 250,486,179</u>	<u>\$ 282,799,997</u>	<u>\$ 132,554,120</u>	<u>\$ 150,245,877</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	NON MAJOR GOVERNMENTAL FUNDS			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ 27,439,400	\$ 33,952,790	\$ 25,570,405	\$ (8,382,385)
Other state funds, inc. line of credit	172,621,646	166,068,638	131,607,874	(34,460,764)
State general fund	-	-	-	-
Inter-agency transfers	-	-	300,000	300,000
Interest revenue	1,740,000	1,740,000	6,179,669	4,439,669
Bond proceeds	-	-	112,345,000	112,345,000
<b>Total Revenues:</b>	<u>201,801,046</u>	<u>201,761,428</u>	<u>\$ 276,002,948</u>	<u>\$ 74,241,520</u>
<b>Prior Year Funds Rebudgeted</b>	<u>138,301,519</u>	<u>173,658,992</u>		
	<u>\$ 340,102,565</u>	<u>\$ 375,420,420</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ 1,861,000	\$ 1,861,000	\$ 1,368,698	\$ 492,302
Contractual services	277,165,765	282,511,256	109,000,005	173,511,251
Other	38,255,800	56,846,229	34,536,664	22,309,565
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>317,282,565</u>	<u>341,218,485</u>	<u>144,905,367</u>	<u>196,313,118</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	22,820,000	34,854,335	17,812,711	17,041,624
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>22,820,000</u>	<u>34,854,335</u>	<u>17,812,711</u>	<u>17,041,624</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	60,421,179	60,421,179	206,357,176	(145,935,997)
Transfers (in) out	(60,421,179)	(60,421,179)	(69,434,659)	9,013,480
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>136,922,517</u>	<u>(136,922,517)</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ 340,102,565</u>	<u>\$ 376,072,820</u>	<u>\$ 299,640,595</u>	<u>\$ 76,432,225</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**  
**Statement of Revenues and Expenditures-Budget and Actual**  
**(Modified Accrual Basis)**

For the Year Ended June 30, 2010

	TRAFFIC SAFETY FUND (SHARE 10010/20800/82600)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ 11,494,900	\$ 17,258,290	\$ 11,187,736	\$ (6,070,554)
Other state funds, inc. line of credit	1,385,000	1,385,000	2,188,064	803,064
State general fund	-	-	-	-
Inter-agency transfers	-	-	300,000	300,000
Interest revenue	1,200,000	1,200,000	3,030	(1,196,970)
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>14,079,900</u>	<u>19,843,290</u>	<u>\$ 13,678,830</u>	<u>\$ (6,164,460)</u>
Prior Year Funds Rebudgeted	1,900,000	10,095,927		
	<u>\$ 15,979,900</u>	<u>\$ 29,939,217</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ 766,000	\$ 766,000	\$ 546,719	\$ 219,281
Contractual services	1,194,000	1,194,000	1,199,347	(5,347)
Other	14,019,900	28,379,217	17,907,976	10,471,241
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>15,979,900</u>	<u>30,339,217</u>	<u>19,654,042</u>	<u>10,685,175</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ 15,979,900</u>	<u>\$ 30,339,217</u>	<u>\$ 19,654,042</u>	<u>\$ 10,685,175</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	DRIVER IMPROVEMENT PROGRAM FUND (SHARE 10020)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	225,000	225,000	365,573	140,573
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>225,000</u>	<u>225,000</u>	<u>\$ 365,573</u>	<u>\$ 140,573</u>
<b>Prior Year Funds Rebudgeted</b>	<u>300,000</u>	<u>301,042</u>		
	<u>\$ 525,000</u>	<u>\$ 526,042</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	525,000	526,042	515,668	10,374
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>525,000</u>	<u>526,042</u>	<u>515,668</u>	<u>10,374</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ 525,000</u>	<u>\$ 526,042</u>	<u>\$ 515,668</u>	<u>\$ 10,374</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	FEDERAL PLANNING AND DEVELOPMENT FUND (SHARE 10030)			
	Budgeted Amounts		Actual	
	Original	Final	Amounts (Modified Accrual)	Variance Over (Under)
<b>Revenues:</b>				
Federal funds	\$ 15,944,500	\$ 16,694,500	\$ 14,144,749	\$ (2,549,751)
Other state funds, inc. line of credit	-	-	2,894,649	2,894,649
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>15,944,500</u>	<u>16,694,500</u>	<u>\$ 17,039,398</u>	<u>\$ 344,898</u>
<b>Prior Year Funds Rebudgeted</b>	-	3,444,242		
	<u>\$ 15,944,500</u>	<u>\$ 20,138,742</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ 450,100	\$ 450,100	\$ 398,066	\$ 52,034
Contractual services	-	-	-	-
Other	15,494,400	19,688,642	13,272,053	6,416,589
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>15,944,500</u>	<u>20,138,742</u>	<u>13,670,119</u>	<u>6,468,623</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	-	-	-	-
<b>Total Annual Budgeted</b>				
<b>Expenditures</b>	<u>\$ 15,944,500</u>	<u>\$ 20,138,742</u>	<u>\$ 13,670,119</u>	<u>\$ 6,468,623</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	LOCAL GOVERNMENT ROAD FUND (SHARE 20300)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	22,570,000	16,141,992	20,574,617	4,432,625
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	250,000	250,000	23,960	(226,040)
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>22,820,000</u>	<u>16,391,992</u>	<u>\$ 20,598,577</u>	<u>\$ 4,206,585</u>
<b>Prior Year Funds Rebudgeted</b>	-	18,462,343		
	<u>\$ 22,820,000</u>	<u>\$ 34,854,335</u>		
<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	-	-	-	-
Other	22,820,000	34,854,335	17,812,711	17,041,624
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>22,820,000</u>	<u>34,854,335</u>	<u>17,812,711</u>	<u>17,041,624</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ 22,820,000</u>	<u>\$ 34,854,335</u>	<u>\$ 17,812,711</u>	<u>\$ 17,041,624</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	STATE AVIATION FUND (SHARE 20500)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ 237,918	\$ 237,918
Other state funds, inc. line of credit	5,075,000	5,075,000	5,746,014	671,014
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	125,000	125,000	8,117	(116,883)
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>5,200,000</u>	<u>5,200,000</u>	<u>\$ 5,992,049</u>	<u>\$ 792,049</u>
<b>Prior Year Funds Rebudgeted</b>	<u>3,200,000</u>	<u>3,219,849</u>		
	<u>\$ 8,400,000</u>	<u>\$ 8,419,849</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ 564,000	\$ 564,000	\$ 348,398	\$ 215,602
Contractual services	1,162,000	1,162,000	1,188,777	(26,777)
Other	6,674,000	6,693,849	2,563,765	4,130,084
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>8,400,000</u>	<u>8,419,849</u>	<u>4,100,940</u>	<u>4,318,909</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ 8,400,000</u>	<u>\$ 8,419,849</u>	<u>\$ 4,100,940</u>	<u>\$ 4,318,909</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	MOTORCYCLE TRAINING FUND (SHARE 20600)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	125,000	125,000	127,762	2,762
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	5,000	5,000	449	(4,551)
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>130,000</u>	<u>130,000</u>	<u>\$ 128,211</u>	<u>\$ (1,789)</u>
<b>Prior Year Funds Rebudgeted</b>	<u>127,400</u>	<u>127,400</u>		
	<u>\$ 257,400</u>	<u>\$ 257,400</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	257,400	257,400	141,062	116,338
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>257,400</u>	<u>257,400</u>	<u>141,062</u>	<u>116,338</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	189,007	(189,007)
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>189,007</u>	<u>(189,007)</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ 257,400</u>	<u>\$ 257,400</u>	<u>\$ 330,069</u>	<u>\$ (72,669)</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	DWI PREVENTION AND EDUCATION FUND (SHARE 20700)			
	Budgeted Amounts		Actual	
	Original	Final	Amounts (Modified Accrual)	Variance Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	435,000	435,000	657,380	222,380
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>435,000</u>	<u>435,000</u>	<u>\$ 657,380</u>	<u>\$ 222,380</u>
<b>Prior Year Funds Rebudgeted</b>	<u>931,000</u>	<u>946,979</u>		
	<u>\$ 1,366,000</u>	<u>\$ 1,381,979</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ 80,900	\$ 80,900	\$ 75,516	\$ 5,384
Contractual services	-	-	-	-
Other	1,285,100	1,301,079	122,562	1,178,517
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>1,366,000</u>	<u>1,381,979</u>	<u>198,078</u>	<u>1,183,901</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ 1,366,000</u>	<u>\$ 1,381,979</u>	<u>\$ 198,078</u>	<u>\$ 1,183,901</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	1993 BOND PROJECT FUND (SHARE 39400)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	2,260	2,260
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 2,260</u>	<u>\$ 2,260</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	1999A CHAT PROJECT FUND (SHARE 43000)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	3,002	3,002
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 3,002</u>	<u>\$ 3,002</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2000A CHAT PROJECT FUND (SHARE 34500)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	-	-	\$ -	\$ -
<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	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	(1,886,711)	1,886,711
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	-	-	(1,886,711)	1,886,711
	\$ -	\$ -	\$ (1,886,711)	\$ 1,886,711

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

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

For the Year Ended June 30, 2010

	2001A CHAT PROJECT FUND (SHARE 00600)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	9,115	9,115
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 9,115</u>	<u>\$ 9,115</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	3,750,864	(3,750,864)
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>3,750,864</u>	<u>(3,750,864)</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,750,864</u>	<u>\$ (3,750,864)</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2002A CHAT PROJECT FUND (SHARE 36800)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	(1,864,153)	1,864,153
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(1,864,153)</u>	<u>1,864,153</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,864,153)</u>	<u>\$ 1,864,153</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2002C HIF PROJECT FUND (SHARE 36100)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	1,848	1,848
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 1,848</u>	<u>\$ 1,848</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2002D CHAT PROJECT FUND (SHARE 11500)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	1,105	1,105
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<b>-</b>	<b>-</b>	<b>\$ 1,105</b>	<b>\$ 1,105</b>
<b>Prior Year Funds Rebudgeted</b>	<b>-</b>	<b>-</b>		
	<b>\$ -</b>	<b>\$ -</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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2004A GRIP PROJECT FUND (SHARE 20400)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	194,128	194,128
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 194,128</u>	<u>\$ 194,128</u>
Prior Year Funds Rebudgeted	26,487,121	26,487,121		
	<u>\$ 26,487,121</u>	<u>\$ 26,487,121</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	26,487,121	26,487,121	16,042,642	10,444,479
Other	-	-	4,077	(4,077)
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>26,487,121</u>	<u>26,487,121</u>	<u>16,046,719</u>	<u>10,440,402</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	185,980	(185,980)
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>185,980</u>	<u>(185,980)</u>
<b>Total Annual Budgeted</b>				
<b>Expenditures</b>	<u>\$ 26,487,121</u>	<u>\$ 26,487,121</u>	<u>\$ 16,232,699</u>	<u>\$ 10,254,422</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2006A GRIP PROJECT FUND (SHARE 10210)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	547,119	547,119
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 547,119</u>	<u>\$ 547,119</u>
Prior Year Funds Rebudgeted	49,706,208	49,706,208		
	<u>\$ 49,706,208</u>	<u>\$ 49,706,208</u>		
Expenditures - current and capital outlay:				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	49,706,208	49,706,208	28,778,327	20,927,881
Other	-	-	9,500	(9,500)
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>49,706,208</u>	<u>49,706,208</u>	<u>28,787,827</u>	<u>20,918,381</u>
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business/Program Support				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	1,509,810	(1,509,810)
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,509,810</u>	<u>(1,509,810)</u>
<b>Total Annual Budgeted</b>				
Expenditures	<u>\$ 49,706,208</u>	<u>\$ 49,706,208</u>	<u>\$ 30,297,637</u>	<u>\$ 19,408,571</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2006B GRIP PROJECT FUND (SHARE 10230)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	137,768	137,768
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 137,768</u>	<u>\$ 137,768</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	38,058	(38,058)
Reversions	-	-	-	-
<b>Total Annual Budgeted</b>	<u>-</u>	<u>-</u>	<u>38,058</u>	<u>(38,058)</u>
<b>Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,058</u>	<u>\$ (38,058)</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**  
**Statement of Revenues and Expenditures-Budget and Actual**  
**(Modified Accrual Basis)**

For the Year Ended June 30, 2010

	2006C GRIP PROJECT FUND (SHARE 10250)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	1,071,756	1,071,756
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	-	-	<b>\$ 1,071,756</b>	<b>\$ 1,071,756</b>
<b>Prior Year Funds Rebudgeted</b>	<b>5,544,342</b>	<b>5,544,342</b>		
	<b>\$ 5,544,342</b>	<b>\$ 5,544,342</b>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	5,544,342	5,544,342	200,444	5,343,898
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<b>5,544,342</b>	<b>5,544,342</b>	<b>200,444</b>	<b>5,343,898</b>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	(89,732)	89,732
Reversions	-	-	-	-
	-	-	<b>(89,732)</b>	<b>89,732</b>
<b>Total Annual Budgeted Expenditures</b>	<b>\$ 5,544,342</b>	<b>\$ 5,544,342</b>	<b>\$ 110,712</b>	<b>\$ 5,433,630</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**  
**Statement of Revenues and Expenditures-Budget and Actual**  
**(Modified Accrual Basis)**

For the Year Ended June 30, 2010

	2006D GRIP PROJECT FUND (SHARE 10270)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	57,086	57,086
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 57,086</u>	<u>\$ 57,086</u>
<b>Prior Year Funds Rebudgeted</b>	<u>50,105,448</u>	<u>50,105,448</u>		
	<u>\$ 50,105,448</u>	<u>\$ 50,105,448</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	50,105,448	50,105,448	3,703	50,101,745
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>50,105,448</u>	<u>50,105,448</u>	<u>3,703</u>	<u>50,101,745</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	147,746	(147,746)
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>147,746</u>	<u>(147,746)</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ 50,105,448</u>	<u>\$ 50,105,448</u>	<u>\$ 151,449</u>	<u>\$ 49,953,999</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	GRIP LINE OF CREDIT PROJECT FUND (SHARE 10450)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	140,306,646	140,306,646	80,534,067	(59,772,579)
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	141	141
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>140,306,646</u>	<u>140,306,646</u>	<u>\$ 80,534,208</u>	<u>\$ (59,772,438)</u>
<b>Prior Year Funds Rebudgeted</b>	-	-		
	<u>\$ 140,306,646</u>	<u>\$ 140,306,646</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	140,306,646	140,306,646	61,586,765	78,719,881
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>140,306,646</u>	<u>140,306,646</u>	<u>61,586,765</u>	<u>78,719,881</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	23	(23)
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>23</u>	<u>(23)</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ 140,306,646</u>	<u>\$ 140,306,646</u>	<u>\$ 61,586,788</u>	<u>\$ 78,719,858</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	1998A WIPP DEBT SERVICE (SHARE 97200)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	3,487	3,487
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 3,487</u>	<u>\$ 3,487</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	9,513,271	9,513,271	23,890,000	(14,376,729)
Transfers (in) out	(9,513,271)	(9,513,271)	(23,890,000)	14,376,729
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	1998A CHAT DEBT SERVICE (SHARE 54800)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	1,912	1,912
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 1,912</u>	<u>\$ 1,912</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	9,555,000	(9,555,000)
Transfers (in) out	-	-	(9,555,000)	9,555,000
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	1999 CHAT DEBT SERVICE (SHARE 43400)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	122,854	122,854
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	795	795
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 123,649</u>	<u>\$ 123,649</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2000 CHAT DEBT SERVICE (SHARE 43200)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	5,077	5,077
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 5,077</u>	<u>\$ 5,077</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	15,481,300	15,481,300	15,481,300	-
Transfers (in) out	(15,481,300)	(15,481,300)	(15,481,300)	-
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2001A CHAT DEBT SERVICE (SHARE 00700)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	4,727	4,727
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	-	-	<b>\$ 4,727</b>	<b>\$ 4,727</b>
<b>Prior Year Funds Rebudgeted</b>	-	-		
	<b>\$ -</b>	<b>\$ -</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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	11,445,228	11,445,228	75,247,250	(63,802,022)
Transfers (in) out	(11,445,228)	(11,445,228)	(75,247,250)	63,802,022
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2002A CHAT DEBT SERVICE (SHARE 54700)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	3,169	3,169
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<b>-</b>	<b>-</b>	<b>\$ 3,169</b>	<b>\$ 3,169</b>
<b>Prior Year Funds Rebudgeted</b>	<b>-</b>	<b>-</b>		
	<b>\$ -</b>	<b>\$ -</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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	9,742,325	9,742,325	20,527,325	(10,785,000)
Transfers (in) out	(9,742,325)	(9,742,325)	(20,527,325)	10,785,000
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2002B WIPP DEBT SERVICE (SHARE 75000)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	3,188	3,188
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 3,188</u>	<u>\$ 3,188</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	9,917,250	9,917,250	9,917,250	-
Transfers (in) out	(9,917,250)	(9,917,250)	(9,917,250)	-
Reversions	-	-	-	-
<b>Total Annual Budgeted</b>				
<b>Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2002C HIF DEBT SERVICE (SHARE 36300)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	944	944
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 944</u>	<u>\$ 944</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	2,766,980	2,766,980	17,511,980	(14,745,000)
Transfers (in) out	(2,766,980)	(2,766,980)	(17,511,980)	14,745,000
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2002D CHAT DEBT SERVICE (SHARE 18700)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	435	435
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	-	-	\$ 435	\$ 435
<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	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	1,554,825	1,554,825	1,554,825	-
Transfers (in) out	(1,554,825)	(1,554,825)	(1,554,825)	-
Reversions	-	-	-	-
<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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2004A GRIP DEBT SERVICE (SHARE 10080)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	16,518	16,518
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 16,518</u>	<u>\$ 16,518</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2004B GRIP DEBT SERVICE (SHARE 10090)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	2,293,757	2,293,757
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	-	-	<u>\$ 2,293,757</u>	<u>\$ 2,293,757</u>
<b>Prior Year Funds Rebudgeted</b>	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	13	(13)
Transfers (in) out	-	-	2,228,766	(2,228,766)
Reversions	-	-	-	-
	-	-	2,228,779	(2,228,779)
<b>Total Annual Budgeted</b>				
<b>Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228,779</u>	<u>\$ (2,228,779)</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2006A GRIP DEBT SERVICE (SHARE 10220)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	2,913	2,913
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 2,913</u>	<u>\$ 2,913</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	(1,437,084)	1,437,084
Reversions	-	-	-	-
<b>Total Annual Budgeted</b>	<u>-</u>	<u>-</u>	<u>(1,437,084)</u>	<u>1,437,084</u>
<b>Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,437,084)</u>	<u>\$ 1,437,084</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2006B GRIP DEBT SERVICE (SHARE 10240)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	1,941	1,941
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	-	-	<u>\$ 1,941</u>	<u>\$ 1,941</u>
<b>Prior Year Funds Rebudgeted</b>	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	1,175,394	(1,175,394)
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,175,394</u>	<u>\$ (1,175,394)</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2006C GRIP DEBT SERVICE (SHARE 10260)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2006D GRIP DEBT SERVICE (SHARE 10280)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	-	-	\$ -	\$ -
<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	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	(94,155)	94,155
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	\$ -	\$ -	\$ (94,155)	\$ 94,155

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

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

For the Year Ended June 30, 2010

	2008A GRIP DEBT SERVICE (SHARE 10410)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	213,848	213,848
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ 213,848</u>	<u>\$ 213,848</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	1,467,673	(1,467,673)
Transfers (in) out	-	-	(1,283,769)	1,283,769
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>183,904</u>	<u>(183,904)</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,904</u>	<u>\$ (183,904)</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2008B GRIP DEBT SERVICE (SHARE 10420)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	1,363,630	1,363,630
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	-	-	<u>\$ 1,363,630</u>	<u>\$ 1,363,630</u>
<b>Prior Year Funds Rebudgeted</b>	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	1,280,351	(1,280,351)
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,280,351</u>	<u>\$ (1,280,351)</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2008C GRIP DEBT SERVICE (SHARE 10430)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	156,286	156,286
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	-	-	<u>\$ 156,286</u>	<u>\$ 156,286</u>
<b>Prior Year Funds Rebudgeted</b>	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	2,091,401	(2,091,401)
Transfers (in) out	-	-	(1,130,977)	1,130,977
Reversions	-	-	-	-
	-	-	960,424	(960,424)
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 960,424</u>	<u>\$ (960,424)</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2008D GRIP DEBT SERVICE (SHARE 10440)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	1,414	1,414
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	-	-	<u>\$ 1,414</u>	<u>\$ 1,414</u>
<b>Prior Year Funds Rebudgeted</b>	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
<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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	(74,643)	74,643
Reversions	-	-	-	-
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (74,643)</u>	<u>\$ 74,643</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2008 EXEMPT LINE OF CREDIT DEBT SERVICE (SHARE 11140)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	-	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	-	-
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Prior Year Funds Rebudgeted</b>	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	(23)	23
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>23</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23)</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	2009A REFUNDING DEBT SERVICE (SHARE 11130)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	-	18,396,894	18,396,894
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	1,610	1,610
Bond proceeds	-	-	112,345,000	112,345,000
<b>Total Revenues:</b>	-	-	<b>\$ 130,743,504</b>	<b>\$ 130,743,504</b>
<b>Prior Year Funds Rebudgeted</b>	-	-		
	<b>\$ -</b>	<b>\$ -</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	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	26,657,414	(26,657,414)
Transfers (in) out	-	-	104,061,266	(104,061,266)
Reversions	-	-	-	-
	-	-	130,718,680	(130,718,680)
<b>Total Annual Budgeted</b>				
<b>Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 130,718,680</b>	<b>\$ (130,718,680)</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

	STATE INFRASTRUCTURE BANK (SHARE 89300)			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Modified Accrual)	Over (Under)
<b>Revenues:</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	2,500,000	2,500,000	-	(2,500,000)
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	160,000	160,000	43,133	(116,867)
Bond proceeds	-	-	-	-
<b>Total Revenues:</b>	<u>2,660,000</u>	<u>2,660,000</u>	<u>\$ 43,133</u>	<u>\$ (2,616,867)</u>
Prior Year Funds Rebudgeted	-	5,345,491		
	<u>\$ 2,660,000</u>	<u>\$ 8,005,491</u>		
<b>Expenditures - current and capital outlay:</b>				
<b>Programs and Infrastructure</b>				
Personal services/employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	2,660,000	8,005,491	-	8,005,491
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>2,660,000</u>	<u>8,005,491</u>	<u>-</u>	<u>8,005,491</u>
<b>Transportation and Highway Ops:</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business/Program Support</b>				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Annual Budgeted Expenditures</b>	<u>\$ 2,660,000</u>	<u>\$ 8,005,491</u>	<u>\$ -</u>	<u>\$ 8,005,491</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**  
**Statement of Revenues and Expenditures-Budget and Actual**  
**(Modified Accrual Basis)**

For the Year Ended June 30, 2010

	CAPITAL PROJECTS FUND (SHARE 10050)			
	Life-to-Date	FY10	Life-to-Date	
	Budgeted Amounts	Actual Amounts (Modified Accrual)	Actual Amounts (Modified Accrual)	Variance Over (Under)
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	5,417,426	-	5,417,426	-
State general fund	-	-	-	-
Inter-agency transfers	-	-	-	-
Interest revenue	-	-	-	-
Bond proceeds	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 5,417,426</b>	<b>\$ -</b>	<b>\$ 5,417,426</b>	<b>\$ -</b>
EXPENDITURES - current and capital outlay:				
Programs and Infrastructure				
Personal services/employee benefits	\$ -	\$ -	\$ -	-
Contractual services	12,294,101	-	11,944,101	350,000
Other	13,613,587	1,674,086	6,663,395	8,950,192
Transfers (in) out	(26,833,926)	(1,674,086)	(26,850,426)	16,500
Reversions	-	-	-	-
	(926,238)	-	(8,242,930)	7,316,692
Transportation and Highway Ops:				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
Business/Program Support				
Personal services/employee benefits	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Transfers (in) out	-	-	-	-
Reversions	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ (926,238)</b>	<b>\$ -</b>	<b>\$ (8,242,930)</b>	<b>\$ 7,316,692</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

For the Year Ended June 30, 2010

STB CAPITAL IMPROVEMENTS PROJECTS FUND (SHARE 10060)					
	Life-to-Date Budgeted Amounts	FY09 Actual Amounts (Modified Accrual)	Adjustments	Life-to-Date Actual Amounts (Modified Accrual)	Variance Over (Under)
<b>REVENUES:</b>					
Federal funds	\$ -	\$ -	\$ -	\$ -	\$ -
Other state funds, inc. line of credit	-	32,702	-	32,702	32,702
State general fund	-	-	-	-	-
Inter-agency transfers	346,278,967	45,101,333	-	160,355,845	(185,923,122)
Interest revenue	-	-	-	-	-
Bond proceeds	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 346,278,967</b>	<b>\$ 45,134,035</b>	<b>\$ -</b>	<b>\$ 160,388,547</b>	<b>\$ (185,890,420)</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	337,701,351	44,314,508	1,718,510	159,454,879	178,246,472
Other	8,527,616	786,825	-	8,527,616	-
Transfers (in) out	-	-	-	-	-
Reversions	-	-	-	-	-
	<b>346,228,967</b>	<b>45,101,333</b>	<b>1,718,510</b>	<b>167,982,495</b>	<b>178,246,472</b>
<b>Business/Program Support</b>					
Personal services/employee benefits	-	-	-	-	-
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
Transfers (in) out	-	-	-	-	-
Reversions	-	-	-	-	-
<b>TOTAL ANNUAL BUDGETED EXPENDITURES</b>	<b>\$ 346,228,967</b>	<b>\$ 45,101,333</b>	<b>\$ 1,718,510</b>	<b>\$ 167,982,495</b>	<b>\$ 178,246,472</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  
Statement of Revenues and Expenditures-Budget and Actual  
(Modified Accrual Basis)

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OTHER SUPPLEMENTAL INFORMATION

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Capital Projects

As of June 30, 2010

	Budgeted Amounts		Current Year Expenditures
	Original	Final	
Expenditures for 2005 multi-year projects			
Capital outlay	\$ 2,250,000	\$ 2,250,000	\$ -
Expenditures for 2006 multi-year projects			
Capital outlay	15,250,000	16,285,387	929,323
Expenditures for 2007 multi-year projects			
Capital outlay	2,750,000	2,750,000	741,804
Expenditures for 2008 multi-year projects			
Capital outlay	6,017,426	6,017,426	2,960
Expenditures for 2009 multi-year projects			
Capital outlay	1,450,000	1,450,000	-
Expenditures for 2010 multi-year projects			
Capital outlay	350,000	350,000	-
<b>Total Expenditures</b>	<b>\$ 28,067,426</b>	<b>\$ 29,102,813</b>	<b>\$ 1,674,087</b>

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Capital Projects

Life-to-Date Outstanding Encumbrances	Total Actual	Prior Year Actual	Total Expenditures	Variance From Final Budget (Over) Under
\$ -	\$ -	1,382,608	\$ 1,382,608	\$ 867,392
-	929,323	13,038,296	13,967,619	2,317,768
92,730	834,534	1,915,466	2,750,000	-
-	2,960	597,040	600,000	5,417,426
-	-	-	-	1,450,000
-	-	-	-	350,000
<u>\$ 92,730</u>	<u>\$ 1,766,817</u>	<u>\$ 16,933,410</u>	<u>\$ 18,700,227</u>	<u>\$ 10,402,586</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Severance Tax Bonds

As of June 30, 2010

Chapter	Laws	Bonds Appropriated	Bonds Sold	Amounts AIPP	Funds Reauthorized
2	1999	\$ 5,161,415	\$ 4,719,721	\$ -	\$ 21,620
2/23	2000	7,518,079	7,193,284	-	-
110	2002	9,492,863	9,491,910	-	405,170
429	2003	7,394,100	7,394,100	(1,250)	741,692
126	2004	23,209,750	23,159,750	-	(2,117,068)
347	2005	15,745,000	15,510,450	(1,500)	1,021,038
111	2006	25,889,900	25,889,900	-	(2,004,253)
42	2007	79,455,992	79,455,992	-	(1,478,236)
92	2008	19,978,000	19,978,000	(9,600)	4,777,402
9	2008	100,012,260	100,012,260	-	-
5	2009	1,500,000	1,500,000	-	-
7	2009	5,265,928	5,265,628	-	-
7	2010	767,000	767,000	-	49,987,740
		<u>\$ 301,390,286</u>	<u>\$ 300,337,995</u>	<u>\$ (12,350)</u>	<u>\$ 51,355,105</u>

See Independent Auditors' Report

**NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Severance Tax Bonds**

Funds Reverted	Bond Balance After Reauthorization	Funds Received	Expended To Date	Balance Available	Due from Board of Finance
\$ (485,348)	\$ 4,255,993	\$ 4,234,373	\$ 4,234,373	\$ 21,620	\$ -
(324,795)	6,868,489	6,868,488	6,868,488	1	-
(499,940)	9,397,140	8,843,160	8,843,160	553,980	-
(354,876)	7,779,666	7,044,803	7,044,803	734,863	-
(157,207)	20,885,475	20,675,542	20,725,543	159,932	50.001
(289,429)	16,240,559	13,136,007	13,405,095	2,835,464	269,088
(1,240,060)	22,645,587	14,157,217	15,851,752	6,793,835	1,694,535
-	77,977,756	49,240,081	49,155,595	28,822,161	(84,486)
(1,462,494)	23,283,308	9,479,721	9,632,062	13,651,246	152,341
-	100,012,260	26,676,453	32,221,624	67,790,636	5,545,171
-	1,500,000	-	-	1,500,000	-
(587,634)	4,677,994	-	-	4,677,994	-
-	50,754,740	-	-	50,754,740	-
<b>\$ (5,401,783)</b>	<b>\$ 346,278,967</b>	<b>\$ 160,355,845</b>	<b>\$ 167,982,495</b>	<b>\$ 178,296,472</b>	<b>\$ 7,626,650</b>

Balance Available	\$ 178,296,472
Due from Board of Finance	7,626,650
Total (Note 4)	<u>\$ 185,923,122</u>

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Special Appropriations

As of June 30, 2010

	Appropriation Amount	Expenditures Inception to June 30, 2010
<b>Special Revenue Funds</b>		
Laws of 2003, Chapter 385	\$ 975,500	\$ 431,612
Laws of 2004, Chapter 126	10,643,657	10,179,584
Laws of 2005, Chapter 347	16,082,810	12,175,727
Laws of 2006, Chapter 111	22,564,500	21,353,122
Laws of 2007, Chapter 42	38,915,552	23,576,492
Laws of 2007 Special Session, Chapter 3	35,000,000	21,898,279
Laws of 2008, Chapter 2	42,577,900	41,617,170
Laws of 2008, Chapter 92	8,051,673	4,681,023
	<u>174,811,592</u>	<u>135,913,009</u>
<b>Capital Projects Funds</b>		
Laws of 2005, Chapter 347	2,250,000	1,382,608
Laws of 2006, Chapter 111	15,033,000	14,974,155
Laws of 2007, Chapter 42	2,750,000	2,657,270
Laws of 2008, Chapter 92	6,017,426	600,000
Laws of 2009, Chapter 125	1,450,000	-
Laws of 2010 Special Session, Chapter 4	350,000	-
	<u>27,850,426</u>	<u>19,614,033</u>
<b>Total all Fund Types</b>	<u><u>\$ 202,662,018</u></u>	<u><u>\$ 155,527,042</u></u>

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

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Special Appropriations

Encumbrances Balance as of June 30, 2010	Re-appropriation Amount	Reversion Amount	Balance as of June 30, 2010
\$ -	\$ -	543,888	\$ -
-	(217,564)	681,637	-
786,573	866,123	2,254,387	-
-	(1,165,304)	2,376,682	-
3,418,102	(164,066)	11,412,842	672,182
3,829,059	-	8,500,000	772,662
-	-	960,730	-
1,340,897	39,696	1,812,396	177,661
9,374,631	(641,115)	28,542,562	1,622,505
-	-	867,392	-
-	-	58,845	-
-	-	-	92,730
-	-	-	5,417,426
-	-	-	1,450,000
-	-	-	350,000
-	-	926,237	7,310,156
\$ 9,374,631	\$ (641,115)	\$ 29,468,799	\$ 8,932,661

### 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. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

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. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

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. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

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. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

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. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

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. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

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. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.



### Capital Projects Fund

Under the Laws of 2005, Chapter 347, the Department was appropriated \$2,250,000 from the State Road Fund for various capital projects. Any unexpended or unencumbered balance remaining at the end of the 2010 fiscal year will revert to the State Road Fund. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

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. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

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. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

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. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

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. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

Under the Laws of 2010 Special Session, Chapter 4, the Department was appropriated \$350,000 from the State Road Fund for the construction of Salt Domes. Any unexpended or unencumbered balance remaining at the end of the 2013 fiscal year will revert to the State Road Fund. The appropriation period is for 5 years unless re-authorized or extended by enabling legislation.

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Individual Bank Accounts

As of June 30, 2010

	SHARE Account Number	Bank Balance	Book Balance	Book Total
<b>Cash</b>				
State Road Fund	Petty Cash 20100	\$ 2,600	\$ 2,600	
State Road Fund, Wells Fargo Checking	MRCOG 20100	8,937,555	65,032	
<b>Total Cash</b>		<u>\$ 8,940,155</u>		<u>\$ 67,632</u>
<b>Cash Equivalents</b>				
<b>SGFIP:</b>				
<b>(Unrestricted)</b>				
Traffic Safety Fund	10010, 20800, 82600	\$ 5,870,707	\$ 5,870,707	
Driver Improvement Program	10020	331,640	331,640	
State Road Fund	10040/10140/10150/20100/20200/ 43100/78800/78900/82000	51,406,239	51,406,239	
Local Government Road Fund	20300	16,390,798	16,390,798	
State Aviation Fund	20500	7,009,303	7,009,303	
Motorcycle Training Fund	20600	294,977	294,977	
DWI Prevention and Education	20700	1,557,507	1,557,507	
				82,861,171
<b>(Restricted)</b>				
2001A CHAT Project Fund	600	4,794,832	4,794,832	
2001A CHAT Debt Service	700	233,268	233,268	
State Road Fund	10040/10140/10150/20100/20200/ 43100/78800/78900/82000	35,810,647	35,810,647	
Capital Projects Fund	10050	278,627	278,627	
General Fund Appropriations	10070	19,106,294	19,106,294	
2006C GRIP Project Fund	10250	47,777	47,777	
GRIP LOC Project Fund	10450	4,010,570	4,010,570	
2002D CHAT Bond Project Fund	11500	778,300	778,300	
2002D CHAT Debt Service	18700	12,781	12,781	
2002C HIF Bond Project Fund	36100	1,301,188	1,301,188	
2002C HIF Debt Service Fund	36300	62,093	62,093	
1993 Bond Project Fund	39400	1,591,153	1,591,153	
1999A CHAT Bond Project Fund	43000	2,113,141	2,113,141	
2000 CHAT Debt Service	43200	203,637	203,637	
1999 CHAT Debt Service	43400	265,627	265,627	
2002A CHAT Debt Service	54700	83,389	83,389	
1998A CHAT Debt Service	54800	141,277	141,277	
2002B WIPP Debt Service	75000	110,675	110,675	
State Infrastructure Bank	89300	11,993,450	11,993,450	
1998A WIPP Debt Service	97200	14,478	14,478	
				82,953,204

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Individual Bank Accounts

	SHARE Account Number	Bank Balance	Book Balance	Book Total
<b>Managed by NMFA:</b>				
Wells Fargo, trustee account				
1998A Bond Fund US 70	10140	11,066	<u>11,066</u>	11,066
Bank of Albuquerque, trustee account				
2006D GRIP Project Fund	10270	50,011,079	<u>50,011,079</u>	50,011,079
Bank of New York, trustee account				
2004A GRIP Debt Service	10080	1,874,391	1,874,391	
2004B GRIP Debt Service	10090	46,088,635	46,088,635	
2006A GRIP Bond Project Fund	10210	25,296,048	25,296,048	
2006A GRIP Debt Service	10220	30,572	30,572	
2006B GRIP Project Fund	10230	2,414,297	2,414,297	
2006B GRIP Debt Service	10240	3,297	3,297	
2006C GRIP Project Fund	10250	6,652,128	6,652,128	
2008A GRIP Debt Service	10410	1,711,571	1,711,571	
2008B GRIP Debt Service	10420	1,480,537	1,480,537	
2008C GRIP Debt Service	10430	890,550	890,550	
2008D GRIP Debt Service	10440	1,227,406	1,227,406	
GRIP LOC Project Fund	10450	2,605	2,605	
2009A Refunding	11130	49,109	49,109	
LOC Debt Service	11140	23	<u>23</u>	87,721,169
STO/SGFIP				
2001A CHAT Debt Service	700	1,650,619	1,650,619	
2002D CHAT Debt Service	18700	41,619	41,619	
2004A GRIP Bond Project Fund	20400	13,601,093	13,601,093	
2002C HIF Debt Service Fund	36300	91,981	91,981	
2000 CHAT Debt Service	43200	1,183,729	1,183,729	
1999 CHAT Debt Service	43400	749,777	749,777	
2002A CHAT Debt Service	54700	705,362	705,362	
1998A CHAT Debt Service	54800	86,138	86,138	
2002B WIPP Debt Service	75000	702,208	702,208	
1998A WIPP Debt Service	97200	199,155	<u>199,155</u>	19,011,681
<b>Total Cash Equivalents</b>		<u>\$ 322,569,370</u>	<u>\$ 322,569,370</u>	

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of State Road Fund Pledged Revenues

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As of June 30, 2010

Pledged State Road Fund Revenues

Pledged User & Fuel Taxes

Gasoline Excise	\$ 109,163,235
Motor Vehicle Registrations	72,863,462
Special Fuel	87,797,580
Vehicle Transaction	5,396,537
Drivers License	3,704,875
Trip (Mileage) Tax	5,487,552
Tire recycling fees	1,791,249
Weight/Distance Tax	73,376,249
<b>Total pledged user &amp; fuel taxes</b>	<u>359,580,739</u>

Other Pledged Revenue

HIF interest income	18,145
Misc Fees	1,677,994
Permits & licenses	4,468,502
<b>Total other pledged revenue</b>	<u>6,164,641</u>

<b>Total Pledged State Road Fund Revenues</b>	<u><u>\$ 365,745,380</u></u>
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**NEW MEXICO DEPARTMENT OF TRANSPORTATION**  
**Supplemental Schedule of Debt Service and Coverage**

As of June 30, 2010

	1998B-WIPP (SHARE 97200)	1998-CHAT (SHARE 54800)	2000-CHAT (SHARE 43200)	2001-CHAT (SHARE 00700)
Gasoline Excise Taxes	\$ 6,205,301	\$ 6,205,301	\$ 6,205,301	\$ 6,205,301
Motor Vehicle Registration Fees	4,047,970	4,047,970	4,047,970	4,047,970
Special Fuel Excise Taxes	5,388,708	5,388,708	5,388,708	5,388,708
Vehicle Transaction Fees	513,790	513,790	513,790	513,790
Driver's License Fees	520,738	520,738	520,738	520,738
Oversize/Oversight Permit Fees	373,595	373,595	373,595	373,595
Public Regulation Commission Fees	-	-	-	-
Trip (Mileage) Tax	304,864	304,864	304,864	304,864
Weight/Distance Taxes	4,076,475	4,076,475	4,076,475	4,076,475
Leased Vehicle Gross Receipts Taxes				
Tire Recycling Fees				
FHWA Revenues				
	21,431,441	21,431,441	21,431,441	21,431,441
Interest on Cash Balances*	946	946	946	946
<b>Total Pledged Revenues</b>				
Received	\$ 21,432,387	\$ 21,432,387	\$ 21,432,387	\$ 21,432,387

	1998B-WIPP	1998-CHAT	2000-CHAT	2001-CHAT
Debt Service Principal Expenditures	\$ 23,890,000	\$ 9,555,000	\$ 14,605,000	\$ 74,770,000
Debt Service Interest Expenditures	0	0	876,300	477,250
<b>Total Debt Service</b>	\$ 23,890,000	\$ 9,555,000	\$ 15,481,300	\$ 75,247,250
Debt Service Coverage	0.90%	2.24%	1.38%	0.28%

\*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.

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

2002A-CHAT (SHARE 54700)	2002B-WIPP (SHARE 75000)	2002C-HIF (SHARE 36300)	2002D-CHAT (SHARE 18700)	2004A-GRIP (SHARE 10080)	2004B-GRIP (SHARE 10090)
\$ 6,205,301	\$ 6,205,301	\$ 6,205,301	\$ 6,205,301	\$ 6,205,301	\$ 6,205,302
4,047,970	4,047,970	4,047,970	4,047,970	4,047,970	4,047,970
5,388,708	5,388,708	5,388,708	5,388,708	5,388,708	5,388,708
513,790	513,790	513,790	513,790	513,790	513,790
520,738	520,738	520,738	520,738	520,738	520,737
373,595	373,595	373,595	373,595	373,595	373,595
-	-	-	-	-	-
304,864	304,864	304,864	304,864	304,864	304,864
4,076,475	4,076,475	4,076,475	4,076,475	4,076,475	4,076,475
		799,472		799,473	799,472
		199,028		199,027	199,027
				40,627,886	40,627,886
21,431,441	21,431,441	22,429,941	21,431,441	63,057,827	63,057,826
946	946	10,018	946	10,018	945
\$ 21,432,387	\$ 21,432,387	\$ 22,439,959	\$ 21,432,387	\$ 63,067,845	\$ 63,058,771

2002A-CHAT	2002B-WIPP	2002C-HIF	2002D-CHAT	2004A-GRIP	2004B-GRIP
\$ 19,535,000	\$ 9,445,000	\$ 16,745,000	\$ 1,360,000	\$ -	\$ 9,230,000
992,325	472,250	766,980	194,825	36,216,759	6,879,385
\$ 20,527,325	\$ 9,917,250	\$ 17,511,980	\$ 1,554,825	\$ 36,216,759	\$ 16,109,385
1.04%	2.16%	1.28%	13.78%	1.74%	3.91%

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

As of June 30, 2010

	2006A-GRIP (SHARE 10220)	2006B-GRIP (SHARE 10240)	2008A-GRIP (SHARE 10410)	2008B-GRIP (SHARE 10420)
Gasoline Excise Taxes	\$ 6,205,302	\$ 6,205,302	\$ 6,205,302	\$ 6,205,302
Motor Vehicle Registration Fees	4,047,970	4,047,970	4,047,970	4,047,970
Special Fuel Excise Taxes	5,388,707	5,388,707	5,388,707	5,388,707
Vehicle Transaction Fees	513,790	513,790	513,790	513,790
Driver's License Fees	520,737	520,737	520,737	520,737
Oversize/Oversight Permit Fees	373,595	373,595	373,595	373,595
Public Regulation Commission Fees	-	-	-	-
Trip (Mileage) Tax	304,864	304,864	304,864	304,864
Weight/Distance Taxes	4,076,475	4,076,475	4,076,475	4,076,475
Leased Vehicle Gross Receipts Taxes	799,472	799,472	799,472	799,472
Tire Recycling Fees	199,027	199,028	199,028	199,028
FHWA Revenues	40,627,886	40,627,886	40,627,886	40,627,886
<b>Subtotal</b>	<b>63,057,825</b>	<b>63,057,826</b>	<b>63,057,826</b>	<b>63,057,826</b>
Interest on Cash Balances*	945	945	945	945
<b>Total Pledged Revenues Received</b>	<b>\$ 63,058,770</b>	<b>\$ 63,058,771</b>	<b>\$ 63,058,771</b>	<b>\$ 63,058,771</b>

	2006A-GRIP	2006B-GRIP	2008A-GRIP	2008B-GRIP
Debt Service Principal Expenditures	\$ -	\$ 2,345,000	\$ -	\$ -
Debt Service Interest Expenditures	7,477,408	1,432,350	4,785,158	11,671,115
<b>Total Debt Service</b>	<b>\$ 7,477,408</b>	<b>\$ 3,777,350</b>	<b>\$ 4,785,158</b>	<b>\$ 11,671,115</b>
<b>Debt Service Coverage</b>	<b>8.43%</b>	<b>16.69%</b>	<b>13.18%</b>	<b>5.40%</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.





NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Pledged Collateral

As of June 30, 2010

	Wells Fargo
Deposits in bank or savings and loan:	
Bank deposits (MRCOG/Railrunner)	\$ 65,032
Less FDIC or FSLIC coverage	250,000
Total uninsured public funds	(184,968)
Collateral requirement @ 50%	32,516
Collateral requirement @ 102%	-
Total required collateralization	32,516
 Pledges and securities:	
Federal National Mortgage Association Pool	
FNMA258308,31371MUBG, 6%, due 07/01/2036	414,658
FNMA849021, 31408EG83, 6%, due 01/01/2036	5,011,941
FNMA904138,31411CPX3, 6%, due 11/01/2036	728,156
FNMA929152, 31412MJ33, 6%, due 03/01/2038	2,001,127
Total pledged securities	8,155,882
(Over) under pledged	\$ (8,340,850)

Safekeeping locations for the above securities are as follows:

Wells Fargo : Wells Fargo (California)

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**NEW MEXICO DEPARTMENT OF TRANSPORTATION**  
**Supplemental Schedule of Joint Powers Agreements**

The State Legislature and the State Highway Commission have approved certain agreements between the Department and various counties, municipalities and other agencies to construct or improve public highways, school grounds, parking areas, and for the purpose of litter control. The Department's funding responsibility varies from zero to 100%. When related to Public Transportation Services, the Department's funding responsibility is 50% operating and 80% capital. None of these cooperative and joint powers agreements have created legally separate organizations that need to be included as component units or joint ventures in the Department's financial statements.

Contract Number	Contractor	Description	Expended In 2010
J00131	City of Albuquerque	Provide for a bicycle/pedestrian safety program and ensure elements of the program are in compliance with State and Federal Regulations.	\$ 97,895
J00671	City of Albuquerque	Bicycle Travel Demand Management Program	339,383
J00711	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.	150,000
J00730-1	NM Corrections Industries	Utilize supervised inmates to perform minor highway maintenance and beautification.	314,589
J00730-2	Corrections Department	Utilize supervised inmates to perform minor highway maintenance and beautification.	172,641
J00730-4	NM Corrections Industries	Utilize supervised inmates to perform minor highway maintenance and beautification.	63,482
J00730-5	NM Corrections Industries	Utilize supervised inmates to perform minor highway maintenance and beautification.	71,449
J00730-6	Fifth Judicial Dist Attorney	Utilize supervised inmates to perform minor highway maintenance and beautification.	221,972
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.	500,000
J00743	Pueblo of Sandia	Plan, design and construct improvements to streets at the Pueblo of Sandia in Sandoval County.	130,000
J00746	Acoma Pueblo	Pavement Rehabilitation and Re-Construction of various roads with in the Pueblo of Acoma.	85,662
J00754	Acoma Pueblo	Design, full construction, pavement rehabilitation, improvements and traffic signal improvements.	62,800
J00777	Laguna Pueblo	Plan, design and construct improvements to the interstate 40 Rio Puerco exit in the Pueblo of Laguna in Cibola county.	400,000
J00778	Office of Cultural Affairs	The Department and HPD-ARMS will develop and maintain a comprehensive inventory of cultural properties within the State of New Mexico, in particular, cultural properties located on lands owned by or under the control of the DEPARTMENT.	25,000
J00782	Office of Cultural Affairs	Provide a Consultant Design Program to assist the State Historic Preservation Officer in the review of NMDOT Cultural Resources documentation.	50,000

**See Independent Auditors' Report**

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		Total Estimated Amt of Project	Portion Applicable To Agency	Party Responsible for Operations	Audit Responsibility	Fiscal Agent (If applicable)	Agency Where Revenues/Expenditures are Reported
Beginning	Ending						
5/4/1995	9/30/2014	\$ 466,666	80%	Contractor	Department		Department
8/6/2001	9/30/2014	2,077,480	85%	Contractor	Department		Department
10/20/2005	12/31/2009	200,000	100%	Contractor	Department		Department
6/25/2007	6/30/2011	960,000	100%	Contractor	Department		Department
6/25/2007	6/30/2011	347,155	100%	Contractor	Department		Department
6/26/2007	6/30/2011	90,000	100%	Contractor	Department		Department
6/27/2007	6/30/2011	90,000	100%	Contractor	Department		Department
6/25/2007	6/30/2011	343,369	100%	Contractor	Department		Department
6/25/2007	9/30/2011	500,000	100%	Contractor	Department		Department
12/27/2007	6/30/2011	130,000	100%	Contractor	Department		Department
2/15/2008	12/31/2009	85,662	100%	Contractor	Department		Department
11/17/2008	12/31/2009	62,800	100%	Contractor	Department		Department
9/10/2009	6/30/2010	400,000	100%	Contractor	Department		Department
11/19/2009	6/30/2013	100,000	100%	Contractor	Department		Department
1/28/2010	12/31/2013	200,000	100%	Contractor	Department		Department

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**  
**Supplemental Schedule of Joint Powers Agreements**

Contract Number	Contractor	Description	Expended In 2010
M00369	Mid-Region Council of Governments	Development of Transportation Plans & Programs	1,736,980
M00371A	North Central New Mexico Economic	Development of Transportation Plans & Programs	22,987
M00379	Mid-Region Council of Governments	Commuter Rail Project	2,245,547
M00420	National Oceanic & Atmospheric	Geodetic Advisor Program	-
M00450	Eastern NM University-Roswell	Training Courses	-
M00455A	New Mexico State University	Weigh-In-Motion System	16,697
M00460	City of Farmington	Development of Transportation Plans & Programs	203,232
M00461	City of Santa Fe	Development of Transportation Plans & Programs	77,962
M00463	Mid-Region Council of Governments	New Mexico Rail Runner Express	2,369,864
M00468	Mid-Region Council of Governments	Construct/Management of a Transportation Management Center	-
M00468A	Mid-Region Council of Governments	Facility & Maintenance of TMC	480,155
M00473	North Central New Mexico Economic	Development of Transportation Plans & Programs	10,340
M00474	North Central New Mexico Economic	Development of Transportation Plans & Programs	-
M00474A	North Central New Mexico Economic	Development of Transportation Plans & Programs	-
M00475	Southwest Council of Governments	Development of Transportation Plans & Programs	64,096
M00476	Eastern Plains Council of Governments	Development of Transportation Plans & Programs	48,524
M00476A	Eastern Plains Council of Governments	Development of Transportation Plans & Programs	-
M00477	Northwest New Mexico Council	Development of Transportation Plans & Programs	-
M00501	South Central Council of Governments	Development of Transportation Plans & Programs	67,771
M00513	Southeastern NM Economic	Development of Transportation Plans & Programs	72,204
M00519	Mid-Region Council of Governments	Development of Transportation Plans & Programs	66,768
M00527	City of El Paso	Development of Transportation Plans & Programs	26,694
M00532	City of Las Cruces	Development of Transportation Plans & Programs	353,472
M00534	New Mexico State University	Hazmat Study	-
M00569	Citizens' Committee for History Preservation	Scenic Byways Programs	135
M00615	Department of Finance & Administration	Mou/Maximus Consultants	226,787
M00616	Mid-Region Council of Governments	New Mexico Rail Runner - ABQ/SF corridor	9,141,302
M00652	NM Corrections Industries	Optical Image Scanning / Data Entry	110,000
M00657	New Mexico State University	Binational Transportation Infrastructure Needs Assessment & Geographic Information Study	-
M00662	Mid-Region Council of Governments	Regional Network of Safe & Efficient Public Transit	-
M00707	Southwest Regional Transit District	Regional Network of Safe & Efficient Public Transit	-
M00716	Department of Cultural Affairs	Administer the Modification of the VAN of ENCHANTMENT	174,896

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		Total Estimated	Portion	Party	Audit	Fiscal Agent	Agency Where
Beginning	Ending	Amt of Project	Applicable To Agency	Responsible for Operations	Responsibility	(if applicable)	Revenues/Expenditures are Reported
7/21/2004	12/31/2010	8,071,554	85%	Contractor	Department		Department
9/17/2007	12/31/2010	334,300	85%	Contractor	Department		Department
9/8/2004	12/31/2010	80,595,000	100%	Contractor	Department		Department
10/22/2004	9/30/2009	172,850	100%	Contractor	Department		Department
4/26/2005	10/25/2009	58,717	100%	Contractor	Department		Department
7/23/2008	6/19/2010	670,401	100%	Contractor	Department		Department
7/25/2005	12/31/2010	643,709	85%	Contractor	Department		Department
2/7/2006	12/31/2010	695,206	85%	Contractor	Department		Department
8/9/2005	2/25/2010	41,906,884	100%	Contractor	Department		Department
9/14/2005	12/31/2010	883,593	100%	Contractor	Department		Department
7/17/2008	12/31/2010	1,062,760	100%	Contractor	Department		Department
10/26/2005	12/31/2010	307,498	85%	Contractor	Department		Department
2/28/2007	12/31/2010	80,822	85%	Contractor	Department		Department
10/4/2005	12/31/2010	80,822	85%	Contractor	Department		Department
10/28/2005	12/31/2010	345,831	85%	Contractor	Department		Department
10/26/2005	12/31/2010	413,623	85%	Contractor	Department		Department
4/24/2007	12/31/2010	92,967	85%	Contractor	Department		Department
10/26/2005	12/31/2010	327,454	85%	Contractor	Department		Department
10/26/2005	12/31/2010	369,279	85%	Contractor	Department		Department
11/9/2005	12/31/2010	360,337	85%	Contractor	Department		Department
11/9/2005	12/31/2009	420,815	85%	Contractor	Department		Department
12/22/2005	12/31/2010	313,114	85%	Contractor	Department		Department
1/11/2006	12/31/2010	928,695	85%	Contractor	Department		Department
12/7/2005	12/7/2009	21,299	100%	Contractor	Department		Department
4/26/2006	12/31/2009	25,227	80%	Contractor	Department		Department
9/6/2006	9/8/2010	299,922	100%	Contractor	Department		Department
8/31/2006	12/31/2010	139,200,000	100%	Contractor	Department		Department
12/18/2006	12/31/2010	430,000	100%	Contractor	Department		Department
1/19/2007	7/31/2009	140,000	100%	Contractor	Department		Department
3/9/2007	12/31/2010	250,000	100%	Contractor	Department		Department
6/28/2007	12/31/2010	250,000	100%	Contractor	Department		Department
8/24/2007	9/30/2011	885,240	75%	Contractor	Department		Department

See Independent Auditors' Report

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**  
**Supplemental Schedule of Joint Powers Agreements**

Contract Number	Contractor	Description	Expended in 2010
M00718	Dexter Consolidated Schools	Safe Routes to School Phase 1	1,645
M00719	City of Bayard	Safe Routes to School Phase 1	8,048
M00720	Village of Corrales	Safe Routes to School Phase 1	-
M00723	City of Gallup	Safe Routes to School Phase 1	4,076
M00727	Village of Wagon Mound	Safe Routes to School Phase 1	-
M00727A	Wagon Mound Public Schools	Development of Transportation Plans & Programs	1,372
M00734	New Mexico Institute of Mining & Tech	Road Improvements / Water Canyon Road FSR235	385,667
M00750	South Central Regional Transit District	Development of Transportation Plans & Programs	2,008
M00751	Albuquerque Metropolitan Arroyo Flood	Embudo Arroyo Maintenance	310,000
M00754	Town of Mesilla	Development of Transportation Plans & Programs	826
M00757	Silver City Consolidated Schools	Development of Transportation Plans & Programs	11,852
M00758	Deming Public Schools	Development of Transportation Plans & Programs	4,953
M00763	City of Carlsbad	Development of Transportation Plans & Programs	13,951
M00764	ARCA	Public Transportation Services	8,909
M00765	Zia Therapy Ctr Inc	Public Transportation Services	36,346
M00774	City of Alamogordo	Safe Routes to School	4,828
M00775	Las Cruces Public Schools	Safe Routes to School	604
M00778	State Employee Commuter Association	Public Transportation Services	-
M00784	Las Cruces Public Schools	Safe Routes to School Phase 1	9,917
M00785	City of Hobbs	Safe Routes to School Phase 1	5,455
M00786	San Miguel County	Safe Routes to School Phase 1	15,000
M00787	Gallup Express	Public Transportation Services	70,994
M00788	Village of Milan	Public Transportation Services	27,719
M00789	Town of Red River	Public Transportation Services	41,227
M00790	Village of Los Lunas	Public Transportation Services	89,019
M00791	Zuni Entrepreneurial Ent Inc	Public Transportation Services	46,097
M00792	City of Carlsbad	Public Transportation Services	-
M00793	Zia Therapy Ctr Inc	Public Transportation Services	58,140
M00794	Golden Spread Rural Frontier	Public Transportation Services	24,468
M00795	City of Belen	Public Transportation Services	10,059
M00796	City of Clovis	Public Transportation Services	151,625
M00801	City of Las Vegas	Public Transportation Services	20,909
M00802	City of Roswell	Public Transportation Services	171,426
M00803	Town of Taos	Public Transportation Services	61,228
M00804	Pueblo Of Laguna	Public Transportation Services	25,950

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NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		Total Estimated	Portion	Party	Audit	Fiscal Agent	Agency Where
Beginning	Ending	Amt of Project	Applicable To Agency	Responsible for Operations	Responsibility	(If applicable)	Revenues/Expenditures are Reported
8/28/2007	8/30/2009	15,000	100%	Contractor	Department		Department
8/28/2007	6/30/2010	15,000	100%	Contractor	Department		Department
8/28/2007	8/30/2009	15,000	100%	Contractor	Department		Department
9/4/2007	8/30/2010	15,000	100%	Contractor	Department		Department
9/11/2007	10/30/2009	15,000	100%	Contractor	Department		Department
9/11/2007	8/30/2009	12,500	100%	Contractor	Department		Department
11/28/2007	12/31/2013	2,554,652	80%	Contractor	Department		Department
2/26/2008	12/30/2010	250,000	80%	Contractor	Department		Department
5/21/2008	5/21/2012	570,000	100%	Contractor	Department		Department
6/25/2008	12/30/2010	15,000	85%	Contractor	Department		Department
7/2/2008	6/30/2010	15,000	85%	Contractor	Department		Department
7/2/2008	6/30/2010	15,000	85%	Contractor	Department		Department
7/9/2008	6/30/2010	15,000	85%	Contractor	Department		Department
7/11/2008	9/30/2009	168,800	80%	Contractor	Department		Department
7/11/2008	9/30/2009	73,383	80%	Contractor	Department		Department
7/16/2008	9/30/2010	15,000	100%	Contractor	Department		Department
7/16/2008	12/30/2010	15,000	100%	Contractor	Department		Department
7/25/2008	9/30/2009	73,600	80%	Contractor	Department		Department
7/25/2008	6/30/2010	27,460	100%	Contractor	Department		Department
7/25/2008	6/30/2010	15,000	100%	Contractor	Department		Department
8/4/2008	6/30/2010	47,500	100%	Contractor	Department		Department
8/4/2008	9/30/2009	342,970	50%/80%	Contractor	Department		Department
8/4/2008	9/30/2009	253,850	50%/80%	Contractor	Department		Department
8/4/2008	9/30/2009	180,600	50%/80%	Contractor	Department		Department
8/4/2008	11/30/2009	435,432	50%/80%	Contractor	Department		Department
8/4/2008	9/30/2009	259,600	50%/80%	Contractor	Department		Department
7/28/2008	9/30/2009	61,380	50%/80%	Contractor	Department		Department
7/28/2008	9/30/2009	400,025	50%/80%	Contractor	Department		Department
7/28/2008	9/30/2009	171,505	50%/80%	Contractor	Department		Department
7/28/2008	9/30/2009	40,375	50%/80%	Contractor	Department		Department
8/11/2008	9/30/2009	796,941	50%/80%	Contractor	Department		Department
8/11/2008	9/30/2009	267,400	50%/80%	Contractor	Department		Department
8/11/2008	9/30/2009	1,145,000	50%/80%	Contractor	Department		Department
8/11/2008	9/30/2009	466,375	50%/80%	Contractor	Department		Department
8/19/2008	9/30/2009	199,035	50%/80%	Contractor	Department		Department

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Joint Powers Agreements

Contract Number	Contractor	Description	Expended in 2010
M00805	City of Hobbs	Public Transportation Services	110,465
M00806	City of Socorro	Public Transportation Services	34,073
M00807	City of Ruidoso Downs	Public Transportation Services	49,046
M00808	Southwest Regional Transit District	Public Transportation Services	174,044
M00809	City of Portales	Public Transportation Services	25,034
M00810	Village of Angel Fire	Public Transportation Services	16,585
M00812	Torrance County	Public Transportation Services	26,645
M00813	North Central Regional Transit District	Public Transportation Services	343,361
M00816	City of Carlsbad	Public Transportation Services	37,643
M00817	County of Sandoval	Public Transportation Services	547,167
M00818	Southwest Regional Transit District	Public Transportation Services	29,991
M00821	County of Los Alamos	Public Transportation Services	188,868
M00824	Navajo Nation	Public Transportation Services	211,776
M00831	Riometro Regional Transit District	Development of Transportation Plans & Programs	56,886
M00839	Santa Clara Development Corp	Park and Ride Parking	7,500
M00840	City of Farmington	Safe Routes to School Phase 1	9,798
M00841	Village of Cimarron	Safe Routes to School Phase 1	304
M00842	South Central Council Of Governments	Public Transportation Services	37,614
M00843	City of Roswell	Public Transportation Services	8,931
M00847	Adelante Development Center	Public Transportation Services	7,770
M00849	US Department of Interior	Investigation/Analysis Floods	100,479
M00853	Albuquerque Public Schools	Safe Routes to School Phase 1	13,044
M00854	Rio Rancho Public Schools	Safe Routes to School Phase 1	3,286
M00855	Town of Taos	Safe Routes to School Phase 1	7,500
M00857	Albuquerque Public Schools	Safe Routes to School Phase 1	9,165
M00858	North Central Regional Transit District	Public Transportation Services	148,309
M00859	Torrance County	Public Transportation Services	11,950
M00860	Zia Therapy Ctr Inc	Public Transportation Services	18,495
M00861	Village of Los Lunas	Public Transportation Services	43,586
M00865	Families And Youth Inc	Public Transportation Services	56,912
M00866	Tresco Inc	Public Transportation Services	56,832
M00867	Border Area Mental Health Svc	Public Transportation Services	28,456
M00868	City of Socorro	Public Transportation Services	82,622
M00872	Zia Therapy Ctr Inc	Public Transportation Services	344,367
M00873	City of Las Vegas	Public Transportation Services	9,094
M00874	City of Roswell	Public Transportation Services	162,150
M00876	Town of Red River	Public Transportation Services	148,893

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		Total Estimated	Portion	Party	Audit	Fiscal Agent	Agency Where
Beginning	Ending	Amt of Project	Applicable To Agency	Responsible for Operations	Responsibility	(if applicable)	Revenues/Expenditures are Reported
8/19/2008	9/30/2009	481,583	50%/80%	Contractor	Department		Department
8/19/2008	9/30/2009	191,743	50%/80%	Contractor	Department		Department
8/20/2008	9/30/2009	181,123	50%/80%	Contractor	Department		Department
8/20/2008	9/30/2009	601,842	50%/80%	Contractor	Department		Department
8/20/2008	9/30/2009	83,209	50%/80%	Contractor	Department		Department
8/20/2008	9/30/2009	239,602	50%/80%	Contractor	Department		Department
8/22/2008	9/30/2009	255,380	50%/80%	Contractor	Department		Department
8/25/2008	9/30/2009	1,626,375	50%/80%	Contractor	Department		Department
9/16/2008	9/30/2009	528,664	50%/80%	Contractor	Department		Department
9/17/2008	9/30/2009	1,180,123	50%/80%	Contractor	Department		Department
9/15/2008	9/30/2009	76,220	50%/80%	Contractor	Department		Department
10/28/2008	9/30/2009	717,292	50%/80%	Contractor	Department		Department
11/9/2008	9/30/2009	411,339	50%/80%	Contractor	Department		Department
2/19/2009	1/31/2011	95,268	85%	Contractor	Department		Department
6/1/2009	9/30/2010	12,750	100%	Contractor	Department		Department
7/1/2009	6/30/2011	15,000	100%	Contractor	Department		Department
7/1/2009	6/30/2011	15,000	100%	Contractor	Department		Department
7/1/2009	6/30/2010	47,000	50%/80%	Contractor	Department		Department
7/1/2009	6/30/2010	13,200	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	191,873	50%/80%	Contractor	Department		Department
6/26/2009	9/30/2010	167,846	100%	Contractor	Department		Department
7/2/2009	6/30/2011	15,000	50%/80%	Contractor	Department		Department
7/2/2009	6/30/2011	15,000	50%/80%	Contractor	Department		Department
7/2/2009	6/30/2011	15,000	50%/80%	Contractor	Department		Department
7/3/2009	6/30/2011	15,000	50%/80%	Contractor	Department		Department
7/2/2009	6/30/2010	162,500	50%/80%	Contractor	Department		Department
7/2/2009	6/30/2010	23,100	50%/80%	Contractor	Department		Department
7/2/2009	6/30/2010	19,800	50%/80%	Contractor	Department		Department
7/2/2009	6/30/2010	51,975	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	59,477	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	59,632	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	30,538	50%/80%	Contractor	Department		Department
7/17/2009	12/31/2010	86,570	50%/80%	Contractor	Department		Department
7/17/2009	12/31/2010	344,626	50%/80%	Contractor	Department		Department
7/17/2009	6/30/2010	81,600	50%/80%	Contractor	Department		Department
7/17/2009	12/31/2010	340,000	50%/80%	Contractor	Department		Department
7/17/2009	6/30/2010	150,000	50%/80%	Contractor	Department		Department

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Joint Powers Agreements

Contract Number	Contractor	Description	Expended in 2010
M00877	County of Los Alamos	Public Transportation Services	143,317
M00878	Village of Milan	Public Transportation Services	28,760
M00879	Ben Archer Health Center	Public Transportation Services	80,554
M00880	Mid-Region Council of	Public Transportation Services	2,230,453
M00884	Milan, Village Of	Public Transportation Services	6,983
M00887	Pueblo of Laguna	Public Transportation Services	220
M00889	Gallup Express	Public Transportation Services	189,145
M00890	National Oceanic & Atmospheric	Geodetic Survey Control	61,150
M00892	County of Los Alamos	Public Transportation Services	85,635
M00893	Southwest Regional Transit District	Public Transportation Services	41,979
M00894	City of Carlsbad	Public Transportation Services	26,553
M00895	Town of Taos	Public Transportation Services	412,737
M00897	Village of Angel Fire	Public Transportation Services	173,900
M00898	City of Carlsbad	Public Transportation Services	171,924
M00899	City of Ruidoso Downs	Public Transportation Services	2,006
M00901	North Central Regional Transit District	Public Transportation Services	1,696,978
M00902	City of Carlsbad	Public Transportation Services	8,366
M00903	County of Los Alamos	Public Transportation Services	1,108,700
M00905	Riometro Regional Transit District	Public Transportation Services	171,940
M00908	Pay N Save Inc	Parking Lot License Agreement	7,500
M00911	County of Los Alamos	Public Transportation Services	635,879
M00912	Town of Red River	Public Transportation Services	62,592
M00913	Golden Spread Rural Frontier	Public Transportation Services	71,359
M00914	Zia Therapy Ctr Inc	Public Transportation Services	269,060
M00915	City of Roswell	Public Transportation Services	467,928
M00916	City of Clovis	Public Transportation Services	312,211
M00917	North Central Regional Transit District	Public Transportation Services	709,242
M00918	Gallup Express	Public Transportation Services	94,934
M00919	Torrance County	Public Transportation Services	124,668
M00921	Riometro Regional Transit District	Public Transportation Services	539,528
M00922	Zuni Entrepreneurial Ent Inc	Public Transportation Services	97,783
M00923	Village of Milan	Public Transportation Services	106,628
M00925	University of New Mexico	Economic Analysis/Forecasting	12,451
M00926	Pueblo of Laguna	Public Transportation Services	39,630
M00927	City of Las Cruces	Promoting Ridesharing	21,719
M00928	City of Socorro	Public Transportation Services	71,892
M00929	Village of Los Lunas	Public Transportation Services	192,040

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**  
**Supplemental Schedule of Joint Powers Agreements**

Date of Agreement		Total Estimated Amt of Project	Portion Applicable To Agency	Party Responsible for Operations	Audit Responsibility	Fiscal Agent (if applicable)	Agency Where Revenues/Expenditures are Reported
Beginning	Ending						
7/17/2009	6/30/2010	175,000	50%/80%	Contractor	Department		Department
7/17/2009	8/30/2010	37,500	50%/80%	Contractor	Department		Department
7/17/2009	6/30/2010	95,998	50%/80%	Contractor	Department		Department
7/17/2009	6/30/2010	2,240,000	50%/80%	Contractor	Department		Department
7/18/2009	12/31/2010	15,640	50%/80%	Contractor	Department		Department
7/17/2009	12/31/2010	96,250	50%/80%	Contractor	Department		Department
7/17/2009	12/31/2010	260,486	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2014	324,750	100%	Contractor	Department		Department
10/1/2009	9/30/2010	103,560	50%/80%	Contractor	Department		Department
7/28/2009	6/30/2010	44,348	50%/80%	Contractor	Department		Department
7/27/2009	6/30/2010	30,690	50%/80%	Contractor	Department		Department
7/29/2009	12/30/2010	507,500	50%/80%	Contractor	Department		Department
7/29/2009	1/31/2010	173,900	50%/80%	Contractor	Department		Department
7/29/2009	12/31/2010	404,579	50%/80%	Contractor	Department		Department
7/29/2009	12/31/2010	133,923	50%/80%	Contractor	Department		Department
8/15/2009	12/31/2010	2,000,000	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	11,938	50%/80%	Contractor	Department		Department
8/19/2009	6/30/2010	1,108,700	50%/80%	Contractor	Department		Department
8/25/2009	6/30/2010	181,065	50%/80%	Contractor	Department		Department
8/31/2009	8/31/2010	9,000	100%	Contractor	Department		Department
10/2/2009	9/30/2010	638,056	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	90,209	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	101,568	50%/80%	Contractor	Department		Department
10/2/2009	9/30/2010	431,080	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	747,420	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	471,445	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	1,065,726	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	164,235	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	130,842	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	936,472	50%/80%	Contractor	Department		Department
10/2/2009	9/30/2010	168,589	50%/80%	Contractor	Department		Department
10/1/2009	9/30/2010	134,170	50%/80%	Contractor	Department		Department
9/5/2009	6/30/2010	12,451	100%	Contractor	Department		Department
10/1/2009	9/30/2010	86,514	50%/80%	Contractor	Department		Department
10/2/2009	6/30/2010	31,000	100%	Contractor	Department		Department
10/26/2009	9/30/2010	92,615	50%/80%	Contractor	Department		Department
10/26/2009	9/30/2010	253,041	50%/80%	Contractor	Department		Department

See Independent Auditors' Report

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Joint Powers Agreements

Contract Number	Contractor	Description	Expended in 2010
M00930	City of Hobbs	Public Transportation Services	192,309
M00931	Southwest Regional Transit District	Public Transportation Services	313,947
M00932	City of Carlsbad	Public Transportation Services	193,911
M00933	City of Ruidoso Downs	Public Transportation Services	99,263
M00934	Town of Taos	Public Transportation Services	210,412
M00935	New Mexico Passenger Transportation Assc	Statewide Transit Conference	75,435
M00936	Southwest Regional Transit District	Public Transportation Services	23,850
M00937	City of Portales	Public Transportation Services	52,995
M00938	City of Las Vegas	Public Transportation Services	86,813
M00939	Village of Angel Fire	Public Transportation Services	105,057
M00943	City of Albuquerque	RIDESHARE/TDM	380,725
M00944	Good Shepherd Lutheran Church	Use of Parking Lot Agreement	6,585
M00945	Navajo Nation	Public Transportation Services	241,188
M00948	Museum of Indian Arts/Culture	Preservation & Curation Archaeological	8,902
M00954	Riometro Regional Transit District	NM Rail Runner Express	1,250,000
M00955	Peachtree Telecommunications	RAIL RUNNER 3.65 GHz WiMAX	13,280
M00956	TW Telecom	Rail Runner Network Maintenance	6,348
M00962	City of Santa Fe	Promoting Ridesharing	32,880

NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Joint Powers Agreements

Date of Agreement		Total Estimated Amt of Project	Portion Applicable To Agency	Party Responsible for Operations	Audit Responsibility	Fiscal Agent (if applicable)	Agency Where Revenues/Expenditures are Reported
Beginning	Ending						
10/26/2009	9/30/2010	243,189	50%/80%	Contractor	Department		Department
10/26/2009	9/30/2010	594,384	50%/80%	Contractor	Department		Department
10/26/2009	9/30/2010	298,997	50%/80%	Contractor	Department		Department
10/26/2009	9/30/2010	143,593	50%/80%	Contractor	Department		Department
10/26/2009	9/30/2010	285,382	50%/80%	Contractor	Department		Department
10/26/2009	6/30/2010	113,600	100%	Contractor	Department		Department
10/27/2009	9/30/2010	25,000	50%/80%	Contractor	Department		Department
10/26/2009	9/30/2010	82,319	50%/80%	Contractor	Department		Department
10/26/2009	9/30/2010	140,233	50%/80%	Contractor	Department		Department
10/26/2009	9/30/2010	182,140	50%/80%	Contractor	Department		Department
11/23/2009	6/30/2010	953,181	80%	Contractor	Department		Department
11/10/2009	6/30/2010	9,000	100%	Contractor	Department		Department
12/1/2009	9/30/2010	330,777	50%/80%	Contractor	Department		Department
12/23/2009	12/30/2012	323,000	80%	Contractor	Department		Department
4/22/2010	6/30/2011	1,250,000	100%	Contractor	Department		Department
1/11/2010	1/11/2014	53,122	100%	Contractor	Department		Department
1/13/2010	1/13/2014	10,000	100%	Contractor	Department		Department
6/30/2010	7/31/2010	67,653	80%	Contractor	Department		Department

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**SINGLE AUDIT**



NEW MEXICO DEPARTMENT OF TRANSPORTATION  
Supplemental Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2010

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participation Expenditures
<b>Direct Assistance Programs:</b>		
<b>U.S. Department of Energy:</b>		
ARRA - State Energy Program (pass-through from NMEMNR 09-521-A083068-0066)	81.041	\$ 1,273,652
Waste Isolation Pilot Plant 2004	81.106	25,126,707
<b>Total U.S. Department of Energy</b>		<b>26,400,359</b>
<b>U.S. Department of Transportation:</b>		
Federal Highway Administration highway research, planning and construction (FHWA):		
FHWA	20.205	298,764,227
ARRA - FHWA	20.205	116,513,288
		415,277,515
National Highway Traffic Safety Administration (NHTSA):		
Highway Safety Grant	20.600	2,953,932
Alcohol Traffic Safety and Drunk Driving Prevention	20.601	1,906,819
Occupant Protection Program	20.602	152,988
Section 164 Transfer Funds	20.608	9,034,987
Safety Belt Performance Grants	20.609	(25,000)
Safety Information Improvement Grants	20.610	515,172
		14,538,898
Federal Aviation Division:		
State Planning	20.106	346,743
Federal Transit Administration (FTA):		
Capital Program Grants and Loans	20.500	517,892
Federal Transit Metropolitan Planning Grants	20.505	580,418
Urbanized Area Formula Program	20.507	4,591,616
Formula Grants for Other Than Urbanized Areas	20.509	6,530,560
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	384,346
Job Access Reverse Commute Job Access	20.516	917,603
New Freedom Program	20.521	147,684
Formula Grants for Other Than Urbanized Areas	20.509	7,672,093
		21,342,212
<b>Total U.S. Department of Transportation</b>		<b>451,505,368</b>
<b>Total Federal Financial Assistance</b>		<b>\$ 477,905,727</b>

**NEW MEXICO DEPARTMENT OF TRANSPORTATION**  
**Notes To Supplemental Schedule of Expenditures of Federal Awards**

**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	\$	484,422,383
U.S. Department of Energy - WIPP		25,126,707
Transfer in of ARRA from Other Agency		1,273,651
Retainage Payable U. S. Department of Transportation (2010)		528,874
Deferred U.S. Department of Transportation (2010)		21,029,755
Deferred U.S. Department of Transportation (2009)		<u>(54,475,643)</u>

Supplemental Schedule of Expenditures,  
 of Federal Awards

\$ 477,905,727

**Subrecipients of Grant Awards**

Grantor Agency/Grant Title and Subrecipient	Grant Number- Federal or State	Federal CFDA Number	Pass-through Grant Amount
Railrunner Operations			
Mid Region Council of Governments	NM-95-X 007	20507	\$ 2,467,580
Mid Region Council of Governments	NM-95-X 008	20507	750,000

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial  
Statements Performed in Accordance With  
Government Auditing Standards**

Mr. Gary Giron, Secretary  
State of New Mexico  
Department of Transportation  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

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, 2010, and have issued our report thereon dated December 13, 2010. We also have audited the financial statements of each of the Department's nonmajor governmental funds and the budgetary comparisons for each fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, as described in the accompanying schedule of findings and questions costs as

Mr. Gary Giron, Secretary  
State of New Mexico  
Department of Transportation  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

items 07-7, 07-14, 08-8, and 10-1 through 10-4 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### 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 tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 07-14, 08-8 and 10-7 through 10-11.

We also noted certain matters that are required to be reported under Government Auditing Standards paragraph 5.14 and 5.16, and Section 12-6-5 NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items 08-5, and 10-12 through 10-14.

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

This report is intended solely for the information and use of management, others within Department, the State of New Mexico Office of the State Auditor, the New Mexico 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.

*Mess Adams LLP*

Albuquerque, New Mexico  
December 13, 2010

**Report on Compliance With Requirements  
That Could Have a Direct and Material Effect on  
Each Major Program And Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

Mr. Gary Giron, Secretary  
State of New Mexico  
Department of Transportation  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-7 through 10-11.

Internal Control Over Compliance

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

Mr. Gary Giron, Secretary  
State of New Mexico  
Department of Transportation  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

programs. In planning and performing our audit, we considered the Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 10-5, 10-6, 10-9 and 10-11. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Mess Adams LLP*

Albuquerque, New Mexico  
December 13, 2010



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



For the Year Ended June 30, 2010

Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued Unqualified

Internal Control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(s) identified that are not considered to be material weakness(es)?  Yes  None Reported

Non-compliance material to financials statements noted?  Yes  No

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(s) identified that are not considered to be material weakness(es)?  Yes  None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133  Yes  None Reported

**Identification of Major Programs:**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Federal Highway Administration Programs (FHWA)	20.205
National Highway Traffic Safety Administration (NHTSA Cluster)	20.600, 20.601, 20.602 20.609, 20.610
National Highway Traffic Safety Administration (NHTSA)	20.608
Federal Transit Administration (FTA Cluster)	20.500, 20.507
Federal Transit Administration (FTA)	20.509

Dollar threshold used to distinguish between Types A and B programs \$3,000,000

Auditee qualified as low-risk auditee?  Yes  No

## B. FINDINGS – FINANCIAL STATEMENT AUDIT

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

#### CONDITION

When performing a search for unrecorded liabilities, we noted three invoices for goods or services received prior to June 30, 2010. Payment for these items were not made until after June 30, 2010 totaling \$878,823; however, the vouchers were not properly accrued at June 30, 2010.

#### 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. Governmental Accounting Standards Board (GASB) Codification Section 1600.102 states that: "Under the *cash* basis of accounting, revenues and transfers in are not recognized until cash is received, and expenditures or expenses (as appropriate) and transfers out are recognized only when cash is disbursed. Under the *accrual* basis of accounting, most transactions are recognized when they occur, regardless of when cash is received or disbursed. Items not practicably measurable until cash is received or disbursed are accounted for at that time using either basis of accounting as may be items whose measurement would be approximately the same under either basis or that are immaterial."

#### EFFECT

Liabilities were understated and an adjustment was required to properly state accounts payable at year end.

#### CAUSE

Lack of proper tracking of accounts payable at year end along with adequate controls to identify key entry errors.

#### RECOMMENDATION

The Department should implement stronger controls to ensure accounts payable are tracked and recorded for goods or services received prior to year end.

#### MANAGEMENT RESPONSE

The Department has made significant improvements in obtaining greater control in managing the accrual activity and observing the year end cutoff. Our Financial Control has updated the year end cutoff instructions with more detailed instructions in order to give specific guidance for accruals in typical situations. Additionally, Financial Control has inspected all payment vouchers after the year end until the cutoff date of September 30 to capture and report any unaccrued payments.

Nonetheless, a few errors have occurred. Although the controls are in place, they will only assure that there won't be an unreasonable amount of error-not absolute assurance of no errors.

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

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**07-14 OVER-EXPENDED APPROPRIATION UNITS (Significant Deficiency and Non Compliance)  
–Repeated and Modified**

CONDITION

The Department exceeded budgeted expenditures for the following funds/categories as of June 30, 2010:

P564: Business Program Support; category 400—other costs over expended by \$14,568,765.

CRITERIA

Per (2.2.10NMAC), 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 track legal budgets, applicable adjustments to budgets and expenditures properly to comply with all legal requirements.

MANAGEMENT RESPONSE

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 some of 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 has met with the Department of Finance and Administration to arrive at a solution. Although some of the debt service payments will be recognized as House Bill 2 has funded, some are still required to be recorded in the debt service funds. In the case of these ones, the Department will be required to budget additional amounts for activities in those debt service funds in excess of cash distributed from the road fund. The Department will begin budgeting for these activities in fiscal year 2011.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**08-8 UNTIMELY REVERSIONS (Significant Deficiency and Non Compliance) - Repeated and Modified**

CONDITION

The Department's State Road Fund is their operating fund that receives State General Fund appropriations, however, this fund is non-reverting and House Bill 2 allows the Department to rollover prior year funds. The Department's General Fund Appropriations (GFA) 10070 Fund receives State General Fund appropriations for construction of infrastructure and special projects and is the only fund of the Department that reverts. These GFA funds must revert upon completion of the appropriation project or upon expiration of the appropriation period.

During our testing of reversions, we noted the following:

Old projects are not being reverted timely, as we noted some projects that were completed or expired in 2008, 2009, and 2010 that had not yet been reverted.

There is a lack of controls over the tracking, calculation, and timeliness of reversions. The Budget and Controller offices have two different versions.

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 and subsequently adjusted within 45 days of the completion of the annual audit. The FY10 reversion was due on September 30, 2010.

EFFECT

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

CAUSE

The Department had not validated the amount to be transferred prior to the September 30 due date. The Department therefore did not proceed with transferring the reversion since the amount is based on actual amounts and not on estimates.

RECOMMENDATION

The Department should establish procedures, controls, and monitoring to ensure timely calculation and submission of reversions to the New Mexico State General Fund.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**08-8 UNTIMELY REVERSIONS (Significant Deficiency and Non Compliance) - Repeated and Modified  
(Continued)**

MANAGEMENT RESPONSE

The current reversion procedures provide a "Notice to Close" document to be turned in to Budget Services from the capital projects section after a project has closed and a final accounting has been done. These documents were to be turned in by September 15 in preparation for the 2010 reversion. When Budget Services compared the listing of closed projects and the associated remaining balances reported, many did not match the report of estimated reversions submitted by Accounting Services. In the case of matching reversion amounts, the payment to the general fund occurred as expected by September 30. In the cases of conflicting amounts, those items were returned and further research was initiated by both capital outlay and the controller's office. The \$1.7M items identified that were not turned over to the general fund will be resolved in FY11.

Management expects to update the procedures for reversion to include formalizing communications between Budget, Accounting Services and Capital Projects for preparation of Notice to Close requests in fiscal year 2011 as well.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**10-1 SYSTEM STABILITY AND DATA INTEGRITY (Significant Deficiency)**

CONDITION

NM DOT's SHARE financial system has been significantly modified to meet the specific requirements of the Department. Applications that are customized and/or have been modified typically bear an increased risk of lost or damaged data or the introduction of processing errors. To mitigate this risk, it is critical that the Department ensure application changes are thoroughly tested outside the production environment prior to implementation. It is additionally important that the Department internally retain copies of full documentation of the modifications to assist with troubleshooting as needed.

During interviews and testing of the IT environment, the following issues were noted:

**Test environment:** NMDOT does not have access to a viable test environment. The current test bed utilizes production data that has not been updated since July 2010. As a result, some system modifications are being tested directly in the production environment.

**System out of date:** Vendor updates to the SHARE system have not been applied since 2008. This has resulted in documented system problems that have gone unresolved. For example, it was reported that the Commitment Control module's sub ledger is unable to remain in synch with its activity log. Maximus, a third party service -provider, created a customized process to synchronize these components. While this modification was tested successfully in a separate environment, it caused data duplication when implemented into production during the current audit period. In order to resolve this, an "emergency fix", along with manual data deletions were implemented in the production environment. Likewise, it was reported that the transaction source types referenced in Requisitions, Purchases, and Vouchers do not match, this again is attributed to the system's inability to support further vendor updates due to a high level of customization.

Additionally, the SHARE financial system continues to experience the following functional anomalies resulting from modifications and configuration issues:

**Insufficient access rights:** NMDOT accounting staff does not have access privileges necessary to view data in sufficient detail. For example, posting errors occurring in the Project Costing module cannot be resolved by NMDOT personnel. Likewise, posting errors for Cash Receipts have reportedly been unresolved for more than a year. Current estimates are that unrecognized Cash Receipts now exceed \$10 million.

**Processing delays:** Journal entries created by NMDOT staff must be approved by the Department of Finance. Time delays associated with this process are impacting the reporting of Capital Assets and Payroll. For example, NMDOT personnel must reconcile Capital Assets in spreadsheets in order to produce accurate financial reports.



**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**10-1 SYSTEM STABILITY AND DATA INTEGRITY (Significant Deficiency) (continued)**

CONDITION (CONTINUED)

*Inventory data validation:* During the current audit period, the Inventory Management module was unable to perform validation during data entry. Specifically, invalid entry of chart field data items such as project and fund references resulted in data integrity issues for inventory allocations and fund balances. This problem was resolved in January 2009. It is recommended that NMDOT continue to monitor this issue in order to ensure accurate processing and reporting of inventory transactions.

*Segregation of duties:* Access rights to the Inventory Management module are not being properly controlled. It was reported that all users in this module have “super user” access rights. This implies that inventory adjustments can be made without management review and approval.

*Data integrity issues:* Data integrity issues between the General Ledger and SHARE sub ledgers exist. During interviews with NMDOT staff, it was noted that when AP vouchers are processed, invalid fund references are subsequently corrected by way of manual journal entries. While control totals are reportedly correct, customized queries are utilized to tie fund balances with manual journal entries. These queries also serve as data sources for analysis and reporting of AP and AR. Overall, DOT has accumulated an extensive library of customized queries to support sub ledger reconciliation throughout the SHARE system.

CRITERIA

The Department should have best practices, policies, and a system of controls over system stability and data integrity.

EFFECT

The Department's system and data could be at risk.

CAUSE

The Department has not implemented compensating controls for the weaknesses that exist.

RECOMMENDATION

It is recommended that the DOT be provided with a viable test environment, and that user access rights be revisited in order to support day-to-day operations and ensure proper segregation of duties. Additionally, the Department should consider its alternatives for updating the SHARE system to a currently supported version, or replacing this system with a platform that meets its current business requirements, while providing vendor support for maintenance and updates.

MANAGEMENT RESPONSE

Department of Transportation will pass the audit recommendations to the Department of Finance Administration (DFA). SHARE is controlled by DFA and these findings are not under the control of DOT.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**10-2 LOAN RECEIVABLE NOT BILLED TIMELY (Significant Deficiency)**

CONDITION

During our review of loan receivables for fund 89300, State Infrastructure Bank, we noted two loans with past due balances of approximately \$6.5 million, including interest outstanding, that have not been billed as of the date of our request. Based on our review of supporting documentation, it appears \$3.2 million was due in FY 2008, \$3.2 million was due in FY 2009 and \$82,500 was due in FY 2010.

CRITERIA

Good accounting practices entail that billings and collection efforts for loans receivable should be performed on a timely and consistent basis.

EFFECT

Untimely collections and lower cash balances on hand.

CAUSE

Due to a lack of oversight the Department had not collected on the loans from the respective parties for the past three fiscal years.

RECOMMENDATION

The Department should analyze the billing process over loans receivable and implement procedures to ensure timeliness of billings, including monitoring staff responsible and accountable for billing deadlines.

MANAGEMENT RESPONSE

The assignment of the SIB loans has shifted to several different personnel during fiscal year 2007 through 2009 due to the loss of some staff.

During the audit work preparation for the 2009 audit, it was noted that two loans had become past due for some of the schedule payments.

Because the loan was assigned to a non-accountant staff person, it was decided that the SIB fund reconciliation would be assigned to a member of the general ledger unit under the guidance of the Director of the unit.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**10-3 FINANCIAL CLOSE AND REPORTING ACCOUNTS RECEIVABLE (Significant Deficiency)**

CONDITION

Over the course of our audit, significant accounting adjustments and reclassifications were made to the June 30, 2010 trial balance. The Department uses manual excel spreadsheets to reconcile the account detail from SHARE to the general ledger. Due to the significant amount of detail that comprises the general ledger account balances, the use of manual spreadsheets increases the likelihood of error.

CRITERIA

Good accounting practices calls for accurate and timely records and NMSA 1978 6-5-2 specifies that agencies shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

EFFECT

Accounts receivable and related revenue were overstated by \$3.3 million and this resulted in re-performance of certain audit procedures relating to these adjustments.

CAUSE

Lack of timely and accurate reconciliation of spreadsheet supporting schedules to the general ledger.

RECOMMENDATION

We recommend the Department continue to work toward a more automated system that integrates with SHARE in order to reduce the number and complexity of the excel spreadsheets required for annual financial close and reporting.

MANAGEMENT RESPONSE

NMDOT uses a manual process to track and reconcile our detail customer receivable account balances to our General Ledger Accounts Receivables (AR) because the State of NM did not fully implement the SHARE Accounts Receivable module. Currently NMDOT uses a 3<sup>rd</sup> party system to generate invoices and then posts a Journal Entry to book the billings into SHARE. Even though payments for accounts receivable are applied directly into SHARE, account balances still have to be manually updated. In December of 2010, NMDOT was given DFA approval to fully implement the Accounts Receivable Module in SHARE. NMDOT is scheduled to begin the AR conversion in January 2011, at which time the manual reconciliation process will be phased out and replaced by a reconciliation process that utilizes system generated data and reports.

Reconciliation of federal receivables has focused on reconciling revenue to cash. The Department will implement an additional reconciliation process during FY11 and perform monthly reconciliations of federal share of expenditures to federal revenue or federal accounts receivable to ensure all valid receivables and revenues are captured during the fiscal year. In addition, Accounting Services will work closely with Federal Funding Control to ensure that any unbilled receivables are communicated and subsequently billed.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**10-3 FINANCIAL CLOSE AND REPORTING ACCOUNTS RECEIVABLE (Significant Deficiency) (Continu**

**MANAGEMENT RESPONSE (CONTINUED)**

The Department also realizes that several unbooked items by DFA have impacted our reconciliation process. Due to system generated problems caused by incorrect initial setup of federal participating project tables in SHARE by Funding Control Staff, several errors have occurred that have prevented cash from posting cash in SHARE. NMDOT is aware of these unposted reconciling items and has made numerous attempts to resolve the underlying issues. On February 21, 2008, NMDOT submitted a Help Ticket to DFA requesting assistance with our cash deposits. NMDOT and STO have worked together to provide DFA with all the necessary information to assist in this matter. We continue to request DFA assistance in resolving and posting our cash receipts; however, DFA has been reluctant to move forward until they conduct their own independent cash reconciliation of all funds and state agencies since the inception of SHARE to current.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**10-4 ACCOUNTING FOR CAPITAL ASSETS AND INFRASTRUCTURE (Significant Deficiency)**

CONDITION

During our documentation and evaluation of controls and processes for accounting for infrastructure assets, we noted the Department tracks infrastructure by project rather than by identifiable asset. While this method may have been adequate in the past as part of the initial estimate of infrastructure assets, it may not provide the level of precision necessary to compile materially accurate financial statements in the future. Specifically, because the Department does not track infrastructure by identifiable asset, the annual amount of deletions must be estimated. Additionally, we noted there is a lack of controls and timely reconciliation of Construction in Progress (CIP) and capital asset additions.

CRITERIA

While GASB 34 paragraph 149 allowed the use of estimates for the retroactive implementation of the standard, it requires the use of actual additions and deletions in accounting for infrastructure on an ongoing basis.

EFFECT

Lack of proper accounting treatment and reconciliation can lead to misstatement on the financial statements.

CAUSE

The Department elected to track infrastructure assets using the composite method as opposed to the individual asset method. Additions and reconciliations are difficult since the Department's Site Manager software used to track operations and costs of projects does not translate into funds and accounts for the SHARE capital assets module to record.

RECOMMENDATION

The Department should ensure that infrastructure assets are tracked using the individual asset method. The Department should work throughout the year on reconciling capital assets to ensure all transactions are recorded properly.

MANAGEMENT RESPONSE

Infrastructure is unique in that there is little that is separately identifiable compared to other assets such as buildings and equipment. Infrastructure may contain stretches of land and highway that is built in the course of several years in separate stages and in separate types of procedures. These are identified in the projects by highway and mile marker in the work done. The very nature of the asset creation does not conform to the traditional "identifiable asset" concept of additions but is identifiable by the project costs collected.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**10-4 ACCOUNTING FOR CAPITAL ASSETS AND INFRASTRUCTURE (Significant Deficiency)  
(Continued)**

MANAGEMENT RESPONSE (CONTINUED)

All additions to infrastructure are based on actual expenditures and are not estimates. I believe that the estimates that are being referred to must then be the calculations of depreciation and deletions of the infrastructure.

Our depreciation is based on 30 year life for Priority One infrastructure assets and 25 year life for other infrastructure assets.

The Department currently deletes infrastructure over a 39 year period. Management is open to discussing the current policy with the intention to obtain a better asset deletion policy that is reflective of the categorization of infrastructure by networks as described by GASB 34 and the practical application of infrastructure asset lives.

C. FINDINGS – FEDERAL AWARDS

10-5 FHWA UNTIMELY BILLINGS (Significant Deficiency)

U.S. Department of Transportation  
Federal Highway Administration (FHWA)  
Program Years: 2009 and 2010

CFDA #20.205, Federal Highway Administration Highway  
Research, Planning and Construction (Significant Deficiency)

QUESTIONED COSTS: None

CONDITION

During our review of accounts receivables we noted a lack of controls over billings which lead to approximately \$3.3 million of expenditures in FY 2010 that were not billed to the federal agency until November 2010. Per discussion with department personnel this billing is a manual billing and not system generated. The billing was overlooked and not found until the department started reconciling their funds. We also noted an additional expenditure of \$474,509 from March 2010 that had not yet been billed to the federal agency as of the date of our testwork.

CRITERIA

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., the Department's management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

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

EFFECT

The federal agency can deny funding for expenditures if they are not received within an eight quarter time period.

CAUSE

Lack of controls over billings lead to billings being overlooked and billed untimely.

RECOMMENDATION

The Department should implement controls to ensure that all accounts receivables are billed timely and all expense reports are obtained from sub-recipients timely.

C. FINDINGS – FEDERAL AWARDS (Continued)

10-5 FHWA UNTIMELY BILLINGS (Significant Deficiency) (Continued)

MANAGEMENT RESPONSE

When a billing is setup that will not flow through the automatic federal billing process, standard NMDOT procedure is to have the responsible NMDOT personnel submit a "Memo of Charge" with supporting documentation for the billing and forward it to Accounting Services. Accounting Services will setup the customer in SHARE and submit a manual billing. This process was not followed and the \$3.3 million was not billed timely in this instance. Accounting Services Staff will distribute a memo agency wide to educate and remind all department personnel of this procedure availability. In addition, Accounting Services will work closely with Federal Funding Control staff to ensure that any other unbilled federal receivables are communicated and subsequently billed in a timely manner. Federal Funding Control has also requested a new report to be built for the cost collection module that will isolate these types of errors for prevention of future billing errors of this type.



**C. FINDINGS – FEDERAL AWARDS (CONTINUED)**

**10-6 NHTSA UNTIMELY BILLINGS (Significant Deficiency)**

U.S. Department of Transportation  
National Highway Traffic Safety Administration (NHTSA)  
Program Years: 2009 and 2010

CFDA #20.600, State and Community Highway Safety  
CFDA #20.601, Alcohol Impaired Driving Countermeasures Incentive Grants I  
CFDA #20.602, Occupant Protection Incentive Grants  
CFDA #20.608, Minimum Penalties for Repeat Offenders for Driving While Intoxicated  
CFDA #20.609, Safety Belt Performance Grants  
CFDA #20.610, State Traffic Safety Information System Improvement Grants

**QUESTIONED COSTS: None**

CONDITION

During our review of accounts receivables, we noted a lack of controls over billings which led to approximately \$5.3 million of expenditures in FY 2010 that were not billed by NHTSA because the subrecipients of DOT did not turn in expense reports and bill DOT timely for proper cutoff of federal expenditures at year-end.

CRITERIA

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., the Department's management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

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

EFFECT

The federal agency can deny funding for expenditures if they are not received within an eight quarter time period.

CAUSE

The late submission of expense reports from sub-recipients prevented the Department from billing NHTSA timely.

RECOMMENDATION

The Department should implement controls to ensure that all accounts receivables are billed timely and all expense reports are obtained from sub-recipients timely.

C. FINDINGS – FEDERAL AWARDS (CONTINUED)

10-6 NHTSA UNTIMELY BILLINGS (Significant Deficiency) (Continued)

MANAGEMENT RESPONSE

Management states billings to NHTSA are timely and submitted within the following month allowed by NHTSA rule. Management can only bill what is received as a claims reimbursement by subrecipients. However, management acknowledges that subrecipient claims for reimbursement are not always submitted timely to TSB for processing, payment and reimbursement from NHTSA.

Management will develop criteria through the project agreement wherein sub recipients submit claims for reimbursement in a timely and fiscally responsible fashion and will develop amendments to FY 11 contracts to facilitate this change. This will allow for timely billing to NHTSA of subrecipient claims for reimbursement at the state fiscal year end as well as the federal fiscal year end.

C. FINDINGS – FEDERAL AWARDS (CONTINUED)

10-7 Sub-recipient Monitoring Exception (Non-Compliance)

U.S. Department of Transportation  
Program Years: 2009 and 2010

National Highway Traffic Safety Administration (NHTSA Cluster)

CFDA #20.600, State and Community Highway Safety Program  
CFDA #20.601, Alcohol Impaired Driving Countermeasures Incentive Grants I Program  
CFDA #20.602, Occupant Protection Incentive Grants Program  
CFDA #20.609, Safety Belt Performance Grants Program  
CFDA #20.610, State Traffic Safety Information System Improvement Grants Program

National Highway Traffic Safety Administration (NHTSA)

CFDA# 20.608, Minimum Penalties for Repeat Offenders for Driving While Intoxicated Program

QUESTIONED COSTS: None

CONDITION

During our testing of sub-recipient monitoring for the NHTSA program, we noted that ten out of the eleven sub-recipients tested did not have a site visit performed by a program manager during FY2010. The program managers have relied on reviewing and approving expenditures as the main form of monitoring the sub-recipients.

CRITERIA

The Traffic Safety Bureau Procedures Manual states that monitoring and reporting program performance are both a State and Federal requirement of the State Uniform Grants and Contracts Management Standards and the Federal Title 49, Part 18; Subpart C – Post Award Requirements (18.4). The manual states that on-site visits are required each year for monitoring the sub-recipients. Expenditures from each site are being reviewed and approved by program managers, but this review is not sufficient to adequately monitor sub-recipients receiving federal funds without a corresponding site visit during the fiscal year.

EFFECT

Sub-recipients are not adequately being monitored and the NHTSA program is not in compliance with the Traffic Safety Bureau Procedures Manual. This increases the likelihood of non-compliance at the subrecipient level going undetected.

CAUSE

NHTSA program management does not appropriately monitor whether site visits are being conducted timely to ensure proper monitoring of sub-recipients.

C. FINDINGS – FEDERAL AWARDS (CONTINUED)

10-7 Sub-recipient Monitoring Exception (Non-Compliance) (Continued)

RECOMMENDATION

The Department should develop and implement controls so that program managers ensure site visits are conducted timely and properly recorded for each sub-recipient.

MANAGEMENT RESPONSE

Management will institute a check system whereby we ensure all programs receive one site visit within the program federal fiscal year. Management will implement a quality assurance program to review compliance and take corrective action for this and other program requirements throughout the program year. This will be made part of staff MEPs ensuring this criterion will be met as part of the staff evaluation process.

C. FINDINGS – FEDERAL AWARDS (CONTINUED)

10-8 Suspension & Debarment Exception (Non-Compliance)

U.S. DEPARTMENT OF TRANSPORTATION  
National Highway Traffic Safety Administration (NHTSA)  
Program Years: 2009 and 2010

CFDA #20.600, State and Community Highway Safety Program  
CFDA #20.601, Alcohol Impaired Driving Countermeasures Incentive Grants I Program  
CFDA #20.602, Occupant Protection Incentive Grants Program  
CFDA #20.608, Minimum Penalties for Repeat Offenders for Driving While Intoxicated Program  
CFDA #20.609, Safety Belt Performance Grants Program  
CFDA #20.610, State Traffic Safety Information System Improvement Grants Program

QUESTIONED COSTS: None

CONDITION

During our testing of suspension and debarment, we noted that the NHTSA program is not performing a verification check to ensure that federal funds were not being awarded to suspended or debarred parties. Only approved vendors can be submitted through the SHARE system, but there is no formal documentation or verification of suspension or debarment.

CRITERIA

OMB Cost Circular A-102 states: "Debarment and Suspension. Federal agencies shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Non-procurement programs to ensure that they do not award assistance to listed parties in violation of the Executive Order. Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and sub-grantees (including contractors) at any tier do not make awards in violation of the non-procurement debarment and suspension common rule."

EFFECT

The NMDOT could unknowingly award federal assistance for the NHTSA program to applicants that are ineligible for participation in their programs, causing noncompliance with the grants and potential questioned costs.

CAUSE

Management did not monitor this requirement.

**C. FINDINGS – FEDERAL AWARDS (CONTINUED)**

**10-8 Suspension & Debarment Exception (Non-Compliance) (Continued)**

RECOMMENDATION

We recommend that the NMDOT train staff and review each federal grant and federal guidance such as the OMB Circulars and the OMB Compliance Supplements for all the specific federal requirements and implement policies and procedures to safeguard the NMDOT against noncompliance.

MANAGEMENT RESPONSE

Management will ensure that at the time contracts and project agreements are drafted, before signature, potential vendors are checked against the Suspension and Debarment website to determine if potential vendors are listed as suspended or debarred. This procedure for determining vendor suspension or debarment will be added to the TSB Procedures manual. A certification will be placed in the financial file with said determination and date of completion.

C. FINDINGS – FEDERAL AWARDS (CONTINUED)

10-9 Physical Equipment Inventory Count Exception (Significant Deficiency and Non-Compliance)

All major federal programs

QUESTIONED COSTS: None

CONDITION

During our control testing of equipment, we noted that there is no formal documentation of annual equipment inventory counts being performed. The program managers have the responsibility to perform annual equipment inventory counts and have generally performed a visual count, but have not formally documented which items have been counted and reconciled to equipment records.

CRITERIA

According to the Code of Federal Regulations (CFR), 49 CFR 19.34, a physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment. Currently there is no documentation that the NMDOT is performing a physical inventory count of equipment purchased with federal funds every two years and reconciling with equipment records for NHTSA, FTA, and FHWA.

EFFECT

Lack of documentation of annual equipment inventory counts and failing to reconcile to equipment records increases the risk of theft to go undetected. In addition the Department does not have an accurate count of inventory on hand at any given time.

CAUSE

Management did not have proper oversight of requirement.

RECOMMENDATION

The Department should ensure that a physical inventory count be conducted and documented at least every two years and the results are reconciled with the equipment records.

**C. FINDINGS – FEDERAL AWARDS (CONTINUED)**

**10-9 Physical Equipment Inventory Count Exception (Significant Deficiency and Non-Compliance)  
(Continued)**

MANAGEMENT RESPONSE

NMDOT is implementing a manual process to track equipment purchased with FHWA funding during the life of the project and before final disposition. The Capital Asset Unit has been conducting an agency wide training for all construction, audit, financial, upper and division management on the importance of asset management. The training of the construction side of the house is very important since this is where the federal purchases begin. By educating the constructions side they can assist the financial side with accountability of these assets and help us ensure all assets are accounted for.

Once a project is finalized the equipment will be incorporated into NMDOT's Capital or non-capital assets system in SHARE. Any assets purchased with Federal dollars will have a unique asset number (ex 12345F-00). The "F" will help us identify these assets from other NMDOT assets.

NMDOT designed the capital asset module with the capability of tracking our non-capital assets without any implication to the financial system.

By taking this same practice we can incorporate FTA and NHTSA assets into SHARE. This will provide us with certification reports in detail listing of assets by location. Each program manager can take the listing and do a visualization inspection of asset on their sight visit and sign off on the certification. Certification will be sent to Accounting Services Bureau for final review and record keeping. The certifications can then be used by the program managers to reconcile with their own equipment records and to determine their continued need.

**FTA:** Currently, during our annual rural transit application process, each applicant/subgrantee confirms and verifies the vehicles (description/type/VIN) that are part of their fleet and purchased with FTA funds through NMDOT. The application is signed by the applicable designated authority. For the application process for FY 2013 which begins in June 2011, we will amend the application to include an inventory of other transit-related equipment purchased with FTA funds through NMDOT. This application signature by the applicable designated authority will confirm and verify the inventory.

**TSB:** Management will take corrective action as follows. An external audit process will be procured to conduct an inventory audit of all equipment purchased with grant funding on an annual basis. In order to assist with inventory reconciliation, TSB has recently implemented a sub account in SHARE to process and record grant equipment purchases. This sub account allows us to track all equipment purchases and can now be reconciled with physical audits to be done as stated above. This will be accomplished during the FY 11 federal fiscal year.



C. FINDINGS – FEDERAL AWARDS (CONTINUED)

10-10 PAYROLL ACCESS TO RECOVERY – LEVEL OF EFFORT (Non-Compliance)

U.S. DEPARTMENT OF TRANSPORTATION  
National Highway Traffic Safety Administration (NHTSA)  
Program Years: 2009 and 2010

CFDA #20.600, State and Community Highway Safety Program  
CFDA #20.601, Alcohol Impaired Driving Countermeasures Incentive Grants I Program  
CFDA #20.602, Occupant Protection Incentive Grants Program  
CFDA #20.608, Minimum Penalties for Repeat Offenders for Driving While Intoxicated Program  
CFDA #20.609, Safety Belt Performance Grants Program  
CFDA #20.610, State Traffic Safety Information System Improvement Grants Program

QUESTIONED COSTS: Unknown

CONDITION

During our testing of payroll compliance we noted that there are a total of seven employees whose payroll is entirely allocated to the NHTSA program. One of the employees has a certification and is charged entirely to planning and administration. Six of these employees have their payroll allocated among several cost objectives within the NHTSA Program. These employees' approved timesheets do not have documentation that illustrates how their wages are allocated among the different cost objectives. Employees' time charged to the program is based on estimates, not actuals.

CRITERIA

OMB Circular A-87, Attachment B, Section 8(h):

(3) – Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4)(a) – Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on: (a) more than one Federal award.

EFFECT

Employee payroll costs could incorrectly be allocated in the NHTSA program.

C. FINDINGS – FEDERAL AWARDS (CONTINUED)

10-10 PAYROLL ACCESS TO RECOVERY – LEVEL OF EFFORT (Non-Compliance) (Continued)

CAUSE

The Department has not implemented controls over this compliance requirement. SHARE modification is in process.

RECOMMENDATION

The Department should ensure that documentation is maintained and kept on file for each employee whose payroll is allocated to different cost objectives within the NHTSA program.

MANAGEMENT RESPONSE

Currently the program payroll is posted into a central program department code. SHARE is currently not capable to allow payroll posting directly against a project code. The Department is currently in the process of updating SHARE to allow program employee's payroll to post into allocated programs. We expect to have this update for payroll up and running by the end of fiscal year 2011.

**C. FINDINGS – FEDERAL AWARDS (CONTINUED)**

**10-11 Reconciliation of Federal Revenues to Federal Expenditures (Significant Deficiency)**

All federal major programs tested.

**QUESTIONED COSTS:** None

CONDITION

The Department does not perform or prepare consistent, timely, and complete reconciliations of federal grant expenditures, cash receipts, and revenues. It was very difficult for the Department to timely provide accurate populations and a final SEFA for audit.

CRITERIA

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., the Department's management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good accounting practices calls for accurate and timely records and NMSA 1978 6-5-2 specifies that agencies shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Reconciliations should be maintained to accurately track cash receipts and grant receivable/deferred balances for financial reporting purposes, as well as monitoring grants to ensure that reimbursement requests are made on a timely basis.

EFFECT

This leads to a higher inherent risk due to weak monitoring of federal revenues and expenditures.

CAUSE

The Department has not established tight processes and controls and has not trained staff properly on reconciling federal revenues to federal expenditures. Complexities with SHARE cause the process to be cumbersome and federal activity for such a large Department are difficult to reconcile.

RECOMMENDATION

We recommend that the Department evaluate this process and implement procedures to ensure they are able to provide timely and complete reports for their federal programs.

C. FINDINGS – FEDERAL AWARDS (CONTINUED)

10-11 Reconciliation of Federal Revenues to Federal Expenditures (Significant Deficiency) (Continued)

MANAGEMENT RESPONSE

Regarding the NHTSA program: Traffic and Safety has reconciled the expenditures reported on a monthly basis to billing by utilizing a customized report. Because this report is not a standardized report for SHARE, the Finance division has taken on the reconciliation process at year end. Resolution of this has been postponed due to the lack of sufficient financial personnel available in the traffic and safety division in past years. The Department has hired a new finance manager in the fall of 2011 to manage and supervise the available staff in that division. Management expects to implement the SHARE reconciliation report formats and bring the NHTSA program back up to standardized monthly reconciliations within the FY2011 year.

Regarding the FHWA program: The method of deriving the FHWA expenditures is the detail reporting of each billing that is done on a weekly basis. The cost collection module extracts the eligible costs within fund 20100, calculates the FHWA billable portion of each expenditure and posts it through to revenue and unbilled accounts receivable. This process inherently produces both the revenue and expenditure population at the same time.

Discrepancies and reconciling items occur when items in the expenditure population hit "over the limit" and "over distribution limit" status. These items are not immediately captured as expenditures and revenues in the general ledger and need to be researched and resolved in order to be subsequently billed. For FY 11, Accounting Services will incorporate reconciliations of over-the-limit and over distribution limits, as well as any other unresolved billing items as part of the regular reconciliations and they will be provided as routine documentation for the FHWA analysis. Accounting services will work with Funding Control ensure that any of these unrecorded expenditures are communicated and subsequently billed or otherwise corrected.

Other discrepancies occur when other errors in the system occur during the billing process or during the payment receipt process. Those discrepancies are caught in the weekly reconciliation of the FHWA A/R as evidenced by the "132900 Reconciliation" worksheet and the "Federal Project Billing Weekly YTD Status" worksheet provided to the auditors.

Regarding the FAA program: The Department utilizes Airport IQ System Manager software to track federal projects expended and billed. The projects are immaterial at this time. The records from this software are made available when requested.

## D. FINDINGS – COMPLIANCE AND OTHER MATTERS

### 08-5 INTERFUND BALANCES (Control Deficiency) – Repeated and Modified

#### CONDITION

During our testwork over interfund balances, we noted that there were certain interfund balances that have not been paid out and have been included in the fund financials 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."

#### EFFECT

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

#### CAUSE

Per discussion with management, management is aware and has oversight. However due to the nature of the funds and cashflow hardship, cash balances are unavailable to liquidate the interfunds.

#### 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 RESPONSE

The 2010 interfund balances are composed of a combination of balances. There are balances that carry forward from prior years, balances that are comprised of 2008 and 2009 audit adjustments that loaded into SHARE in June 2010 and September 2010 respectively, and a non-cash balance of inventory held on behalf of the Department.

The balances that carried forward were comprised of balances that remained after a 2009 liquidation of the cash owed between the funds.

The non-cash balance on inventories held inherently adjusts during the year as inventories are drawn down for consumption and inventories are added from purchases. This balance does not require any liquidation.

Management will be liquidating during FY 2011 any remaining cash interfund balances that cash availability will allow.

D. FINDINGS – COMPLIANCE AND OTHER MATTERS (CONTINUED)

10-12 RECONCILIATIONS – FINANCIAL CLOSE AND REPORTING (Control Deficiency)

CONDITION

During our walkthrough of the Financial Close and Reporting process, we noted the reconciliations completed by the assistant to the Deputy Comptroller are not formally signed off by either the assistant as the preparer or the Deputy Comptroller as the reviewer. The review process is in place, but no formal documentation is accompanied with the reconciliations.

CRITERIA

Good accounting practices require segregation of duties to mitigate internal control weaknesses and material misstatements due to error or fraud.

EFFECT

The lack of adequate segregation of duties in some cases has caused weaknesses in the internal controls at NMDOT and there is increased risk of error or unauthorized transactions.

CAUSE

Lack of documentation of proper segregation of duties and management oversight.

RECOMMENDATION

We recommend that the employee performing the reconciliation sign off as the preparer and the employee reviewing it also sign off as the reviewer to document who prepared and reviewed the reconciliation.

MANAGEMENT RESPONSE

We concur with the observation. Although we do document the review of reconciliations provided by others in the Fund Reconciliation Check List, we do not have a formalized process for review of reconciliations done by the Deputy Comptroller. As the Department eventually brings in more staff qualified to reconcile the more complex funds, the Deputy Comptroller will eventually be able to review all reconciliations rather than engage in the reconciliation work directly.

#### D. FINDINGS – COMPLIANCE AND OTHER MATTERS (CONTINUED)

##### 10-13 SHARE AND NETWORK USER ACCOUNTS (Control Deficiency)

###### CONDITION

The Department has procedures in place for initiating user accounts in the SHARE financial system, and on the network. However, it was noted during interviews with NMDOT staff that consistent practices are not being followed to disable SHARE and network accounts in the event of staff turnover and terminations. As well, it is not clear whether password policies in NMDOT's FMIS system are in line with industry best practices. NMDOT continues to use its legacy FMIS financial system for processing A/R invoices and managing vendor contracts. Additionally, it was observed that password policies have not been implemented on NMDOT's network domain.

###### CRITERIA

To protect the Department, it is important to develop, implement, and monitor best practices and controls over user accounts. Additionally, best practices recommend that users are required to change passwords every 90 days, maintaining password uniqueness. Strong internal controls over IT include having strict password requirements along with testing and monitoring of the IT systems and security. MRCOG, being a recipient of federal awards, may follow Federal Information Processing Standards Publication (FIPS) Publication 112, which is issued by the National Institute of Standards and Technology. This publication requires regular change of passwords with complexity requirements, and minimum character lengths.

###### EFFECT

There is increased risk to the Department of misuse, error, or fraud. It is easier for passwords to become compromised and for employees to share passwords, thus negating the benefits of password controls.

###### CAUSE

Notification typically occurs by way of phone calls, and these communications are not consistent. The Department has not implemented a password policy.

###### RECOMMENDATION

It is recommended that NMDOT revisit existing procedures and update as needed to ensure the timely notification, processing, and recording tasks necessary to disable SHARE system and network accounts when turnover occurs. Passwords should have at least 8 alphanumeric characters. Password complexity should be enforced where possible, as the use of complex or "strong" passwords will help ensure that passwords cannot be readily compromised. Examples of password complexity include the use of special characters and numeric characters. Additionally, User IDs should be locked out after a reasonable number of failed attempts. These steps are simple to accomplish, and enhance the effectiveness of the security controls. It is recommended that ActiveDirectory be utilized to enforce a uniform password policy on the network, and that this policy be reviewed on an annual basis in order to remain in line with Departmental guidelines.

D. FINDINGS – COMPLIANCE AND OTHER MATTERS (CONTINUED)

10-13 SHARE AND NETWORK USER ACCOUNTS (Control Deficiency) (Continued)

MANAGEMENT RESPONSE

The Department of Transportation will implement a process where Human Resources notifies the Information Technology Help Desk for any employees changing job responsibilities so that changes in SHARE security can be made. This process will be in place in the first quarter 2011. In order to access the FMIS system, a user must be set up with three levels of security – the network; access to the mainframe and an FMIS ID. FMIS passwords expire every 90 days and passwords cannot be duplicated for one year. Passwords must be at least 8 characters in length. FMIS sessions expire after 20 minutes inactivity.

Update authority for FMIS is restricted to five (5) individuals and all update authority for FMIS will be removed by the end of January 2011.

The Department is in the process of implementing a password policy within the Active Directory Domain. This process will be implemented in the second quarter 2011. It is also noted that the DOT Active Directory Domain has no bearing on the Finance password security within the SHARE system.



D. FINDINGS – COMPLIANCE AND OTHER MATTERS (CONTINUED)

10-14 SECURITY ACCESS CONTROL TESTING AND REVIEW (Control Deficiency)

CONDITION

The Department's security access controls for the SHARE and FMIS systems are not tested regularly. Meanwhile, security access controls for the network are being reviewed on a quarterly basis. However, this process is not being formally recorded.

CRITERIA

The Department should have best practices, policies, and controls over security access.

EFFECT

Given the ongoing changes in the Department's technology environment, its customized software applications, and personnel turnover, the access controls in place could be substantially affected.

CAUSE

The Department has not assessed risks and implemented controls and monitoring over security access.

RECOMMENDATION

Access should be tested periodically to ensure that unauthorized users are not allowed access, and that different types of authorized users have their access appropriately restricted. It is recommended that these tasks be assigned and tracked through the Department's HEAT Help Desk system on a regular basis, to help ensure the timely review of security access controls for all mission critical systems.

MANAGEMENT RESPONSE

With the implementation of PeopleSoft Financials as part of the SHARE project, FMIS is primarily a historical resource, with exception of five (5) individuals in DOT who have update authority for AR functionality. Access into FMIS requires three levels of authority: 1) access to the network, 2) access to the mainframe (all of which is managed by the HEAT Help Desk and subject to approvals and review), and 3) an FMIS ID (which is managed at a single control point, subject to approval and limited to a single control point. Given the restrictions to update by such a small group of individuals and the short term life of FMIS, the review is managed at the single control point via security report review.

The FMIS system will become inactive for all updates at the end of January 2011 when the AR process is moved to SHARE.

Overall security control within the SHARE system is the responsibility of the Department of Finance Administration (DFA).

Department of Transportation (DOT) will implement a process to review existing DOT employee security roles within the SHARE system on a quarterly basis. This process will be implemented in the first quarter 2011. (In this new process, there will be a single point of approval for systems access. This role will be also be responsible for the quarterly review of the security roles.)

**Financial Statement Audit**

- 07-3 Capital Assets (Significant Deficiency) - **Resolved**
- 07-7 Accounts Payable (Significant Deficiency) - **Repeated and Modified**
- 07-10 Per Diem Reimbursements (Control Deficiency) - **Resolved**
- 07-13 Timeliness of Audit and Accounting Procedures (Material Weakness) - **Resolved**
- 07-14 Over-Expended Appropriation Units (Material Weakness) - **Repeated and Modified**
- 08-3 Internal Control over Payroll – (Control Deficiency) - **Resolved**
- 08-4 Debt Covenants (Significant Deficiency) - **Resolved**
- 08-5 Interfund Balances (Control Deficiency) - **Repeated and Modified**
- 08-7 Timeliness of Billings (Significant Deficiency) - **Resolved**
- 08-8 Untimely Reversion to State General Fund (Significant Deficiency) - **Repeated and Modified**
- 09-1 Inventory Observation (Significant Deficiency) - **Resolved**
- 09-2 State Infrastructure Bank Payments (Significant Deficiency) - **Resolved**
- 09-3 Post Audit Process (Control Deficiency) - **Resolved**
- 09-4 Operating Leases (Control Deficiency) - **Resolved**

**Federal Programs Audit**

- 07-13 Timeliness of Audit and Accounting Procedures (Material Weakness) - **Resolved**
- 08-7 Timeliness of Billings (Significant Deficiency) - **Resolved**

An exit conference was held with the Department on December 14, 2010. The conference was held at the Lodge at Sierra Blanca, Ruidoso, New Mexico. In attendance were:

STATE OF NEW MEXICO DEPARTMENT OF TRANSPORTATION

Gary Giron, Cabinet Secretary  
Domingo Sanchez III, Deputy Secretary  
Greg Geisler, Comptroller  
Doug Peterson, Commissioner  
Jackson Gibson, Commissioner  
Johnny Cope, Chairman  
Art Gottlieb, Inspector General's Office  
Bernie Padilla, Director of Human Resources  
Frank Guzman, District 1 Engineer  
Gary Shubert, District 2 Engineer  
Paul W. Gray, District 4 Engineer  
Miguel Gabaldon, District 5 Engineer  
Larry Maynard, District 6 Engineer

MOSS ADAMS LLP

Larry Carmony, CPA, Partner

PREPARATION OF FINANCIAL STATEMENTS

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

