

Financial Services

Update

MAY 2007
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GREETINGS FROM FINANCIAL SERVICES:

The pattern of the Department's receipts and particularly spending typically exhibits significant seasonal variations. To correct for this and obtain meaningful comparisons, this update compares actual revenues and expenditures through the end of April with actual revenues and expenditures for the same period of the last two biennia – 2003-05 and 2001-2003.

As your new CFO, I welcome your comments and suggestions on these and other financial issues of importance to the Department. Please email me at:

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Les Brodie,

Chief Financial Officer

Historical Comparison of Budget vs. Actuals for ODOT

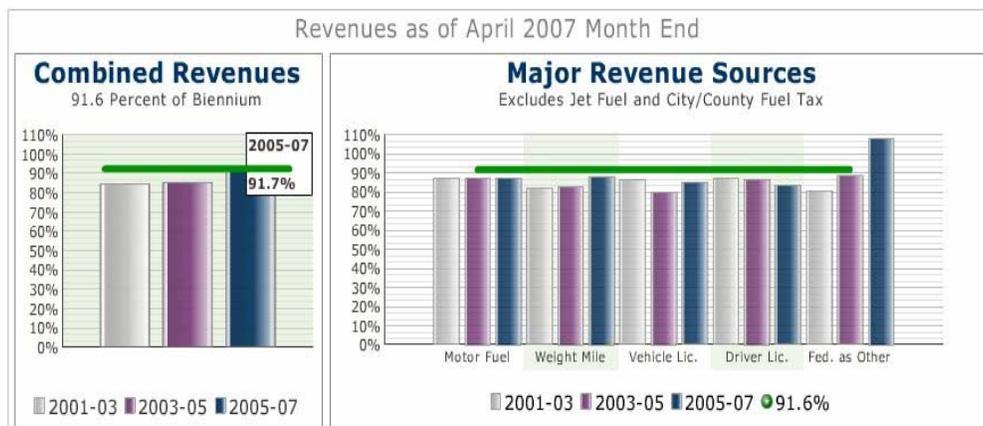
This article summarizes and updates prior information on the Department's major revenues and expenditures for the 2005-07 biennium through April 2007. A more detailed monthly report is available on the [Financial Dashboard](#); see the Revenues and Expenditures Summary link on the Financial Indicators tab at <http://intranet.odot.state.or.us/fsb>.

This update compares the same periods of actual revenues and expenditures for the current biennium and the previous two biennia. For comparability, Financial Services has calculated the first 22 months' actuals as a percentage of the total biennial budget for each of the three biennia. These percentages of actuals to budget are key indicators of budget-health.

Revenues Are Running Ahead

Revenues come from five main sources: fuels tax, weight-mile tax, vehicle registrations, driver licenses, and federal funds. Bond proceeds are classified as revenues in the state budget, but are recognized as an "other financing source" repaid with interest to bondholders.

This period (91.6% of the biennium) shows that the five main revenue streams combined are higher than the revenue received for the same periods in the prior two biennia. When comparing the same period to the prior biennium the revenues are up \$84.7 million. Total combined revenue received through April 2007 of this biennium is 91.7% of budget compared with 85.6% in 2003-05 and 84.0% in 2001-03. This is being driven by higher federal revenues and a slight increase in weight-mile taxes.



Financial Services Vision

To be recognized by customers and stakeholders as the most accountable, responsive and innovative finance organization in Oregon state government

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Financial Services is a branch of ODOT's Central Services Division.

Financial Services provides centralized accounting, financial reporting, payroll and benefits, budget development, economic and financial analysis, business planning, debt administration, cash management, the Oregon Transportation Infrastructure Bank, tax collection and auditing, revenue forecasting, tax policy analysis and cost allocation services.

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Current Spending on Track

Total expenditures (excluding depreciation) through this April as a percent of budget are slightly greater than the average spent for the same period in the prior biennium (refer to the graph below). As of the end of April 2007 the Agency spent 83.2% of its budget, compared to 82.2% for the same period in 2003-05 and 81.1% in 2001-03. ODOT's personal services expenditures equaled 89.5% of the amount budgeted or 1.5% less than the prior biennium. The Agency's largest expenditure category is services and supplies. Design and construction contracts are included in services and supplies. ODOT has spent about 83.5% of the budget for services and supplies or 1.1% more than the 2003-05 biennium. This higher spending rate may reflect increased construction activity in this biennium. The charts and tables provide a straight-line projection illustrating one view of the status of the budget. However, the business activity within the Department typically reflects business cycles and not straight-line expenditure patterns. More detailed reports that provide greater detail for unit budget expenditures are available at [http://](http://intranet.odot.state.or.us/fsb/finreports.htm)

intranet.odot.state.or.us/fsb/finreports.htm.

Budget Comparisons

ODOT's current biennium appears slightly ahead of the two prior biennia for revenues and expenditures. Most of the Agency's budgets are built by examining spending patterns from past biennia (as done in this article) and modifying the expenditures and revenues based on changes in legislation, forecasts or other events. While actual revenue and expenditures may vary as a consequence of business trends, building a budget based on past trends helps soften the impact from such seasonal trends.

