



OREGON DEPARTMENT OF TRANSPORTATION
Annual Financial Report
For the Fiscal Year Ended June 30, 2019
"ODOT provides a safe and reliable multimodal transportation system that connects people and helps Oregon's communities and economy thrive."

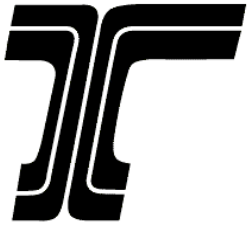




**State of Oregon
Department of Transportation
Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

TABLE OF CONTENTS

| | Page |
|---|-------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | i |
| Principal Officers | viii |
| Organization Chart | ix |
| FINANCIAL SECTION | |
| Fund Financial Statements: | |
| Balance Sheet - All Fund Types | 1 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 2 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary (Non-GAAP) Basis - Governmental Funds | 3 |
| Notes to the Financial Statements | 5 |
| Combining Statements: | |
| Combining Balance Sheet - Special Revenue Funds | 25 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Special Revenue Funds | 26 |
| Combining Balance Sheet - Special Revenue Funds - Other | 27 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Special Revenue Funds - Other | 29 |
| STATISTICAL SECTION | |
| Schedule of Federal Financial Assistance | 31 |
| Net Revenues - Seven-Year Trend | 32 |
| Total Expenditures - Seven-Year Trend | 33 |
| Net Vehicle-Related Tax Collections - Seven-Year Trend | 34 |
| Transfers to Others - Seven-Year Trend | 35 |



This page left intentionally blank.



Oregon

Kate Brown, Governor

Department of Transportation

Financial Services

355 Capitol St NE

MS#21

Salem, OR 97301

December 31, 2019

To the Honorable Governor Kate Brown, 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, 2019. 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 Comprehensive Annual 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. The OTC, in cooperation with the governor, appoints the director of the Department. The governor appoints the members of the OTC to four-year terms. In addition to providing policy direction for the Department, the OTC is empowered to:

- 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 of projects that can be accomplished using resources reasonably expected to be available.
- 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).
- Coordinate with cities and counties to develop standards to consistently describe and report the condition of the transportation infrastructure across Oregon.

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. The Office of Audit Services performs independent internal audits of programs and divisions within the Department in accordance with generally accepted government auditing standards.

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.

OUR STRATEGIES

- Provide outstanding customer service.
- Use innovative program design and technologies to solve transportation problems.
- Improve the return on investment of our transportation funds.
- Attract, retain, and develop an outstanding ODOT workforce.
- Engage the public, other state agencies, local governments, business, and community leaders in solving transportation problems and planning for the future.
- Increase intermodal linkages to improve access for people and goods.
- Communicate, educate, and inform the public about transportation issues.

OREGON TRANSPORTATION INVESTMENT ACT

Beginning in 2001, the Legislative Assembly passed a series of bills known collectively as the Oregon Transportation Investment Act (OTIA). 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). Collectively, the programs under OTIA I, II, and III are referred to as OTIA or the OTIA Program.

The OTIA program made a significant contribution to Oregon jobs and the Oregon economy. The program enhanced the state's economy and provided for a revitalized transportation infrastructure.

The OTIA Bond Program

In 2007, the Department completed issuance of the \$500 million net proceeds of Highway User Tax Revenue Bonds under the OTIA I and II authority, and in 2010 the Department completed 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, 2019, approximately \$1.6 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 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 consist 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, 2019, approximately \$693.3 million of the JTA program bond principal is outstanding.

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

THE KEEP OREGON MOVING ACT

The Legislative Assembly approved the Keep Oregon Moving Act during its 2017 Legislative Session to address transportation improvement, modernization, and preservation throughout the state. Among other things, the Keep Oregon Moving Act provides revenues from new or

increased fees and taxes that are to be deposited to the State Highway Fund, to the Connect Oregon Fund, or other funds established for specified purposes, including for safe routes to schools, congestion relief, and transit. The Keep Oregon Moving Act became law on August 18, 2017.

The Keep Oregon Moving Act Bond Program

The Keep Oregon Moving Act authorizes the issuance of \$480 million in net proceeds of Highway User Tax Revenue Bonds. The provisions authorizing the new bonds become operative on January 1, 2020; current law does not authorize the state and the Department to issue additional Highway User Tax Revenue Bonds before January 1, 2020. The Legislative Assembly must approve biennial authorization for Highway User Tax Revenue Bonds issued pursuant to the Keep Oregon Moving Act on or after January 1, 2020. The proceeds of Highway User Tax Revenue Bonds authorized by the Keep Oregon Moving Act are designated to finance projects in regions across the state. The Department is authorized to use amounts produced by certain increases in taxes and fees under the Keep Oregon Moving Act to pay debt service on Highway User Tax Revenue Bonds.

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

ECONOMIC CONDITIONS AND OUTLOOK

Oregon continues to see healthy rates of growth when it comes to employment, income, and gross domestic product. However the state is no longer significantly outpacing the nation as it was a couple of years ago. While local job gains are effectively matching the average state in recent quarters, forthcoming U.S. revisions will widen the gap a bit.

The slower pace of job gains today is not unexpected. To date it appears that the slower net employment growth is due to higher employment rates among working-age Oregonians, increasing baby boomer retirements, and slower in-migration in a mature expansion. Unemployment is not increasing, and new entrants into the labor market represent the largest share of Oregonians currently unemployed. Overall the slowing in Oregon job growth appears to be for good economic reasons.

Like the nation overall, the Oregon economic outlook calls for ongoing but slower growth from today's relatively strong vantage point. This has a few different implications for firms and households.

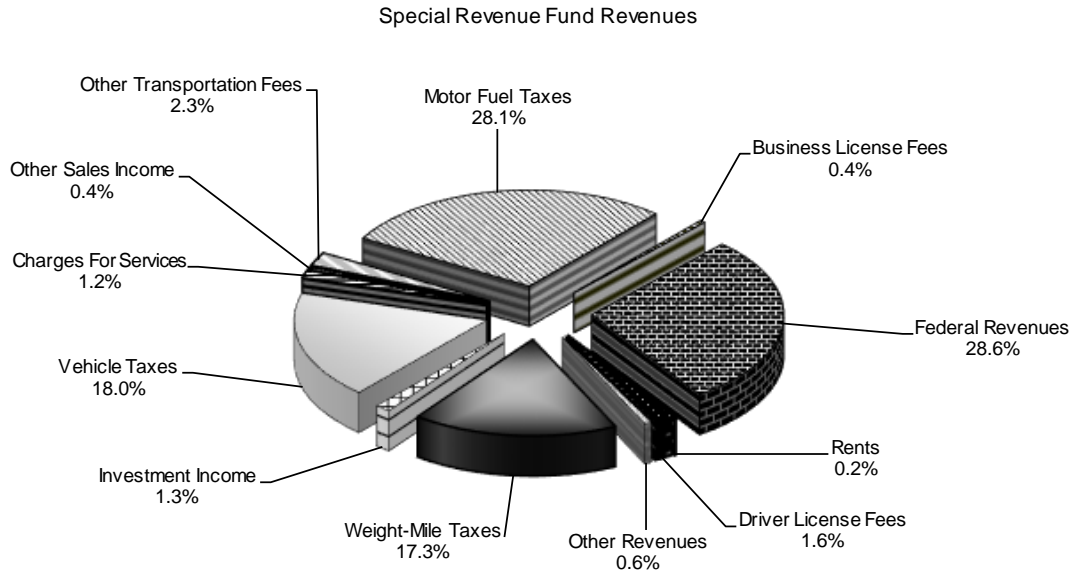
For households, a slowing economic outlook still brings good news, although a recession clearly does not. For Oregonians not working today, there has not been this strong of a labor market since the late 1990s. Job openings remain plentiful and firms are more willing to overlook incomplete skill sets or gaps on resumes in order to hire and expand. A strong economy cannot overcome structural mismatches in terms of skills or geography, but it does ease cyclical and frictional reasons for unemployment. For those already working, a tighter labor market raises wage growth. The outlook calls for four percent average wage growth per year, similar to what Oregon has experienced in recent years.

Overall household income growth is expected to slow even if per worker wage growth remains strong. The reason is that household incomes, at least for those in the middle of the distribution, are largely about whether or not a household member is working, how many hours they are working, and then their hourly wage. Even if the latter two items remain strong, and expectations are they will be, the slowdown in job growth overall will likely translate into relatively smaller increases in household income as most members of working-age households already have a job. Going from no job to any job is usually a bigger increase in income than going from a part-time job to a full-time job. That said, the strong labor market should continue to result in strong income gains from those in the lower parts of the distribution.

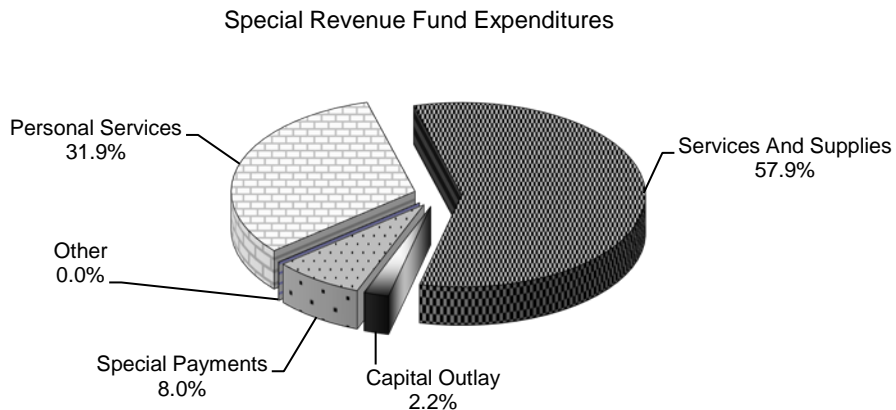
FINANCIAL ANALYSIS OF THE DEPARTMENT'S GOVERNMENTAL FUNDS

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 84.3% of its expenditures in special revenue funds. The other 15.7% of the expenditures are in debt service funds (14.4%), capital project funds (0.8%), and general fund (0.5%). Special revenue fund revenues include taxes (63.4%) and federal revenues (28.6%). Special revenue fund revenues increased from \$2.0 billion in 2018 to \$2.2 billion in 2019.



Special revenue fund expenditures are composed primarily of services and supplies (57.9%), which include payments for highway construction contracts. Personal services payments include salaries, benefits, and related expenditures. Special payments include distributions to governmental entities and others. Capital outlay payments include machinery, equipment, and related expenditures.



FINANCIAL INTRODUCTION

The financial introduction section presents an overview of the financial performance of the Department for the fiscal year ended June 30, 2019. 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, 2019, the Department's governmental funds reported combined ending fund balances of \$992.5 million, compared to \$946.2 million for the previous year.

Long-Term Debt

The Department's total long-term debt decreased by \$90.0 million, or 2.8 percent, during the current fiscal year. The decrease was attributable to regular debt payments.

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 resources held to benefit parties outside the Department or to meet regulatory requirements. Fiduciary funds are not available to support the Department's own programs. The Department reports its fiduciary fund activities within the agency 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 Joseph Flager 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, 2019**

Oregon Transportation Commission

| <u>Commissioner</u> | <u>Commission Expires</u> |
|----------------------------|----------------------------------|
| Tammy Baney, Chair | June 30, 2019 |
| Martin Callery | June 30, 2020 |
| Julie Brown | June 30, 2020 |
| Alando Simpson | June 30, 2022 |
| Bob Van Brocklin | June 30, 2021 |

Oregon Department of Transportation

Director – Matthew Garrett

Assistant Director – Travis Brouwer

Chief Administrative Officer, Central Services Division – Robert Gebhardt

Administrator, Driver and Motor Vehicle Services Division – Tom McClellan

Administrator, Highway Division – Kris Strickler

Administrator, Motor Carrier Transportation Division – Amy Ramsdell

Administrator, Rail/Public Transit Division – Hal Gard

Administrator, Transportation Development Division – Jerri Bohard

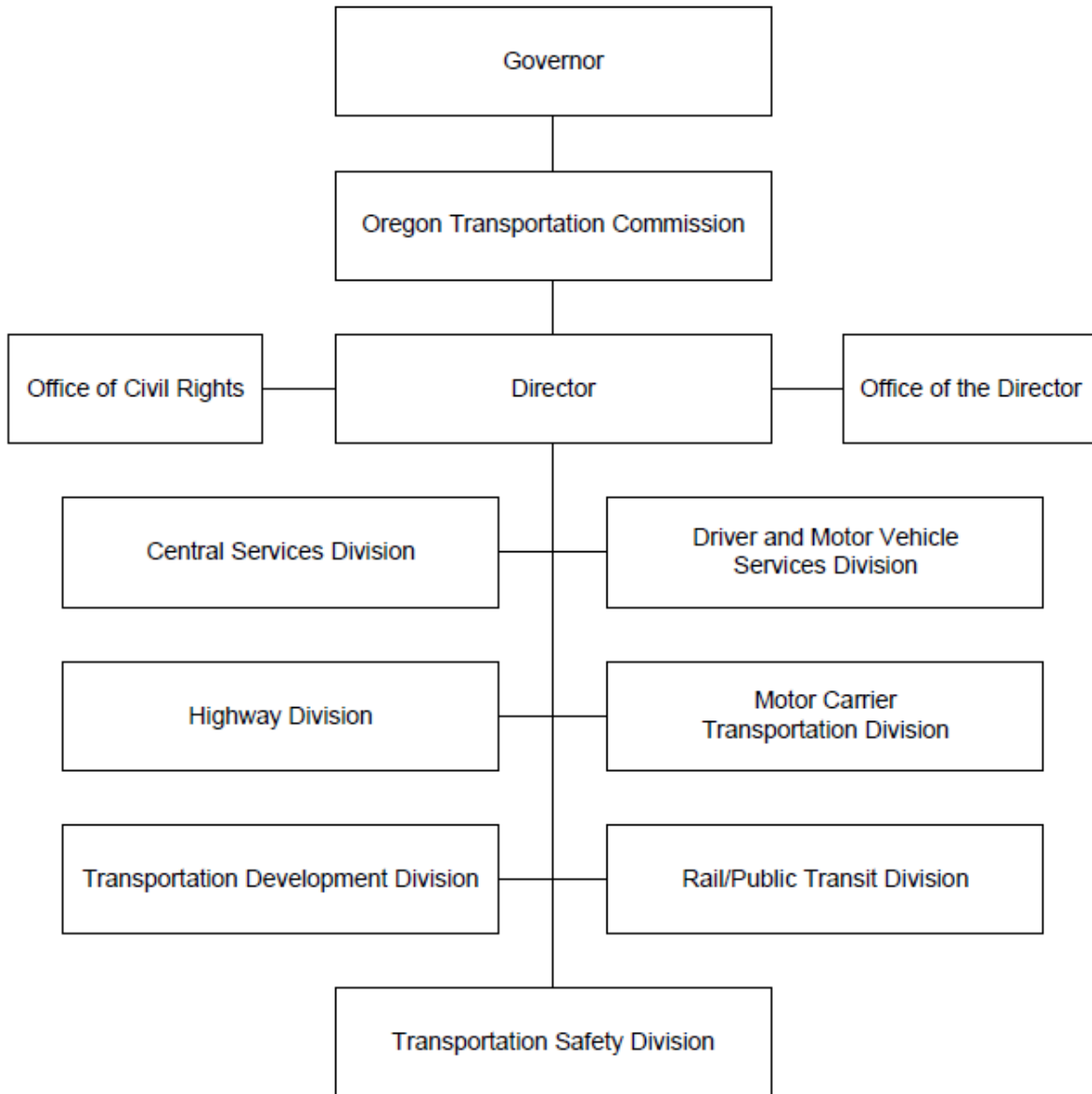
Administrator, Transportation Safety Division – Troy Costales

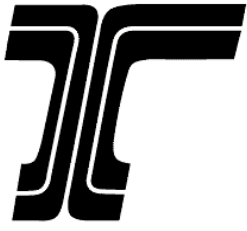
Chief Financial Officer, Financial Services – Tracy Wroblewski

Chief Internal Auditor – Marlene Hartinger

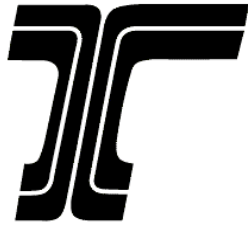


State of Oregon
Department of Transportation
Organization Chart
June 30, 2019





This page left intentionally blank.



FINANCIAL SECTION

**State of Oregon
Department of Transportation
Balance Sheet - All Fund Types
June 30, 2019**

| | Governmental Funds | | | | Total Governmental Funds | Fiduciary Funds |
|--|---------------------------|----------------------------|-------------------------|-----------------------------|---|----------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | | Agency |
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ - | \$ 863,644,690 | \$ 52,604,424 | \$ 17,025,544 | \$ 933,274,658 | \$ 24,829,332 |
| Custodial Assets | - | - | - | - | - | 683,677 |
| Investments | - | 86,968,558 | - | - | 86,968,558 | - |
| Loans Receivable (net) | - | 23,161,717 | - | - | 23,161,717 | - |
| Taxes Receivable (net) | - | 84,969,955 | - | - | 84,969,955 | - |
| Due from Federal Government | - | 58,318,772 | - | - | 58,318,772 | - |
| Due from State Agencies | - | 224,144,281 | 30,580,102 | 1,801,231 | 256,525,614 | - |
| Other Accounts Receivable (net) | - | 33,978,100 | - | 44,092 | 34,022,192 | - |
| Inventories | - | 38,337,288 | - | - | 38,337,288 | - |
| Prepaid Assets | - | 740,952 | - | - | 740,952 | - |
| Contracts Receivable (net) | - | 374,532 | - | - | 374,532 | - |
| Total Assets | \$ - | \$ 1,414,638,845 | \$ 83,184,526 | \$ 18,870,867 | \$ 1,516,694,238 | \$ 25,513,009 |
| Liabilities and Fund Balances | | | | | | |
| <u>Liabilities:</u> | | | | | | |
| Accounts Payable | \$ - | \$ 151,623,523 | \$ - | \$ 1,963,710 | \$ 153,587,233 | \$ - |
| Custodial Liabilities | - | 383,979 | - | - | 383,979 | 15,749,831 |
| Due to Other Governments | - | 93,557,405 | - | - | 93,557,405 | 9,763,178 |
| Due to State Agencies | - | 231,523,095 | - | - | 231,523,095 | - |
| Unearned Revenue | - | 45,112,374 | - | - | 45,112,374 | - |
| Total Liabilities | - | 522,200,376 | - | 1,963,710 | 524,164,086 | 25,513,009 |
| <u>Fund Balances:</u> | | | | | | |
| Nonspendable: | | | | | | |
| Inventories | - | 38,337,288 | - | - | 38,337,288 | - |
| Revolving Accounts | - | 500 | - | - | 500 | - |
| Prepaid Assets | - | 740,952 | - | - | 740,952 | - |
| Restricted by: | | | | | | |
| Oregon Constitution | - | 478,164,347 | 83,119,364 | 16,907,157 | 578,190,868 | - |
| Federal Laws and Regulations | - | 32,453,325 | - | - | 32,453,325 | - |
| Debt Covenants | - | 289,409,657 | 65,162 | - | 289,474,819 | - |
| Enabling Legislation | - | 52,999,758 | - | - | 52,999,758 | - |
| Committed | - | 332,642 | - | - | 332,642 | - |
| Total Fund Balances | - | 892,438,469 | 83,184,526 | 16,907,157 | 992,530,152 | - |
| Total Liabilities and Fund Balances | \$ - | \$ 1,414,638,845 | \$ 83,184,526 | \$ 18,870,867 | \$ 1,516,694,238 | \$ 25,513,009 |

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 - Governmental Funds
For the Fiscal Year Ended June 30, 2019

| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|--|-------------------|----------------------------|-------------------------|-----------------------------|---|
| Revenues: | | | | | |
| Motor Fuel Taxes | \$ - | \$ 631,698,325 | \$ - | \$ - | \$ 631,698,325 |
| Federal Revenues | - | 643,944,178 | - | - | 643,944,178 |
| Weight-Mile Taxes | - | 388,304,040 | - | - | 388,304,040 |
| Vehicle Registration Taxes | - | 403,577,419 | - | - | 403,577,419 |
| Driver License Fees | - | 36,499,092 | - | - | 36,499,092 |
| Other Transportation Fees | - | 50,643,161 | - | - | 50,643,161 |
| Charges for Services | - | 27,000,786 | - | - | 27,000,786 |
| Other Sales Income | - | 10,932,046 | - | - | 10,932,046 |
| Investment Income | - | 28,961,324 | 648,416 | 552,189 | 30,161,929 |
| Business License Fees | - | 9,177,968 | - | - | 9,177,968 |
| Rents | - | 4,075,595 | - | - | 4,075,595 |
| Other Revenues | - | 13,498,206 | 10,075,958 | 539,693 | 24,113,857 |
| Total Revenues | - | 2,248,312,140 | 10,724,374 | 1,091,882 | 2,260,128,396 |
| Expenditures: | | | | | |
| Personal Services | - | 493,777,756 | - | 2,054,413 | 495,832,169 |
| Services and Supplies | 1,854,425 | 896,249,485 | - | 8,069,874 | 906,173,784 |
| Capital Outlay | - | 34,274,313 | - | 3,929,532 | 38,203,845 |
| Special Payments | 6,155,796 | 123,302,161 | - | - | 129,457,957 |
| Principal and Interest | 2,048,150 | - | 265,160,638 | - | 267,208,788 |
| Other Debt Service | - | 376,974 | - | - | 376,974 |
| Total Expenditures | 10,058,371 | 1,547,980,689 | 265,160,638 | 14,053,819 | 1,837,253,517 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (10,058,371) | 700,331,451 | (254,436,264) | (12,961,937) | 422,874,879 |
| Other Financing Sources (Uses): | | | | | |
| General Fund Appropriation | 10,058,371 | - | - | - | 10,058,371 |
| Long-Term Debt Issued | - | 38,569,269 | - | - | 38,569,269 |
| Transfers In - Net of Intrafund Activity | - | 140,567,908 | 273,827,654 | 6,583,179 | 420,978,741 |
| Transfers Out - Net of Intrafund Activity | - | (805,914,049) | (32,087,477) | (24,806) | (838,026,332) |
| Gain (Loss) on Sale of Capital Assets | - | 331,059 | - | - | 331,059 |
| Insurance Recoveries | - | 1,400,910 | - | - | 1,400,910 |
| Total Other Financing Sources (Uses) | 10,058,371 | (625,044,903) | 241,740,177 | 6,558,373 | (366,687,982) |
| Net Change in Fund Balances | - | 75,286,548 | (12,696,087) | (6,403,564) | 56,186,897 |
| Fund Balances - Beginning | - | 826,971,311 | 95,880,613 | 23,311,385 | 946,163,309 |
| Prior Period Adjustment | - | (12,558,104) | - | - | (12,558,104) |
| Change in Nonspendable Fund Balances | - | 2,738,714 | - | (664) | 2,738,050 |
| Fund Balances - Ending | \$ - | \$ 892,438,469 | \$ 83,184,526 | \$ 16,907,157 | \$ 992,530,152 |

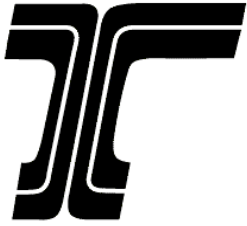
The accompanying notes are an integral part of the financial statements. These statements are not audited.

State of Oregon
Department of Transportation
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary (Non-GAAP) Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2019

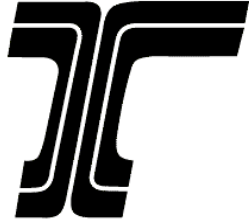
| | General Fund | | | Special Revenue Funds | | |
|--|---------------------------------|----------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| | 2017-2019 Biennial Budget | 2017-2019 Biennial Actuals | Variance Uncollected/ Unspent | 2017-2019 Biennial Budget | 2017-2019 Biennial Actuals | Variance Uncollected/ Unspent |
| Revenues: | | | | | | |
| Motor Fuel Taxes | \$ - | \$ - | \$ - | \$ 1,274,111,439 | \$ 1,218,388,304 | \$ 55,723,135 |
| Federal Revenues | - | - | - | 1,225,842,800 | 1,168,457,997 | 57,384,803 |
| Weight-Mile Taxes | - | - | - | 742,502,352 | 720,950,448 | 21,551,904 |
| Vehicle Registration Taxes | - | - | - | 754,788,723 | 770,426,691 | (15,637,968) |
| Driver License Fees | - | - | - | 81,540,099 | 73,152,868 | 8,387,231 |
| Other Transportation Fees | - | - | - | 96,506,790 | 99,824,008 | (3,317,218) |
| Charges for Services | - | - | - | 9,288,473 | 78,764,968 | (69,476,495) |
| Other Sales Income | - | - | - | 13,172,249 | 24,643,626 | (11,471,377) |
| Investment Income | - | - | - | 17,416,155 | 46,532,381 | (29,116,226) |
| Business License Fees | - | - | - | 5,414,998 | 17,411,084 | (11,996,086) |
| Rents | - | - | - | 1,814,806 | 7,881,609 | (6,066,803) |
| Other Revenues | - | - | - | 506,310,459 | 27,820,724 | 478,489,735 |
| Total Revenues | - | - | - | 4,728,709,343 | 4,254,254,708 | 474,454,635 |
| Expenditures: | | | | | | |
| Personal Services | - | - | - | 919,675,345 | 955,800,235 | (36,124,890) |
| Services and Supplies | 2,912,917 | 3,528,554 | (615,637) | 2,220,944,353 | 1,646,777,703 | 574,166,650 |
| Capital Outlay | - | - | - | 21,101,128 | 50,301,769 | (29,200,641) |
| Special Payments | 16,444,941 | 15,825,497 | 619,444 | 313,315,217 | 184,200,743 | 129,114,474 |
| Debt Service (combined) | 4,098,246 | 4,098,246 | - | - | 1,028,595 | (1,028,595) |
| Total Expenditures | 23,456,104 | 23,452,297 | 3,807 | 3,475,036,043 | 2,838,109,045 | 636,926,998 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (23,456,104) | (23,452,297) | (3,807) | 1,253,673,300 | 1,416,145,663 | (162,472,363) |
| Other Financing Sources (Uses): | | | | | | |
| General Fund Appropriation | 23,456,104 | 23,452,297 | 3,807 | - | - | - |
| Long-Term Debt Issued | - | - | - | 37,603,821 | 38,569,269 | (965,448) |
| Refunding Debt Issued | - | - | - | 155,254,241 | - | 155,254,241 |
| Debt Issuance Premium | - | - | - | - | - | - |
| Refunded Debt Payment to Escrow Agent | - | - | - | - | - | - |
| Transfers In (gross) | - | - | - | 3,804,376,992 | 2,784,734,082 | 1,019,642,910 |
| Transfers Out (gross) | - | - | - | (4,424,723,778) | (4,146,947,629) | (277,776,149) |
| Loans Made to Others | - | - | - | - | (957,700) | 957,700 |
| Loan Repayments | - | - | - | 8,173,000 | - | 8,173,000 |
| Gain (Loss) on Sale of Capital Assets | - | - | - | - | 3,019,307 | (3,019,307) |
| Insurance Recoveries | - | - | - | - | 3,295,553 | (3,295,553) |
| Total Other Financing Sources (Uses) | 23,456,104 | 23,452,297 | 3,807 | (419,315,724) | (1,318,287,118) | 898,971,394 |
| Net Change in Budgetary Fund Balances | \$ - | - | \$ - | \$ 834,357,576 | 97,858,545 | \$ 736,499,031 |
| Budgetary Fund Balances - Beginning | - | - | - | - | 804,399,314 | - |
| Prior Period Adjustment | - | - | - | - | (12,558,104) | - |
| Change in Nonspendable Fund Balances | - | - | - | - | 2,738,714 | - |
| Budgetary Fund Balances - Ending | \$ - | - | - | - | \$ 892,438,469 | - |

| Debt Service Funds | | | Capital Projects Funds ⁽¹⁾ | | |
|---------------------------------|----------------------------------|-------------------------------------|---------------------------------------|----------------------------------|-------------------------------------|
| 2017-2019 Biennial Budget | 2017-2019 Biennial Actuals | Variance Uncollected/ Unspent | 2017-2019 Biennial Budget | 2017-2019 Biennial Actuals | Variance Uncollected/ Unspent |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 1,230,839 | (1,230,839) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 1,010,025 | (1,010,025) | - | 633,216 | (633,216) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 30,258,702 | (30,258,702) | - | 571,176 | (571,176) |
| - | 31,268,727 | (31,268,727) | - | 2,435,231 | (2,435,231) |
| - | - | - | - | 3,041,616 | (3,041,616) |
| - | 1,208 | (1,208) | - | 11,760,704 | (11,760,704) |
| - | - | - | 56,089,148 | 10,842,277 | 45,246,871 |
| - | - | - | - | - | - |
| 705,870,105 | 775,778,232 | (69,908,127) | - | - | - |
| 705,870,105 | 775,779,440 | (69,909,335) | 56,089,148 | 25,644,597 | 30,444,551 |
| (705,870,105) | (744,510,713) | 38,640,608 | (56,089,148) | (23,209,366) | (32,879,782) |
| - | - | - | - | - | - |
| - | 25,115,371 | (25,115,371) | - | 35,360,512 | (35,360,512) |
| - | 453,507,963 | (453,507,963) | - | - | - |
| - | 17,174,938 | (17,174,938) | - | - | - |
| - | (494,814,039) | 494,814,039 | - | - | - |
| - | 809,184,175 | (809,184,175) | - | 15,868,562 | (15,868,562) |
| - | (77,904,840) | 77,904,840 | - | (15,657,629) | 15,657,629 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 732,263,568 | (732,263,568) | - | 35,571,445 | (35,571,445) |
| \$ (705,870,105) | (12,247,145) | \$ (693,622,960) | \$ (56,089,148) | 12,362,079 | \$ (68,451,227) |
| | 95,431,671 | | | 4,545,742 | |
| | - | | | - | |
| | - | | | (664) | |
| | <u>\$ 83,184,526</u> | | | <u>\$ 16,907,157</u> | |

⁽¹⁾ Capital Projects Funds are budgeted on a 6-year cycle.



This page left intentionally blank.



**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.

The Department consists of seven divisions: Central Services, Driver and Motor Vehicle Services, Highway, Motor Carrier Transportation, Transportation Development, Rail/Public Transit, and Transportation Safety.

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.

Governmental Fund Financial Statements

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.

Oregon Department of Transportation
Notes to the Financial Statements

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.

Fiduciary Fund Financial Statements

The Department uses the accrual basis of accounting for recording assets and liabilities in fiduciary funds. Because fiduciary funds are custodial in nature, they do not measure the results of operations.

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

Agency Funds account for assets held in a custodial 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*.

Oregon Department of Transportation
Notes to the Financial Statements

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.

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 \$12.8 million as of June 30, 2019, 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.

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

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.

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 two years. For more information, see <http://www.oregon.gov/odot/td/stip/pages/default.aspx>.

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. Performance deposits held in trust include cash and securities held as deposits on commercial enterprises.

Investments

At June 30, 2019, the Department's investments consisted primarily of U.S. Agency securities and corporate bonds.

Cash and cash equivalents, performance deposits, and investments as of June 30, 2019:

| | <u>Total</u> |
|------------------------------------|-------------------------|
| Cash and Deposits in Transit | \$ 67,970,463 |
| Deposits with State Treasury | 889,597,483 |
| Performance Deposits Held in Trust | 683,677 |
| Deposits with Fiscal Agents | 536,044 |
| Investments with State Treasury | 86,968,558 |
| Total | <u>\$ 1,045,756,225</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, 2019:

| <u>Departmental transfers:</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|---|-----------------------|-----------------------|
| Special Revenue Funds | | |
| Capital Projects | \$ 24,806 | \$ 6,583,179 |
| Debt Service | 32,088,932 | 213,776,624 |
| Debt Service Funds | | |
| Special Revenue | 213,776,624 | 32,088,932 |
| Capital Projects Funds | | |
| Special Revenue | 6,583,179 | 24,806 |
| Total departmental transfers | <u>252,473,541</u> | <u>252,473,541</u> |
| <u>State agency transfers:</u> | | |
| Business Oregon | 1,573,913 | 1,435,517 |
| Department of Administrative Services | 200,326 | 1,393,123 |
| Department of Aviation | - | 6,147,409 |
| Oregon State Police | 3,775,539 | - |
| Department of Environmental Quality | 98,360 | - |
| Department of Parks and Recreation | 287,359 | 25,577,176 |
| Department of Revenue | 102,516,428 | - |
| Department of Veterans' Affairs | - | 105,560 |
| Governor's Office | - | 80,000 |
| Department of Energy | 2,245 | - |
| Military Department | - | - |
| State Marine Board | - | 4,559,141 |
| Department of State Lands | - | 6,000,000 |
| Travel Information Council | - | 10,805,000 |
| Watershed Enhancement Board | - | 181,910 |
| Debt Service Funds | | |
| Department of Administrative Services | 60,051,030 | - |
| Total state agency transfers | <u>168,505,200</u> | <u>56,284,836</u> |
| <u>Local government transfers:</u> | | |
| Special Revenue Funds | | |
| Cities | - | 210,503,093 |
| Counties | - | 316,465,733 |
| Total local government transfers | <u>-</u> | <u>526,968,826</u> |
| <u>Transfers to nongovernmental entities:</u> | | |
| Special Revenue Funds | - | 2,299,129 |
| Total transfers | <u>\$ 420,978,741</u> | <u>\$ 838,026,332</u> |

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

5. CAPITAL ASSETS

Major capital asset events during fiscal year 2019 included the following:

The U.S. 26 Cornelius Pass Road to N.W. 185th Avenue widening project was completed. The project was a joint effort between the Department, the City of Hillsboro, and Washington County to alleviate congestion on U.S. 26 between 185th Avenue and Cornelius Pass Road. The main objectives of the project were to:

- Widen U.S. 26 to three lanes in each direction between Cornelius Pass Road and 185th Avenue. The majority of the widening will occur to the inside of the highway, in the highway center median.
- Replace the two U.S. 26/Rock Creek bridges with one bridge. This work will take place over the Rock Creek Trail. Rapid bridge construction will be used to minimize impacts.
- Improve the north side of the U.S. 26/Cornelius Pass Road interchange, including adding a second lane to the westbound off-ramp (the loop ramp).
- Build a noise wall on the north side of U.S. 26 in the Rock Creek neighborhood.

The Department of Motor vehicles successfully launched the new Vehicles System on time and on budget. The Vehicles System is part of the overall Service Transformation Program (STP) currently underway at DMV. The STP seeks to:

- Replace outdated computer systems and update business processes to make DMV more efficient.
- Deliver enhanced service capabilities – including more online services.

Capital asset activity for the fiscal year ended June 30, 2019:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|--------------------------|------------------------|-------------------------|--------------------------|
| Buildings | \$ 264,620,240 | \$ 18,458,171 | \$ (518,882) | \$ 282,559,529 |
| Construction in progress - infrastructure | 533,480,266 | 335,364,314 | (345,058,123) | 523,786,457 |
| Construction in progress - other | 27,216,287 | 46,398,017 | (47,152,477) | 26,461,827 |
| Data processing software | 70,489,234 | 37,724,346 | (1,400,966) | 106,812,614 |
| Land | 1,697,279,202 | 13,583,259 | (434,127) | 1,710,428,334 |
| Land improvements | 190,607,537 | 11,204,771 | (8,817,651) | 192,994,657 |
| Land use rights (amortized) | 781,932 | - | - | 781,932 |
| Leasehold improvements | 3,884,357 | 8,708,189 | (8,593,213) | 3,999,333 |
| Machinery and equipment | 415,360,245 | 37,398,734 | (8,279,887) | 444,479,092 |
| State highway and bridge system | 14,035,806,090 | 541,733,814 | (112,449,140) | 14,465,090,764 |
| Works of art and historical treasures | 101,151 | - | - | 101,151 |
| Total capital assets | <u>\$ 17,239,626,541</u> | <u>\$1,050,573,615</u> | <u>\$ (532,704,466)</u> | <u>\$ 17,757,495,690</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.

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

6. COMMITMENTS

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 Plan. There were \$867.6 million in outstanding commitments for highway and bridge construction contracts as of June 30, 2019.

Operating Lease Commitments

The Department has commitments with entities outside of state government to lease certain buildings and equipment.

Future minimum rental commitments under operating leases as of June 30, 2019:

| <u>Year Ending June 30</u> | <u>Total</u> |
|----------------------------|----------------------|
| 2020 | \$ 7,676,376 |
| 2021 | 5,492,840 |
| 2022 | 4,265,672 |
| 2023 | 3,542,362 |
| 2024 | 3,225,747 |
| 2025-2044 | 13,342,447 |
| Total | <u>\$ 37,545,444</u> |

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 at June 30, 2019. The Department's long term debt consists of lottery revenue bonds, highway user tax revenue bonds, direct placement and borrowing, certificates of participation, 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 2009A (CUSIP No. 68607V): In March 2009, DAS issued Oregon Lottery Revenue Bonds on behalf of the Department in the amount of \$381,195,000. The net proceeds from these bonds were used to fund Connect Oregon multimodal transportation projects, the Portland-Milwaukee Light Rail Project, and the Oregon Street Car Project. The final maturity date for this bond series was April 2019. The bonds were paid in full as of June 30, 2019, and had a balance of zero.

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

- Lottery Revenue Bonds, Series 2011A (CUSIP No. 68607V): In March 2011, DAS issued Oregon Lottery Revenue Bonds on behalf of the Department in the amount of \$96,369,674. 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 2031. The bonds had an outstanding principal balance at June 30, 2019, of \$13,777,529.
- Lottery Revenue Refunding Bonds, Series 2011B (CUSIP No. 68607V): In March 2011, DAS issued Oregon Lottery Revenue Refunding Bonds on behalf of the Department in the amount of \$10,135,818. The net proceeds from these bonds were used to refund a portion of the Lottery Revenue Bonds Series 2002A, Series 2005A, and Series 2009A. The final maturity date for this bond series is April 2021. The bonds had an outstanding principal balance at June 30, 2019, of \$5,584,391.
- Lottery Revenue Refunding Bonds, Series 2012B (CUSIP No. 68607V): In April 2012, DAS issued Oregon Lottery Revenue Refunding Bonds on behalf of the Department in the amount of \$4,863,853. The net proceeds from these bonds were used to refund a portion of the Lottery Revenue Bonds Series 2004B and Series 2005A. The final maturity date for this bond series is April 2025. The bonds had an outstanding principal balance at June 30, 2019, of \$1,621,269.
- Lottery Revenue Bonds, Series 2013A (CUSIP No. 68607V): In May 2013, DAS issued Oregon 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 bonds had an outstanding principal balance at June 30, 2019, of \$28,621,997.
- Lottery Revenue Refunding Bonds, Series 2014A (CUSIP No. 68607V): In July 2014, DAS issued Oregon 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, 2019, of \$12,982,150.
- Lottery Revenue Refunding Bonds, Series 2014B (CUSIP No. 68607V): In July 2014, DAS issued Oregon 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, 2019, of \$62,511,458.
- Lottery Revenue Refunding Bonds, Series 2014C (CUSIP No. 68607V): In July 2014, DAS issued Oregon 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 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, 2019, of \$90,442,415.

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

- Lottery Revenue Bonds, Series 2015A (CUSIP No. 68607V): In January 2015, DAS issued Oregon 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, 2019, of \$48,624,463.
- Lottery Revenue Refunding Bonds, Series 2015C (CUSIP No. 68607V): In January 2015, DAS issued Oregon 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, 2019, of \$47,864,226.
- Lottery Revenue Refunding Bonds, Series 2015D (CUSIP No. 68607V): In January 2015, DAS issued Oregon 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, 2019, of \$142,172,601.
- Lottery Revenue Bonds, Series 2017A (CUSIP No. 68607V): In April 2017, DAS issued Oregon 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, 2019, of \$50,114,754.
- Lottery Revenue Refunding Bonds, Series 2017C (CUSIP No. 68607V): In April 2017, DAS issued Oregon 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, 2019, of \$32,057,363.
- Lottery Revenue Bonds, Series 2019A (CUSIP No. 68607V): In April 2019, DAS issued Oregon 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, 2019, of \$31,245,000.

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

Debt service requirements to maturity on the Department's lottery revenue bonds as of June 30, 2019:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|-----------------------|-----------------------|-----------------------|
| 2020 | \$ 31,635,437 | \$ 28,191,199 | \$ 59,826,636 |
| 2021 | 29,056,580 | 26,709,759 | 55,766,339 |
| 2022 | 31,925,662 | 25,272,766 | 57,198,428 |
| 2023 | 43,920,590 | 23,687,142 | 67,607,732 |
| 2024 | 46,267,988 | 21,492,421 | 67,760,409 |
| 2025-2029 | 239,458,240 | 70,261,856 | 309,720,096 |
| 2030-2034 | 104,572,730 | 23,433,601 | 128,006,331 |
| 2035-2039 | 40,782,389 | 4,728,663 | 45,511,052 |
| Total | <u>\$ 567,619,616</u> | <u>\$ 223,777,407</u> | <u>\$ 791,397,023</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 2007A (CUSIP No. 68607D): In June 2007, the Department issued highway user tax revenue bonds in the amount of \$358,225,000. The proceeds from these bonds were used to finance state highway and bridge projects under the OTIA I, II, and III programs. Certain maturities of the bonds were refunded with the issuance of the Series 2014A Bonds and Series 2015A Bonds. The final maturity for this bond series was November 2018. The bonds were paid in full as of June 30, 2019, and had a balance of zero.
- State Highway User Tax Revenue Bonds, Series 2009A (CUSIP No. 68607D): In March 2009, the Department issued highway user tax revenue bonds in the amount of \$347,290,000. The proceeds from these bonds were used to finance projects under the OTIA III program. Certain maturities of the bonds were refunded with the issuance of the Series 2014A Bonds, Series 2015A Bonds, and Series 2017B Bonds. The final maturity for this bond series was November 2018. The bonds were paid in full as of June 30, 2019, and had a balance of zero.

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

- ⁽¹⁾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 November 2034. The bonds had an outstanding principal balance at June 30, 2019, of \$538,710,000.
- 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. The final maturity for this bond series is November 2029. The bonds had an outstanding principal balance at June 30, 2019, of \$129,280,000.
- State Highway User Tax Revenue Refunding Bonds, Series 2012B (Federally Taxable) (CUSIP No. 68607D): In June 2012, the Department issued highway user tax revenue refunding bonds in the amount of \$70,850,000. The proceeds from these bonds were used to refund certain maturities of the Series 2004B Bonds and Series 2005B Bonds. The final maturity for this bond series is November 2020. The bonds had an outstanding principal balance at June 30, 2019, of \$26,210,000.
- 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 Transportation Act (JTA) program. Certain maturities of the bonds were refunded with the issuance of the Series 2017A Bonds. The final maturity for this bond series is November 2038. The bonds had an outstanding principal balance at June 30, 2019, of \$289,875,000.
- State Highway User Tax Revenue Bonds, Series 2014A (CUSIP No. 68607D): In July 2014, the Department issued highway user tax revenue 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 final maturity for this bond series is November 2031. The bonds had an outstanding principal balance at June 30, 2019, of \$194,530,000.

⁽¹⁾ Pursuant to the sequestration process required by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, subsidy payments that the Department received in connection with its Build America Bonds ("BABs") for the Federal Fiscal Year ("FFY") 2018 were reduced by approximately 6.75 percent. In FFY 2018, the Department received \$10,081,038 in BABs subsidy payments; a reduction of \$729,727 from the originally anticipated BABs subsidy amount of \$10,810,764. The Department cannot predict when or whether new federal legislation may be enacted providing funding or authorization for the BABs subsidy payments or other federal transportation programs or, if enacted, whether any such legislation would be signed into law by the president.

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

- 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 final maturity for this bond series is November 2033. The bonds had an outstanding principal balance at June 30, 2019, of \$381,305,000.
- State Highway User Tax Revenue Bonds, Series 2017A (CUSIP No. 68607D): In May 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 Jobs and Transportation Act program. The final maturity for this bond series is November 2027. The bonds had an outstanding principal balance at June 30, 2019, of \$234,390,000.
- State Highway User Tax Revenue Bonds, Series 2017B (CUSIP No. 68607D): In May 2017, the Department issued highway user tax revenue 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, 2019, of \$91,675,000.
- State Highway User Tax Revenue Refunding Bonds, Series 2017C (CUSIP No. 68607D): In August 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, 2019, of \$107,745,000.

Debt service requirements to maturity on the Department's revenue bonds as of June 30, 2019:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|-------------------------|-----------------------|-------------------------|
| 2020 | \$ 80,265,000 | \$ 99,083,551 | \$ 179,348,551 |
| 2021 | 83,855,000 | 95,398,531 | 179,253,531 |
| 2022 | 88,550,000 | 91,316,608 | 179,866,608 |
| 2023 | 92,825,000 | 86,858,934 | 179,683,934 |
| 2024 | 97,340,000 | 82,148,345 | 179,488,345 |
| 2025-2029 | 563,075,000 | 331,063,185 | 894,138,185 |
| 2030-2034 | 717,990,000 | 168,810,587 | 886,800,587 |
| 2035-2039 | 269,820,000 | 20,405,136 | 290,225,136 |
| Total | <u>\$ 1,993,720,000</u> | <u>\$ 975,084,877</u> | <u>\$ 2,968,804,877</u> |

Direct Placement and Borrowings

Direct Placement 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. Direct Placement 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>.

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

- State Highway Direct Placement User Tax Revenue Refunding Bonds, Series 2017S-1 (LIBOR Index Rate) (CUSIP No. 60607D): In May 2017, the Department issued highway user tax revenue subordinate lien refunding bonds in the amount of \$265,675,000. The proceeds from these bonds were used to refund the Series 2013B bonds in its entirety. The Series 2017S-1 Bonds bear interest at a variable interest rate determined on the basis of a monthly LIBOR index plus a margin. The Series 2017S-1 bonds are subject to optional and mandatory redemption provisions and a three-year term-out period. The lender's initial commitment expires on the special mandatory tender date of May 1, 2020. The final maturity for this bond series is November 2038. The bonds had an outstanding principal balance at June 30, 2019, of \$265,675,000.
- State Highway Direct Placement User Tax Revenue Bonds, Series 2017S-2 (LIBOR Index Rate) (CUSIP No. 60607D): In May 2017, the Department issued highway user tax revenue subordinate lien bonds in the amount of \$100,075,000. The proceeds from these bonds were used to finance projects under JTA program. The Series 2017S-2 Bonds bear interest at a variable interest rate determined on the basis of a monthly LIBOR index plus a margin. The Series 2017S-2 bonds are subject to optional and mandatory redemption provisions and a three-year term-out period. The lender's initial commitment expires on the special mandatory tender date of May 1, 2020. The final maturity for this bond series is November 2042. The bonds had an outstanding principal balance at June 30, 2019, of \$100,075,000.

⁽¹⁾Debt service requirements to maturity on the Department's direct placement and borrowings bonds as of June 30, 2019:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|-----------------------|-----------------------|-----------------------|
| 2020 | \$ - | \$ 8,299,396 | \$ 8,299,396 |
| 2021 | - | 8,276,720 | 8,276,720 |
| 2022 | - | 8,276,720 | 8,276,720 |
| 2023 | - | 8,276,720 | 8,276,720 |
| 2024 | - | 8,299,396 | 8,299,396 |
| 2025-2029 | - | 41,406,276 | 41,406,276 |
| 2030-2034 | - | 41,406,276 | 41,406,276 |
| 2035-2039 | 265,675,000 | 29,246,010 | 294,921,010 |
| 2040-2044 | 100,075,000 | 4,514,535 | 104,589,535 |
| Total | <u>\$ 365,750,000</u> | <u>\$ 158,002,049</u> | <u>\$ 523,752,049</u> |

⁽¹⁾ Debt service requirements for the variable interest rate Series 2017S-1 Bonds (LIBOR Index Rate) for fiscal years 2020 through 2038 are based on the effective interest rate at June 30, 2019, of 2.252%. Debt service requirements for the variable interest rate Series 2017S-2 Bonds (LIBOR Index Rate) for fiscal years 2020 through 2042 are based on the effective interest rate at June 30, 2019, of 2.292%.

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>.

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

- Certificates of Participation Series 2008A (CUSIP No. 68607H): In July 2008, DAS issued certificates of participation on behalf of the Department in the amount of \$6,871,609 to refund DMV Building Series 1997B certificates of participation, the net proceeds from these bonds were used for the construction of the Driver and Motor Vehicle Services headquarters building. Certain maturities of the bonds were refunded with the issuance of the General Obligation Series 2016F Bonds. The final maturity date for this series is May 2020. The debt had an outstanding principal balance at June 30, 2019, of \$81,000.
- Certificates of Participation Series 2009A (CUSIP No. 68607H): In February 2009, DAS issued certificates of participation for the State Radio Project in the amount of \$57,575,000. Certain maturities of the bonds were refunded with the issuance of the General Obligation Series 2016F Bonds. The final maturity date for this series was May 2019. The debt was paid in full as of June 30, 2019, and had a balance of zero.
- 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, 2019, of \$4,780,000.

Overall Debt Service requirements for the State Radio Project are projected to be paid from General Fund and State Highway Fund revenues on a 50-50 proportional basis.

Debt Service requirements to maturity on the Department's certificates of participation as of June 30, 2019:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|-------------------|---------------------|
| 2020 | \$ 1,456,000 | \$ 253,535 | \$ 1,709,535 |
| 2021 | 1,445,000 | 179,467 | 1,624,467 |
| 2022 | 1,525,000 | 104,544 | 1,629,544 |
| 2023 | 435,000 | 23,642 | 458,642 |
| Total | <u>\$ 4,861,000</u> | <u>\$ 561,188</u> | <u>\$ 5,422,188</u> |

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.

- General Obligation Bonds Series 2011K (CUSIP No. 68608U): In May 2011, DAS issued Article XI-Q general obligation bonds on behalf of the Department in the amount of \$59,845,000. The net proceeds from the bonds were used to fund the Transportation Building renovation project. Certain maturities of the bonds were refunded with the issuance of the General Obligation Series 2016F Bonds. The final maturity date for this bond series is May 2021. The bonds had an outstanding principal balance at June 30, 2019, of \$3,915,000.

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

- General Obligation Bonds Series 2012I (CUSIP No. 68608U): In April 2012, DAS issued Article XI-Q general obligation bonds on behalf of the Department in the amount of \$54,445,000. 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 2037. The bonds had an outstanding principal balance at June 30, 2019, of \$19,280,000.
- 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 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, 2019, of \$12,620,263.
- General Obligation Bonds Series 2016D (CUSIP No. 68608U): In May 2016, DAS issued Article XI-Q general obligation bonds on behalf of the Department in the amount of \$4,700,000. 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 2021. The bonds had an outstanding principal balance at June 30, 2019, of \$1,950,000.
- 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, 2019, of \$12,345,000.
- 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 \$63,302,000. 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, 2019, of \$63,667,000.
- General Obligation Bonds Series 2017M (CUSIP No. 68609B): In May 2017, the Department issued Article XI, Section 7 general obligation bonds 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, 2019, of \$28,755,000.

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 on a 50-50 proportional basis.

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

Debt service requirements to maturity on the Department's general obligation bonds as of June 30, 2019:

| Year Ending June 30 | Principal | Interest | Total |
|---------------------|-----------------------|----------------------|-----------------------|
| 2020 | \$ 10,912,000 | \$ 6,523,187 | \$ 17,435,187 |
| 2021 | 6,385,589 | 6,093,560 | 12,479,149 |
| 2022 | 5,069,237 | 5,838,368 | 10,907,605 |
| 2023 | 6,414,323 | 5,620,411 | 12,034,734 |
| 2024 | 7,136,330 | 5,334,227 | 12,470,557 |
| 2025-2029 | 32,944,784 | 22,387,878 | 55,332,662 |
| 2030-2034 | 36,425,000 | 14,476,127 | 50,901,127 |
| 2035-2039 | 29,815,000 | 5,658,250 | 35,473,250 |
| 2040-2044 | 7,430,000 | 766,250 | 8,196,250 |
| Total | <u>\$ 142,532,263</u> | <u>\$ 72,698,258</u> | <u>\$ 215,230,521</u> |

Changes in the Department's long-term debt for the year ended June 30, 2019:

| | Beginning Balance | Transfers & Other Adjustments | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|-------------------------|----------------------------------|----------------------|-------------------------|-------------------------|------------------------|
| General Obligation bonds | \$ 152,070,863 | \$ - | \$ - | \$ (9,538,600) | \$ 142,532,263 | \$ 10,912,000 |
| Highway User Tax Revenue bonds | 2,437,255,000 | (365,750,000) | - | (77,785,000) | 1,993,720,000 | 80,265,000 |
| Lottery Revenue bonds | 567,842,807 | - | 31,245,000 | (31,468,191) | 567,619,616 | 31,635,437 |
| Direct Placements and Borrowings | - | 365,750,000 | - | - | 365,750,000 | - |
| Certificates of Participation | 7,313,096 | - | - | (2,452,096) | 4,861,000 | 1,456,000 |
| Total long-term debt | <u>\$ 3,164,481,766</u> | <u>\$ -</u> | <u>\$ 31,245,000</u> | <u>\$ (121,243,887)</u> | <u>\$ 3,074,482,879</u> | <u>\$ 124,268,437</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, 2019, the Department's arbitrage rebate liability is estimated to be \$35.1 thousand.

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 \$2.4 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 2042. Fiscal year 2020 principal and interest payments on the bonds are expected to require approximately 29.7 percent of pledged revenues. Highway user tax revenue bond principal and interest paid for the current fiscal year totaled \$188.4 million and pledged revenues totaled \$640.0 million. The estimated total principal and interest remaining to be paid on the highway user tax revenue bonds is \$3.5 billion.

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

(1) Debt Service Coverage for fiscal years through June 30, 2019:

| | Actual 2015 | Actual 2016 | Estimated 2017 | Estimated 2018 | Estimated 2019 |
|--|----------------|----------------|-------------------|-------------------|-------------------|
| Total Pledged Revenues | \$605,743,000 | \$606,763,000 | \$616,867,000 | \$623,384,000 | \$639,992,000 |
| Total Senior Lien Debt Service | 132,121,000 | 136,541,000 | 135,708,000 | 139,219,000 | 176,836,000 |
| Senior Lien Debt Service Coverage | 4.6 | 4.4 | 4.5 | 4.5 | 3.6 |
| Subordinate Lien Debt Service | 37,394,000 | 37,655,000 | 39,260,000 | 51,381,000 | 51,352,000 |
| (Less Subordinate Lien BAB Payments) | (10,022,000) | (10,076,000) | (10,070,000) | (10,097,000) | (10,765,000) |
| Total Subordinate Lien Debt Service | 27,372,000 | 27,579,000 | 29,190,000 | 41,284,000 | 40,587,000 |
| Aggregate Senior and Subordinate Lien Debt Service | 159,493,000 | 164,120,000 | 164,898,000 | 180,503,000 | 217,423,000 |
| Total Pledged Revenues | 605,743,000 | 606,763,000 | 616,867,000 | 623,384,000 | 639,992,000 |
| (Less Subordinate Lien BAB Payments) | (10,022,000) | (10,076,000) | (10,070,000) | (10,097,000) | (10,765,000) |
| Net Pledged Revenue | 595,721,000 | 596,687,000 | 606,797,000 | 613,287,000 | 629,227,000 |
| Aggregate Senior and Subordinate Lien Debt Service Coverage | 3.7 | 3.6 | 3.7 | 3.4 | 2.9 |

(1) Source: Official Statement published August 23, 2017 for the Highway User Tax Revenue Refunding Bonds, Series 2017C.

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

8. CUSTODIAL DEPOSITS

The following items represent all cash and securities within the Department's agency funds. These assets are held by the Department, as a custodian, on behalf of individuals, vendors, or other governmental organizations as of June 30, 2019:

| | |
|---|---------------------|
| | <u>Total</u> |
| Motor carrier custodial deposits | \$ 15,039,154 |
| Fuel dealer and retailer custodial deposits | 710,677 |
| Fuel taxes collected on behalf of local governments | <u>9,763,178</u> |
| Total custodial deposits | <u>\$25,513,009</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, 2019, the Department contributed a total of \$49.1 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, 2019, were \$478.8 thousand.

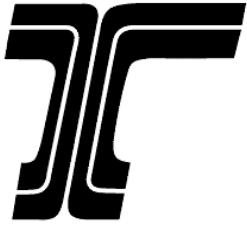
11. INSURANCE

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, 2019, were \$8.9 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.



This page left intentionally blank.



COMBINING STATEMENTS

State of Oregon
Department of Transportation
Combining Balance Sheet
Special Revenue Funds
June 30, 2019

| | Highway | Central Services | Motor Carrier Transportation | Driver and Motor Vehicle Services | Other | Total Special Revenue Funds |
|--|-------------------------|-----------------------|---------------------------------|---|-----------------------|-----------------------------------|
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ 620,813,863 | \$ 62,099,675 | \$ 23,690,943 | \$ 71,391,625 | \$ 85,648,584 | \$ 863,644,690 |
| Investments | 86,968,558 | - | - | - | - | 86,968,558 |
| Loans Receivable (net) | - | - | - | - | 23,161,717 | 23,161,717 |
| Taxes Receivable (net) | - | 51,578,468 | 28,518,218 | 4,870,487 | 2,782 | 84,969,955 |
| Due from Federal Government | 53,006,608 | - | 79,275 | - | 5,232,889 | 58,318,772 |
| Due from State Agencies | 216,200,617 | 47,902 | - | 5,127,843 | 2,767,919 | 224,144,281 |
| Other Accounts Receivable (net) | 25,727,486 | 36,095 | 2,010,622 | 5,750,169 | 453,728 | 33,978,100 |
| Inventories | 34,122,161 | 53,712 | 82,810 | 2,609,144 | 1,469,461 | 38,337,288 |
| Prepaid Assets | 342,824 | 7,918 | - | 390,210 | - | 740,952 |
| Contracts Receivable (net) | 374,532 | - | - | - | - | 374,532 |
| Total Assets | \$ 1,037,556,649 | \$ 113,823,770 | \$ 54,381,868 | \$ 90,139,478 | \$ 118,737,080 | \$ 1,414,638,845 |
| Liabilities and Fund Balances | | | | | | |
| <i>Liabilities:</i> | | | | | | |
| Accounts Payable | \$ 124,272,451 | \$ 10,372,379 | \$ 3,624,365 | \$ 7,872,941 | \$ 5,481,387 | \$ 151,623,523 |
| Custodial Liabilities | 383,979 | - | - | - | - | 383,979 |
| Due to Other Governments | 90,507,465 | - | 27,186 | - | 3,022,754 | 93,557,405 |
| Due to State Agencies | 3,456,132 | 102,039,170 | 49,070,994 | 75,337,265 | 1,619,534 | 231,523,095 |
| Unearned Revenue | 38,255,852 | 1,350,591 | 1,576,513 | 3,929,418 | - | 45,112,374 |
| Total Liabilities | 256,875,879 | 113,762,140 | 54,299,058 | 87,139,624 | 10,123,675 | 522,200,376 |
| <i>Fund Balances:</i> | | | | | | |
| Nonspendable: | | | | | | |
| Inventories | 34,122,161 | 53,712 | 82,810 | 2,609,144 | 1,469,461 | 38,337,288 |
| Revolving Accounts | - | - | - | 500 | - | 500 |
| Prepaid Assets | 342,824 | 7,918 | - | 390,210 | - | 740,952 |
| Restricted by: | | | | | | |
| Oregon Constitution | 423,238,732 | - | - | - | 54,925,615 | 478,164,347 |
| Federal Laws and Regulations | 32,453,325 | - | - | - | - | 32,453,325 |
| Debt Covenants | 279,203,143 | - | - | - | 10,206,514 | 289,409,657 |
| Enabling Legislation | 11,320,585 | - | - | - | 41,679,173 | 52,999,758 |
| Committed | - | - | - | - | 332,642 | 332,642 |
| Total Fund Balances | 780,680,770 | 61,630 | 82,810 | 2,999,854 | 108,613,405 | 892,438,469 |
| Total Liabilities and Fund Balances | \$ 1,037,556,649 | \$ 113,823,770 | \$ 54,381,868 | \$ 90,139,478 | \$ 118,737,080 | \$ 1,414,638,845 |

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, 2019

| | Highway | Central Services | Motor Carrier Transportation | Driver and Motor Vehicle Services | Other | Total Special Revenue Funds |
|--|-----------------------|----------------------|---------------------------------|---|-----------------------|-----------------------------------|
| Revenues: | | | | | | |
| Motor Fuel Taxes | \$ - | \$ 631,698,325 | \$ - | \$ - | \$ - | \$ 631,698,325 |
| Federal Revenues | 602,039,886 | - | 88,419 | - | 41,815,873 | 643,944,178 |
| Weight-Mile Taxes | - | - | 388,304,040 | - | - | 388,304,040 |
| Vehicle Registration Taxes | - | - | - | 403,348,327 | 229,092 | 403,577,419 |
| Driver License Fees | - | - | - | 32,419,597 | 4,079,495 | 36,499,092 |
| Other Transportation Fees | - | - | 48,694,101 | 120,491 | 1,828,569 | 50,643,161 |
| Charges for Services | 24,892,071 | 1,467,347 | 52,001 | - | 589,367 | 27,000,786 |
| Other Sales Income | 6,649,858 | 6,229 | 38,871 | 4,237,088 | - | 10,932,046 |
| Investment Income | 25,172,744 | 194,041 | 1,308,037 | - | 2,286,502 | 28,961,324 |
| Business License Fees | 325,013 | - | 4,199,995 | 382,672 | 4,270,288 | 9,177,968 |
| Rents | 4,013,110 | - | - | - | 62,485 | 4,075,595 |
| Other Revenues | 6,698,419 | 18,235 | 5,187,912 | 1,342,743 | 250,897 | 13,498,206 |
| Total Revenues | 669,791,101 | 633,384,177 | 447,873,376 | 441,850,918 | 55,412,568 | 2,248,312,140 |
| Expenditures: | | | | | | |
| Personal Services | 324,210,949 | 62,673,206 | 25,500,091 | 70,777,194 | 10,616,316 | 493,777,756 |
| Services and Supplies | 791,206,264 | 44,589,514 | 6,637,889 | 40,868,827 | 12,946,991 | 896,249,485 |
| Capital Outlay | 32,621,591 | 117,519 | 425,441 | 634,623 | 475,139 | 34,274,313 |
| Special Payments | 61,785,082 | - | 242,451 | 701,872 | 60,572,756 | 123,302,161 |
| Other Debt Service | 376,909 | - | - | 65 | - | 376,974 |
| Total Expenditures | 1,210,200,795 | 107,380,239 | 32,805,872 | 112,982,581 | 84,611,202 | 1,547,980,689 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(540,409,694)</u> | <u>526,003,938</u> | <u>415,067,504</u> | <u>328,868,337</u> | <u>(29,198,634)</u> | <u>700,331,451</u> |
| Other Financing Sources (Uses): | | | | | | |
| Long-Term Debt Issued | 38,569,269 | - | - | - | - | 38,569,269 |
| Transfers In | 1,410,823,174 | 92,577,802 | - | 98,360 | 44,534,735 | 1,548,034,071 |
| Transfers Out | (842,022,691) | (618,610,783) | (415,113,566) | (329,042,912) | (8,590,260) | (2,213,380,212) |
| Gain (Loss) on Sale of Capital Assets | 331,059 | - | - | - | - | 331,059 |
| Insurance Recoveries | 1,400,006 | - | 904 | - | - | 1,400,910 |
| Total Other Financing Sources (Uses) | 609,100,817 | (526,032,981) | (415,112,662) | (328,944,552) | 35,944,475 | (625,044,903) |
| Net Change in Fund Balances | 68,691,123 | (29,043) | (45,158) | (76,215) | 6,745,841 | 75,286,548 |
| Fund Balances - Beginning | 727,933,250 | 83,966 | 79,174 | 2,871,691 | 96,003,230 | 826,971,311 |
| Prior Period Adjustment | (18,404,436) | - | - | - | 5,846,332 | (12,558,104) |
| Change in Nonspendable Fund Balances | 2,460,833 | 6,707 | 48,794 | 204,378 | 18,002 | 2,738,714 |
| Fund Balances - Ending | \$ 780,680,770 | \$ 61,630 | \$ 82,810 | \$ 2,999,854 | \$ 108,613,405 | \$ 892,438,469 |

State of Oregon
Department of Transportation
Combining Balance Sheet
Special Revenue Funds - Other
June 30, 2019

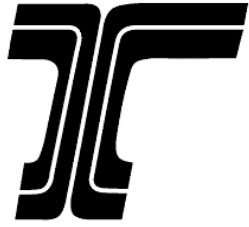
| | <u>Public Transit</u> | <u>Transportation Safety</u> | <u>Rail</u> | <u>Snowmobile</u> | <u>Transportation Operating</u> |
|--|---------------------------|----------------------------------|----------------------|---------------------|-------------------------------------|
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 1,168,804 | \$ 23,243,260 | \$ 17,073,382 | \$ 4,116,359 | \$ 13,534,158 |
| Loans Receivable (net) | - | - | - | - | - |
| Taxes Receivable (net) | - | - | - | 2,782 | - |
| Due from Federal Government | 2,271,839 | 2,558,136 | 402,914 | - | - |
| Due from State Agencies | 747,964 | 330,109 | 657,683 | 1,032,163 | - |
| Other Accounts Receivable (net) | 763 | 7,210 | - | 9,287 | 436,468 |
| Inventories | 1,489 | 149,133 | 1,318,839 | - | - |
| Total Assets | \$ 4,190,859 | \$ 26,287,848 | \$ 19,452,818 | \$ 5,160,591 | \$ 13,970,626 |
| Liabilities and Fund Balances | | | | | |
| <u>Liabilities:</u> | | | | | |
| Accounts Payable | \$ 1,728,086 | \$ 2,152,689 | \$ 975,344 | \$ - | \$ 363,584 |
| Due to Other Governments | 2,128,642 | 220,644 | 673,468 | - | - |
| Due to State Agencies | - | 1,114,808 | - | 5,670 | 182,623 |
| Total Liabilities | 3,856,728 | 3,488,141 | 1,648,812 | 5,670 | 546,207 |
| <u>Fund Balances:</u> | | | | | |
| Nonspendable: | | | | | |
| Inventories | 1,489 | 149,133 | 1,318,839 | - | - |
| Restricted by: | | | | | |
| Oregon Constitution | - | 13,316,216 | 2,241,692 | - | - |
| Debt Covenants | - | - | 10,206,514 | - | - |
| Enabling Legislation | - | 9,334,358 | 4,036,961 | 5,154,921 | 13,424,419 |
| Committed | 332,642 | - | - | - | - |
| Total Fund Balances | 334,131 | 22,799,707 | 17,804,006 | 5,154,921 | 13,424,419 |
| Total Liabilities and Fund Balances | \$ 4,190,859 | \$ 26,287,848 | \$ 19,452,818 | \$ 5,160,591 | \$ 13,970,626 |

| <u>Winter Recreational Parking</u> | <u>Consumer Protection</u> | <u>Transportation Infrastructure Bank</u> | <u>Total Other Special Revenue Funds</u> |
|--|--------------------------------|---|--|
| \$ 4,250,388 | \$ 79,742 | \$ 22,182,491 | \$ 85,648,584 |
| - | - | 23,161,717 | 23,161,717 |
| - | - | - | 2,782 |
| - | - | - | 5,232,889 |
| - | - | - | 2,767,919 |
| - | - | - | 453,728 |
| - | - | - | 1,469,461 |
| <u>\$ 4,250,388</u> | <u>\$ 79,742</u> | <u>\$ 45,344,208</u> | <u>\$ 118,737,080</u> |
| | | | |
| \$ 227,512 | \$ 2,790 | \$ 31,382 | \$ 5,481,387 |
| - | - | - | 3,022,754 |
| - | - | 316,433 | 1,619,534 |
| <u>227,512</u> | <u>2,790</u> | <u>347,815</u> | <u>10,123,675</u> |
| | | | |
| - | - | - | 1,469,461 |
| - | - | 39,367,707 | 54,925,615 |
| - | - | - | 10,206,514 |
| 4,022,876 | 76,952 | 5,628,686 | 41,679,173 |
| - | - | - | 332,642 |
| <u>4,022,876</u> | <u>76,952</u> | <u>44,996,393</u> | <u>108,613,405</u> |
| | | | |
| <u>\$ 4,250,388</u> | <u>\$ 79,742</u> | <u>\$ 45,344,208</u> | <u>\$ 118,737,080</u> |

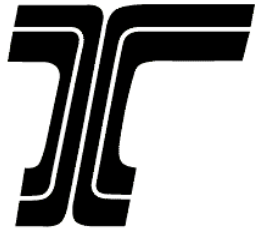
State of Oregon
Department of Transportation
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Special Revenue Funds - Other
For the Fiscal Year Ended June 30, 2019

| | <u>Public Transit</u> | <u>Transportation Safety</u> | <u>Rail</u> | <u>Snowmobile</u> | <u>Transportation Operating</u> |
|--|---------------------------|----------------------------------|----------------------|---------------------|-------------------------------------|
| Revenues: | | | | | |
| Federal Revenues | \$ 31,469,953 | \$ 9,007,558 | \$ 1,338,362 | \$ - | \$ - |
| Vehicle Registration Taxes | - | - | - | 229,092 | - |
| Driver License Fees | - | - | - | - | 4,079,495 |
| Other Transportation Fees | - | - | - | 192 | - |
| Charges for Services | 470,900 | 5,059 | 10,017 | - | 73,076 |
| Investment Income | 64,257 | 468,439 | 354,266 | 114,152 | 313,656 |
| Business License Fees | - | 97,200 | 2,876,450 | - | 1,296,638 |
| Rents | - | - | 62,485 | - | - |
| Other Revenues | 9,098 | 6,416 | 77,262 | - | 157,921 |
| Total Revenues | <u>32,014,208</u> | <u>9,584,672</u> | <u>4,718,842</u> | <u>343,436</u> | <u>5,920,786</u> |
| Expenditures: | | | | | |
| Personal Services | 2,877,636 | 2,553,650 | 4,106,452 | 1,165 | 707,426 |
| Services and Supplies | 1,790,171 | 1,497,773 | 3,120,320 | 1,354,136 | 3,808,405 |
| Capital Outlay | 475,139 | - | - | - | - |
| Special Payments | 40,272,383 | 12,112,091 | 8,096,180 | - | 92,102 |
| Total Expenditures | <u>45,415,329</u> | <u>16,163,514</u> | <u>15,322,952</u> | <u>1,355,301</u> | <u>4,607,933</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(13,401,121)</u> | <u>(6,578,842)</u> | <u>(10,604,110)</u> | <u>(1,011,865)</u> | <u>1,312,853</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 11,098,105 | 15,280,066 | 4,040,534 | 1,770,585 | 12,345,445 |
| Transfers Out | <u>(2,349,471)</u> | <u>(606,039)</u> | <u>(35,341)</u> | <u>(154,476)</u> | <u>(5,444,933)</u> |
| Total Other Financing Sources (Uses) | <u>8,748,634</u> | <u>14,674,027</u> | <u>4,005,193</u> | <u>1,616,109</u> | <u>6,900,512</u> |
| Net Change in Fund Balances | (4,652,487) | 8,095,185 | (6,598,917) | 604,244 | 8,213,365 |
| Fund Balances - Beginning | 4,772,097 | 14,666,940 | 24,419,378 | 4,550,677 | 5,211,054 |
| Prior Period Adjustment | 217,646 | - | - | - | - |
| Change in Nonspendable Fund Balances | <u>(3,125)</u> | <u>37,582</u> | <u>(16,455)</u> | <u>-</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 334,131</u> | <u>\$ 22,799,707</u> | <u>\$ 17,804,006</u> | <u>\$ 5,154,921</u> | <u>\$ 13,424,419</u> |

| <u>Winter Recreational Parking</u> | <u>Consumer Protection</u> | <u>Transportation Infrastructure Bank</u> | <u>Total Other Special Revenue Funds</u> |
|--|--------------------------------|---|--|
| \$ - | \$ - | \$ - | \$ 41,815,873 |
| - | - | - | 229,092 |
| - | - | - | 4,079,495 |
| 1,781,082 | 47,295 | - | 1,828,569 |
| - | - | 30,315 | 589,367 |
| 107,127 | 1,921 | 862,684 | 2,286,502 |
| - | - | - | 4,270,288 |
| - | - | - | 62,485 |
| - | 200 | - | 250,897 |
| <u>1,888,209</u> | <u>49,416</u> | <u>892,999</u> | <u>55,412,568</u> |
| 293,426 | 76,561 | - | 10,616,316 |
| 1,341,152 | 3,216 | 31,818 | 12,946,991 |
| - | - | - | 475,139 |
| - | - | - | 60,572,756 |
| <u>1,634,578</u> | <u>79,777</u> | <u>31,818</u> | <u>84,611,202</u> |
| <u>253,631</u> | <u>(30,361)</u> | <u>861,181</u> | <u>(29,198,634)</u> |
| - | - | - | 44,534,735 |
| - | - | - | (8,590,260) |
| - | - | - | 35,944,475 |
| 253,631 | (30,361) | 861,181 | 6,745,841 |
| 3,769,245 | 107,313 | 38,506,526 | 96,003,230 |
| - | - | 5,628,686 | 5,846,332 |
| - | - | - | 18,002 |
| <u>\$ 4,022,876</u> | <u>\$ 76,952</u> | <u>\$ 44,996,393</u> | <u>\$ 108,613,405</u> |



This page left intentionally blank.



STATISTICAL SECTION

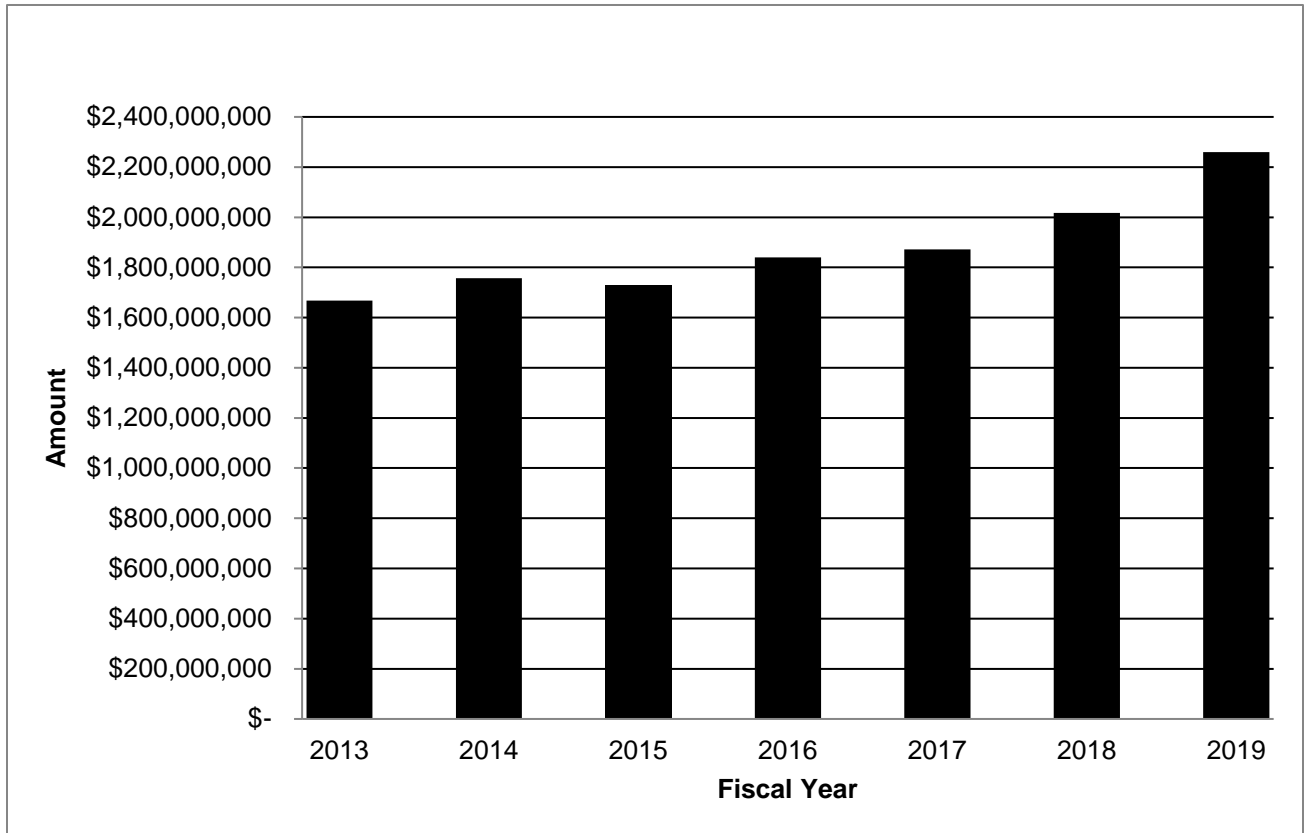
Table 1

**Schedule of Federal Financial Assistance
for the Fiscal Year Ended June 30, 2019**

| CFDA # | Federal Program Description | Amount |
|---------------|--|-----------------------|
| 20.200 | Highway Research and Development Program | \$ 180,886 |
| 20.205 | Highway Planning and Construction | 603,766,021 |
| 20.224 | Federal Lands Access Program | 1,244,009 |
| 20.301 | Railroad Safety | 40,604 |
| 20.319 | High Speed and Intercity Passenger Rail | 334,339 |
| 20.321 | Railroad Safety Technology Grants | 454,875 |
| 20.500 | Federal Transit Capital investment Grants | 16,025 |
| 20.505 | Federal Transit Metropolitan Planning Grants | 102,942 |
| 20.509 | Formula Grants for Other than Urbanized Areas | 14,699,457 |
| 20.513 | Capital Assistance for Elderly and Disabled | 13,276,105 |
| 20.526 | Bus and Bus Facilities Formula Program | 2,083,897 |
| 20.528 | Rail Fixed Guideway Oversight Program | 517,124 |
| 20.600 | State and Community Highway Safety | 2,662,811 |
| 20.608 | Minimum Penalties Repeat Offenders DWI | 1,288,390 |
| 20.611 | Incentive Grant Program to Prohibit Racial Profiling | 665,092 |
| 20.614 | NHTSA Discretionary Safety Grants | 88,419 |
| 20.616 | National Priority Safety Programs | <u>2,523,182</u> |
| | Total | <u>\$ 643,944,178</u> |

Table 2

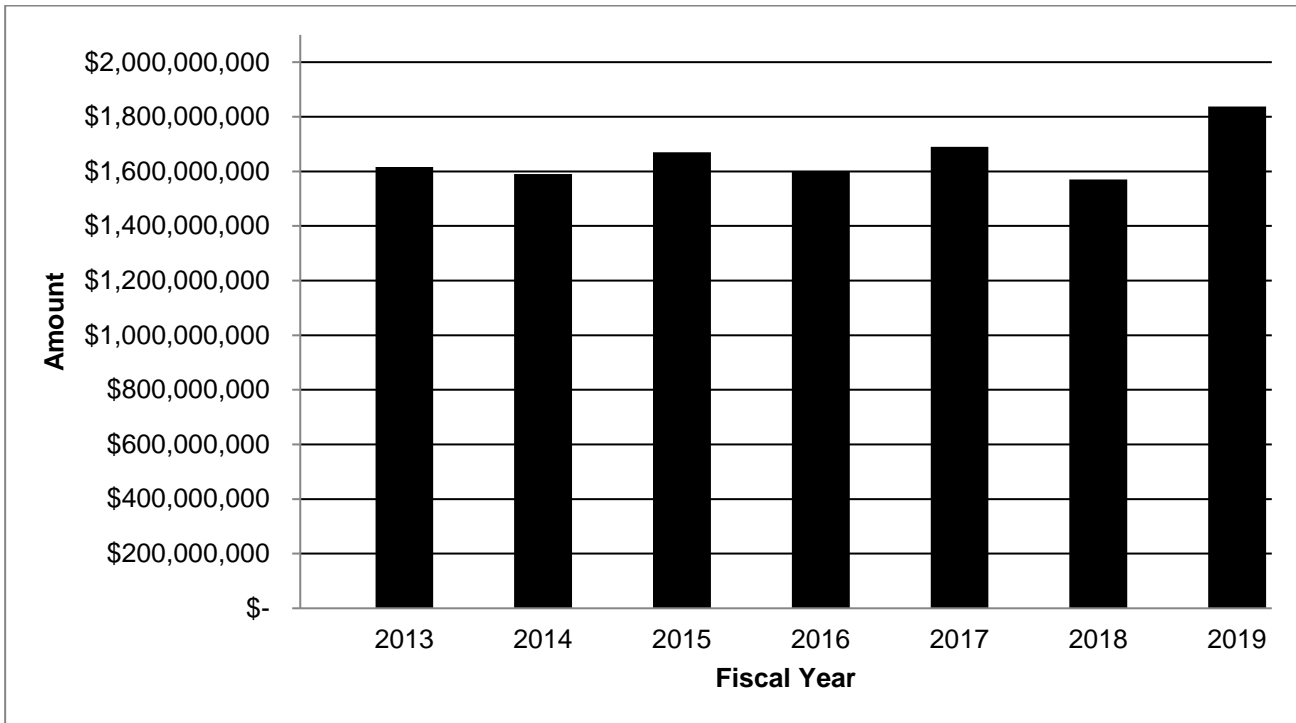
Net Revenues - Seven-Year Trend



| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Motor Fuel Taxes | \$ 487,930,939 | \$ 493,677,217 | \$ 508,902,698 | \$ 532,171,382 | \$ 546,574,309 | \$ 586,689,979 | \$ 631,698,325 |
| Federal Revenues | 479,339,292 | 519,714,179 | 453,466,794 | 524,704,337 | 532,240,747 | 525,209,342 | 643,944,178 |
| Weight-Mile Taxes | 251,527,795 | 269,388,277 | 285,234,715 | 291,302,037 | 297,052,489 | 332,646,408 | 388,304,040 |
| Vehicle Registration Taxes | 282,600,564 | 289,511,411 | 304,470,291 | 318,586,259 | 325,010,406 | 366,849,272 | 403,577,419 |
| Driver License Fees | 37,984,387 | 40,155,389 | 41,017,697 | 44,102,338 | 37,695,247 | 36,653,776 | 36,499,092 |
| Other Transportation Fees | 43,584,748 | 45,039,901 | 45,941,271 | 46,522,588 | 48,137,252 | 49,180,847 | 50,643,161 |
| Charges for Services | 25,919,958 | 30,061,733 | 35,118,997 | 30,885,656 | 31,902,600 | 51,764,182 | 27,000,786 |
| Other Sales Income | 12,406,304 | 17,452,891 | 10,927,951 | 10,215,406 | 11,265,492 | 13,711,580 | 10,932,046 |
| Investment Income | 9,492,178 | 9,563,816 | 5,326,284 | 10,776,161 | 8,492,507 | 18,513,524 | 30,161,929 |
| Business License Fees | 6,401,201 | 6,304,692 | 7,393,045 | 5,413,005 | 6,549,420 | 8,233,116 | 9,177,968 |
| Rents | 3,361,572 | 3,449,864 | 3,854,080 | 3,981,554 | 4,446,716 | 3,806,014 | 4,075,595 |
| Other Revenues | 27,129,850 | 32,671,538 | 25,037,780 | 21,500,912 | 22,111,854 | 24,511,999 | 24,113,857 |
| Total Net Revenues | \$ 1,667,678,788 | \$ 1,756,990,908 | \$ 1,726,691,603 | \$ 1,840,161,635 | \$ 1,871,479,039 | \$ 2,017,770,039 | \$ 2,260,128,396 |

Table 3

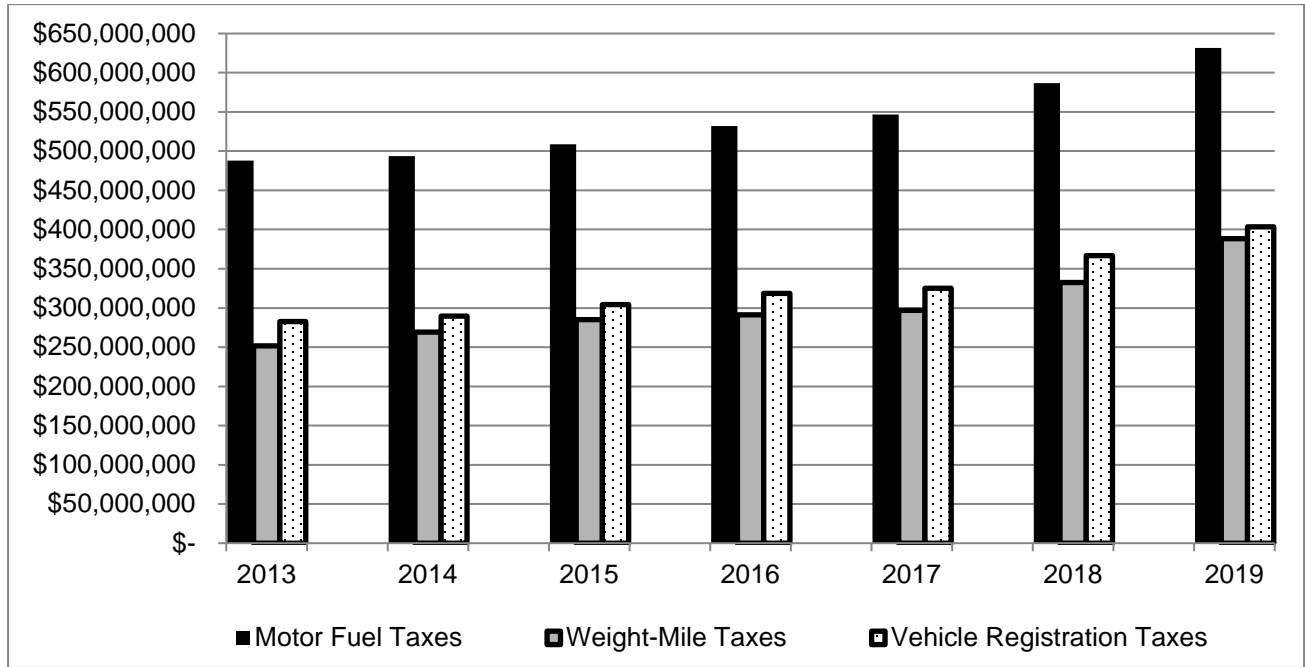
Total Expenditures - Seven-Year Trend



| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Personal Services | \$ 381,442,031 | \$ 398,825,742 | \$ 408,397,413 | \$ 427,471,395 | \$ 445,411,083 | \$ 465,161,967 | \$ 495,832,169 |
| Services and Supplies | 848,490,816 | 837,546,909 | 871,488,517 | 797,613,475 | 864,160,839 | 760,733,200 | 906,173,784 |
| Capital Outlay | 53,513,884 | 24,548,202 | 44,699,187 | 28,086,799 | 44,593,198 | 19,875,533 | 38,203,845 |
| Loan Interest | 418,855 | 502,851 | 263,426 | 234,374 | 11,425 | - | - |
| Bad Debt Expense | - | 437,817 | - | - | - | - | - |
| Special Payments | 118,298,492 | 102,746,347 | 95,816,455 | 84,377,981 | 84,482,353 | 70,568,283 | 129,457,957 |
| Debt Service (combined) | 213,343,942 | 226,193,937 | 249,656,909 | 263,021,793 | 251,686,534 | 254,361,330 | 267,585,762 |
| Total Expenditures | \$ 1,615,508,020 | \$ 1,590,801,805 | \$ 1,670,321,907 | \$ 1,600,805,817 | \$ 1,690,345,432 | \$ 1,570,700,313 | \$ 1,837,253,517 |

Table 4

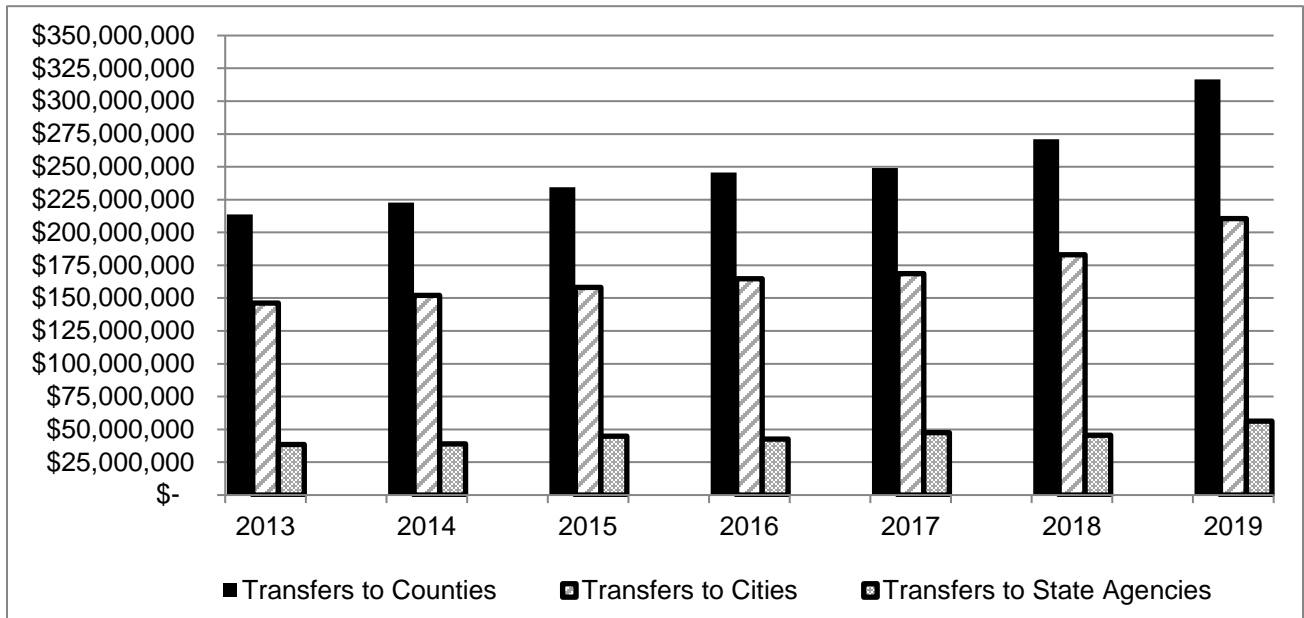
Net Vehicle-Related Tax Collections - Seven-Year Trend



| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Motor Fuel Taxes | \$ 487,930,939 | \$ 493,677,217 | \$ 508,902,698 | \$ 532,171,382 | \$ 546,574,309 | \$ 586,689,979 | \$ 631,698,325 |
| Weight-Mile Taxes | 251,527,795 | 269,388,277 | 285,234,715 | 291,302,037 | 297,052,489 | 332,646,408 | 388,304,040 |
| Vehicle Registration Taxes | 282,600,564 | 289,511,411 | 304,470,291 | 318,586,259 | 325,010,406 | 366,849,272 | 403,577,419 |
| Total Vehicle Related Taxes | \$ 1,022,059,298 | \$ 1,052,576,905 | \$ 1,098,607,704 | \$ 1,142,059,678 | \$ 1,168,637,204 | \$ 1,286,185,659 | \$ 1,423,579,784 |

Table 5

Transfers to Others - Seven-Year Trend



| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Transfers to Counties | \$ 213,748,734 | \$ 222,806,116 | \$ 234,384,864 | \$ 245,771,166 | \$ 249,057,363 | \$ 271,005,159 | \$ 316,465,733 |
| Transfers to Cities | 146,184,265 | 152,030,171 | 158,041,400 | 164,775,679 | 168,563,914 | 183,039,670 | 210,503,093 |
| Transfers to State Agencies | 38,481,075 | 39,017,147 | 44,725,728 | 42,693,360 | 47,506,294 | 45,649,490 | 56,284,836 |
| Total Distributions | \$ 398,414,074 | \$ 413,853,434 | \$ 437,151,992 | \$ 453,240,205 | \$ 465,127,571 | \$ 499,694,319 | \$ 583,253,662 |

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).

Funds are apportioned to counties based on the proportion of the number of vehicles, trailers, and semi-trailers, etc. registered in each county to the total number of those same vehicles registered statewide. The percentage allocation is determined on a calendar year basis. Funds are apportioned to cities based on the proportion of the population of each city to the total population of the state as determined by the Portland State University Population Research Center.