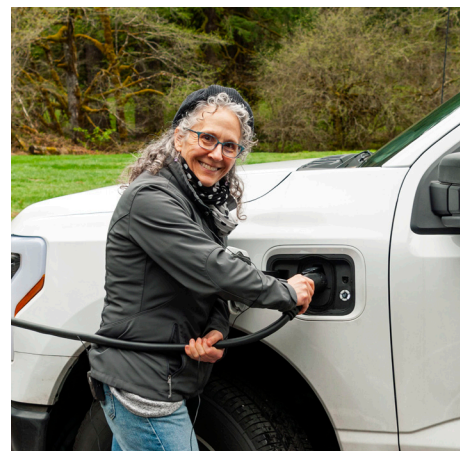
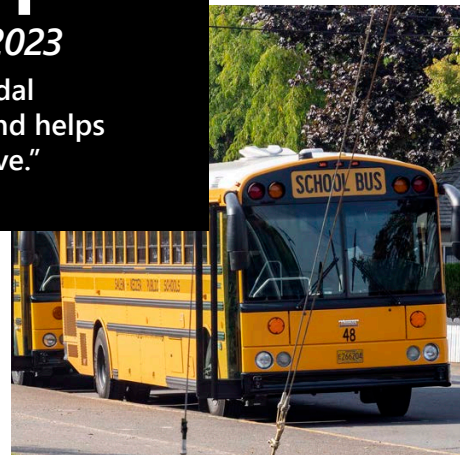
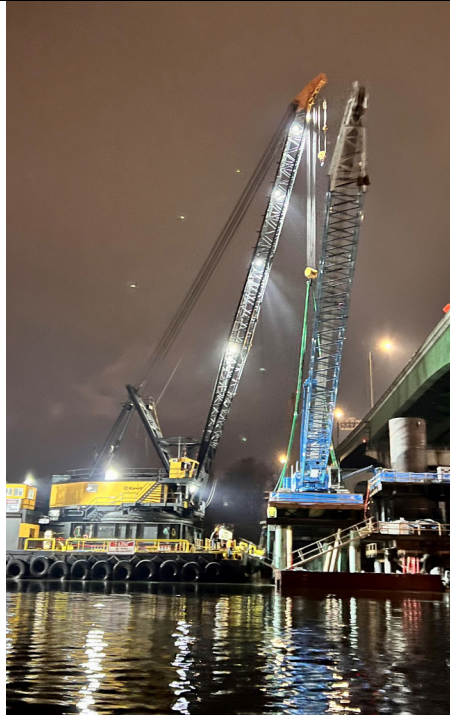


OREGON DEPARTMENT OF TRANSPORTATION Annual Financial Report

For the Fiscal Year Ended June 30, 2023

"We provide a safe and reliable multimodal transportation system that connects people and helps Oregon's communities and economy thrive."

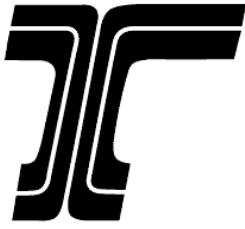




**State of Oregon
Department of Transportation
Annual Financial Report
For the Fiscal Year Ended June 30, 2023**

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Oregon

Tina Kotek, Governor

Department of Transportation

Financial Services

355 Capitol St NE

MS#21

Salem, OR 97301

December 31, 2023

To the Honorable Governor Tina Kotek, and Citizens of the State of Oregon:

The Oregon Department of Transportation (Department) is pleased to present its annual financial report for the fiscal year ended June 30, 2023. The Department produces a non-audited annual financial report based on generally accepted accounting principles prescribed by the Governmental Accounting Standards Board. The financial data summarized in the annual financial report comes from the Department's detailed financial data and the Oregon Statewide Financial Management Application. The financial data in the Department's annual financial report supports the audited State of Oregon Annual Comprehensive Financial Report.

Per Oregon Revised Statute (ORS) 184.637, the responsibility for the accuracy of the data and the overall completeness of this report, including all disclosures, rests with the chief financial officer of the Department. To the best of the Department's knowledge, the financial activity presented in this report accurately and fairly presents the Department's financial position and results of operations. The report includes all disclosures necessary to enable the reader to gain an understanding of the Department's financial activities.

The primary responsibilities of the Department include management of the state's highway and bridge system and the administration of laws related to fuels taxation, motor vehicles, motor carriers, safety, rail/public transit, and transportation development.

The Oregon Transportation Commission (OTC) is a five-member, volunteer citizens' board established by ORS 184.612 that oversees department activities. In addition to providing policy direction for the Department, the OTC is empowered to, among other goals:

- Develop and maintain state transportation policies related to the management, construction, and maintenance of highways, aviation, ports, rail, and other transportation systems.
- Develop and maintain a comprehensive, 20-year long-range plan for a safe, multimodal transportation system for the state which encompasses efficiency, orderly economic development, and environmental quality.
- Coordinate and administer programs relating to highways, motor vehicles, rail/public transit, bike/pedestrian, transportation safety, and other transportation-related programs.
- Review and approve proposed transportation projects described in the Statewide Transportation Improvement Program (STIP).
- Review and approve the agency's budget request.

Per ORS 184.637 and ORS 184.638, the chief financial officer's responsibilities include compiling adequate accounting data for the preparation of financial statements. The Department's internal controls provide reasonable assurance that the Department meets this objective. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by Department management. The Department's internal control system includes both automated controls and comprehensive policies and procedures. In

addition, the Department has an Office of Audit Services that maintains an independent and objective position within the Department.

MISSION STATEMENT

To provide a safe and reliable multimodal transportation system that connects people and helps Oregon's communities and economy thrive.

OUR VALUES

These principles inform decision making and guide our behavior in working with each other, our partners, and the communities we serve:

Integrity: We are accountable and transparent with public funds and hold ourselves to the highest ethical standards.

Safety: We share ownership and responsibility for ensuring safety in all that we do.

Equity: We embrace diversity and foster a culture of inclusion.

Excellence: We use our skills and expertise to continuously strive to be more efficient, effective, and innovative.

Unity: We work together as One ODOT to provide better solutions and ensure alignment in our work.

OREGON TRANSPORTATION INVESTMENT ACT

Beginning in 2001, the Legislative Assembly passed a series of bills known collectively as the Oregon Transportation Investment Act (OTIA, or the OTIA Program). The first bill authorized the state to issue \$400 million in net proceeds of Highway User Tax Revenue Bonds for modernization and preservation projects (OTIA I). In a 2002 Special Session, the Legislative Assembly authorized an additional \$100 million in net proceeds of Highway User Tax Revenue Bonds (OTIA II) for the same general purposes as OTIA I. In 2003, the Legislative Assembly authorized an additional \$1.9 billion in net proceeds of Highway User Tax Revenue Bonds for replacement and repair of bridges on state, county, and city highways and modernization projects (OTIA III).

The OTIA Bond Program

In 2007, the Department completed issuance of the \$500 million net proceeds of Highway User Tax Revenue Bonds under OTIA I and II authority, and in 2010 the Department completed the issuance of \$1.9 billion net proceeds of Highway User Tax Revenue Bonds authorized under OTIA III. Of the \$2.4 billion of bonds issued for OTIA projects, as of June 30, 2023, approximately \$1.5 billion of principal is outstanding.

THE JOBS AND TRANSPORTATION ACT

In 2009, the Legislative Assembly enacted the Oregon Jobs and Transportation Act of 2009 (JTA). JTA, as amended, authorized a number of programs including, among other things, \$840 million in net proceeds of Highway User Tax Revenue Bonds to finance a specific list of projects set out in the JTA (the JTA projects) and \$100 million in lottery revenue bonds for the Connect

Oregon III program to provide financing for multimodal transportation facilities. The JTA projects consisted of 37 specific highway projects plus allocations for 14 additional projects selected by local governments in eastern Oregon, for a total of 51 JTA projects. The Legislative Assembly approved certain fee and tax increases in JTA to, among other things, provide additional revenues for JTA projects and to pay debt service on Highway User Tax Revenue Bonds including bonds issued to finance the JTA projects.

The JTA Bond Program

The state issued three series of Highway User Tax Revenue Bonds, including State of Oregon Department of Transportation Highway User Tax Revenue Bonds, Senior Lien Bonds, Series 2013A; State of Oregon Department of Transportation Highway User Tax Revenue Subordinate Lien Bonds, Series 2017S-2; and State of Oregon Department of Transportation Highway User Revenue Bonds Senior Lien Bonds, Series 2017A, for JTA Projects and has no remaining bond authorization under JTA. As of June 30, 2023, approximately \$520 million of the JTA program bond principal is outstanding.

For more information, please visit <https://www.oregon.gov/ODOT/pages/jta.aspx>.

OREGON HOUSE BILL 2017 (HB 2017)

HB 2017, signed into law on August 18, 2017, included a multitude of tax and fee increases, as well as the creation of new taxes, to invest in transportation infrastructure throughout Oregon. Revenues generated from these new or increased fees and taxes are dedicated to either the State Highway Fund, the Connect Oregon Fund, or other funds established for specified purposes, including for safe routes to schools, congestion relief, and transit.

The HB 2017 Bond Program

HB 2017, as amended, authorized the issuance of \$480 million in net proceeds of Highway User Tax Revenue Bonds and allowed the department to issue Highway User Tax Revenue Bonds against an allocation of \$30 million for the Interstate 5 Rose Quarter project, I-205 improvements, I-5 Boone Bridge project, and implementation of tolling. The proceeds of Highway User Tax Revenue Bonds authorized by HB 2017 are designated to finance projects across the state. The Department is authorized to use amounts produced by certain increases in taxes and fees under HB 2017 to pay debt service. In the fall of 2020, ODOT issued the first round of Highway User Tax Revenue Bonds, generating \$240 million in bond proceeds. In the fall of 2022, ODOT issued the series 2022A Highway User Tax Revenue Bonds as part of the \$30 million allocated for the urban mobility projects set aside under HB 2017. In the spring of 2023, ODOT issued the series 2023A Highway User Tax Revenue Bonds as the second half of the \$480 million authorization. As of June 30, 2023, approximately \$615.6 million of the HB 2017 bond principal is outstanding.

For more information, please visit <https://www.oregon.gov/ODOT/Pages/HB2017.aspx>.

ECONOMIC CONDITIONS AND OUTLOOK

State Of Oregon

The economy continues to be in an inflationary boom. Growth is outpacing expectations. The good news is inflation has slowed considerably in the past year. The consensus of economic forecasters is now that an economic soft landing is the most likely scenario. The challenge today is twofold. First, there are emerging signs that the economy is reaccelerating which means inflation could re-heat at some point in the quarters ahead. Second, this leaves the Federal Reserve in a tough position of trying to thread the needle of raising interest rates just enough to cool the economy and bring inflation down, but not too much that it chokes off growth. The initial descent appears to have gone as good as can be expected. However, navigating the crosswinds of waiting for the full impact of past interest rate increases to slow growth even as inflation remains above target is challenging. Oregon's economic outlook remains effectively unchanged from last quarter. The labor market is tight, albeit less so than during the reopening phase of the cycle. As inflation slows, income gains are once again outpacing price increases, leading to rising living standards. With the economy at full employment, future growth will come from labor force gains driven by a return of positive net migration in the years ahead, along with productivity gains driven by capital investment. The combination of the post-pandemic rise in start-up activity, large increase in federal investment, including in semiconductors, and the potential of generative AI should all help to boost productivity in the years ahead. Oregon is well-positioned to benefit. After several quarters of unexpectedly rapid growth in tax collections, Oregon's state revenue outlook appears to have stabilized. Collections in recent months have tracked closely with the forecast.

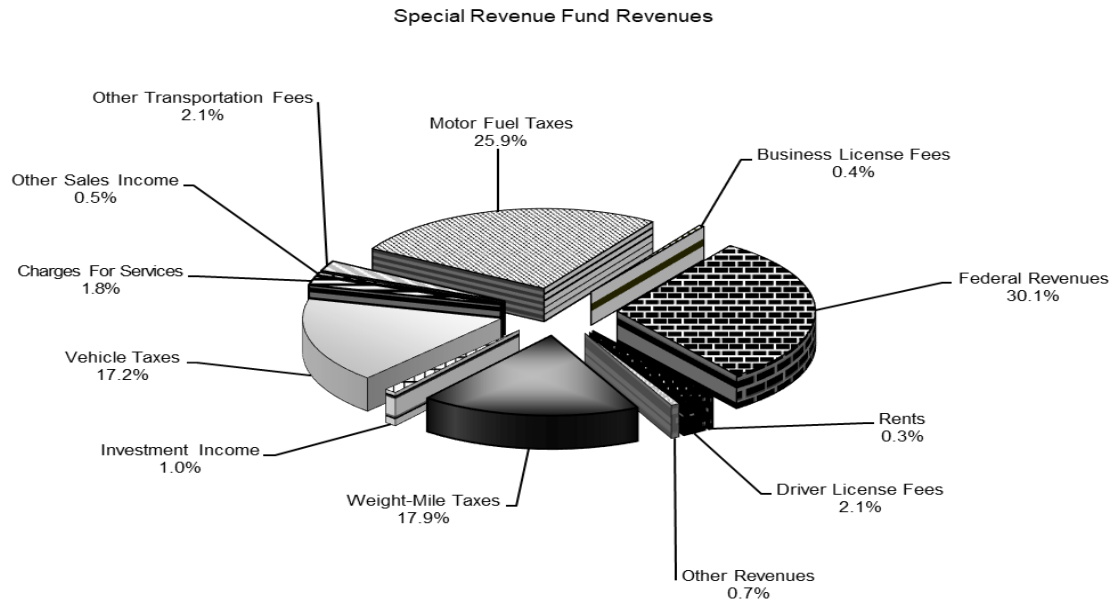
Oregon Department of Transportation

In the Department's prior forecast, inflation and a looming possible recession were the largest fears. Since then, the continued work by the Federal Reserve Board to combat inflation through increasing interest rates while trying to stave off a recession have been somewhat successful. Inflation is still a lot stronger than anyone would like, but expectations are for it to decline back towards target rates by the end of the year. Employment growth, while likely headed towards a period of very slow growth, is not expected to experience an outright decline, and wage growth will continue to be solid. While some form of a recession is still a risk, it is not built into the Department's current forecast. However, inflation continues to erode consumer purchasing power, which impacts discretionary spending. This is particularly evident in the weight-mile forecast where the strong growth in 2020 and 2021 is expected to be replaced with negative transactional growth over the next couple years. Even though HB 2017 has been around since 2017, its phased implementation means the effects of this legislation are still being felt. Initial increases in Motor Fuels, Commerce and Compliance, and DMV fee and tax rates in 2018 led to additional increases in 2020 and 2022. An additional two-cent fuels tax increase will also be implemented in January 2024. This would further boost revenues through 2025. Beyond 2025, revenue growth stagnates overall as economic and demographic growth slows, and fuel demand declines due to rapid growth of battery electric vehicles that don't consume any taxable fuels.

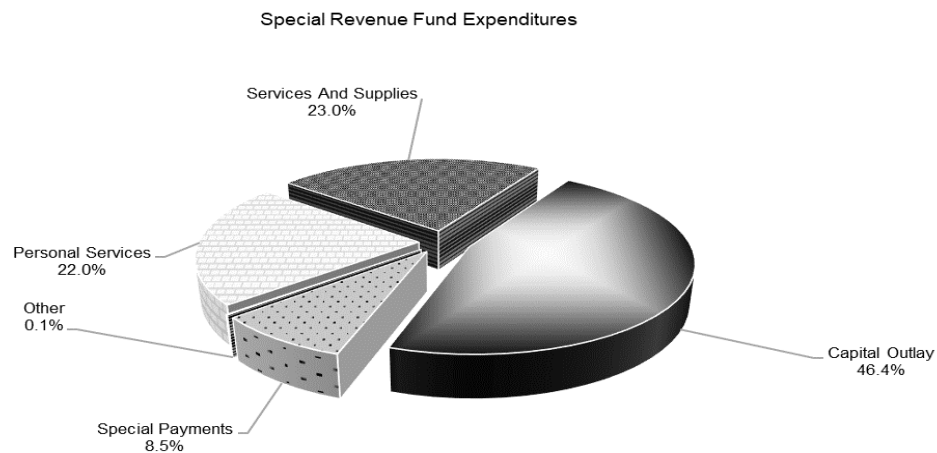
FINANCIAL ANALYSIS OF THE DEPARTMENT'S GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources such as taxes, licenses, and other revenue allocated by law to specific purposes. The Department accounts for 87.6% of its expenditures in special revenue funds. The other 12.4% of the expenditures are in debt service funds (10.7%), capital project funds (1.2%) and general fund (0.5%). Special revenue fund revenues include taxes (61.0%) and federal revenues (30.1%). Special revenue fund revenues increased slightly with \$2.602 billion in 2022 and \$2.608 billion in 2023.



Special revenue fund expenditures are composed primarily of capital outlay payments (46.4%) which include machinery, equipment, and payments for highway construction contracts. Services and supplies have decreased from 53.8% in 2022 to 23.0% in 2023 due to reclassifying expenditures for highway construction contracts to capital outlay. Personal services payments (which were also reclassified) include salaries, benefits, and related expenditures. Special payments include distributions to governmental entities and others.



FINANCIAL INTRODUCTION

The financial introduction section presents an overview of the financial performance of the Department for the fiscal year ended June 30, 2023. It serves as an introduction to the Department's basic financial statements and focuses on significant financial matters.

FINANCIAL HIGHLIGHTS

Fund Level

As of June 30, 2023, the Department's governmental funds reported combined ending fund balances of \$929.2 million, compared to \$573.3 million for the previous year. Debt issuances in the current year are greater than in the previous year increasing the current year's ending fund balance.

Long-Term Debt

The Department's total long-term debt increased by \$423.7 million, or 14.4 percent, during the current fiscal year. The increase was due to new highway and lottery revenue bonds and commercial paper issuances.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Department's basic financial statements include two components: (1) fund financial statements and (2) notes to the financial statements. In addition to the basic financial statements, the financial section of this report also contains combining financial statements for the Department's special revenue funds. A statistical section is presented following the combining financial statements.

Fund Financial Statements

The fund financial statements provide detailed information about the Department's governmental and fiduciary funds. State law and bond covenants require the Department to establish certain funds. The Department also establishes funds to account for certain taxes and grants or for specific legal purposes.

Governmental Funds – The Department reports its basic services in the governmental fund financial statements. These statements provide a detailed short-term view of the Department's operations. The Department prepares these statements in the governmental fund financial statement format using the current financial resources measurement focus and modified accrual basis of accounting.

The Department presents its governmental funds by the following fund types: general, special revenue, debt service, and capital projects. The combining financial statements provide detail for the special revenue funds.

Fiduciary Funds – Fiduciary funds account for assets held in a safekeeping capacity or as an agent for individuals, private organizations, or other governmental units. The Department reports its fiduciary fund activities within the custodial funds.

Notes to the Financial Statements

The notes (located immediately following the financial statements) provide additional information intended to assist the reader in understanding the Department's financial condition.

Other Information

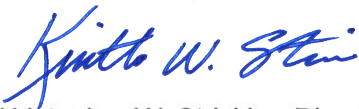
The combining financial statements provide additional detail about the Department's special revenue funds. A statistical section at the end of the report contains selected trend information for the Department's revenues and expenditures.

If you have questions about this report or need additional financial information, please contact the Oregon Department of Transportation, Chief Financial Officer, 355 Capitol St NE MS # 21, Salem, Oregon 97301, Phone: (503) 986-3900.

ACKNOWLEDGEMENTS

The Department's annual financial report provides citizens, taxpayers, customers, investors, and creditors with a general overview of the Department's finances and demonstrates the Department's accountability for the money it receives. The Department appreciates the efforts of the Financial Services Branch staff who contributed to the preparation of this report. Of particular note was the work of Scott Smyth and Wendy Feth under the direct supervision of Rich Brock.

Sincerely,



Kristopher W. Strickler, Director
Oregon Department of Transportation



Tracy Wroblewski
Chief Financial Officer

**Principal Officers of the Oregon Department of Transportation
June 30, 2023**

Oregon Transportation Commission

<u>Commissioner</u>	<u>Commission Expires</u>
Julie Brown, Chair	June 30, 2024
Lee Beyer, Vice Chair	June 30, 2025
Sharon Smith	June 30, 2027
Alicia Chapman	June 30, 2028
Jeff Baker	June 30, 2025

Oregon Department of Transportation

Director – Kristopher Strickler

Assistant Director for Government and External Relations – Lindsay Baker

Assistant Director for Revenue, Finance and Compliance – Travis Brouwer

Assistant Director for Operations – Leah Horner

Assistant Director for Social Equity – Erika McCalpine

Administrator, Driver and Motor Vehicle Services Division – Amy Joyce

Administrator, Commerce and Compliance Division – Amy Ramsdell

Administrator, Delivery and Operations Division – Mac Lynde

Administrator, Policy, Data and Analysis Division – Amanda Pietz

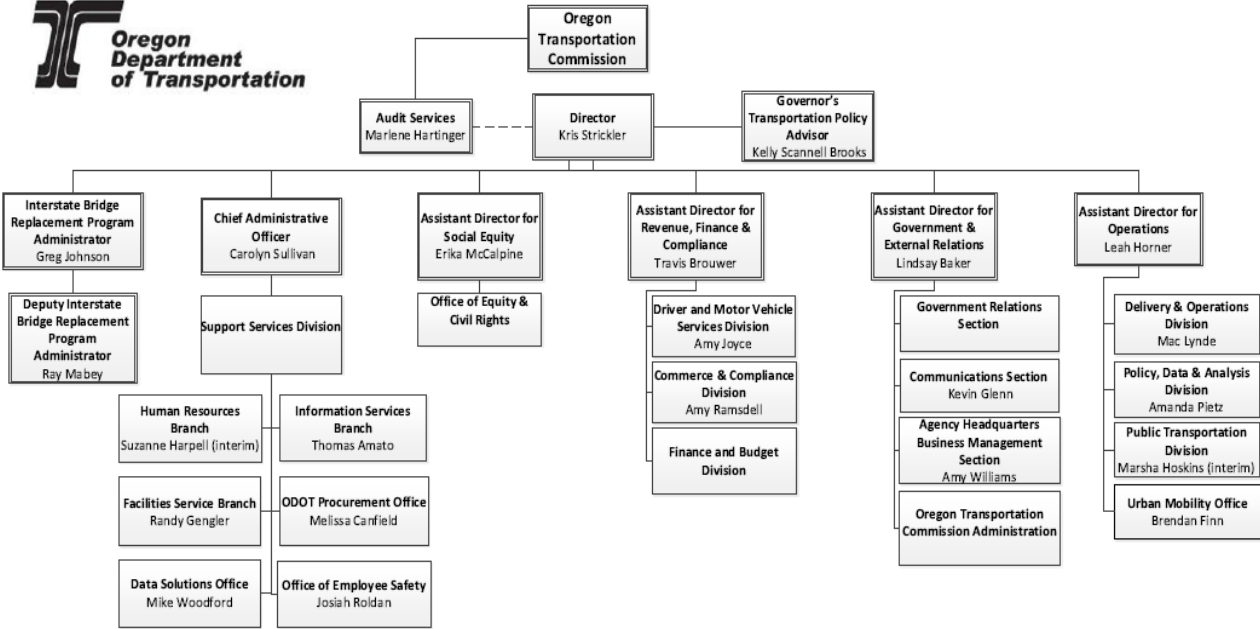
Administrator, Public Transportation Division – Stefanie Coons (interim)

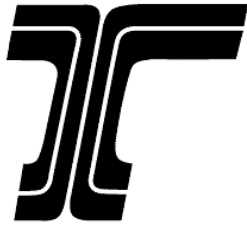
Chief Administrative Officer – Carolyn Sullivan

Chief Financial Officer, Financial Services – Tracy Wroblewski

Chief Internal Auditor – Marlene Hartinger

State of Oregon Department of Transportation
 Organization Chart
 June 30, 2023





FINANCIAL SECTION

**State of Oregon
Department of Transportation
Balance Sheet - All Fund Types
June 30, 2023**

	Governmental Funds					Fiduciary Funds
	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds	Custodial Funds
Assets						
Cash and Cash Equivalents	\$ -	\$ 949,030,345	\$ 76,925,421	\$ -	\$ 1,025,955,766	\$ 34,104,466
Securities Lending Cash Collateral	-	19,650	-	-	19,650	-
Investments	-	27,117,203	-	-	27,117,203	-
Loans Receivable (net)	-	20,616,918	-	-	20,616,918	-
Taxes Receivable (net)	-	84,860,426	-	-	84,860,426	-
Due from Federal Government	-	84,016,348	-	-	84,016,348	-
Due from Other Funds/Agencies	-	191,885,321	32,385,794	1,909,885	226,181,000	-
Due from State General Fund	170,444	-	-	-	170,444	-
Other Accounts Receivable (net)	-	74,970,777	-	-	74,970,777	449,840
Inventories	-	41,301,366	-	-	41,301,366	-
Prepaid Assets	-	54,910	-	-	54,910	-
Contracts Receivable (net)	-	408,166	-	-	408,166	-
Total Assets	\$ 170,444	\$ 1,474,281,430	\$ 109,311,215	\$ 1,909,885	\$ 1,585,672,974	\$ 34,554,306
Liabilities, Deferred Inflows, and Fund Balances						
<u>Liabilities:</u>						
Accounts Payable	\$ -	\$ 215,914,326	\$ -	\$ 1,909,148	\$ 217,823,474	\$ -
Deposit Liabilities	-	328,575	-	-	328,575	-
Securities Lending Obligations	-	19,650	-	-	19,650	-
Due to Other Governments	170,444	119,527,787	-	-	119,698,231	-
Due to Other Funds/Agencies	-	196,724,885	-	737	196,725,622	-
Unearned Revenue	-	97,962,532	-	-	97,962,532	-
Total Liabilities	170,444	630,477,755	-	1,909,885	632,558,084	-
<u>Deferred Inflows:</u>						
Leases Receivable	-	23,909,366	-	-	23,909,366	-
Total Deferred Inflows	-	23,909,366	-	-	23,909,366	-
<u>Fund Balances:</u>						
Nonspendable:						
Inventories	-	41,301,366	-	-	41,301,366	-
Revolving Accounts	-	40,000	-	-	40,000	-
Prepaid Assets	-	54,910	-	-	54,910	-
Restricted by:						
Oregon Constitution	-	101,376,831	109,311,215	-	210,688,046	-
Federal Laws and Regulations	-	39,726,824	-	-	39,726,824	-
Debt Covenants	-	484,860,824	-	-	484,860,824	-
Enabling Legislation	-	151,586,251	-	-	151,586,251	-
Committed	-	947,303	-	-	947,303	-
Net Position Held for Others	-	-	-	-	-	34,554,306
Total Fund Balances	-	819,894,309	109,311,215	-	929,205,524	34,554,306
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 170,444	\$ 1,474,281,430	\$ 109,311,215	\$ 1,909,885	\$ 1,585,672,974	\$ 34,554,306

The accompanying notes are an integral part of the financial statements. These statements are not audited.

State of Oregon
Department of Transportation
Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Fund Types
For the Fiscal Year Ended June 30, 2023

	Governmental Funds				Fiduciary Funds	
	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds	Custodial Funds
Revenues:						
Motor Fuel Taxes	\$ -	\$ 675,339,314	\$ -	\$ -	\$ 675,339,314	\$ -
Federal Revenues	-	785,866,445	-	-	785,866,445	-
Weight-Mile Taxes	-	467,892,124	-	-	467,892,124	-
Vehicle Registration Taxes	-	448,449,755	-	-	448,449,755	-
Driver License Fees	-	56,004,540	-	-	56,004,540	-
Other Transportation Fees	-	54,272,411	-	-	54,272,411	38,112,587
Charges for Services	-	45,606,559	-	-	45,606,559	-
Other Sales Income	-	13,801,507	-	-	13,801,507	-
Investment Income	-	25,034,995	866,518	-	25,901,513	86,867
Business License Fees	-	11,082,792	-	-	11,082,792	-
Rents	-	7,575,752	-	-	7,575,752	-
Other Revenues	-	17,233,430	9,662,768	-	26,896,198	1,136,658
Total Revenues	-	2,608,159,624	10,529,286	-	2,618,688,910	39,336,112
Expenditures:						
Personal Services	104,753	483,163,419	-	19,886	483,288,058	-
Services and Supplies	1,774,668	505,692,053	-	719,722	508,186,443	-
Capital Outlay	-	1,023,135,525	-	29,186,611	1,052,322,136	-
Special Payments	1,670,445	188,288,561	-	-	189,959,006	40,025,644
Principal and Interest	9,161,418	-	270,185,570	-	279,346,988	-
Other Debt Service	-	2,518,667	-	-	2,518,667	-
Total Expenditures	12,711,284	2,202,798,225	270,185,570	29,926,219	2,515,621,298	40,025,644
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,711,284)	405,361,399	(259,656,284)	(29,926,219)	103,067,612	(689,532)
Other Financing Sources (Uses):						
General Fund Appropriation	19,711,284	-	-	-	19,711,284	-
Long-Term Debt Issued	-	638,532,181	-	-	638,532,181	-
Transfers In - Net of Intrafund Activity	-	211,423,814	266,543,645	40,792,324	518,759,783	-
Transfers Out - Net of Intrafund Activity	(7,000,000)	(888,113,332)	(617)	(11,290,075)	(906,404,024)	-
Gain (Loss) on Sale of Capital Assets	-	426,148	-	-	426,148	-
Insurance Recoveries	-	992,780	-	-	992,780	-
Total Other Financing Sources (Uses)	12,711,284	(36,738,409)	266,543,028	29,502,249	272,018,152	-
Net Change in Fund Balances	-	368,622,990	6,886,744	(423,970)	375,085,764	(689,532)
Fund Balances - Beginning*	-	452,484,143	102,424,471	423,970	555,332,584	35,243,838
Prior Period Adjustment	-	(199,723)	-	-	(199,723)	-
Change in Nonspendable Fund Balances	-	(1,013,101)	-	-	(1,013,101)	-
Fund Balances - Ending	\$ -	\$ 819,894,309	\$ 109,311,215	\$ -	\$ 929,205,524	\$ 34,554,306

*Beginning balances adjusted due to post-closing changes made at the statewide level.

The accompanying notes are an integral part of the financial statements. These statements are not audited.

Budgeted Appropriated Funds

The State of Oregon accounts for budgetary activities based on the source of moneys used to pay expenditures. Separate appropriated funds are established for each funding source.

General Fund

This fund accounts for expenditures made with General Fund revenue. General Fund revenue consists largely of personal and corporate income taxes.

Federal Funds

This fund accounts for budgeted expenditures made with Federal Revenue.

Lottery Funds

This fund accounts for expenditures made with Lottery funds. These funds, which are earned by the Oregon State Lottery, are transferred to the Economic Development Fund at the Department of Administrative Services for disbursement to agencies where the funds are expended.

Other Funds

This fund accounts for budgeted expenditures other than those funded by General, Federal, and Lottery funds.

Budgetary Schedule

The State does not budget by the prescribed fund types of generally accepted accounting principles (GAAP). The State and Department use the Relational Statewide Accounting and Reporting System (R*STARS) to control expenditures by budgeted expenditure item. Each item on an approved appropriation bill is assigned an appropriation number. In R*STARS, appropriated funds are tied to appropriation numbers to ensure expenditures do not exceed approved appropriations. Budgeted appropriated funds in R*STARS include General Fund, Federal Funds, Lottery Funds, and Other Funds.

Major differences between budgetary (non-GAAP) basis and GAAP basis are:

- Revenues are recognized when received in cash (budgetary basis) as opposed to when they are susceptible to accrual (GAAP basis).
- Expenditures are recognized when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).
- Timing differences occur because of a six-month lapse period between June 30 and December 31 of each odd-numbered year.

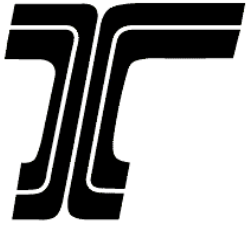
These different accounting principles may result in basis or timing differences in the excess (deficiency) of revenues and other financial resources over (under) expenditures and other uses of financial resources. A reconciliation of these differences is presented in the table following the Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – Budgetary (Non-GAAP) Basis - All Budgeted Appropriated Funds.

State of Oregon
Department of Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary (Non-GAAP) Basis
All Budgeted Appropriated Funds
For the Biennium Ending June 30, 2023

	General Fund				Federal Funds			
	2021-2023 Biennial Budget	1st Year Actual	2nd Year Actual*	Variance Over/ (Under)	2021-2023 Biennial Budget	1st Year Actual	2nd Year Actual*	Variance Over/ (Under)
Revenues:								
Motor Fuel Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Revenues	-	-	-	-	239,520,006	36,087,397	86,078,235	117,354,374
Weight-Mile Taxes	-	-	-	-	-	-	-	-
Vehicle Registration Taxes	-	-	-	-	-	-	-	-
Driver License Fees	-	-	-	-	-	-	-	-
Other Transportation Fees	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Other Sales Income	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-
Business License Fees	-	-	-	-	-	-	-	-
Rents	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,520,006</u>	<u>36,087,397</u>	<u>86,078,235</u>	<u>117,354,374</u>
Expenditures:								
Personal Services	-	247,889	130,666	(378,555)	3,831,865	4,429,041	5,795,809	(6,392,985)
Services and Supplies	47,499,960	16,201,223	24,820,222	6,478,515	28,767,345	2,699,790	7,694,919	18,372,636
Capital Outlay	-	-	-	-	308,857	-	61,601	247,256
Special Payments	10,000,000	-	14,849,960	(4,849,960)	185,932,559	19,120,681	62,863,136	103,948,742
Debt Service (combined)	18,371,213	9,209,229	9,161,418	566	20,679,380	9,837,885	9,662,770	1,178,725
Total Expenditures	<u>75,871,173</u>	<u>25,658,341</u>	<u>48,962,266</u>	<u>1,250,566</u>	<u>239,520,006</u>	<u>36,087,397</u>	<u>86,078,235</u>	<u>117,354,374</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(75,871,173)</u>	<u>(25,658,341)</u>	<u>(48,962,266)</u>	<u>(1,250,566)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):								
General Fund Appropriation	75,871,173	25,658,341	48,962,266	1,250,566	-	-	-	-
Long-Term Debt Issued	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Loan Repayments	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>75,871,173</u>	<u>25,658,341</u>	<u>48,962,266</u>	<u>1,250,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Budgetary Fund Balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Budgetary Fund Balances - Beginning		-	-			-	-	
Budgetary Fund Balances - Ending		<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>	

*Biennial transactions continue through December 31, 2023. Final amounts may vary.

Lottery Funds				Other Funds			
2021-2023 Biennial Budget	1st Year Actual	2nd Year Actual*	Variance Over/ (Under)	2021-2023 Biennial Budget	1st Year Actual	2nd Year Actual*	Variance Over/ (Under)
\$ -	\$ -	\$ -	\$ -	\$ 1,415,484,523	\$ 600,717,347	\$ 733,335,514	\$ 81,431,662
-	-	-	-	2,253,764,665	554,361,304	687,580,828	1,011,822,533
-	-	-	-	858,141,782	421,625,291	497,711,462	(61,194,971)
-	-	-	-	919,982,540	426,406,398	489,174,551	4,401,591
-	-	-	-	99,865,085	52,406,273	60,647,553	(13,188,741)
-	-	-	-	107,526,881	54,788,203	56,731,659	(3,992,981)
-	-	-	-	10,278,205	30,839,398	38,879,631	(59,440,824)
-	-	-	-	14,379,880	13,620,963	16,323,575	(15,564,658)
-	-	-	-	32,065,334	8,709,563	25,153,317	(1,797,546)
-	-	-	-	5,559,246	6,692,078	8,217,439	(9,350,271)
-	-	-	-	2,309,169	4,888,137	5,143,959	(7,722,927)
-	-	-	-	692,758,687	24,172,338	37,114,120	631,472,229
-	-	-	-	6,412,115,997	2,199,227,293	2,656,013,608	1,556,875,096
-	-	-	-	1,175,111,687	569,608,547	578,065,924	27,437,216
-	-	-	-	3,450,182,628	1,207,101,550	1,342,319,524	900,761,554
-	-	-	-	91,166,862	26,533,554	54,866,384	9,766,924
950,000	95,829	486,861	367,310	478,874,651	315,921,163	153,024,928	9,928,560
120,982,579	56,213,286	64,769,276	17	401,157,671	188,547,154	195,044,603	17,565,914
121,932,579	56,309,115	65,256,137	367,327	5,596,493,499	2,307,711,968	2,323,321,363	965,460,168
(121,932,579)	(56,309,115)	(65,256,137)	(367,327)	815,622,498	(108,484,675)	332,692,245	591,414,928
-	-	-	-	-	-	-	-
-	-	-	-	206,202,928	4,304,698	638,532,181	(436,633,951)
121,932,579	56,056,153	66,144,493	(268,067)	570,642,534	333,384,695	620,629,095	(383,371,256)
-	-	-	-	(1,342,571,532)	(294,975,305)	(698,931,206)	(348,665,021)
-	-	-	-	6,168,102	-	-	6,168,102
121,932,579	56,056,153	66,144,493	(268,067)	(559,557,968)	42,714,088	560,230,070	(1,162,502,126)
\$ -	(252,962)	888,356	\$ (635,394)	\$ 256,064,530	(65,770,587)	892,922,315	\$ (571,087,198)
-	-	-	-	-	-	-	-
-	\$ (252,962)	\$ 888,356	-	-	\$ (65,770,587)	\$ 892,922,315	-



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Budgetary Basis to GAAP Basis Reconciliation

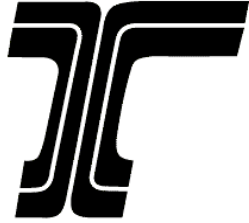
The accompanying "Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP Basis) – All Budgeted Appropriated Funds" presents comparison of the legally approved budget with actual data on a budgetary basis.

Accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. A reconciliation of the resulting differences in excess (Deficiency of revenues and other financing sources over (under) expenditures and other financing uses for the year ended June 30, 2023, is presented below. Governmental funds are reconciled to the net change in fund balances.

State of Oregon
Department of Transportation
Budgetary Basis to GAAP Basis Reconciliation
All Budgeted Appropriated Funds
For the Fiscal Year Ended June 30, 2023

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses								
Budgetary Balances Classified into GAAP Fund Type Structure								
GAAP Fund Type	Budgeted General Fund	Budgeted Federal Funds	Budgeted Lottery Funds	Budgeted Other Funds	Total Budgeted Funds	Timing Differences	Basis Differences	GAAP Balances
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue*	-	-	(486,861)	895,935,264	895,448,403	(618,691,528)	91,866,115	368,622,990
Debt Service	-	-	1,375,217	4,109,036	5,484,253	1,402,491	-	6,886,744
Capital Projects	-	-	-	(7,121,985)	(7,121,985)	6,698,015	-	(423,970)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 888,356</u>	<u>\$ 892,922,315</u>	<u>\$ 893,810,671</u>	<u>\$ (610,591,022)</u>	<u>\$ 91,866,115</u>	<u>\$ 375,085,764</u>

* In Special Revenue Funds, some federal transactions are budgeted as Other Funds.



**NOTES TO THE
FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Oregon Department of Transportation (Department) financial statements conform to the Oregon Department of Administrative Services statewide accounting and reporting policies. These accounting and reporting policies adhere to generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB). These statements have not been audited for compliance or conformity.

A. Reporting Entity

The Department became an Executive Branch agency in the State of Oregon in 1969. Its mission is to provide a safe and reliable multimodal transportation system that connects people and helps Oregon's communities and economy thrive.

The Oregon Transportation Commission (OTC), in cooperation with the governor, appoints the director of the Department. The director works with the OTC to provide direction for the Department's programs.

B. Governmental Fund Statements

Fund Financial Statements

The Department presents financial information for all governmental funds by fund type. Individual fund detail for the special revenue funds is provided in the *combining financial statements*.

C. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is presented in a fund. Basis of accounting describes the criteria governing the timing of the recognition of transactions and events.

The Department uses the current financial resources measurement focus and the modified accrual basis of accounting to prepare the governmental fund statements. The current financial resources measurement focus only takes into consideration those resources available for spending in the near future. Accordingly, only transactions and events affecting a fund's current financial resources during the period are reported.

Under the modified accrual basis of accounting, revenues are recognized as soon as they become both measurable and available. Revenues become available if collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues available if the Department expects to collect the revenue within 90 days of the end of the current fiscal period. The Department recognizes derived tax revenues (such as motor fuel and weight-mile taxes) in the year that the taxes become measurable and available. Federal reimbursement grants are recognized as revenue when the Department incurs the qualifying expenditures and meets all other grant requirements. Licenses and fees or cash sales of goods and services are recognized as revenue when received as cash.

The Department generally records expenditures when incurring a liability as under the accrual basis of accounting. Expenditures related to debt service, compensated absences, and claims and judgments are recognized when payment is due.

**Oregon Department of Transportation
Notes to the Financial Statements**

D. Basis of Presentation

The Department records its financial activities in individual funds. A fund is defined as a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund accounting demonstrates legal compliance and aids in financial management by segregating transactions related to certain governmental functions or activities.

Governmental Funds

The *General Fund* accounts for the activities of the Department financed with general tax revenues of the State of Oregon.

Special Revenue Funds account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes.

Debt Service Funds account for the accumulation of resources for the payment of principal and interest on general obligation bonds, revenue bonds, and certificates of participation.

Capital Projects Funds account for financial resources segregated for the construction, improvement, and acquisition of capital assets.

Fiduciary Funds

Custodial Funds account for assets held in a safekeeping capacity or as an agent for individuals, private organizations, or other governmental units.

E. Assets, Liabilities, and Fund Balance

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less at date of purchase. In addition to deposits in the statewide cash management pool, the Department may also have cash deposits with fiscal agents outside of the State Treasurer.

The State Treasurer designates and holds certain investments for the Department. Other investments may be held by the Department's fiscal agent. The Department reports all investments (including equity in pooled investments) at fair value.

Receivables and Payables

Advances to/from Other Funds represent lending/borrowing arrangements outstanding at the end of the fiscal year. All other outstanding balances between funds are reported as *Due to/from Other Funds*.

The Department states receivables net of allowances for uncollectible amounts. The uncollectible amounts are based on Department policy, collection experience, and a review of the status of existing receivables.

Inventories

The Department uses the first-in/first-out method for cost valuation of inventories of materials and supplies in its governmental funds. Reported inventories in governmental funds are equally offset by nonspendable fund balance.

Oregon Department of Transportation
Notes to the Financial Statements

Capital Assets

The Department values capital assets, which include land, buildings, equipment, and infrastructure assets, at historical cost or, if donated, at the estimated acquisition value at the date of donation. The Department added infrastructure as a capital asset beginning July 1, 2001, when the state highway and bridge system was added in accordance with GASB Statement No. 34. All additions to infrastructure assets, beginning July 1, 2001, were added based on cost. In the governmental fund statements, capital assets are charged to expenditures when acquired. Capital assets are not reported in the financial statements but are included in the notes to the financial statements.

The Department defines a capital asset as an asset costing \$5,000 or more that has an estimated useful life of at least one year. Additions or improvements that significantly extend the useful life of an asset or that significantly increase the capacity of an asset are capitalized. The costs of normal maintenance and repairs are expensed as incurred.

F. Pollution Remediation Obligation

GASB Statement No. 49 established accounting and financial reporting for pollution remediation obligations. These obligations address the current or potential effects of existing pollution. The Department incurs pollution remediation liabilities by participating in pollution remediation activities including pre-cleanup activities, cleanup activities, government oversight and enforcement-related activities, and post-remediation monitoring. Excluded from the scope of Statement No. 49 are obligations for pollution prevention and control activities, fines and penalties, landfill closure and post-closure care, and other future remediation activities required upon retirement of an asset.

Pollution remediation obligations are recognized when the range of expected cash outlays can be reasonably estimated. The Department recognized an estimated pollution remediation liability of \$5.9 million as of June 30, 2023, for statewide reporting purposes. However, this liability is not reported in the Department's fund financial statements. For many projects, the Department can reasonably estimate the range of expected outlays early in the process because the site situation is common or similar to other sites with which the Department has experience. In other cases, the estimates are limited to an amount specified in a contract for remediation services or provided by environmental consulting firms.

When new information indicates changes in expected outlays, the liability for pollution remediation is adjusted. Adjustments may be the result of price fluctuations resulting from delays in contracting specific remediation jobs, changes in technology, changes in legal or regulatory requirements, and changes in the remediation plan or operating conditions.

The Department also performs ongoing pollution remediation. In many instances, the Department voluntarily conducts the cleanup of contaminated soil and groundwater found within the footprint of a construction project or removes lead-based paint during bridge repairs. In other cases, the Department of Environmental Quality (DEQ) has named the Department as a responsible party, or potentially responsible party, or the Department has entered a site as part of the DEQ's Voluntary Cleanup Program, as the responsible party.

**Oregon Department of Transportation
Notes to the Financial Statements**

G. Retainage Payable

Oregon Revised Statute 279C.570 allows the Department to retain up to five percent of each progress payment made to contractors engaged in public improvement projects. The amounts withheld are invested in interest-bearing accounts. The retainage, plus the interest earned, is released to the contractor as the project is completed.

H. Unearned Revenue

Unearned revenue arises when resources are received before the Department has earned them or has legal claim to them. In subsequent periods, when the earnings process is complete or when all revenue recognition criteria have been met, the unearned revenue is reduced, and revenue is recognized.

I. Long-Term Liabilities

Proceeds received from the issuance of debt are reported under other financing sources in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

The accounting for proceeds received upon issuance of refunding debt closely parallels the accounting for original issue debt. However, when the refunding debt proceeds are paid to an escrow agent for purposes of repaying the old debt, that payment is reported separately under other financing uses in the fund financial statements.

J. Fund Balance

Fund balances for governmental funds are classified based on the nature of the resource restrictions within each fund. Fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Restricted balances are further classified as constitutional, federal, debt covenant, or enabling legislation. Nonspendable balances are further classified as inventories, revolving accounts, or prepaid assets.

K. Use of Estimates

In preparing the Department's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. BUDGETARY INFORMATION

The Department submits its budget request to the Governor every other year (biennial basis). State agencies, including the Department, prepare their budgets based on the source of funding. The four primary revenue sources available to state agencies to budget for expenditures are General Funds, Federal Funds, Lottery Funds, and Other Funds.

The Legislature formally adopts the budget and authorizes the Department to spend against one of three types of spending authority. General Fund appropriations represent the legal authority provided by the Legislature to use resources from the General Fund (primarily personal and corporate income taxes). The Legislature provides the spending authority and the funding for both the General Funds and the Lottery funds. The other spending authorities are *limited* and *nonlimited*. Limited spending authorities approved by the Legislature authorize the Department to spend up to a specific level of expenditures. The Department uses limitations of this type for all programs financed with federal funds, lottery funds, and other funds (e.g., fuels tax and vehicle registration). Nonlimited spending authorities are authorized by the Legislature for expenditures that fluctuate based on variables outside the Department's control and for which the Legislature does not legally specify an amount.

A major component of the Department's budget request to the Governor is the Statewide Transportation Improvement Program (STIP). The STIP is the Department's four-year capital improvement program. In the STIP, the Department assigns resources to those projects that have been given the highest priority through the STIP update process. The STIP is updated every three years. For more information, please visit <http://www.oregon.gov/odot/stip>.

During interim periods when the Legislature is not in session, the Legislative Emergency Board is authorized to amend the legally adopted budget. Any changes in the Department's original spending authority must be approved by the Emergency Board.

A budgetary comparison report is provided and presents the Department's budget by governmental fund type.

**Oregon Department of Transportation
Notes to the Financial Statements**

3. CASH AND INVESTMENTS

Deposits

The State of Oregon maintains the Oregon Short-Term Fund, a cash and investment management pool in which the Department participates. Participant account balances are determined by the amount of each participant's deposits adjusted for withdrawals and distributed interest. Interest is calculated and accrued daily on each participant's account based on the ending account balance and a variable interest rate determined periodically.

Deposits with fiscal agents may include money market accounts held by the pledging financial institution or its trust department for the purpose of debt service.

Investments

As of June 30, 2023, the Department's investments consisted primarily of corporate bonds and U.S. Agency securities.

Cash and cash equivalents and investments as of June 30, 2023:

	<u>Total</u>
Cash and Deposits in Transit	\$ 77,284,577
Deposits with State Treasury	980,426,954
Deposits with Fiscal Agents	2,348,701
Investments with State Treasury	<u>27,117,203</u>
Total	<u>\$ 1,087,177,435</u>

4. TRANSFERS

Fund Transfers

Internal transfer activity is included at the combining financial statement (detail) level and eliminated at the combined (summary) level.

Special Payments

Special Payments are payments the Department makes to other governmental jurisdictions including counties and cities. The distinguishing characteristic of this type of payment is that the Department does not receive any associated goods or services in exchange for the payment. Special Payments may include the distribution of federal and state funds directly to governmental entities and others.

Oregon Department of Transportation
Notes to the Financial Statements

Transfer activity for the year ended June 30, 2023:

<u>Departmental transfers:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Special Revenue Funds		
Capital Projects	\$ 39,351,545	\$ 11,430,982
Debt Service	206,862,561	-
Debt Service Funds		
Special Revenue	-	206,862,561
Capital Projects Funds		
Special Revenue	11,430,982	39,351,545
Total departmental transfers	<u>257,645,088</u>	<u>257,645,088</u>
<u>State agency transfers:</u>		
Special Revenue Funds		
Business Oregon	-	1,748,510
Department of Administrative Services	-	150,372
Department of Aviation	-	6,110,261
Oregon State Police	4,483,241	-
Department of Emergency Management	27,567,430	-
Department of Environmental Quality	-	486,518
Department of Parks and Recreation	270,411	28,767,995
Department of Revenue	160,671,750	-
Department of Veterans' Affairs	-	106,145
State Marine Board	-	5,256,695
Travel Information Council	-	12,760,000
Watershed Enhancement Board	-	209,890
Capital Projects Funds		
Oregon State Police	1,440,779	-
Debt Service Funds		
Department of Administrative Services	66,681,084	-
Total state agency transfers	<u>261,114,695</u>	<u>55,596,386</u>
<u>Local government transfers:</u>		
Special Revenue Funds		
Cities	-	237,043,040
Counties	-	352,110,590
Total local government transfers	<u>-</u>	<u>589,153,630</u>
<u>Transfers to nongovernmental entities:</u>		
Special Revenue Funds	-	4,008,920
Total transfers	<u>\$ 518,759,783</u>	<u>\$ 906,404,024</u>

**Oregon Department of Transportation
Notes to the Financial Statements**

5. CAPITAL ASSETS

Major capital asset events during fiscal year 2023 included the following:

The U.S. 197 The Dalles (Columbia River) Bridge Deck Replacement project was completed. The Department, in conjunction with the Washington Department of Transportation improved the safety and upgraded The Dalles Columbia River Bridge. The completed project:

- Replaced the existing concrete bridge deck.
- Replaced the bridge rail.
- Installed a new illumination and navigation lights system across the bridge.
- Installed bridge screening over the locks and railway.

Phase 1a of the I-5 Aurora Donald Interchange (Exit 278) was completed. The project was preparation for a future reconstruction of the interchange. The completed project:

- Lengthened and widened the northbound offramp.
- Built a soundwall along the northbound offramp.
- Realigned Bents Road to align with Bents Court at Ehlen Road.
- Installed a new traffic signal at the new Bents Road and Ehlen Road intersection.

Capital asset activity for the fiscal year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Buildings	\$ 300,600,341	\$ 3,135,280	\$ (114,355)	\$ 303,621,266
Construction in progress - infrastructure	1,021,199,776	751,218,855	(313,737,508)	1,458,681,123
Construction in progress - other	37,415,186	42,665,912	(13,168,252)	66,912,846
Data processing software	151,603,331	2,925,096	(623,106)	153,905,321
Land	1,772,135,401	43,172,197	(1,779,682)	1,813,527,916
Land improvements	198,638,655	1,014,312	(341,451)	199,311,516
Land use rights (amortized)	781,932	-	-	781,932
Leasehold improvements	4,614,490	2,367,466	(7,603)	6,974,353
Machinery and equipment	455,911,436	29,633,691	(7,380,870)	478,164,257
State highway and bridge system	15,444,064,102	486,500,731	(69,425,039)	15,861,139,794
Works of art and historical treasures	101,151	-	-	101,151
Total capital assets	<u>\$ 19,387,065,801</u>	<u>\$1,362,633,540</u>	<u>\$ (406,577,866)</u>	<u>\$ 20,343,121,475</u>

Construction in progress - infrastructure includes all state highway and bridge system construction projects currently underway. *Construction in progress - other* includes equipment fabrication and facility projects located throughout the state.

6. CONSTRUCTION COMMITMENTS

Construction commitments represent the estimated dollar amount of planned highway construction approved by the Oregon Transportation Commission and presented in the State Transportation Improvement Program. There were \$2.3 billion in outstanding commitments for highway and bridge construction contracts as of June 30, 2023.

7. LONG-TERM DEBT

Oregon Revised Statutes (ORS) provide the Department with the authority to issue bonds and to assume other forms of long-term debt to finance construction projects. The individual debt issuances are summarized below for all long-term debt outstanding as of June 30, 2023. The Department's long-term debt consists of Lottery Revenue Bonds, Highway User Tax Revenue Bonds, and General Obligation Bonds.

Revenue Bonds Repaid by Lottery Proceeds

Lottery Revenue Bonds are issued on behalf of the Department by the State, acting by and through the State Treasurer, at the request of the Department of Administrative Services (DAS), pursuant to the authority of Article XV, Section 4 of the Oregon Constitution and ORS chapter 286A. Lottery Revenue Bonds are special obligations of the State payable solely from unobligated net lottery proceeds and other legally available funds.

For more information regarding individual securities, please visit the Municipal Securities Rulemaking Board at <https://emma.msrb.org>.

- Lottery Revenue Bonds, Series 2013A (CUSIP No. 68607V): In April 2013, DAS issued Lottery Revenue Bonds on behalf of the Department in the amount of \$28,621,997. The net proceeds from these bonds were used to fund Connect Oregon multimodal transportation projects. The final maturity date for this bond series is April 2033. The Series 2013A Bonds were partially refunded with the issuance of the 2021B Bonds. The bonds had an outstanding principal balance at June 30, 2023, of zero.
- Lottery Revenue Refunding Bonds, Series 2014A (CUSIP No. 68607V): In July 2014, DAS issued Lottery Revenue Refunding Bonds on behalf of the Department in the amount of \$15,018,198. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2006A. The final maturity date for this bond series is April 2027. The bonds had an outstanding principal balance at June 30, 2023, of \$7,079,865.
- Lottery Revenue Refunding Bonds, Series 2014B (CUSIP No. 68607V): In July 2014, DAS issued Lottery Revenue Refunding Bonds on behalf of the Department in the amount of \$76,153,631. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2007A. The final maturity date for this bond series is April 2027. The bonds had an outstanding principal balance at June 30, 2023, of \$34,171,083.
- Lottery Revenue Refunding Bonds, Series 2014C (CUSIP No. 68607V): In July 2014, DAS issued Lottery Revenue Refunding Bonds on behalf of the Department in the amount of \$91,440,704. The net proceeds from these bonds were used to partially refund the Lottery

**Oregon Department of Transportation
Notes to the Financial Statements**

Revenue Bonds, Series 2009A. The final maturity date for this bond series is April 2025. The bonds had an outstanding principal balance at June 30, 2023, of \$47,421,551.

- Lottery Revenue Bonds, Series 2015A (CUSIP No. 68607V): In January 2015, DAS issued Lottery Revenue Bonds on behalf of the Department in the amount of \$48,624,463. The net proceeds from these bonds were used to fund Connect Oregon multimodal transportation projects, the Port of Coos Bay Rail Link, and the Salem-Keizer Transit Center. The final maturity date for this bond series is April 2035. The bonds had an outstanding principal balance at June 30, 2023, of \$48,624,463.
- Lottery Revenue Refunding Bonds, Series 2015C (CUSIP No. 68607V): In January 2015, DAS issued Lottery Revenue Refunding Bonds on behalf of the Department in the amount of \$47,864,226. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2011A. The final maturity date for this bond series is April 2027. The bonds had an outstanding principal balance at June 30, 2023, of \$38,920,672.
- Lottery Revenue Refunding Bonds, Series 2015D (CUSIP No. 68607V): In January 2015, DAS issued Lottery Revenue Refunding Bonds on behalf of the Department in the amount of \$142,172,601. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2009A. The final maturity date for this bond series is April 2029. The bonds had an outstanding principal balance at June 30, 2023, of \$105,425,602.
- Lottery Revenue Bonds, Series 2017A (CUSIP No. 68607V): In April 2017, DAS issued Lottery Revenue Bonds on behalf of the Department in the amount of \$50,144,754. The net proceeds from these bonds were used to fund Connect Oregon multimodal transportation projects, the Port of Coos Bay Rail Link, and the Juntura Road project in Harney County. The final maturity date for this bond series is April 2037. The bonds had an outstanding principal balance at June 30, 2023, of \$50,114,754.
- Lottery Revenue Refunding Bonds, Series 2017C (CUSIP No. 68607V): In April 2017, DAS issued Lottery Revenue Refunding Bonds on behalf of the Department in the amount of \$32,057,363. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2011A. The final maturity date for this bond series is April 2031. The bonds had an outstanding principal balance at June 30, 2023, of \$32,057,362.
- Lottery Revenue Bonds, Series 2019A (CUSIP No. 68607V): In April 2019, DAS issued Lottery Revenue Bonds on behalf of the Department in the amount of \$31,245,000. The net proceeds from these bonds were used to fund Connect Oregon multimodal transportation projects, the City of Portland infrastructure improvements on Southwest Capitol Highway, and upgrades and improvements to the Lane Transit District. The final maturity date for this bond series is April 2039. The bonds had an outstanding principal balance at June 30, 2023, of \$31,245,000.
- Lottery Revenue Refunding Bonds, Series 2021A (CUSIP No. 68607V): In April 2021, DAS issued Lottery Revenue Bonds on behalf of the Department in the amount of \$10,590,000. The net proceeds from these bonds were used to refund in its entirety the Lottery Revenue Bonds, Series 2011A. The final maturity date for this bond series is April 2031. The bonds had an outstanding principal balance at June 30, 2023, of \$10,440,000.

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- Lottery Revenue Bonds, Series 2021B (CUSIP No. 68607V): In April 2021, DAS issued Lottery Revenue Bonds on behalf of the Department in the amount of \$25,325,000. The net proceeds from these bonds were used to partially refund the Lottery Revenue Bonds, Series 2012B and Series 2013A. The final maturity date for this bond series is April 2033. The bonds had an outstanding principal balance at June 30, 2023, of \$25,025,000.
- Lottery Revenue Bonds, Series 2022A (CUSIP No. 68607V): In May 2022, DAS issued Lottery Revenue Bonds on behalf of the Department in the amount of \$3,675,000. The net proceeds from these bonds were used to fund construction of the Sherwood Pedestrian Bridge. The final maturity date for this bond series is April 2042. The bonds had an outstanding principal balance at June 30, 2023, of \$3,675,000.
- Lottery Revenue Bonds, Series 2023A (CUSIP No. 68607V): In May 2023, DAS issued Lottery Revenue Bonds on behalf of the Department in the amount of \$1,965,000. The net proceeds from these bonds were used to fund construction of the Fanno Creek Trail Improvements. The bonds had an outstanding balance at June 30, 2023, of \$1,965,000.

Debt service requirements to maturity on the Department’s Lottery Revenue Bonds as of June 30, 2023:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 45,473,927	\$ 20,929,781	\$ 66,403,708
2025	50,904,985	18,759,429	69,664,414
2026	54,471,663	16,292,705	70,764,368
2027	51,176,225	13,682,401	64,858,626
2028	40,921,010	11,216,439	52,137,449
2029-2033	133,186,004	30,418,263	163,604,267
2034-2038	53,436,537	8,440,740	61,877,277
2039-2043	6,595,000	589,250	7,184,250
Total	<u>\$ 436,165,352</u>	<u>\$ 120,329,008</u>	<u>\$ 556,494,360</u>

Revenue Bonds Repaid by State Highway Fund Revenues

Highway User Tax Revenue Bonds are issued by the State, acting by and through the State Treasurer, at the request of the Department, pursuant to Article IX, Section 3a of the Oregon Constitution, ORS 286A, as amended, and ORS 367.605 to 367.665 as amended. Highway User Tax Revenue Bonds are special revenue obligations secured by and payable solely from monies deposited in the State Highway Fund established under ORS 366.605.

For more information regarding individual securities, please visit the Municipal Securities Rulemaking Board at <https://emma.msrb.org>.

- State Highway User Tax Revenue Bonds, Series 2010A (Federally Taxable Build America Bonds) (CUSIP No. 68607D): In April 2010, the Department issued Highway User Tax Revenue Bonds in the amount of \$544,675,000. The proceeds from these bonds were used to finance projects under the OTIA III program. This series was issued as federally taxable Build America Bonds (BABs) qualifying for a federal subsidy of 35% of the interest through the American Recovery and Reinvestment Act of 2009. The final maturity for this bond series is

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November 2034. The bonds had an outstanding principal balance at June 30, 2023, of \$504,455,000.

- State Highway User Tax Revenue Refunding Bonds, Series 2012A (CUSIP No. 68607D): In June 2012, the Department issued Highway User Tax Revenue Refunding Bonds in the amount of \$129,980,000. The proceeds from these bonds were used to refund certain maturities of the Series 2004A Bonds, Series 2005A Bonds, and Series 2006A Bonds. Certain maturities of the 2012A Bonds were refunded with the issuance of the Series 2019B Bonds. The final maturity for this bond series is November 2029. The bonds had an outstanding principal balance at June 30, 2023, of zero.
- State Highway User Tax Revenue Bonds, Series 2013A (CUSIP No. 68607D): In October 2013, the Department issued Highway User Tax Revenue Bonds in the amount of \$409,775,000. The proceeds from these bonds were used to finance projects under the Jobs and Transportation Act (JTA) program. Certain maturities of the 2013A Bonds were refunded with the issuance of the Series 2017B, 2019B, and 2020B Bonds. The final maturity for this bond series is November 2038. The bonds had an outstanding principal balance at June 30, 2023, of \$27,305,000.
- State Highway User Tax Revenue Refunding Bonds, Series 2014A (CUSIP No. 68607D): In July 2014, the Department issued Highway User Tax Revenue Refunding Bonds in the amount of \$194,530,000. The proceeds from these bonds were used to refund certain maturities of the Series 2006A Bonds, Series 2007A Bonds, and Series 2009A Bonds. The Series 2014A Bonds were partially refunded with the issuance of the 2020B Bonds. The final maturity for this bond series is November 2031. The bonds had an outstanding principal balance at June 30, 2023, of \$44,350,000.
- State Highway User Tax Revenue Refunding Bonds, Series 2015A (CUSIP No. 68607D): In January 2015, the Department issued Highway User Tax Revenue Refunding Bonds in the amount of \$381,305,000. The proceeds from these bonds were used to refund certain maturities of the Series 2007A Bonds and the Series 2009A Bonds. The Series 2015A Bonds were partially refunded with the issuance of the 2020B Bonds. The final maturity for this bond series is November 2033. The bonds had an outstanding principal balance at June 30, 2023, of \$15,035,000.
- State Highway User Tax Revenue Bonds, Series 2017A (CUSIP No. 68607D): In June 2017, the Department issued Highway User Tax Revenue Bonds in the amount of \$244,030,000. The proceeds from these bonds were used to finance projects under the JTA program. The final maturity for this bond series is November 2027. The bonds had an outstanding principal balance at June 30, 2023 of \$143,625,000.
- State Highway User Tax Revenue Refunding Bonds, Series 2017B (CUSIP No. 68607D): In June 2017, the Department issued Highway User Tax Revenue Refunding Bonds in the amount of \$91,675,000. The proceeds from these bonds were used to refund certain maturities of the Series 2009A Bonds and the Series 2013A Bonds. The final maturity for this bond series is November 2029. The bonds had an outstanding principal balance at June 30, 2023, of \$68,975,000.

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- State Highway User Tax Revenue Refunding Bonds, Series 2017C (CUSIP No. 68607D): In September 2017, the Department issued Highway User Tax Revenue Refunding Bonds in the amount of \$132,800,000. The proceeds from these bonds were used to refund certain maturities of the Series 2007C Bonds. The final maturity for this bond series is November 2026. The bonds had an outstanding principal balance at June 30, 2023, of \$41,815,000.
- State Highway User Tax Revenue Refunding Bonds, Series 2019A (CUSIP No. 68607D): In November 2019, the Department issued Highway User Tax Revenue Refunding Bonds in the amount of \$297,840,000. The proceeds from these bonds were used to refund the Series 2017 S-1 Bonds and the Series 2017 S-2 Bonds in their entirety. The final maturity for this bond series is November 2042. The bonds had an outstanding principal balance at June 30, 2023, of \$297,840,000.
- State Highway User Tax Revenue Refunding Bonds, Series 2019B (CUSIP No. 68607D): In November 2019, the Department issued Highway User Tax Revenue Refunding Bonds in the amount of \$323,050,000. The proceeds from these bonds were used to refund certain maturities of the Series 2012A Bonds and the Series 2013A Bonds. The final maturity for this bond series is November 2038. The bonds had an outstanding principal balance at June 30, 2023, of \$311,970,000.
- State Highway User Tax Revenue Bonds, Series 2020A (CUSIP No. 68607D): In September 2020, the Department issued Highway User Tax Revenue Bonds in the amount of \$186,465,000. The proceeds from these bonds were used to finance projects under Oregon House Bill 2017 (HB 2017). The final maturity for this bond series is November 2040. The bonds had an outstanding principal balance at June 30, 2023, of \$186,465,000.
- State Highway User Tax Revenue Refunding Bonds, Series 2020B (CUSIP No. 68607D): In September 2020, the Department issued Highway User Tax Revenue Refunding Bonds in the amount of \$611,505,000. The proceeds from these bonds were used to refund certain maturities of the Series 2013A Bonds, the Series 2014A Bonds, and the Series 2015A Bonds. The final maturity for this bond series is November 2034. The bonds had an outstanding principal balance at June 30, 2023, of \$587,150,000.
- State Highway User Tax Revenue Senior Lien Bonds, Series 2022A (CUSIP No. 68607D): In December 2022, the Department issued Highway User Tax Revenue Senior Lien Bonds to finance Regional Mobility Projects under HB 2017. The final maturity for this bond series is November 2047. The bonds had an outstanding principal balance at June 30, 2023, of \$214,035,000.
- State Highway User Tax Revenue Subordinate Lien Bonds, Series 2023A (CUSIP No. 68607D): In May 2023, the Department issued Highway User Tax Revenue Subordinate Bonds to finance Statewide Projects under HB 2017. The final maturity for this bond series is May 2043. The bonds had an outstanding principal balance at June 30, 2023, of \$215,090,000.

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Notes to the Financial Statements**

Debt service requirements to maturity on the Department's Highway Revenue Bonds as of June 30, 2023:

Year Ending June 30	Principal	Interest	Total
2024	\$ 118,695,000	\$ 104,356,427	\$ 223,051,427
2025	123,375,000	100,100,832	223,475,832
2026	127,640,000	95,144,873	222,784,873
2027	132,260,000	90,290,961	222,550,961
2028	138,685,000	85,883,309	224,568,309
2029-2033	745,710,000	367,178,057	1,112,888,057
2034-2038	677,265,000	213,959,261	891,224,261
2039-2043	559,490,000	71,079,958	630,569,958
2044-2048	34,990,000	4,784,850	39,774,850
Total	<u>\$ 2,658,110,000</u>	<u>\$ 1,132,778,528</u>	<u>\$ 3,790,888,528</u>

Certificates of Participation

ORS chapter 283 authorizes DAS to enter into financing agreements through the issuance of Certificates of Participation for state agencies, including the Department.

For more information regarding individual securities, please visit the Municipal Securities Rulemaking Board at <https://emma.msrb.org>.

- Certificates of Participation Series 2009B (CUSIP No. 68607H): In February 2009, DAS issued certificates of participation for the State Radio Project in the amount of \$15,215,000. The final maturity date for this series is May 2023. The debt had an outstanding principal balance at June 30, 2023, of zero.

Overall Debt Service requirements for the State Radio Project are projected to be paid from General Fund and State Highway Fund revenues.

General Obligation Bonds Repaid by General Funds and State Highway Revenue Funds

Article XI-Q general obligation bonds are issued on behalf of the Department by the State, acting by and through the State Treasurer, at the request of DAS, pursuant to the authority granted by Article XI-Q of the Oregon Constitution and ORS chapter 286A. Article XI, Section 7 general obligation bonds are issued by the State on behalf of the Department pursuant to the authority granted by Article XI, Section 7 of the Oregon Constitution and ORS chapter 286A. Article XI-Q and Article XI, Section 7 General Obligation Bonds are direct, general obligations of the State, and the full faith and credit and taxing power of the State are irrevocably pledged to their repayment when due.

For more information regarding individual securities, please visit the Municipal Securities Rulemaking Board at <https://emma.msrb.org>.

- General Obligation Bonds Series 2015H (CUSIP No. 68608U): In March 2015, DAS issued Article XI-Q General Obligation Bonds on behalf of the Department in the amount of \$12,620,263. The net proceeds from the bonds were used to refund certain maturities of the

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Certificates of Participation, Series 2009A. The final maturity date for this bond series is May 2027. The bonds had an outstanding principal balance at June 30, 2023, of \$8,096,114.

- General Obligation Bonds Series 2016E (CUSIP No. 68608U): In May 2016, DAS issued Article XI-Q General Obligation Bonds on behalf of the Department in the amount of \$15,055,000. The net proceeds from the bonds were used to fund a portion of the State Radio Project. The final maturity date for this bond series is May 2031. The bonds had an outstanding principal balance at June 30, 2023, of \$8,595,000.
- General Obligation Bonds Series 2016F (CUSIP No. 68608U): In May 2016, DAS issued Article XI-Q General Obligation Bonds on behalf of the Department in the amount of \$64,100,600. The net proceeds from the bonds were used to refund certain maturities of the Certificates of Participation Series 2008A, the Certificates of Participation Series 2009A and the General Obligation Bonds Series 2011K. The final maturity date for this bond series is May 2039. The bonds had an outstanding principal balance at June 30, 2023, of \$59,070,000.
- General Obligation Bonds Series 2017M (CUSIP No. 68609B): In May 2017, DAS issued Article XI, Section 7 General Obligation Bonds on behalf of the Department in the amount of \$30,005,000. The net proceeds from the bonds were used to fund a portion of five state highway projects. The final maturity date for this bond series is November 2042. The bonds had an outstanding principal balance at June 30, 2023, of \$25,910,000.
- General Obligation Bonds Series 2020G (CUSIP No. 68609B): In June 2020, DAS issued Article XI-Q General Obligation Bonds on behalf of the Department in the amount of \$13,865,000. The net proceeds from the bonds were used to refund certain maturities of the General Obligation Bonds Series 2012I. The final maturity date for this bond series is May 2037. The bonds had an outstanding principal balance at June 30, 2023, of \$12,565,000.

Overall Debt service requirements for bonds issued for the State Radio Project are projected to be paid from General Fund and State Highway Fund revenues.

Debt service requirements to maturity on the Department's General Obligation Bonds as of June 30, 2023:

Year Ending June 30	Principal	Interest	Total
2024	\$ 7,276,330	\$ 5,068,376	\$ 12,344,706
2025	6,201,842	4,778,464	10,980,306
2026	6,446,612	4,536,642	10,983,254
2027	6,701,330	4,275,467	10,976,797
2028	6,880,000	3,998,758	10,878,758
2029-2033	36,225,000	15,344,589	51,569,589
2034-2038	32,485,000	7,018,173	39,503,173
2039-2043	12,020,000	1,326,375	13,346,375
Total	<u>\$ 114,236,114</u>	<u>\$ 46,346,844</u>	<u>\$ 160,582,958</u>

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Commercial Paper

Commercial Paper is issued by the State, acting by and through the State Treasurer, at the request of the Department, pursuant to ORS 367.105. Commercial Paper is a special revenue obligation secured by and payable solely from monies deposited in the State Highway Fund established under ORS 366.505.

- As of June 30, 2023, Department had outstanding Commercial Paper notes of \$151,000,000. The respective interest rate in effect as of June 30, 2023, was not to exceed 12% per annum. The Commercial Paper notes mature no more than 270 days from the date of issuance. The Commercial Paper notes were issued as a means of interim financing for eligible capital expenditures.
- As of June 30, 2023, Department had letters of credit and reimbursement agreements with the following institutions to provide credit support for the Commercial Paper program: Wells Fargo for \$272,500,000; Bank of Montreal, acting through its Chicago Branch for \$272,500,000.
- In fiscal year 2023, the Department paid the letters of credit banks dealer fees of 0.045% of the outstanding note balance quarterly in arrears.

Debt service requirements to maturity on the Department's commercial paper as of June 30, 2023:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 151,000,000	\$ 842,826	\$ 151,842,826
Total	<u>\$ 151,000,000</u>	<u>\$ 842,826</u>	<u>\$ 151,842,826</u>

Changes in the Department's long-term debt for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation bonds	\$ 120,820,437	\$ -	\$ (6,584,323)	\$ 114,236,114	\$ 7,276,330
Highway User Tax Revenue bonds	2,337,715,000	429,125,000	(108,730,000)	2,658,110,000	118,695,000
Lottery Revenue bonds	476,831,843	1,965,000	(42,631,491)	436,165,352	45,473,927
Commercial Paper	-	151,000,000	-	151,000,000	-
Certificates of Participation	435,000	-	(435,000)	-	-
Total long-term debt	<u>\$ 2,935,802,280</u>	<u>\$ 582,090,000</u>	<u>\$ (158,380,814)</u>	<u>\$ 3,359,511,466</u>	<u>\$ 171,445,257</u>

Arbitrage Rebate Liability

The Tax Reform Act of 1986 placed restrictions on the non-purpose investment earnings from the proceeds of qualified tax-exempt bonds issued after August 15, 1986. Specifically, the non-purpose investment earnings on these bonds are limited to the yield on each individual bond issue (based on the initial offering price to the public). Non-purpose investment earnings in excess of the bond yield limitations are subject to rebate to the federal government. At June 30, 2023, the Department's arbitrage rebate liability is zero.

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Pledged Revenues

The Department, pursuant to its Master Highway User Tax Revenue Bond Declaration, has pledged certain motor-carrier revenues, fuels tax revenues, and DMV revenues, net of administrative expenses, operating transfers, set-asides, and statutory transfers to cities and counties, to repay \$2.7 billion of Highway User Tax Revenue Bonds. Proceeds from Highway User Tax Revenue Bonds provide financing for the construction, reconstruction, improvement, repair, maintenance, operation, and use of public highways, roads, streets, and roadside rest areas. The Highway User Tax Revenue Bonds are payable solely from the pledged revenues and are payable through November 2048. Fiscal year 2024 principal and interest payments on the bonds are expected to require approximately 25.6 percent of pledged revenues. Highway User Tax Revenue Bond principal and interest paid for the current fiscal year totaled \$201.4 million and pledged revenues totaled \$824.1 million. The estimated total principal and interest remaining to be paid on the Highway User Tax Revenue Bonds is \$3.8 billion.

Debt Service Coverage for fiscal years through June 30, 2025^{(1) (2)}

	Actual 2019	Actual 2020	Actual 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025
Total Pledged Revenues	\$724,645,000	\$697,881,000	\$753,907,000	\$823,987,000	\$836,244,000	\$843,689,000	\$846,612,000
Outstanding Senior Lien Debt Service	143,577,000	139,765,000	122,176,000	133,045,000	133,366,000	133,567,000	133,538,000
Estimated Senior Lien Debt Service							
Series 2022 HB 2017 1st Issue: Fixed Rate	-	-	-	-	-	14,996,000	14,995,125
Total Senior Lien Debt Service	143,577,000	139,765,000	122,176,000	133,045,000	133,366,000	148,563,000	148,533,125
Senior Lien Debt Service Coverage	5.0	5.0	6.2	6.2	6.3	5.7	5.7
Subordinate Lien Debt Service	44,747,000	47,182,000	56,480,000	64,022,000	63,521,000	63,361,000	63,187,000
(Less Subordinate Lien BAB Payments)	(10,076,000)	(10,025,000)	(10,573,000)	(9,838,000)	(10,247,000)	(10,053,000)	(9,846,000)
Total Subordinate Lien Debt Service	34,671,000	37,157,000	45,907,000	54,184,000	53,274,000	53,308,000	53,341,000
Aggregate Senior and Subordinate Lien Debt Service	178,248,000	176,922,000	168,083,000	187,229,000	186,640,000	201,871,000	201,874,125
Total Pledged Revenues	724,645,000	697,881,000	753,907,000	823,987,000	836,244,000	843,689,000	846,612,000
(Less Subordinate Lien BAB Payments)	(10,076,000)	(10,025,000)	(10,573,000)	(9,838,000)	(10,247,000)	(10,053,000)	(9,846,000)
Net Pledged Revenue	714,569,000	687,856,000	743,334,000	814,149,000	825,997,000	833,636,000	836,766,000
Aggregate Senior and Subordinate Lien Debt Service Coverage	4.0	3.9	4.4	4.3	4.4	4.1	4.1

(1) Source: Official Statement dated May 24, 2023 for the Highway User Tax Revenue Bonds, Series 2023A.

(2) Rounded to nearest thousand; totals may not add due to rounding.

8. LEASES

Governmental Accounting Standards Board Statement No. 87 established new accounting and financial reporting requirements for leases. Statement No. 87 requires governments to recognize certain lease assets and lease liabilities for leases that were previously classified as operating leases and recognize the inflows or outflows of resources based on the payment provisions of the lease contract.

Department as Lessee

The Department leases buildings, equipment, and other assets from outside parties. The Department's Fleet Division has lease options in price agreements on two types of equipment: motor graders and tool carrier style wheel loaders. Machines are typically leased for 24-48

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months depending on business needs. All leases of equipment come with full service for the lease term. Vendors are allowed to adjust pricing on new unit leases annually. Leased units are locked into the monthly pricing for the term of the lease. There is no buy-out option on any Fleet leases, all equipment is returned to vendor at end of term.

Leased buildings are located and negotiated on the Department's behalf by the State of Oregon Department of Administrative Services Real Estate Division. The lease term for space ranges from monthly to 10-year terms with 1 to 5-year options and the total lease commitment capped at 20 years. Some contracts are full service, which include tax, insurance, and utilities in the monthly rent. Others are triple-net leases where the Department pays for utilities and is billed monthly for taxes, insurance and maintenance with expenses being reconciled annually against payments. Rents are negotiated at market rate and annual escalations are negotiated at the current Consumer Price Index. No security deposits are paid for Department leases.

The Department's Wireless Communications Section (WCS) operates and maintains over 200 communications sites. The majority are under a lease or other similar type agreement, e.g., leases/licenses/permits/authorizations/and agreements. Most of the sites are on federal lands with no rent charged, but fees may be charged depending on other users at the site. WCS does have leases with commercial tower owners that charge a commercial rate, but most sites are either on federal lands or leased lands where the Department owns the facilities. Communications site facilities typically consist of an equipment shelter and a tower for antennas. Terms tend to be general in nature, an initial term, options to extend, and starting rent with reasonable escalators.

Lessee Assets and Accumulated Amortization as of June 30, 2023:

<u>Leased Asset</u>	<u>Amount</u>	<u>Accumulated Amortization</u>
Equipment and Machinery	\$ 3,632,377	\$ 662,975
Motor Vehicles	1,798,243	539,748
Tunnels and Bridges	4,798,178	632,727
Land	3,028,122	497,611
Buildings	53,687,171	9,336,762
Total	<u>\$ 66,944,091</u>	<u>\$ 11,669,823</u>

Principal and Interest to Maturity on Lessee Leases as of June 30, 2023:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,579,688	\$ 1,175,047	\$ 6,754,735
2025	5,531,252	1,016,506	6,547,758
2026	5,450,021	871,183	6,321,204
2027	5,171,599	764,888	5,936,487
2028	4,744,404	684,678	5,429,082
2029-2033	16,994,486	2,404,927	19,399,413
2034-2038	8,437,706	1,081,988	9,519,694
2039-2043	3,309,947	406,233	3,716,180
2044-2048	1,424,072	70,193	1,494,265
Total	<u>\$ 56,643,175</u>	<u>\$ 8,475,643</u>	<u>\$ 65,118,818</u>

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Department as Lessor

The Department leases land and other assets to outside parties. The Department's Right-of-Way Section leases long-term occupancies of commercial, industrial, agricultural, and residential property generally located on non-operating right-of-way. The lease rate for these leases is determined by a fair market value rent study or rent justification. Typical terms are five years with two 5-year extensions possible for a total of 15 years. At every five-year interval, the lease rate is evaluated. Lessees are required to keep current a certificate of insurance to indemnify ODOT.

The Department's Rail Section owns and manages approximately 155 miles of railroad corridors. A private company owns the tracks and possesses an exclusive, permanent rail service easement over the entire length and width of these state-owned rail corridors. The Department's ownership is subject to the private company's rail service easement. The Department currently has approximately two dozen leases, many of which came to the Department from the predecessor railroad. It is unknown how the predecessor railroad established the rental rate for those leases. Since coming into the Department's possession, the lease rate is adjusted annually, based on Consumer Price Index data from the U.S. Department of Labor. Typical terms are between 5 and 15 years.

The department received \$2.5 million in lease principal payments and \$877 thousand in lease interest during the fiscal year.

Subscription-based Information Technology (IT) Arrangements (SBITA)

For fiscal year 2023, the Department implemented GASB Statement No. 96 *Subscription-based Information Technology (IT) Arrangements* (SBITA). SBITA are contracts that convey the right to use another party's IT software for a period of time in an exchange or exchange-like transaction. The Department's Information Services partners with the Procurement office to obtain IT software subscriptions. Each procurement is handled differently based on the software services required, cost, requested term, and other requirements. In some cases, the Department procures a single agreement for a single product, and in other cases the Department has a master agreement for multiple products and services. The Department typically uses a one or two-year subscription term to allow for usage adjustments as needed at the time of renewal. Some larger agreements may be for three years or more where the Department still performs annual usage adjustments. As of June 30, 2023, the Department reported a SBITA asset of \$3.3 million and Accumulated Amortization of \$736 thousand.

Principal and Interest to Maturity on SBITA as of June 30, 2023:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 722,162	\$ 69,405	\$ 791,567
2025	619,317	48,608	667,925
2026	401,188	31,069	432,257
2027	155,962	19,234	175,196
2028	160,563	14,633	175,196
2029-2033	335,475	14,917	350,392
Total	<u>\$ 2,394,667</u>	<u>\$ 197,866</u>	<u>\$ 2,592,533</u>

9. PENSION BENEFITS

The Public Employees Retirement System (PERS) is a defined benefit retirement plan for units of state government, school districts, community colleges, and political subdivisions of the State. PERS is administered by the Public Employees Retirement Board under the guidelines of Chapter 238 of the Oregon Revised Statutes and provides retirement benefits and cost-of-living adjustments as well as disability, post-employment healthcare, and death benefits to plan members and beneficiaries. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information, which may be obtained by writing to the Fiscal Services Division, Public Employees Retirement System, 11410 SW 68th Parkway, Tigard, Oregon 97223. For the fiscal year ended June 30, 2023, the Department contributed a total of \$67.6 million to PERS.

10. UNEMPLOYMENT BENEFITS

State employees who qualify are entitled to benefit payments during periods of unemployment. State agencies are required to pay the Employment Department for benefit payments made to their former employees. Total payments made by the Department for the fiscal year ended June 30, 2023, were \$266.3 thousand.

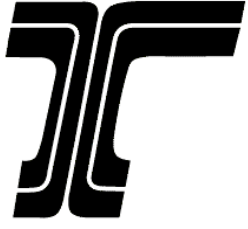
11. INSURANCE

The Risk Management Division of the Department of Administrative Services (Division) administers the state's property and liability insurance programs. It is the policy of the Division not to purchase commercial insurance for most of the risks of loss to which the state is exposed. Instead, the Division manages the state's risks by setting aside assets for actuarially forecasted losses in the State Insurance Fund. ORS Chapter 278 established the State Insurance Fund to service claims for the risk of (1) direct physical loss or damage to state property; (2) tort liability claims brought against the state, its officers, employees, or agents; (3) workers compensation losses; (4) employee dishonesty and (5) faithful performance bonds for key positions.

All state agencies, commissions, and boards participate in the State Insurance Fund. The Division allocates the cost of servicing insurance claims and payments by charging an assessment to each state entity, based on its share of losses. Statewide risk charges are based on independent, biennial actuarial forecasts and Division expenses, less any available fund balance from the prior biennium. Risk insurance payments for the fiscal year ended June 30, 2023, were \$9.6 million.

12. CONTINGENCIES

The Department is involved in various legal proceedings arising through the normal course of business. Although it is not possible to predict with certainty the outcome of these legal matters, management believes the disposition of these matters will not have a material impact on the Department's financial position.



COMBINING STATEMENTS

State of Oregon
Department of Transportation
Combining Balance Sheet
Special Revenue Funds
June 30, 2023

	Highway	Central Services	Commerce and Compliance	Driver and Motor Vehicle Services	Other	Total Special Revenue Funds
Assets						
Cash and Cash Equivalents	\$ 627,000,016	\$ 23,353,877	\$ 29,028,581	\$ 36,326,342	\$ 233,321,529	\$ 949,030,345
Securities Lending Cash Collateral	19,650	-	-	-	-	19,650
Investments	27,117,203	-	-	-	-	27,117,203
Loans Receivable (net)	-	-	-	-	20,616,918	20,616,918
Taxes Receivable (net)	-	55,709,032	29,148,730	-	2,664	84,860,426
Due from Federal Government	62,281,930	-	4,297,700	-	17,436,718	84,016,348
Due from Other Funds/Agencies	179,043,529	67,112	-	7,343,166	5,431,514	191,885,321
Other Accounts Receivable (net)	66,283,090	21,445	872,389	6,087,993	1,705,860	74,970,777
Inventories	33,752,710	44,265	55,958	4,251,990	3,196,443	41,301,366
Prepaid Assets	-	6,727	1,698	46,485	-	54,910
Contracts Receivable (net)	408,166	-	-	-	-	408,166
Total Assets	\$ 995,906,294	\$ 79,202,458	\$ 63,405,056	\$ 54,055,976	\$ 281,711,646	\$ 1,474,281,430
Liabilities, Deferred Inflows, and Fund Balances						
<u>Liabilities:</u>						
Accounts Payable	\$ 185,886,331	\$ 8,299,762	\$ 4,851,684	\$ 9,209,640	\$ 7,666,909	\$ 215,914,326
Deposit Liabilities	328,575	-	-	-	-	328,575
Securities Lending Obligations	19,650	-	-	-	-	19,650
Due to Other Governments	103,754,646	-	-	-	15,773,141	119,527,787
Due to Other Funds/Agencies	33,401,280	69,844,298	56,335,806	36,320,856	822,645	196,724,885
Unearned Revenue	90,608,211	1,007,406	2,159,910	4,187,005	-	97,962,532
Total Liabilities	413,998,693	79,151,466	63,347,400	49,717,501	24,262,695	630,477,755
<u>Deferred Inflows:</u>						
Leases Receivable	23,567,243	-	-	-	342,123	23,909,366
Total Deferred Inflows	23,567,243	-	-	-	342,123	23,909,366
<u>Fund Balances:</u>						
Nonspendable:						
Inventories	33,752,710	44,265	55,958	4,251,990	3,196,443	41,301,366
Revolving Accounts	-	-	-	40,000	-	40,000
Prepaid Assets	-	6,727	1,698	46,485	-	54,910
Restricted by:						
Oregon Constitution	-	-	-	-	101,376,831	101,376,831
Federal Laws and Regulations	39,726,824	-	-	-	-	39,726,824
Debt Covenants	484,860,824	-	-	-	-	484,860,824
Enabling Legislation	-	-	-	-	151,586,251	151,586,251
Committed	-	-	-	-	947,303	947,303
Total Fund Balances	558,340,358	50,992	57,656	4,338,475	257,106,828	819,894,309
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 995,906,294	\$ 79,202,458	\$ 63,405,056	\$ 54,055,976	\$ 281,711,646	\$ 1,474,281,430

State of Oregon
Department of Transportation
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Special Revenue Funds
For the Fiscal Year Ended June 30, 2023

	Highway	Central Services	Commerce and Compliance	Driver and Motor Vehicle Services	Other	Total Special Revenue Funds
Revenues:						
Motor Fuel Taxes	\$ -	\$ 675,339,314	\$ -	\$ -	\$ -	\$ 675,339,314
Federal Revenues	734,085,014	-	5,819,463	-	45,961,968	785,866,445
Weight-Mile Taxes	-	-	467,892,124	-	-	467,892,124
Vehicle Registration Taxes	-	-	-	448,033,201	416,554	448,449,755
Driver License Fees	-	-	-	40,372,985	15,631,555	56,004,540
Other Transportation Fees	-	-	52,635,175	57,920	1,579,316	54,272,411
Charges for Services	43,541,777	2,046,789	87	1,000	16,906	45,606,559
Other Sales Income	10,043,819	22,707	74,065	3,648,691	12,225	13,801,507
Investment Income	16,711,291	322,144	2,043,701	-	5,957,859	25,034,995
Business License Fees	553,603	-	6,054,017	208,257	4,266,915	11,082,792
Rents	7,499,031	-	-	-	76,721	7,575,752
Other Revenues	8,564,356	281,733	6,336,228	1,749,900	301,213	17,233,430
Total Revenues	820,998,891	678,012,687	540,854,860	494,071,954	74,221,232	2,608,159,624
Expenditures:						
Personal Services	290,386,680	72,236,256	30,599,344	75,980,347	13,960,792	483,163,419
Services and Supplies	404,009,311	41,915,218	9,105,832	24,637,484	26,024,208	505,692,053
Capital Outlay	1,004,355,361	6,362,429	410,397	7,153,243	4,854,095	1,023,135,525
Special Payments	48,128,416	-	-	-	140,160,145	188,288,561
Other Debt Service	2,518,667	-	-	-	-	2,518,667
Total Expenditures	1,749,398,435	120,513,903	40,115,573	107,771,074	184,999,240	2,202,798,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	(928,399,544)	557,498,784	500,739,287	386,300,880	(110,778,008)	405,361,399
Other Financing Sources (Uses):						
Long-Term Debt Issued	638,532,181	-	-	-	-	638,532,181
Transfers In	1,672,110,967	108,258,989	-	-	196,363,726	1,976,733,682
Transfers Out	(1,078,672,847)	(666,801,235)	(500,783,671)	(386,703,919)	(20,461,528)	(2,653,423,200)
Gain (Loss) on Sale of Capital Assets	426,148	-	-	-	-	426,148
Insurance Recoveries	968,398	-	6,735	-	17,647	992,780
Total Other Financing Sources (Uses)	1,233,364,847	(558,542,246)	(500,776,936)	(386,703,919)	175,919,845	(36,738,409)
Net Change in Fund Balances	304,965,303	(1,043,462)	(37,649)	(403,039)	65,141,837	368,622,990
Fund Balances - Beginning*	257,373,188	1,147,184	93,409	3,173,017	190,697,345	452,484,143
Prior Period Adjustment	-	-	-	-	(199,723)	(199,723)
Change in Nonspendable Fund Balances	(3,998,133)	(52,730)	1,896	1,568,497	1,467,369	(1,013,101)
Fund Balances - Ending	\$ 558,340,358	\$ 50,992	\$ 57,656	\$ 4,338,475	\$ 257,106,828	\$ 819,894,309

*Beginning balances adjusted due to post-closing changes made at the statewide level.

**State of Oregon
Department of Transportation
Combining Balance Sheet
Special Revenue Funds - Other
June 30, 2023**

	<u>Public Transit</u>	<u>Transportation Safety</u>	<u>Rail</u>	<u>Snowmobile</u>	<u>Transportation Operating</u>
Assets					
Cash and Cash Equivalents	\$ 97,798,974	\$ 48,390,106	\$ 14,673,570	\$ 2,073,497	\$ 28,210,448
Loans Receivable (net)	-	-	-	-	-
Taxes Receivable (net)	-	-	-	2,296	-
Due from Federal Government	13,008,318	4,228,340	200,060	-	-
Due from Other Funds/Agencies	3,351,665	481,786	558,176	1,039,887	-
Other Accounts Receivable (net)	5,000	236	359,384	6,926	1,334,314
Inventories	6,755	130,000	3,059,688	-	-
Total Assets	\$ 114,170,712	\$ 53,230,468	\$ 18,850,878	\$ 3,122,606	\$ 29,544,762
Liabilities and Fund Balances					
<i>Liabilities:</i>					
Accounts Payable	\$ 2,416,617	\$ 2,031,612	\$ 683,074	\$ -	\$ 2,170,195
Due to Other Governments	14,791,397	981,744	-	-	-
Due to Other Funds/Agencies	-	584,404	-	1,630	236,611
Total Liabilities	17,208,014	3,597,760	683,074	1,630	2,406,806
<i>Deferred Inflows:</i>					
Leases Receivable	-	-	342,123	-	-
Total Deferred Inflows	-	-	342,123	-	-
<i>Fund Balances:</i>					
Nonspendable:					
Inventories	6,755	130,000	3,059,688	-	-
Restricted by:					
Oregon Constitution	68,102	48,183,611	2,802,033	-	-
Enabling Legislation	95,940,538	1,319,097	11,963,960	3,120,976	27,137,956
Committed	947,303	-	-	-	-
Total Fund Balances	96,962,698	49,632,708	17,825,681	3,120,976	27,137,956
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 114,170,712	\$ 53,230,468	\$ 18,850,878	\$ 3,122,606	\$ 29,544,762

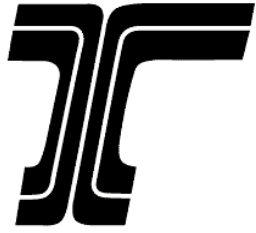
<u>Winter Recreational Parking</u>	<u>Consumer Protection</u>	<u>Transportation Infrastructure Bank</u>	<u>Total Other Special Revenue Funds</u>
\$ 6,041,894	\$ 182,051	\$ 35,950,989	\$ 233,321,529
-	-	20,616,918	20,616,918
-	368	-	2,664
-	-	-	17,436,718
-	-	-	5,431,514
-	-	-	1,705,860
-	-	-	3,196,443
<u>\$ 6,041,894</u>	<u>\$ 182,419</u>	<u>\$ 56,567,907</u>	<u>\$ 281,711,646</u>
\$ 158,600	\$ 2,812	\$ 203,999	\$ 7,666,909
-	-	-	15,773,141
-	-	-	822,645
<u>158,600</u>	<u>2,812</u>	<u>203,999</u>	<u>24,262,695</u>
-	-	-	342,123
-	-	-	342,123
-	-	-	3,196,443
-	-	50,323,085	101,376,831
5,883,294	179,607	6,040,823	151,586,251
-	-	-	947,303
<u>5,883,294</u>	<u>179,607</u>	<u>56,363,908</u>	<u>257,106,828</u>
<u>\$ 6,041,894</u>	<u>\$ 182,419</u>	<u>\$ 56,567,907</u>	<u>\$ 281,711,646</u>

State of Oregon
Department of Transportation
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Special Revenue Funds - Other
For the Fiscal Year Ended June 30, 2023

	<u>Public Transit</u>	<u>Transportation Safety</u>	<u>Rail</u>	<u>Snowmobile</u>	<u>Transportation Operating</u>
Revenues:					
Federal Revenues	\$ 34,335,552	\$ 10,754,928	\$ 871,488	\$ -	\$ -
Vehicle Registration Taxes	-	-	-	139,259	-
Driver License Fees	-	-	-	-	15,631,555
Other Transportation Fees	-	-	-	-	-
Charges for Services	-	3,585	538	-	808
Other Sales Income	-	-	12,225	-	-
Investment Income	1,785,122	1,252,176	101,012	77,313	952,196
Business License Fees	-	-	3,246,573	-	1,020,342
Rents	-	-	76,721	-	-
Other Revenues	8,094	-	4,309	-	288,810
Total Revenues	<u>36,128,768</u>	<u>12,010,689</u>	<u>4,312,866</u>	<u>216,572</u>	<u>17,893,711</u>
Expenditures:					
Personal Services	4,288,917	2,966,002	4,315,635	-	1,841,158
Services and Supplies	1,461,982	4,640,231	1,779,072	1,686,000	14,404,230
Capital Outlay	-	4,224,890	121,720	-	29,996
Special Payments	120,177,870	8,705,502	1,053,106	-	10,223,667
Total Expenditures	<u>125,928,769</u>	<u>20,536,625</u>	<u>7,269,533</u>	<u>1,686,000</u>	<u>26,499,051</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(89,800,001)</u>	<u>(8,525,936)</u>	<u>(2,956,667)</u>	<u>(1,469,428)</u>	<u>(8,605,340)</u>
Other Financing Sources (Uses):					
Transfers In	145,183,286	19,917,556	4,942,942	1,809,464	16,785,478
Transfers Out	(10,583,093)	(3,088,987)	(4,190)	(83,183)	(6,702,075)
Insurance Recoveries	-	-	14,617	-	3,030
Total Other Financing Sources (Uses)	<u>134,600,193</u>	<u>16,828,569</u>	<u>4,953,369</u>	<u>1,726,281</u>	<u>10,086,433</u>
Net Change in Fund Balances	44,800,192	8,302,633	1,996,702	256,853	1,481,093
Fund Balances - Beginning*	52,360,742	41,330,303	14,362,869	2,864,123	25,656,863
Prior Period Adjustment	(199,723)	-	-	-	-
Change in Nonspendable Fund Balances	1,487	(228)	1,466,110	-	-
Fund Balances - Ending	<u>\$ 96,962,698</u>	<u>\$ 49,632,708</u>	<u>\$ 17,825,681</u>	<u>\$ 3,120,976</u>	<u>\$ 27,137,956</u>

*Beginning balances adjusted due to reclassifying a Transit Fund.

<u>Winter Recreational Parking</u>	<u>Consumer Protection</u>	<u>Transportation Infrastructure Bank</u>	<u>Total Other Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ 45,961,968
277,295	-	-	416,554
-	-	-	15,631,555
1,519,944	59,372	-	1,579,316
-	-	11,975	16,906
-	-	-	12,225
193,802	3,966	1,592,272	5,957,859
-	-	-	4,266,915
-	-	-	76,721
-	-	-	301,213
<u>1,991,041</u>	<u>63,338</u>	<u>1,604,247</u>	<u>74,221,232</u>
534,042	11,729	3,309	13,960,792
2,041,887	2,622	8,184	26,024,208
-	-	477,489	4,854,095
-	-	-	140,160,145
<u>2,575,929</u>	<u>14,351</u>	<u>488,982</u>	<u>184,999,240</u>
(584,888)	48,987	1,115,265	(110,778,008)
-	-	7,725,000	196,363,726
-	-	-	(20,461,528)
-	-	-	17,647
-	-	<u>7,725,000</u>	<u>175,919,845</u>
(584,888)	48,987	8,840,265	65,141,837
6,468,182	130,620	47,523,643	190,697,345
-	-	-	(199,723)
-	-	-	1,467,369
<u>\$ 5,883,294</u>	<u>\$ 179,607</u>	<u>\$ 56,363,908</u>	<u>\$ 257,106,828</u>



STATISTICAL SECTION

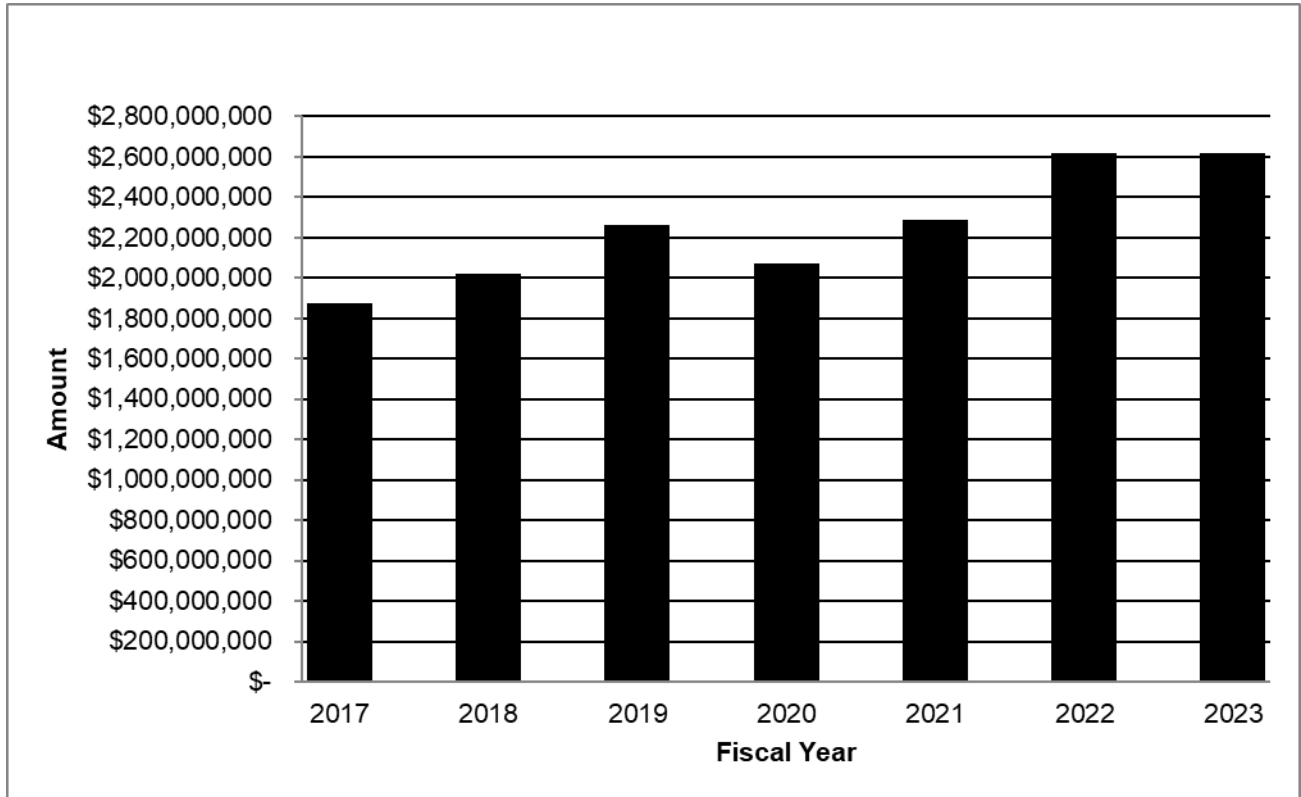
Table 1

**Schedule of Federal Financial Assistance
for the Fiscal Year Ended June 30, 2023**

CFDA #	Federal Program Description	Amount
20.200	Highway Research and Development Program	\$ 583,549
20.205	Highway Planning and Construction	674,512,804
20.218	National Motor Carrier Safety	5,450,940
20.224	Federal Lands Access Program	35,972
20.232	Commercial Driver License State Programs	57,074
20.301	Railroad Safety	32,597
20.319	High Speed And Intercity Passenger Rail	171,018
20.321	Railroad Safety Technology Grants	165,414
20.505	Federal Transit Metropolitan Planning Grants	214,478
20.509	Formula Grants for Other Than Urbanized Areas	19,800,249
20.513	Capital Assistance for Elderly And Disabled	12,743,874
20.526	Bus and Bus Facilities Formula Program	2,044,693
20.528	Rail Fixed Guideway Oversight Program	10,043
20.600	State and Community Highway Safety	3,761,077
20.608	Minimum Penalties Repeat Offenders DWI	542,558
20.611	Incentive Grant Program to Prohibit Racial Profiling	269,785
20.614	NHTSA Discretionary Safety Grants	90,616
20.616	National Priority Safety Programs	4,861,943
21.027	Corona Virus Recovery Funds	32,950,331
97.036	Disaster Grants Public Assistance	27,567,430
	Total	<u>\$ 785,866,445</u>

Table 2

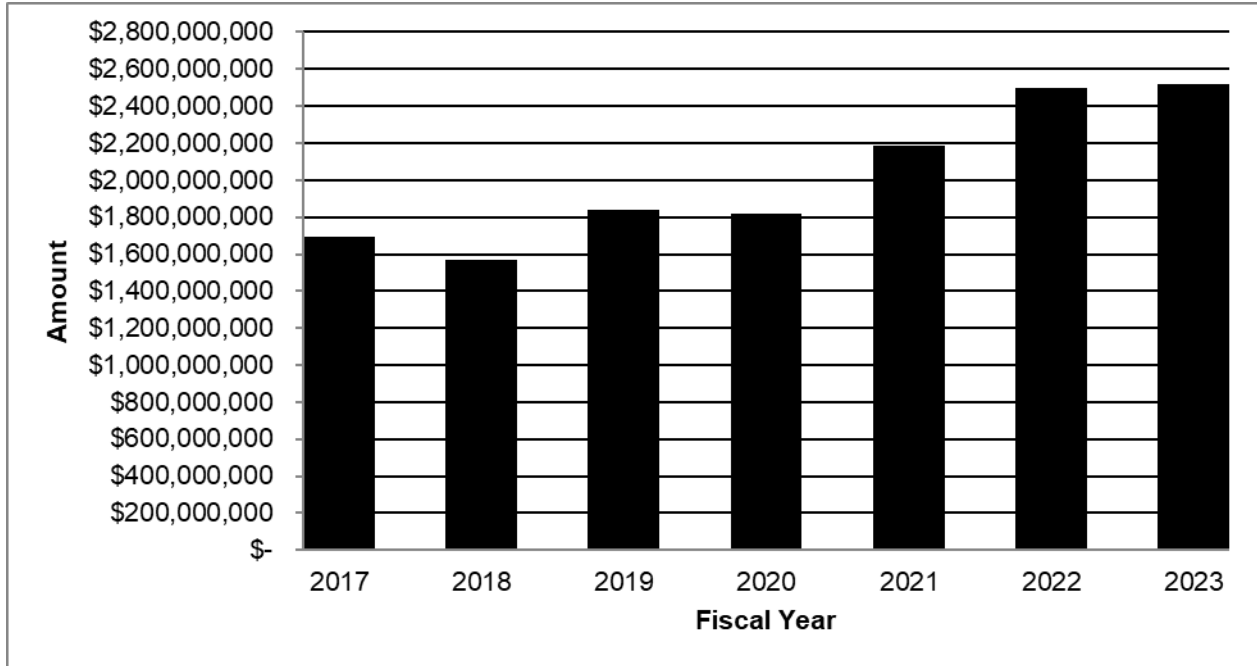
Net Revenues - Seven-Year Trend



	2017	2018	2019	2020	2021	2022	2023
Motor Fuel Taxes	\$ 546,574,309	\$ 586,689,979	\$ 631,698,325	\$ 600,004,238	\$ 622,538,233	\$ 658,713,547	\$ 675,339,314
Federal Revenues	532,240,747	525,209,342	643,944,178	532,505,272	607,060,609	772,246,088	785,866,445
Weight-Mile Taxes	297,052,489	332,646,408	388,304,040	388,981,333	428,769,684	458,123,654	467,892,124
Vehicle Registration Taxes	325,010,406	366,849,272	403,577,419	363,577,767	428,449,475	458,297,628	448,449,755
Driver License Fees	37,695,247	36,653,776	36,499,092	27,985,404	53,326,791	57,049,287	56,004,540
Other Transportation Fees	48,137,252	49,180,847	50,643,161	51,114,235	63,179,605	57,366,425	54,272,411
Charges for Services	31,902,600	51,764,182	27,000,786	28,742,230	15,025,396	32,570,971	45,606,559
Other Sales Income	11,265,492	13,711,580	10,932,046	12,629,716	14,013,291	14,642,731	13,801,507
Investment Income	8,492,507	18,513,524	30,161,929	26,301,452	14,604,811	4,940,224	25,901,513
Business License Fees	6,549,420	8,233,116	9,177,968	8,595,878	9,815,656	9,971,866	11,082,792
Rents	4,446,716	3,806,014	4,075,595	4,447,995	4,458,657	61,659,836	7,575,752
Other Revenues	22,111,854	24,511,999	24,113,857	25,850,258	25,876,254	30,699,406	26,896,198
Total Net Revenues	\$ 1,871,479,039	\$ 2,017,770,039	\$ 2,260,128,396	\$ 2,070,735,778	\$ 2,287,118,462	\$ 2,616,281,663	\$ 2,618,688,910

Table 3

Total Expenditures - Seven-Year Trend

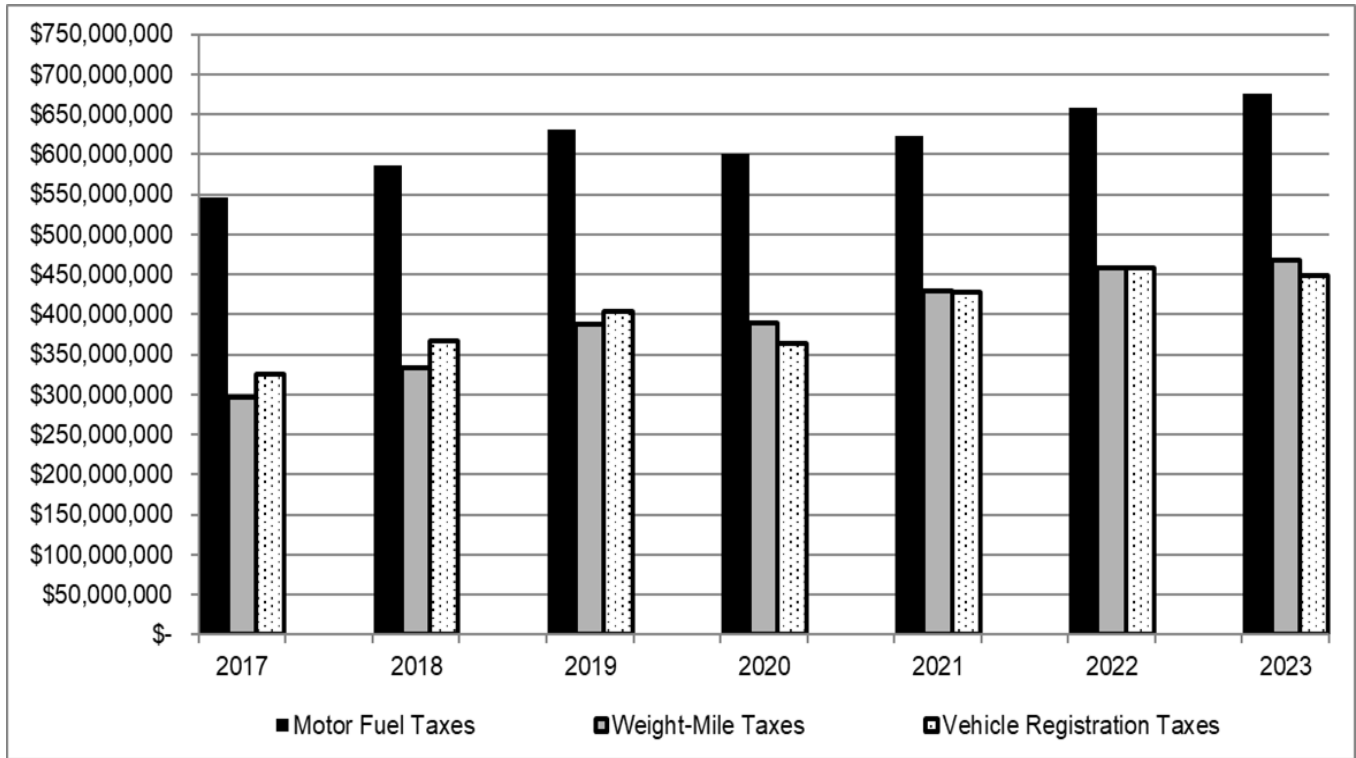


	2017	2018	2019	2020	2021	2022	2023
Personal Services	\$ 445,411,083	\$ 465,161,967	\$ 495,832,169	\$ 521,343,202	\$ 553,178,093	\$ 574,625,735	\$ 483,288,058
Services and Supplies	864,160,839	760,733,200	906,173,784	821,866,327	1,123,042,881	1,207,881,811	508,186,443
Capital Outlay*	44,593,198	19,875,533	38,203,845	21,143,447	43,789,821	89,773,394	1,052,322,136
Loan Interest	11,425	-	-	-	-	-	-
Special Payments	84,482,353	70,568,283	129,457,957	185,177,563	209,690,523	361,819,797	189,959,006
Debt Service (combined)	251,686,534	254,361,330	267,585,762	268,101,584	252,956,520	265,726,980	281,865,655
Total Expenditures	\$ 1,690,345,432	\$ 1,570,700,313	\$ 1,837,253,517	\$ 1,817,632,123	\$ 2,182,657,838	\$ 2,499,827,717	\$ 2,515,621,298

*Infrastructure expenditures previously classified as Services and Supplies/Personal Services were reclassified as Capital Outlay in fiscal year 2023.

Table 4

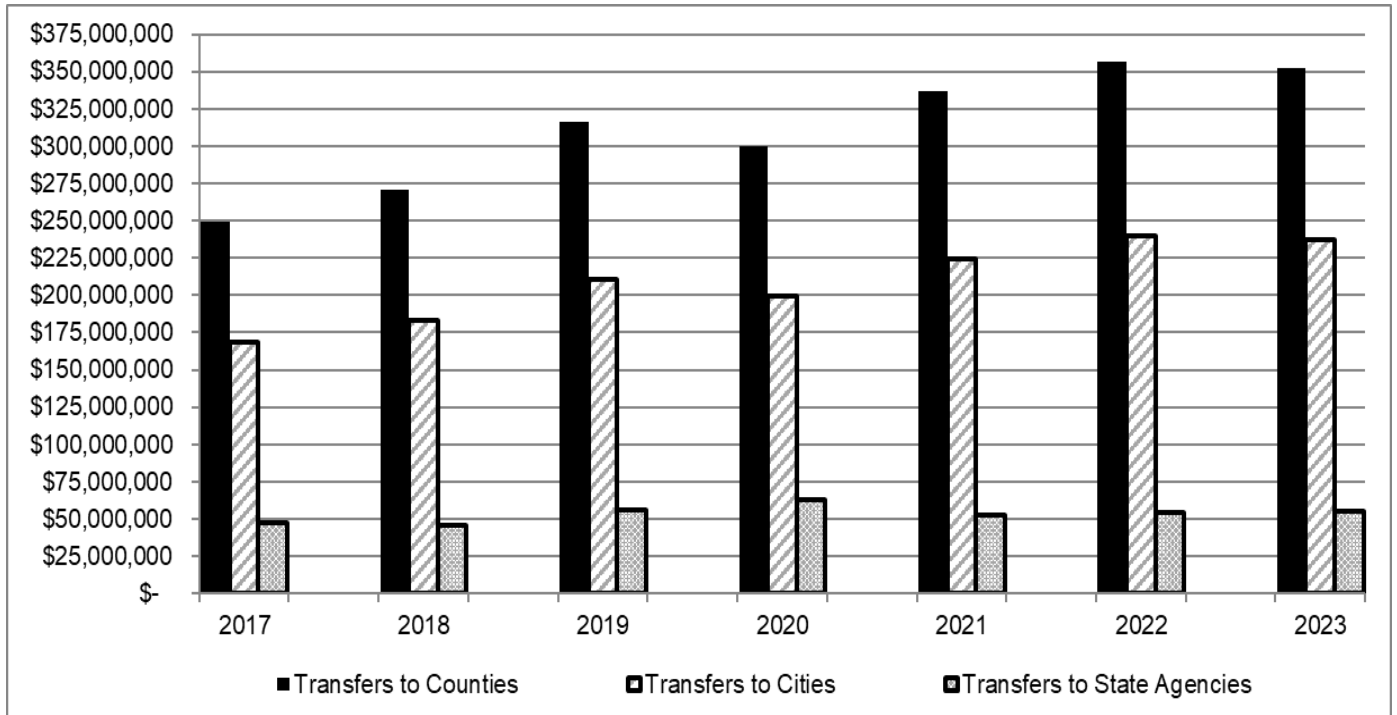
Net Vehicle-Related Tax Collections - Seven-Year Trend



	2017	2018	2019	2020	2021	2022	2023
Motor Fuel Taxes	\$ 546,574,309	\$ 586,689,979	\$ 631,698,325	\$ 600,004,238	\$ 622,538,233	\$ 658,713,547	\$ 675,339,314
Weight-Mile Taxes	297,052,489	332,646,408	388,304,040	388,981,333	428,769,684	458,123,654	467,892,124
Vehicle Registration Taxes	325,010,406	366,849,272	403,577,419	363,577,767	428,449,475	458,297,628	448,449,755
Total Vehicle Related Taxes	\$ 1,168,637,204	\$ 1,286,185,659	\$ 1,423,579,784	\$ 1,352,563,338	\$ 1,479,757,392	\$ 1,575,134,829	\$ 1,591,681,193

Table 5

Transfers to Others - Seven-Year Trend



	2017	2018	2019	2020	2021	2022	2023
Transfers to Counties	\$ 249,057,363	\$ 271,005,159	\$ 316,465,733	\$ 299,933,343	\$ 337,022,081	\$ 356,900,054	\$ 352,110,590
Transfers to Cities	168,563,914	183,039,670	210,503,093	199,236,326	224,213,929	239,891,979	237,043,040
Transfers to State Agencies	47,506,294	45,649,490	56,284,836	62,632,712	52,349,422	54,011,223	55,596,386
Total Distributions	\$ 465,127,571	\$ 499,694,319	\$ 583,253,662	\$ 561,802,381	\$ 613,585,432	\$ 650,803,256	\$ 644,750,016

The Department is required by law to apportion Highway Funds to counties and cities based on specific criteria. As certain revenues increase, the apportionments to counties and cities also increase (e.g. increases in motor fuels tax revenues will cause an increase in apportionments).

For more information on the Highway Revenues Apportionment process, please visit the Oregon Department of Financial Services at:

<https://www.oregon.gov/odot/about/pages/financial-information.aspx> - under the Highway Revenues Apportionment Section.