



**Work Session**

**WS**

**Milwaukie City Council**

## COUNCIL WORK SESSION

City Hall Council Chambers, 10501 SE Main Street  
& Zoom Video Conference ([www.milwaukieoregon.gov](http://www.milwaukieoregon.gov))

## AGENDA

JANUARY 21, 2025

**Council will hold this meeting in-person and by video conference.** The public may come to City Hall, join the Zoom webinar, or watch on the [city's YouTube channel](#) or Comcast Cable channel 30 in city limits. For Zoom login visit <https://www.milwaukieoregon.gov/citycouncil/city-council-work-session-0>.  
Written comments may be delivered to City Hall or emailed to [ocr@milwaukieoregon.gov](mailto:ocr@milwaukieoregon.gov).

**Note:** agenda item times are estimates and are subject to change.

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>1. Boards and Committees Annual Recruitment – Preview</b> (4:00 p.m.)<br>Staff: Scott Stauffer, City Recorder, and<br>Nicole Madigan, Deputy City Recorder | <b>14</b> |
| <b>2. STOPS Data – Annual Report</b> (4:30 p.m.)<br>Staff: Ryan Burdick, Police Chief                                                                         | <b>21</b> |
| <b>3. Fiscal Year (FY) 2024 Audit – Report</b> (5:30 p.m.)<br>Staff: Michael Osborne, Finance Director                                                        | <b>84</b> |
| <b>4. Adjourn</b> (6:00 p.m.)                                                                                                                                 |           |

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### Executive Sessions

The City Council may meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660(2); all discussions are confidential; news media representatives may attend but may not disclose any information discussed. Final decisions and actions may not be taken in executive sessions.



# CITY OF MILWAUKIE

## Memorandum

**To:** City Council  
**From:** Joseph Briglio, Assistant City Manager  
**CC:** Emma Sagor, City Manager  
**Date:** January 21, 2025  
**Re:** Community Development Department Monthly Update

Community Development, Economic Development, & Housing	Planning	Building	Engineering
<ul style="list-style-type: none"> <li>▪ Economic Development</li> <li>▪ Affordable Housing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Comprehensive Plan Implementation</li> <li>▪ Planning Commission</li> <li>▪ Land Use/ Development Review</li> </ul>	<ul style="list-style-type: none"> <li>▪ December Review</li> </ul>	<ul style="list-style-type: none"> <li>▪ CIP</li> <li>▪ Traffic/Parking Projects</li> <li>▪ Right-of-Way Permits</li> <li>▪ PIP</li> <li>▪ Document Administration</li> </ul>

### COMMUNITY DEVELOPMENT/ECONOMIC DEVELOPMENT/HOUSING

#### Economic Development

- [The Business of Milwaukee](#), a city-wide business association, launched on November 1 with its "Meet Milwaukee Event" and subsequent Holiday Shopping/Small Business Saturday campaign called "Sip Shop Support."

#### **Downtown:**

- Downtown Alliance Milwaukee (DAM) has started meeting regularly and taken the place of the now defunct Downtown Milwaukee Business Association (DMBA). Multiple city staff members have participated in their meetings and discussions and will continue to partner as much as resources allow. The group approved its 2025 priorities, which are as follows:
  - Hanging flower baskets sponsored by businesses
  - Milwaukee food festival
  - Wayfinding signs/poster adoption and downtown 99E signs.
  - Utilize private parking lots for weekend events.
  - Elk Rock Island Float (Summer)
  - Milwaukee Bay Park Support

- Oktoberfest
- Main street holiday lights and decoration contest
- The sale of the Collectors Mall, along with the adjacent store fronts, closed in late summer 2024 and is actively soliciting for new tenants in the vacant spaces: [Updated Lease Flyer](#)
  - Community Development Staff have been in conversations with a number of potential businesses that are considering a lease.
- [Good Measure](#), an artisanal grocer at the northwest corner of Main and Jefferson Street, is nearly finished with its tenant improvements and anticipating opening soon.
- [SaunaGlo](#), a Nordic-style spa along SE Jefferson Street, completed its improvements and held their grand opening on December 6.
- [Moving Forward Staying Present Yoga Studio](#) is going to be taking over 10560 SE Main Street, the former home of Elk Rock Yoga.
- Historic City Hall: [pFriem Beer](#) and [Keeper Coffee](#) announced their new locations at Historic City Hall and the press has been very positive - <https://www.oregonlive.com/beer/2024/03/pfriem-family-brewers-to-open-first-portland-area-taproom.html>
  - The pFriem, Keeper, and Milwaukie flags are flying in front of the building.
  - Henry Point Development has completed the demolition portion of the project as of March 2024. They have approved building permits and anticipate construction completion by the end of January 2025.
  - They are still on track for a Grand Opening in April 2025.
- The Libbie's property is still currently for sale: <https://www.loopnet.com/Listing/11056-11070-SE-Main-St-Milwaukie-OR/31458135/>
- The former Chase Bank property (10900 SE 21<sup>st</sup> Ave) has been sold. The new owners will be submitting a land use application for a 44-unit residential development.
- [Cloud Pine](#) is officially closed but a new business is coming! [Sewcial Studies](#), a retail fabric store that will offer sewing classes and workshops, is in the preliminary process of taking over the space. There is no timeline for opening yet.
- The prominent corner of Jackson/Main, specifically 10801 SE Main Street (Formerly Sunshine Early Learning Center/Dary Care), will have a new tenant. A business registration has been approved for [B-Side Records & Vintage](#). They will likely open in the spring of 2025.
- *Milwaukie Station*: All cart spaces are currently occupied.

**Milwaukie Marketplace:**

- The Rite Aid closed on December 11. It is unclear what Kimco is planning to do next with the site.

- Building permits have been issued to Pietro's Pizza for building renovation plans for the old McGrath's Fish House. It is currently under construction and no opening date is set.
- Shari's Café & Pies has closed. <https://www.oregonlive.com/business/2024/10/struggling-sharis-cafe-pies-closes-additional-locations.html>

### **Enterprise Zone:**

- Portland Polymers, a plastics recycler, is relocating to Milwaukie's north innovation area and recently received approval to take advantage of the North Clackamas Enterprise Zone tax incentives.
- The Overland Van Project was also approved a few months ago. Alpine Foods is in their final application stages and should receive approval soon. Swagelock has withdrawn its interest for now.

### **Urban Renewal Area Economic Development Programs:**

- The Milwaukie Redevelopment Commission Citizen Advisory Committee (MRCCAC) convened in November and January to discuss the draft criteria and provide feedback on the emerging economic development programs.
- Staff presented the MRCCAC recommended program parameters on March 19<sup>th</sup> to the Milwaukie Redevelopment Commission and launched the programs earlier this month. There is a dedicated webpage with application and overview materials here: <https://www.milwaukieoregon.gov/economicdevelopment/economic-development-business-improvement-grants>
- Staff have executed 10 grant agreements – Decibel, Studio 21, SaunaGlo, Spoke & Word Books, Chan's Steakery, Milwaukie Oddfellows Lodge, Purdy's Auto Service, The Office Bar, Ovation, and Good Measure Grocery. A few more business have been in touch with staff and will likely apply soon.

### **Affordable Housing**

#### **Sparrow Site:**

- The city purchased the parcel ("main property") at the northeast corner of SE Sparrow Street and the Trolley Trail from TriMet for the purpose of land banking to support affordable housing several years ago. More recently, staff received a Metro Brownfields grant to support due diligence for the acquisition of 12302 SE 26<sup>th</sup> Avenue ("auxiliary property") from TriMet in order to help rectify access constraints to the main property. The city closed on the 12302 SE 26<sup>th</sup> Ave ("auxiliary") property and is considering next steps.
- Staff appeared before council to discuss development goals on September 17, 2024. At that meeting, the council requested additional information about affordable housing ownership models. Staff and council will be discussing home ownership models at its December 10<sup>th</sup> meeting with Shortstack Milwaukie and Proud Ground.
- On December 10<sup>th</sup>, the Council held a study session with Jessy Ledesma, founder of Homework Development and developer of Shortstack Milwaukie, to discuss home ownership model for affordable housing. The next step is for council to confirm the Sparrow Site development goals, which is slated to happen on December 17<sup>th</sup>.

- One January 7, the council adopted the following development goals:
  - Affordable Homeownership models that serve households earning up to 80% Area Median Income (AMI)
  - Unit Mix. Preference for family-size units.
  - Equity in contracting and workforce development.
  - Preservation of tree canopy.
  - Sustainable design.
  - Affirmative outreach.
  - Minimize need for city financing.
  - Project delivery that is as soon as practicable.
- The next step is for the city council to hold a public hearing to designate the properties as surplus. Staff will then issue an competitive Request for Proposals (RFP) soon after.

**Affordable Housing Code Incentive Package:**

- Planning and Community Development staff are working on code amendments targeted toward affordable housing. A work session was held on January 7 with council that included extensive discussion. Staff will return for another work session with a revised package reflecting the discussion.

**Coho Point:**

- The Developer presented an update to the city council during its February 21, 2023, work session and requested a 12-month extension of the Disposition and Development Agreement (DDA) due diligence period because of extenuating circumstances involving supply chain and subcontractor timing issues related to the COVID-19 pandemic. The due diligence period was officially extended to March 31, 2024.
- Staff were notified on May 10, 2023, that Black Rock had submitted the CLOMR to FEMA. The review process typically takes several months, and FEMA has requested additional information from the applicant in September 2023, January 2024, and March 2024. The applicant has 90 days to address FEMA's comments and resubmit. In order to allow for the completion of the CLOMR/FEMA process, the City agreed to a fifth due diligence extension of December 31, 2024.
- Given that FEMA has expanded the scope of the CLOMR, Black Rock and the city agreed to an additional extension through April 2025.

**Construction Excise Tax (CET) Program:**

- The CET Program was established by the city council in 2017 and codified within chapter 3.60 (Affordable Housing Construction Excise Tax) of the municipal code. The CET levy's a one percent tax on any development over \$100,000 in construction value. In example, a property owner who is building an addition that has an assessed construction value of \$100,000 would have to pay \$1,000 in CET to the city. As development continues throughout the city, the CET fund increases in proportionality.
- The city released its inaugural competitive bid process for CET funds through a formal Request for Proposals (RFP). This resulted in Hillside Park Phase I being awarded \$1.7M (requested \$2M) and the Milwaukie Courtyard Housing Project (Now called Milwaukie

Shortstack) with \$300K (requested \$600K).

- On March 7, 2023, the city council authorized the city manager to execute the necessary grant agreements in the amounts listed above. The grants agreements for both projects have been signed and executed, and initial funding disbursements have occurred. Staff will now work with the applicants to ensure that their projects meet the conditions for funding.

# PLANNING

## Comprehensive Plan Implementation

- Neighborhood Hubs: Following a series of public workshops and an online survey, planning and community development staff moved forward with proposed code amendments and an economic development toolkit for the Neighborhood Hubs project. Council approved the Phase 2 code amendments on [August 6](#). Staff and Council had a discussion about Phase 3 in a work session on November 5. Council provided staff with direction for future work session topics for Phase 3. A work session to discuss Phase 3 has been tentatively scheduled for February 4.

## Transportation Systems Plan (TSP)

- The TSP kicked off in October 2023. To date, the Technical and Advisory Committees have each met six times, most recently in November to review transportation system needs and gaps. On December 5, twenty-five Milwaukians attended a community open house at the Ledding Library to provide feedback on existing conditions and identified system deficiencies. The Technical and Advisory Committees are scheduled to meet in February to continue discussing gaps in the transportation system.

## Planning Commission

- HR-2024-002: A Type III application to allow exterior modifications to the home at 1920 SE Waverly Dr, which is listed as a Significant Historic Resource. The public hearing with the Planning Commission was held on December 10<sup>th</sup> and was continued until January 28<sup>th</sup>, 2025.
- HR-2024-003: A Type III application to allow a partial remodel and an addition to the home at 9712 SE Cambridge Ln, which is listed as a Significant Historic Resource. At the December 10 public hearing the Planning Commission unanimously approved the application. The Notice of Decision was issued on December 11. No appeals were filed.
- ZA-2024-002: A Type V code amendment package related to Oregon Senate Bill 1537 (SB1537). Council held a work session on October 15 and provided direction to staff regarding code amendments. A public hearing with the Planning Commission is scheduled for January 28.
- ZA-2024-003: A Type V code amendment package related to Milwaukie Municipal Code (MMC) Title 18 (Flood Hazard Regulations) and the effort to maintain Milwaukie's eligibility to participate in the National Flood Insurance Program as a result of new requirements provided by the Federal Emergency Management Agency. Council was briefed on this project in a work session on November 19, 2024. A public hearing with the Planning Commission is scheduled for January 14; pending a PC recommendation for approval of the proposed amendments, an adoption hearing with Council is scheduled for February 4.

## Land Use/Development Review<sup>1</sup>

- PLA-2024-003: A Type II application to adjust the boundaries of the underlying lots that comprise the property at 4404 SE Monroe St, to put the existing house on one parcel and establish a vacant parcel for development. The proposal includes a request for an administrative variance to adjust the lot width of the existing house parcel by less than 1 ft.

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<sup>1</sup> Only land use applications requiring public notice are listed.



The application was deemed complete and was referred to for departmental review and public comment with an initial deadline of January 3. A notice of decision to approve the boundary adjustment is anticipated by mid-January.

- The Planning Commission held its annual joint meeting with City Council during the Council work session on December 17<sup>th</sup>.

**Other Updates**

- Natural Resources code update: Staff is working to finalize the package of proposed amendments to the natural resource code (Milwaukie Municipal Code (MMC) Section 19.402), with the hearings process for adoption anticipated to begin in Feb/Mar 2025.

# BUILDING

<b>Permit data for</b>	<b>December</b>	<b>FY to Date:</b>
New single-family houses:	0	3
New ADU's	0	2
New Solar	2	45
Res. additions/alterations	3	33
Commercial new	0	4
Commercial Alterations	3	65
Demo's	0	7
Cottage Clusters	17	23
<b>Total Number of Permits issued:</b>		<b>862</b>
<small>(includes fire, electrical, mechanical, plumbing, and other structural)</small>		
<b>Total Number of Inspections:</b>		<b>2153</b>
<b>Total Number of active permits:</b>		<b>1055</b>

# ENGINEERING

## Capital Improvement Projects (CIP):

### **CIP 2018-A13 Washington Street Area Improvements**

Summary: This project combines elements of the SAFE, SSMP, Water, Stormwater, and Wastewater programs. SAFE improvements include upgrading and adding ADA compliant facilities along 27<sup>th</sup> Ave, Washington St, and Edison St. Street Surface Maintenance Program improvements are planned for Washington Street, 27<sup>th</sup> Avenue, and Edison Street. The Spring Creek culvert under Washington Street at 27<sup>th</sup> Avenue will be removed, and a new structure added. The water system along Washington Street will be upsized from a 6" mainline to an 8" mainline. The stormwater system along Washington Street will be upsized from 18" to 24" storm lines. The project is being designed by AKS Engineering and Forestry.

Update: Construction is starting again as of January 6 after a 3-week hiatus for the holidays. Currently, the new water line has been installed under Washington Street. A new PRV will be installed on the main waterline at Washington and 29<sup>th</sup> Street. Edison Street, 35<sup>th</sup> Avenue, and Washington Street asphalt paving will continue, weather permitting.

### **CIP 2016-Y11 Meek Street Storm Improvements**

Summary: Project was identified in the 2014 Stormwater Master Plan to reduce flooding within this water basin. The project was split into a South Phase and a North Phase due to complications in working with UPRR.

Update: Contractor has completed installation of the pipeline between the Murphy Site and the Balfour Pond. The forebay and southern cell of the Balfour Pond have been excavated, and rock buttress installed. The contractor is currently installing a pipeline between the Balfour Pond and Roswell Pond. In December, the contractor performed a horizontal boring at Kelvin, for a waterline crossing beneath the railroad.

### **CIP 2021-T58 Milwaukie Downtown Streets and Curbs**

Summary: The project includes SAFE improvements to downtown sidewalks by replacing existing sidewalk with pervious concrete sidewalk. Stormwater improvements include installing 5 storm inlets and 5 manholes. The project will use a specialized product, Silva Cells, to deter sidewalk uplift from tree roots. This project is out to bid and is expected to select a contractor by January 14<sup>th</sup>.

### **CIP 2022-W56 Harvey Street Improvements**

Summary: The project includes water improvements and stormwater improvements on Harvey Street from 32nd Avenue to the east end, on 42nd Avenue from Harvey Street to Johnson Creek Boulevard, 33rd Avenue north of Harvey Street, 36th Avenue north of Harvey Street, Sherry Street west of 36th Avenue, 41st Street north of Wake Court, and Wake Court. Sanitary sewer work will be done on 40th Avenue between Harvey Street to Drake Street. The project also includes the installation of an ADA compliant sidewalk on Harvey Street from 32nd Avenue to 42nd Avenue and 42nd Avenue from Harvey Street to Howe Street. Roadway paving will be done throughout the project area.

Update: Century West Engineering was contracted for the design in July 2023. The project is currently at 90% design and is estimated to get 100% plans by the end of January. In process to get an easement at 8930 SE 42<sup>nd</sup> Avenue for a rapid flash beacon. Another open house will be scheduled after completion of design.

### **CIP 2021-W61 Ardenwald North Improvements**

Summary: Project includes street repair on Van Water Street, Roswell Street, Sherrett Street, 28<sup>th</sup> Avenue, 28<sup>th</sup> Place, 29<sup>th</sup> Avenue, 30<sup>th</sup> Avenue, and 31<sup>st</sup> Avenue with a shared street design for bicycles, pedestrians, and vehicles. The sidewalk will be replaced on the north side of Roswell Street between 31<sup>st</sup> and 32<sup>nd</sup> Avenue. Stormwater catch basins in the project boundary will be upgraded, the water system will be upsized on 29<sup>th</sup> Avenue, 30<sup>th</sup> Avenue, 31<sup>st</sup> Avenue, and Roswell Street, and there will be wastewater improvements on 28<sup>th</sup> Avenue, 29<sup>th</sup> Avenue, and 31<sup>st</sup> Avenue to address multiple bellies and root intrusion to reduce debris buildup.

Update: The contract with Landis & Landis Construction has been officialized by the City. Staff is working with Landis preparing for the start of this construction project.

### **CIP 2022-A15 King Road Improvements**

Summary: King Road (43<sup>rd</sup> Avenue to city limits near Linwood Avenue) SAFE/SSMP Improvements will replace existing sidewalk and bike lane with a multi-use path, improve stormwater system, replace water pipe, and reconstruct roadway surface.

Update: City received the 90% design plans, and cost estimate. The 90% design is under internal review and updates. The design is being used to prepare and send Permits of Entry (POEs) to the property owners that will have catch basins, pedestrian paths, trees and driveways installed or updated. The intent is to hear from property owners to implement changes to the 100% design.

POEs were sent at the end of December 2024. As January 2025, there have been POEs signed and returned to the City. It is expected to send all comments back to Kittleson for the preparation of the 100% design plans.

The cost estimate is being revised to have a project price ready to prepare the budget and bid documents during the first quarter of 2025.

### **Waverly Heights Sewer Reconfiguration**

Summary: Waverly Heights Wastewater project was identified in the 2010 Wastewater System Master Plan. The project may replace approximately 2,500 feet of existing clay and concrete pipe.

Update: Authorization for the design contract with Stantec was approved by the Council on August 1, 2023. An engineering services agreement was executed with Stantec on Sept. 19, and the design effort was kicked off in early October of 2023. A flow monitoring program was initiated in October, and will continue through the wet season, concurrent with design. A public engagement plan was prepared in Fall of 2023, and a first set of informational material was mailed out to neighbors in the area in November, along with permit of entry forms. Stantec commenced with early site investigations in December of 2023, and completed 30 percent design in January 2024. In March of 2024, the design team met with select residents on properties that may be more impacted from the project (i.e. properties that might require spot repairs or open trenching). A public open house was held on May 9<sup>th</sup>, 2024, at City Hall. The City reviewed Stantec's 60 percent design in July of 2024. The design team is currently working through the 90 percent design and preparing for acquisition of Temporary Construction Easements.

## **Monroe Street Greenway**

Summary: The Monroe Street Greenway will create a nearly four-mile, continuous, low-stress bikeway from downtown Milwaukie to the I-205 multi-use path. Once complete, it will serve as the spine of Milwaukie's active transportation network connecting users to the Max Orange Line, Max Green Line, Trolley Trail, 17<sup>th</sup> Avenue Bike Path, I-205 path, neighborhoods, schools, and parks. Funding grants through ODOT and Metro will allow the city to complete our 2.2-mile section of the Monroe Greenway from the Trolley Trail to Linwood Ave.

### Segment Update:

East Monroe Greenway (37<sup>th</sup> to Linwood): Staff have come to an agreement with ODOT and contracted CONSOR for the design. CONSOR has submitted the Design Approval Package to ODOT (approximately 60% design). The Plans, Specifications, and Estimate (PS&E) submittal will be provided to ODOT in March 2025. Final project design is expected in December 2025, and the project is expected to go to construction in Summer 2026. Open-Houses were hosted on February 29<sup>th</sup> for all of the Monroe Greenway, ODOT's Highway-224 project, the City's TSP, and Kellogg Creek Restoration and Community Enhancement Project, and on September 12 for the East segment of the Monroe Greenway. The City received mixed feedback for moving forward with the project. Feedback from the February and September open houses has been incorporated into the design and city staff prepared an engagement plan to share with the public. City staff presented the status of the East Segment of the Monroe Greenway to the City Council on December 3. Members of the public to attended the presentation and participated in the public comments portion of the city council meeting. City staff applied for approximately \$1.7 million of additional funding through the Regional Flexible Funds Allocation (RFFA) grant program to mitigate scope reductions due to inflation. The award for this additional funding is expected in March 2025.

Monroe Street & 37<sup>th</sup> Avenue (34<sup>th</sup> to 37<sup>th</sup>): This segment is complete. It was constructed as part of the private development of the 7 Acres Apartments.

Western Monroe Greenway (21<sup>st</sup> to 34<sup>th</sup>): The city and ODOT have signed an IGA that will transfer \$1.55 M in STIP funding to the city to construct this segment of the Monroe Street Greenway. City staff have contracted with 3J Consulting to negotiate work at the Oak Street and 37<sup>th</sup> Avenue railroad crossings. A request for qualifications will be posted in January 2025 for the design of the western portion of the greenway, excluding the railroad crossings.

Monroe Street & Highway-224 Intersection: This project has now been combined with a larger project which will mill and overlay Highway-224 from 17<sup>th</sup> Avenue to Rusk Road in Fiscal Year 2026. An Open-House was hosted on February 29<sup>th</sup> for all of the Monroe Greenway, ODOT's Highway-224 project, the City's TSP, and Kellogg Creek Restoration and Community Enhancement Project. The City received concerns regarding the development of Highway-224 and Monroe Greenway pushing traffic from Monroe Street onto Penzance Street. ODOT and the City are discussing an additional joint open house in spring 2025.

The water main in Monroe Street underlying Highway 224 was replaced by pipe bursting in December 2024.

Downtown Monroe Greenway (Trolley Trail to 21<sup>st</sup> Avenue): The city is investigating funding to enhance the Monroe Greenway through downtown Milwaukie.

## **Kellogg Creek Restoration and Community Enhancement Project**

Summary: Project to remove the Kellogg Creek dam, replace the McLoughlin Blvd. bridge, improve fish passage, and restore the wetland and riparian area. City of Milwaukie staff are part of the project Leadership Team, Core Technical Team, and the Technical Advisory Committee. The Leadership Team and Core Technical Team both meet monthly. In addition to city staff, these groups include staff from North Clackamas Watershed Council (NCWC), Oregon Department of Transportation (ODOT), and American Rivers. The Technical Advisory Committee (TAC) for the Kellogg Creek Restoration & Community Enhancement Project involves all collaborative partners that include the Confederated Tribes of the Warm Springs Indian Reservation of Oregon, the Confederated Tribes of Grand Ronde, Clackamas Water Environment Services, Metro, North Clackamas Parks and Recreation District, Oregon Department of Environmental Quality, Oregon Department of Fish and Wildlife, Oregon Division of State Lands, the Native Fish Society, and the Natural Resources Office of Governor.

Update: The Summer 2024 Geotechnical and Sediment Sampling/Evaluation Study is complete. Material is being analyzed in the lab and we are awaiting the results. On December 12<sup>th</sup>, Metro announced that the project would receive \$10M in [large scale community visions grant funds](#). These funds will be utilized as the local match requirement called out in federal grant applications. Additional details and updates are available at the project website: <https://www.milwaukieoregon.gov/kellogg/project-status>

## **Traffic / Parking Projects, Issues**

None.

## **Right-Of-Way (ROW) Permits (includes tree, use, construction, encroachment)**

Downtown Trees and Sidewalks

Update: Staff have a contract with AKS; working on what type of design works best now and in the future with both the trees and sidewalks & curbs.

## **Private Development – Public Improvement Projects (PIPS)**

1600 Lava

Update: This development on Lava drive will add a new 13-unit multi-family building. Public improvements for this project include a new sidewalk, an ADA ramp, and minor street widening. Building permits have been issued and on-site construction has begun. A Right of Way permit has been issued, and the Contractor is gearing up for sidewalk and roadway improvements.

Hillside

Update: Hillside currently has issued permits for the first building and public improvements to be constructed under phase I. The remaining two buildings and public improvements to be constructed during this phase are still under review. City staff is meeting with the developer on a weekly basis to ensure the project moves smoothly. Public improvements for this development include new roadway alignment, new sidewalk, ADA ramps, and new asphalt paving. Work has started on the first building and associated public improvements.

Seven Acres Apartments (formerly Monroe Apartments) – 234 units

Update: Seven Acres has completed construction and is currently occupied. Public improvements for this development included a new bike path and sidewalk from Oak Street and Monroe Street to 37th Avenue and Washington Street. Public improvements are currently under warranty and will receive a final inspection after a one-year period before shifting over to the City for ownership.

Henley Place (Kellogg Bowl redevelopment)- 175 units  
Update: Construction is complete, and the building is occupied.

Elk Rock Estates – 5 lot subdivision at 19<sup>th</sup> Ave & Sparrow St.  
Update: All public improvements have been completed; the project is in the close phase and the Engineering Department is currently waiting on as-builts from the developer. The land use entitlements have recently expired, so they will need to go back through the process to build units. The lots are currently for sale.

Shah & Tripp Estates – 8-lot subdivision at Harrison Street and Home Ave.  
Update: A majority of the Right-of-Way improvements have been completed, and the new street has been opened. Nearing the close-out phase once improvements are complete.

Jackson / 52<sup>nd</sup> – 5-unit development.  
Update: Project is complete. The sewer main extension has been installed and tested. Per a development agreement, the developer repaved Jackson between Home Ave. and 52<sup>nd</sup> Ave in July 2024. The developer will be reimbursed for paved areas outside of their responsibility. All work was completed in August 2024.

Walnut Estates  
Update: Walnut estates have completed the majority of their construction and is currently in the final punch-list and cleanup phase. Public improvements for this development include a new sidewalk, storm water facilities, and a new asphalt roadway. Once the final work is completed, this development will enter the one-year warranty period.

Bonaventure Senior Living – 170-units  
Update: ROW permits have been issued and public improvements are currently under construction.

### **Document Administration**

Plans

Summary: WSC is preparing the Stormwater System Plan.

**COUNCIL STAFF REPORT**

**To:** Mayor and City Council  
Emma Sagor, City Manager

**Reviewed:** Nicole Madigan, Deputy City Recorder

**From:** Scott Stauffer, City Recorder

**Subject:** **Annual Boards and Committees Recruitment 2025**

**Date Written:** Jan. 8, 2025

**ACTION REQUESTED**

Council is asked to provide feedback on the annual board and committee (BCs) recruitment plan.

**HISTORY OF PRIOR ACTIONS AND DISCUSSIONS**

[January 16, 2024](#): Council received an overview of the annual BC recruitment plan.

**ANALYSIS**

The city has 11 standing committees that play a critical advisory role to Council. BCs are created by Council, and most are referenced in the Milwaukee Municipal Code (MMC). Authority to appoint BC members is granted to the mayor, with Council consent, by [Section 26 of the City Charter](#).

Committee appointments are based on a June 30 expiration of two, three, or four-year terms, or when a position is vacated. Upon the completion of a term, if the individual is eligible, they may be reappointed by Council to serve additional terms, however all BC positions are term limited.

The table below shows all 11 BCs, the number of non-Council member positions, the number of currently vacant positions, and the number of positions with terms expiring on June 30, 2025. The totals at the bottom of the table may not reflect the actual number of positions to be filled in June, because some with expiring terms may be reappointed. Before the interview process in April and May, staff will confirm how many current BC members, who have terms ending in June, would like to be reappointed. The number of positions listed below includes youth members.

Board or Committee	# of Positions	# Vacant (to be filled)	# Expiring in '25 (to be filled)
Arts Committee	12	0	5
Audit Committee	5	1	2
Budget Committee	10	0	0
Citizens Utility Advisory Board (CUAB)	5	0	0
Equity Steering Committee (ESC)	10	1	5
Ledding Library Board	8	1	4
Milwaukee Redevelopment Commission Community Advisory Committee (MRCCAC)	10	0	0
Park and Recreation Board (PARB)	9	1	6
Planning Commission*	7	2	1
Public Safety Advisory Committee (PSAC)	11	0	1
Tree Board	7	0	2
<b>TOTALS</b>	<b>94</b>	<b>6</b>	<b>26</b>



\*The Planning Commission is currently recruiting to fill several current and anticipated vacancies. Staff is working to fill all Commission positions as soon as possible, ideally before the annual recruitment process concludes.

Since 2022 the city has conducted an annual BC member recruitment and interview process. The first recruitment process resulted in 60 applications and 28 applicants being appointed to fill BC vacancies and/or placed on alternate lists to fill future vacancies; in 2024 the city received 43 applications resulting in 22 appointments.

Each year staff assess the recruitment process and evaluate what did and did not work. For 2025, staff do not recommend making significant changes to the process except adding in a step of screening applications prior to conducting interviews.

Staff propose a two-month recruitment period and a two-round interview process to take place in April and May. A citywide advertising campaign will include social media posts, *Pilot* newsletter articles, and a postcard mailed to all Milwaukie addresses. Staff intend to update BC recruitment materials to better articulate Council’s priorities. As in previous interview processes, the panels will consist of two Council members (usually the Mayor and another Council member), the BC chair, and the BC staff liaison. Previous annual recruitments included all five members of Council on overlapping interview panels. Council may, however, decide to identify a smaller number of Council members to participate in the interview process. Staff recommend that all applications undergo an initial screening to ensure that interviewed applicants are qualified to serve on the BC they have applied for. All Council members will vote on the appointments that result from the interview process.

➔ **Staff welcomes Council feedback on how to structure the interview process and to what extent all Council members participate in the interview process.**

Below is the 2025 recruitment and interview schedule drafted by staff.

Month	Actions
February- March	<ul style="list-style-type: none"> <li>• <b>Applications Accepted as of February 1.</b></li> <li>• Advertise: postcard, Pilot, social media, NDAs, BCs spread the word.</li> </ul>
April-June	<ul style="list-style-type: none"> <li>• <b>Applications Due April 1.</b></li> <li>• <b>April 2-4</b> Applications organized by staff.</li> <li>• <b>April 7-25</b> Applications are shared with Council, BC chairs, and liaisons and interviews are scheduled for selected applicants.</li> <li>• <b>April 28-30</b> Interviews Round One (Zoom) <ul style="list-style-type: none"> <li>○ <b>April 28</b> (Monday PM) for up to 3 hours</li> <li>○ <b>April 29</b> (Tuesday PM) for up to 3 hours</li> <li>○ <b>April 30</b> (Wednesday PM) for up to 3 hours</li> </ul> </li> <li>• <b>May 1-5</b> Interview notes are submitted, 2<sup>nd</sup> round interviews scheduled.</li> <li>• <b>May 12-16</b> Interviews Round Two (in-person, if needed) <ul style="list-style-type: none"> <li>○ <b>May 12</b> (Monday PM) up to 3 hours</li> <li>○ <b>May 14</b> (Wednesday PM) up to 3 hours</li> </ul> </li> <li>• <b>May 27</b> Deadline to confirm list of BC nominees and alternates.</li> <li>• <b>June 3</b> Council Appointments made (Including Reappointments)</li> </ul>
July – January	<ul style="list-style-type: none"> <li>• <b>Applications Not Accepted.</b></li> <li>• Vacancies are filled by identified alternates.</li> <li>• BC specific recruitments may occur only if a BC has no alternates or if a new BC is created.</li> </ul>

➔ Staff welcomes Council feedback on the schedule outlined above, especially the dates noted for interviews.

For Council consideration, English and Spanish language copies of the BC application form are attached. These forms are available online at <https://www.milwaukieoregon.gov/bc>. Applicants can also complete online applications at <https://onboard.milwaukieoregon.gov/application/>.

### **CLIMATE, BUDGET, AND**

None.

### **WORKLOAD IMPACTS**

If Council directs staff to conduct an initial applicant screening process, there will be additional workload for Council, staff, and BC chairs in conducting this review process. In turn, a pre-screening may reduce the amount of time staff and Councilmembers spend in interviews.

### **EQUITY STATEMENT**

Staff strive to make participation with the city's BCs as accessible as possible by holding hybrid meetings and offering BC applications translated into two languages. The recommended BC recruitment process will help the city achieve its goal of providing a diverse spectrum of voices in the administration of local government.

### **COORDINATION, CONCURRENCE, OR DISSENT**

OCR staff work with BC liaisons and chairs and Council on the issues listed in this report.

### **STAFF RECOMMENDATION**

Staff recommends Council provide feedback and direction on the questions posted above.

### **ALTERNATIVES**

Not applicable.

### **ATTACHMENTS**

1. BC Application Forms



**CITY OF MILWAUKIE**

**Boards and Committees Application**

Office of the City Recorder  
10722 SE Main Street  
Phone: 503-786-7515 Fax: 503-786-7540  
[ocr@milwaukieoregon.gov](mailto:ocr@milwaukieoregon.gov)

To apply for a board or committee please complete this form and return it to the Office of the City Recorder (OCR). Please note:

- You may attach a resume, but it is not required.
- Once submitted to the city this form becomes a public record.
- We will keep your application on file for one year.
- If you need assistance completing this form, contact us.

Name:

Phone:

Date:

Address:

Email:

Tell us about yourself, how have your life experiences led you to serving on a city board or committee?

Tell us about your qualifications and skill set as they relate to the board/committee(s) you are interested in?

How would you, as a board or committee member, support the city's commitment to equity, inclusion, and justice?

Which board(s) or committee(s) you are interested in:

- |                                                                 |                                                                  |
|-----------------------------------------------------------------|------------------------------------------------------------------|
| <input type="checkbox"/> Arts Committee                         | <input type="checkbox"/> Milwaukie Redevelopment Commission      |
| <input type="checkbox"/> Audit Committee                        | Community Advisory Committee (MRCCAC)                            |
| <input type="checkbox"/> Budget Committee                       | <input type="checkbox"/> Park and Recreation Board (PARB)        |
| <input type="checkbox"/> Citizens Utility Advisory Board (CUAB) | <input type="checkbox"/> Planning Commission                     |
| <input type="checkbox"/> Design and Landmarks Committee (DLC)   | <input type="checkbox"/> Public Safety Advisory Committee (PSAC) |
| <input type="checkbox"/> Equity Steering Committee (ESC)        | <input type="checkbox"/> Tree Board                              |
| <input type="checkbox"/> Ledding Library Board                  | <input type="checkbox"/> Other: _____                            |

Which board or committee is your top choice? \_\_\_\_\_

For information about each of the city's boards and committees visit <https://www.milwaukieoregon.gov/bc>.



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- You may attach a resume, but it is not required.
- Once submitted to the city this form becomes a public record.
- We will keep your application on file for one year.
- If you need assistance completing this form, contact us.

For the following questions, are you...

- Living on a city board or committee? If so, which one?
Living with someone who is currently serving on a city board or committee? If so, which one?

How did you hear about the city's boards and committees?

- Facebook/Twitter/Instagram City Website Friend/Neighbor
Newspaper/Pilot Employer Other (please list):

Demographic Questionnaire: These questions are optional. The city is interested in ensuring that historically underserved communities are represented on boards and committees. Sharing your demographic information can help us achieve this goal. For the following questions, are you...

- A resident of Milwaukie? If so, for how long?
A homeowner? A renter?
A business owner in Milwaukie? If so, which one and for how long?
Employed by a business in Milwaukie? If so, where and for how long?
A student? If so, which school do you attend?
Fluent in a language other than English? If so, which one?
What is your race and ethnicity?
What is your gender identity?
What is your age?

I understand that this application will be kept for up to 12 months:



Oficina del registrador de la ciudad
10722 SE Main Street
Teléfono: 503-786-7515 Fax: 503-786-7540
ocr@milwaukieoregon.gov

Para aplicar para un consejo o comité, por favor complete este formato y devuélvalo a la oficina del registrador de la ciudad (OCR, por sus siglas en inglés). Tome en cuenta que:

- Puede adjuntar un currículum, pero no es necesario.
- Una vez que la envíe a la ciudad, este formato se convierte en un registro público.
- Mantendremos su solicitud en el archivo durante un año.
- Si necesita ayuda para completar este formato, comuníquese con nosotros.

Nombre:

Teléfono:

Fecha:

Dirección:

Correo electrónico:

Cuéntenos sobre usted, ¿de qué forma sus experiencias de vida lo llevaron a servir en un consejo de la ciudad o comité?

Cuéntenos acerca de sus cualificaciones y habilidades relacionadas con los consejos/comités en los que se interesa.

¿Cómo apoyaría el compromiso de la ciudad con la equidad, inclusión y justicia como integrante de un consejo o comité?

Cuál consejo(s) o comité(s) le interesa:

- Comité de artes
Comité de auditoría
Comité de presupuesto
Consejo asesor de servicios a los ciudadanos (CUAB, Citizens Utility Advisory Board )
Comité de diseño y referencias (DLC, Design and Landmarks Committee)
Comité de redirección de la equidad (ESC, Equity Steering Committee)
Consejo de la biblioteca Ledding
Comisión de renovación de Milwaukie Comité asesor comunitario (MRCCAC, Community Advisory Committee)
Consejo de parques y recreación (PARB, Park and Recreation Board)
Comisión de planeación
Comité asesor de seguridad pública (PSAC, Public Safety Advisory Committee)
Tablero de árbol
Otro:

¿Qué consejo o comité es su elección principal?

Para información acerca de cada uno de los consejos o comités de la ciudad, visite:

https://www.milwaukieoregon.gov/bc.



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- Puede adjuntar un currículum, pero no es necesario.
- Una vez que la envíe a la ciudad, este formato se convierte en un registro público.
- Mantendremos su solicitud en el archivo durante un año.
- Si necesita ayuda para completar este formato, comuníquese con nosotros.

Para las siguientes preguntas, usted...

¿Atiende a un consejo o comité de la ciudad? Si es así, ¿a cuál?

¿Vive con alguien que esté actualmente sirviendo en un ayuntamiento o comité?

Si es así, ¿a cuál?

¿Cómo se enteró de los consejos o comités de la ciudad?

- Facebook/Twitter/Instagram Sitio web de la ciudad Amigo/Vecino
Periódico/Piloto Empleador Otro (por favor lista):

Cuestionario demográfico: Estas preguntas son opcionales. A la ciudad le interesa garantizar que las comunidades históricamente poco atendidas se representen en los consejos o comités. Compartir su información demográfica nos puede ayudar a cumplir con este objetivo. Para las siguientes preguntas, usted...

¿Es residente de Milwaukie? Si es así, ¿desde hace cuánto tiempo?

¿Es dueño de su casa? ¿Es una persona que renta?

¿Un dueño de negocio en Milwaukie? Si es así, ¿cuál y desde hace cuánto?

¿Empleado por algún negocio en Milwaukie? Si es así, ¿en dónde y desde hace cuánto?

¿Un(a) estudiante? Si es así, ¿a qué escuela asistió?

¿Habla con fluidez otro idioma que no sea inglés? Si es así, ¿a cuál?

¿Cuál es su raza y etnia?

¿Cuál es su identidad de género?

¿Qué edad tiene?

Comprendo que esta aplicación se conservará durante al menos 12 meses:

**WS 1. 1/21/25  
Presentation**

# **Annual Board & Committee Recruitment Preview**

January 21, 2025



# Annual BC Recruitment

- **11 Standing BCs**
- **Around 26 positions to (re)fill in 2025**
  - 6 current vacancies
  - 26 terms expiring on June 30

(some overlap – they are vacant and terms end in June)





# Annual BC Recruitment

- **Timeline:**
  - February 1<sup>st</sup> applications open; April 1<sup>st</sup> applications close
  - April applications reviewed; **April 28<sup>th</sup> to 30<sup>th</sup> interviews**
    - We will encourage in-person interviews as much as possible (Zoom if needed)
    - May 12<sup>th</sup> to 16<sup>th</sup> second round interviews (if necessary)
  - June 3<sup>rd</sup> Council makes appointments
    - Mayor nominates, Council votes to appoint (via consent agenda)
- **Council Q: *Thoughts on the schedule?***



# Annual BC Recruitment

- **More Council Qs!**
  - *Any thoughts on how to structure the interview process?*
  - *Do all Council members want to participate in interviews?*
    - *(Winter PC Recruitment: which Councilor wants to participate?)*
  - *Any other thoughts on the annual recruitment?*



# Questions?

Scott Stauffer, City Recorder

[stauffers@milwaukieoregon.gov](mailto:stauffers@milwaukieoregon.gov)

Nicole Madigan, Deputy City Recorder

[madigann@milwaukieoregon.gov](mailto:madigann@milwaukieoregon.gov)



**COUNCIL STAFF REPORT**

**To:** Mayor and City Council  
Emma Sagor, City Manager

**Reviewed:** Justin Gericke, City Attorney  
Gabriela Santoyo-Gutierrez, Equity and Inclusion Coordinator

**From:** Ryan Burdick, Chief of Police

**Subject:** **Criminal Justice Commission (CJC) STOP Data - 2024 Report**

**Date Written:** Jan. 8, 2025

**ACTION REQUESTED**

Council is asked to receive a briefing from the Police Chief on the annual Statistical Transparency of Police (STOP) data collected by the Criminal Justice Commission and provide feedback.

**HISTORY OF PRIOR ACTIONS AND DISCUSSIONS**

July 14, 2020: Council discussed a proposed resolution in support of diversity, equity, and inclusion (DEI) and the Black, Indigenous, and People of Color (BIPOC) community crafted by Mayor Gamba and Councilor Hyzy.

August 4, 2020: Council requested a resolution be added to the August 18 agenda to change the existing community engagement goal to equity, inclusion, and justice.

August 18, 2020: Council approved a resolution adopting an equity, inclusion, and justice goal.

September 15, 2020: Council heard an update on the equity, inclusion, and justice goal, including a STOP data briefing from the acting director of the CJC, Ken Sanchagrin.

[December 21, 2021](#): Council heard an annual briefing on STOP data from the director of the CJC, Ken Sanchagrin.

Additional annual reporting of STOPS data before Council has continued in subsequent years.

**BACKGROUND**

The STOP data program was developed through Oregon House Bill (HB) 2355 from the 2017 legislative session. House Bill 2355 mandates all Oregon law enforcement agencies to submit data regarding officer-initiated traffic and pedestrian stops to the Oregon CJC, so the Commission can analyze the submitted data for evidence of racial or ethnic disparities on an annual basis.

The STOP Program has developed a standardized method for data collection as well as data collection software offered free of charge to all state law enforcement agencies. Officers are required to document certain data points for each officer-initiated stop, including date/time, type of stop, perceived race/ethnicity of the subject, perceived gender of the subject, perceived age of subject, and information about the stop itself. The perception element of data collection for this program has limitations, as noted in this quote from the CJC annual report:

*“Law enforcement officers are required by HB 2355 to record their perception of a subject’s race/ethnicity (for traffic stops, only the perceived race/ethnicity of the driver is reported). The categories included in the data collection are: white, Black, Latinx, Asian or Pacific Islander (hereinafter, Asian/PI), Native American, and Middle Eastern. The STOP data solution combines race and ethnicity into a single variable, and allows for one option to be selected. This differs from defined Census categories<sup>8</sup>, and doesn’t account for the additional nuance of multiple races and individuals who are not white and Latinx. However, in an effort to simplify the data collection process, and in recognition of the challenges for law enforcement officers to record perceived race/ethnicity, a single combined variable is available.” (page 4-5)*

The CJC collects data annually from July 1 through June 30. July 2020 marked the end of the first year of reporting. The CJC publishes an annual report and data each year on December 1. The most recent report is attached.

With multiple years of data collection now complete, the 2024 report provides additional data regarding stops by the Milwaukie Police Department (MPD). Below are the data tables from the report for MPD:

**MPD Race/Ethnicity Reporting (Source 2024 CJC Report, 2021-2023 data pulled from prior years):**

YEAR	Asian/Pacific Islander	Black	Latinx	Middle Eastern	Native	White	TOTAL
2024	259	472	759	100	28	5,003	6,621
2023	142	307	398	74	6	3,076	4,003
2022	109	283	281	44	6	2,612	3,335
2021	89	182	253	39	15	2,019	2,597

**2024 Race/Ethnicity Reporting for All Reported Stops (Source: 2024 CJC Report):**

	Asian/Pacific Islander	Black	Latinx	Middle Eastern	Native	White	Total
MPD stops #	259	472	759	100	28	5,003	6,621
MPD stops %	3.9%	7.1%	11.5%	1.5%	.4%	75.6%	
Comparison: US Census Data / PDX	9%	5.9%	10.3%	1.7%	1%	72.1%	

**MPD Agency STOPS by Type: Traffic vs. Pedestrian:**

Year reported	TRAFFIC		PEDESTRIAN		TOTAL
2024	6,503	98.2%	118	2.2%	6,621
2023	3,916	97.8%	87	2.2%	4,003
2022	3,199	95.9%	136	4.1%	3,335
2021	2,452	94.4%	145	5.36%	2,597

**MPD Agency-Level Decision to Stop Analysis: Rate of daylight v. darkness stops:**

The table below compares the rate of stops that occur by perceived race/ethnicity in the daytime compared to at night. This statistical number is often referred to as the “Veil of Darkness” test. A number close to 1 indicates no difference in the rate of stops between day and night.

Year Reported	Asian/PI	Black	Latinx	Middle Eastern	Native
2024	1.06	2.17*	1.29	NA	NA
2023	NA	1.11	0.81	NA	NA
2022	NA	1.11	1.16	NA	NA
2021	NA	2.68*	1.58	NA	NA

This data point assumes that it is easier for an officer to discern race/ethnicity during the day when it is light versus the night when it is dark. If minority individuals are more likely to be stopped in the daylight when race/ethnicity is easier to detect, then there is evidence of a disparity and potential bias. MPD officers conduct the vast majority of stops during daylight hours because that is when our traffic patrol officers are scheduled to work.

For Milwaukie, there was insufficient number of stops made during dark hours (or sample size) to determine a decision to stop ratio for people of Middle Eastern or Native American descent. There was no statistically significant disparity observed for stops of Latinx individuals. The 2024 results do show a potential disparity for Black individuals. City leaders met with CJC staff to further understand this result. They noted the sample size was small—188 stops of Black drivers in the “darkness” period over a two-year period, or 7.8 stops a month. MPD leadership requested raw data for all stops to conduct further analysis and identify procedural improvements that could address this disparity. More information is included below on steps the department is taking to support bias-free policing.

## MPD Agency-Level Stop Outcome Analysis

The STOPS program also looks at stop *outcomes*, meaning whether there are any disparities in terms of an agency's decision to cite, search, or arrest following stops. CJC calculates this by comparing predicted rates of these outcomes v. actual rates. While Milwaukie's outcome data is not shown in the 2024 PDF report, it is available on the [STOPS public data dashboard](#). Encouragingly, no disparities were identified in stop outcomes for the MPD in 2024.

### Stop Outcome Analysis: *Milwaukie PD (2024)*

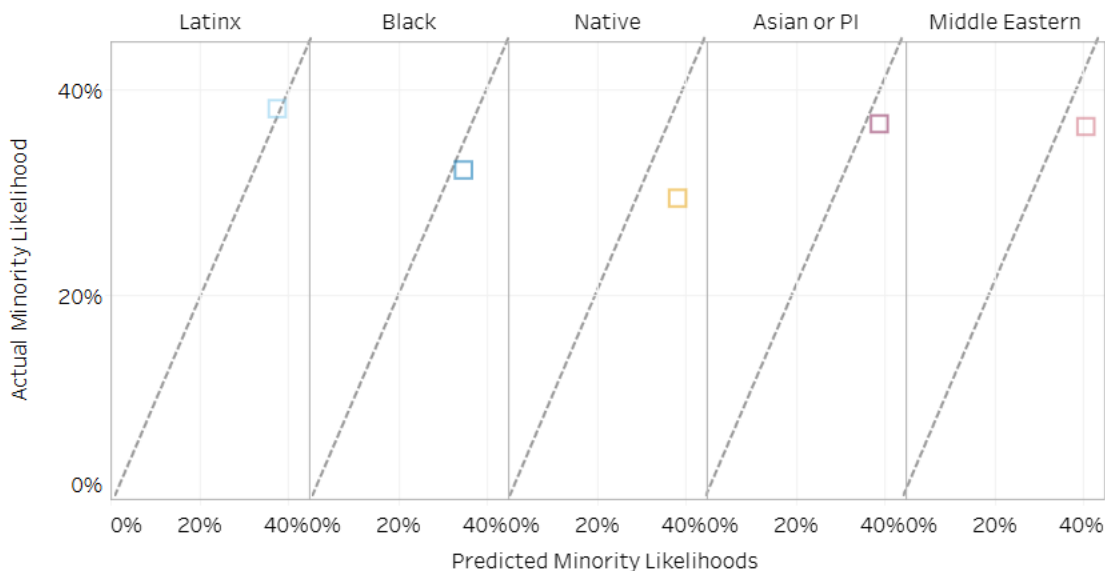
Select outcome above to view results in chart

Each section of the chart below shows results for one minority group. The dashed diagonal lines show where the horizontal axes (predicted likelihood) and vertical axes (actual likelihood) are the same. Markers above the dashed line indicate a higher likelihood for the selected outcome compared to the prediction; markers below the line indicate a lower likelihood. Agencies may not be shown if they had too few stops for a given race to complete the analysis.

A disparity is indicated when the marker departs from the dashed line by a statistically significant amount, based on the number of comparable stops. The shape of the marker indicates whether or not a statistically significant disparity was found as indicated below:

● Disparity   □ No Disparity   ✕ Not Enough Data to Complete the Analysis

**Currently showing results for stops resulting in a citation.**



## Efforts MPD is taking to support bias-free policing

Staff knows that bias is present in all individuals. In recognition of this, staff accepts the responsibility to be proactive in the efforts to consistently work to minimize bias in the delivery of police services. Some of the things MPD has done in the past include:

- Conducted listening sessions with our BIPOC community.
- Worked on relationship-building with Milwaukie's BIPOC residents.
- Implemented a BIPOC review group for police policies and the police contract, which served as the precursor to the city's Equity Steering Committee (ESC).
- Provided in-person and virtual training on bias through Fair and Impartial Policing (FIP) in 2020 and 2022; another training is being scheduled for 2025.
- Engaged in conversations between BIPOC community members and police staff to discuss these challenges and their experiences, including yearly updates with PSAC and ESC.

- Emphasized equity goals in recruitment, selection, hiring, and on-boarding.
- Including BIPOC community members in a collaborative on-boarding process, and
- Created an [Equity in Policing webpage](#) for data and information.
- Examined how scheduling and deployment of officers can affect the statistical data. A recent shift change to twelve-hour shifts may impact this data, particularly the decision to stop analysis.

MPD recognizes there is still very important work to do in this area. The department looks forward to working closely with the city’s equity and inclusion coordinator, and members of Milwaukie’s BIPOC community to continue to guide our future equity work. This is work which will always be ongoing and important to both the city and the police department.

### **BUDGET & CLIMATE IMPACTS**

None.

### **EQUITY IMPACT**

Equity in policing has a vital role in building community trust and improving public safety. Staff recognize how critically important it is to provide bias-free police services. By prioritizing equitable treatment and increasing data collection, the department can continue to build accountability practices that are transparent, respectful, and minimize harm in the community.

For STOP, officers are required to submit racial/ethnic demographic information based on their assumed perceptions. While this methodology is imperfect, it is an important step in understanding trends, potential bias, and where behavior change may be needed.

### **WORKLOAD IMPACT**

Consistently striving to provide bias-free police services has been and will continue to be a significant undertaking. Staff recognizes the importance of this and embraces this responsibility.

### **COORDINATION, CONCURRENCE, OR DISSENT**

None.

### **STAFF RECOMMENDATION**

Staff recognizes how critically important it is to provide bias-free police services. Staff will examine data and information provided by CJC and continue to work closely with the city’s equity and inclusion coordinator and the CJC to identify future steps to continue to promote bias-free policing.

### **ALTERNATIVES**

Not applicable.

### **ATTACHMENTS**

1. STOP Report 2024



**STOP REPORT 2024**  
*Per House Bill 2355 (2017)*

December 1, 2024



**Oregon Criminal Justice Commission**

Ken Sanchagrin  
Executive Director

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The mission of the Oregon Criminal Justice Commission is to improve the legitimacy, efficiency, and effectiveness of state and local criminal justice systems.

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## Executive Summary

House Bill 2355 (2017) mandates all Oregon law enforcement agencies to submit data regarding officer-initiated traffic and pedestrian stops to the Oregon Criminal Justice Commission (CJC), so the CJC can analyze the submitted data for evidence of racial or ethnic disparities on an annual basis. The Oregon Statistical Transparency of Policing (STOP) Program, housed at the CJC, was created with assistance from the Oregon State Police and the Oregon Department of Public Safety Standards and Training (DPSST). This is the sixth annual report to the Oregon Legislature by the STOP Program examining data received pursuant to HB 2355.

**Table 0.1. Descriptive Statistics for Aggregate Year 6 Stop Data**

<b>Variable</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
<b>Traffic Stop</b>	99.1%	99.2%	99.6%
<b>Race/Ethnicity</b>			
Asian/PI	3.6%	2.7%	2.3%
Black	5.3%	3.3%	2.1%
Latinx	17.2%	14.7%	14.5%
Middle Eastern	1.7%	1.1%	0.8%
Native American	0.6%	0.2%	0.3%
White	71.7%	78.0%	80.0%
<b>Gender</b>			
Male	67.3%	64.3%	63.2%
Female	32.5%	35.5%	34.6%
Nonbinary	0.3%	0.2%	2.2%
<b>Age</b>			
Under 21	10.4%	12.0%	12.3%
21-29	22.4%	20.8%	19.9%
30-39	24.7%	23.9%	22.2%
40-49	18.2%	19.0%	17.9%
50 and Older	24.3%	24.2%	27.7%
<b>Stop Disposition</b>			
None	1.6%	5.9%	3.7%
Warning	62.6%	63.8%	72.5%
Citation	34.3%	28.7%	22.8%
Juvenile Summons	0.0%	0.0%	0.0%
Arrest	1.5%	1.6%	0.9%
<b>Search Conducted</b>	1.5%	1.1%	0.5%

Table 0.1 reports descriptive statistics for the combined Tier 1, Tier 2, and Tier 3 data, which represents stops made from July 1, 2023 through June 30, 2024. The majority of stops in Oregon involved white individuals, which, in and of itself, is not surprising given the demographic makeup of Oregon as a whole. Overall, a little over one-quarter of Tier 1 stops and close to one-fifth of Tier 2 and Tier 3 stops involved Asian or Pacific Islander, Black, Latinx, Middle Eastern, or Native American individuals in Oregon. Once the stop had been initiated, stopped individuals either were subject to no further action or merely given a warning in 64 percent of stops for Tier 1, 70 percent of stops for Tier 2, and 76 percent of stops for Tier 3.

To examine the traffic and pedestrian stop data acquired by the STOP Program for racial/ethnic

disparities, STOP Program researchers utilized three methods. The first method, which is used to examine the initial decision to stop an individual, was the Decision to Stop analysis. This analysis takes advantage of natural variations in daylight and darkness throughout the year, and is based on the assumption that it is easier for an officer to discern the race/ethnicity of an individual during the day when it is light versus the night when it is dark. Accordingly, the analysis compares stop rates for minority individuals to those for white individuals during the time windows surrounding sunrise and sunset. If, as demonstrated by the statistics that result from the Decision to Stop analysis, minority individuals are more likely to be stopped in the daylight when race/ethnicity is easier to detect, then there would be evidence of a disparity.

The second analytical method employed by the STOP Program is the Stop Outcomes analysis, which examines matched groups using a statistical technique called propensity score analysis to explore whether disparities exist in stop outcomes (i.e., citations, searches, or arrests). If, after matching on all available data points in the stop data (e.g., time of day and day of the week the stop was made, reason for the stop, gender, age), minority individuals are either cited, searched, or arrested more often than similarly situated white individuals, then there would be evidence of a disparity.

Finally, the STOP Program utilized the Search Findings analysis, which compares relative rates of successful searches (i.e., those resulting in the seizure of contraband) across racial/ethnic groups. It is based on the assumption that if search decisions by officers are made based on race/ethnicity neutral criteria, then success rates should be similar, if not identical, across different racial/ethnic categories. If, however, search success rates differ and the search success rates for minority individuals are significantly lower than those reported for white individuals, then there would be evidence of a disparity.

To determine if disparities identified in this report warrant additional in-depth analysis and/or technical assistance from the DPSST, STOP Program researchers reviewed the results of each of the three analyses conducted on the STOP Program data. For each individual analysis, an estimated disparity must meet the 95 percent confidence level for it to be statistically significant. Further, following best practices, for a law enforcement agency to be identified as one requiring further analysis as well as DPSST technical assistance, it must be identified as having a statistically significant disparity in at least two of the three analytical tests performed on the STOP data. However, DPSST has and will continue to provide technical assistance to any agency, regardless of the number of analyses that are statistically significant.

Using the above-mentioned analyses and thresholds, the STOP Program identified three agencies that had statistically significant results across two of the tests performed on the data. Canby PD, Deschutes CO SO, and Oregon State Police show statistically significant disparities in two of the three analytical tests described in this report. These agencies have initiated additional analysis of the STOP data. Regardless of whether an agency is officially referred to DPSST, the CJC urges each agency to scrutinize their full set of results<sup>1</sup> and engage with DPSST on any results that show a statistically significant disparity.

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<sup>1</sup> [https://public.tableau.com/app/profile/cjcdashboards/viz/S\\_T\\_O\\_P\\_StatisticalTransparencyofPolicing/Introduction](https://public.tableau.com/app/profile/cjcdashboards/viz/S_T_O_P_StatisticalTransparencyofPolicing/Introduction)

1. Background

In 2017, the Oregon Legislature mandated that by July 2020 all Oregon law enforcement agencies were to collect data concerning all officer-initiated traffic and pedestrian stops. The mandate also required that the Oregon Criminal Justice Commission (CJC) analyze the collected data to determine whether racial disparities exist in stops and stop outcomes. Since the passage of HB 2355, the STOP Program has developed a standardized method for data collection as well as data collection software offered free of charge to all state law enforcement agencies. As of September 2024, the STOP Program received data from 142 law enforcement agencies in the state and analyses using those data are presented in this report<sup>2</sup>.

2. Characteristics of Year 6 Stop Data

2.1. General Characteristics

While the analyses contained in Sections 3., 4., and 5. utilize two years of submitted data, this section analyzes data collected by the STOP Program for officer-initiated traffic and pedestrian stops solely for the most recent year, which includes stops made between July 1, 2023, through June 30, 2024. In total, 582,500 stops were submitted to the STOP Program by 142 Tier 1, Tier 2, and Tier 3 agencies during Year 6. The number of stops reported by each agency is displayed in Table 2.1.1., Table 2.1.2., and Table C.2. in Appendix C. There was significant variation in the frequency with which Tier 1, Tier 2, and Tier 3 agencies stopped individuals. Tier 1 agencies generally made more stops than Tier 2 agencies, which in turn made more stops than Tier 3 agencies, which is consistent with size differences between Tiers in terms of officers employed. The Oregon State Police, which is the state’s largest law enforcement agency, made 213,737 stops in Year 6, the largest number reported by any one agency and accounting for over one-third of all stops in the state. At the other end of the continuum, PSU CPS made the fewest stops, with only one stop reported for Year 6.

**Table 2.1.1. Tier 1 Agency Stops by Stop Type**

Agency Name	Traffic		Pedestrian		Total
Beaverton PD	15,024	96.7%	518	3.3%	15,542
Clackamas CO SO	16,633	97.5%	426	2.5%	17,059
Eugene PD	10,909	100.0%	0	0.0%	10,909
Gresham PD	3,735	99.5%	18	0.5%	3,753
Hillsboro PD	9,779	99.4%	61	0.6%	9,840
Marion CO SO	12,760	98.7%	165	1.3%	12,925
Medford PD	3,747	99.6%	17	0.5%	3,764
Multnomah CO SO	10,426	98.4%	172	1.6%	10,598
Oregon State Police	212,529	99.4%	1,208	0.6%	213,737
Portland PB	21,490	99.5%	110	0.5%	21,600
Salem PD	3,448	93.7%	231	6.3%	3,680
Washington CO SO	23,727	99.5%	113	0.5%	23,840
<b>Tier 1 Total</b>	<b>344,207</b>	<b>99.1%</b>	<b>3,039</b>	<b>0.9%</b>	<b>347,247</b>

<sup>2</sup> One agency, Union Pacific Railroad, submitted data after September 1, 2024; therefore, their data is excluded from the tables and analyses presented in this report.

**Table 2.1.2. Tier 2 Agency Stops by Stop Type**

Agency Name	Traffic		Pedestrian		Total
Albany PD	7,275	99.7%	25	0.3%	7,300
Ashland PD	2,146	99.6%	9	0.4%	2,155
Bend PD	3,394	99.7%	10	0.3%	3,404
Benton CO SO	6,692	99.9%	9	0.1%	6,701
Canby PD	4,325	99.1%	38	0.9%	4,363
Central Point PD	1,638	99.1%	15	0.9%	1,653
Corvallis PD	7,365	99.2%	60	0.8%	7,425
Deschutes CO SO	6,462	99.7%	20	0.3%	6,482
Douglas CO SO	1,744	100.0%	0	0.0%	1,744
Forest Grove PD	5,162	99.5%	24	0.5%	5,186
Grants Pass PD	1,856	95.8%	81	4.2%	1,937
Hermiston PD	3,854	99.1%	35	0.9%	3,889
Hood River CO SO	1,150	99.5%	6	0.5%	1,156
Jackson CO SO	7,360	99.4%	43	0.6%	7,403
Keizer PD	1,304	100.0%	0	0.0%	1,304
Klamath CO SO	530	100.0%	0	0.0%	530
Klamath Falls PD	1,947	100.0%	0	0.0%	1,947
Lake Oswego PD	5,144	99.7%	18	0.4%	5,162
Lane CO SO	6,555	99.5%	34	0.5%	6,589
Lebanon PD	1047	99.7%	3	0.3%	1,050
Lincoln CO SO	2,306	100.0%	0	0.0%	2,306
Lincoln City PD	1,853	99.4%	11	0.6%	1,864
Linn CO SO	6,736	99.9%	8	0.1%	6,744
McMinnville PD	2,303	99.5%	12	0.5%	2,315
Milwaukie PD	6,503	98.2%	118	1.8%	6,621
Newberg-Dundee PD	4,296	99.3%	31	0.7%	4,327
OHSU PD	59	96.7%	2	3.3%	61
Oregon City PD	6,033	97.3%	166	2.7%	6,199
Polk CO SO	3,366	99.8%	6	0.2%	3,372
Port of Portland PD	1,676	99.6%	7	0.4%	1,683
Redmond PD	5,504	99.9%	5	0.1%	5,509
Roseburg PD	2,782	94.3%	169	5.7%	2,951
Springfield PD	7,446	100.0%	2	0.0%	7,448
Tigard PD	5,484	97.9%	119	2.1%	5,603
Tualatin PD	3,572	99.5%	17	0.5%	3,589
UO PD	341	96.6%	12	3.4%	353
West Linn PD	2,385	99.9%	2	0.1%	2,387
Woodburn PD	1,313	100.0%	0	0.0%	1,313
Yamhill CO SO	5,294	99.9%	7	0.1%	5,301
<b>Tier 2 Total</b>	<b>146,202</b>	<b>99.2%</b>	<b>1,124</b>	<b>0.8%</b>	<b>147,326</b>

Tables 2.1.1. and 2.1.2. above and Table C.2. in Appendix C report the number and percentage of stops by agency broken down by stop type—traffic or pedestrian—and separated by Tier. Stop type has been



adjusted as described in Section B.2.3.1. By agency and within Tier, the frequency with which pedestrian stops were made, as well as the degree to which those stops affected a department’s overall stop profile, varied significantly. Across all tiers, Tier 1 agencies had the highest proportion of pedestrian stops with 0.9 percent compared to Tier 2 and Tier 3’s 0.8 percent and 0.4 percent, respectively. Of all Tier 1 agencies, Salem PD made the highest proportion of pedestrian stops, followed by Beaverton PD, which is in line with findings from last year’s reporting. Of Tier 2 agencies, Roseburg PD had the highest proportion of pedestrian stops. Of Tier 3 agencies who submitted their stops prior to the reporting deadline, Silverton PD had the highest proportion of pedestrian stops.

The demographic breakdowns for traffic and pedestrian stops are reported in Table 2.1.3. For all agencies contained in this report, the majority of stops were of white drivers/pedestrians, with Latinx and Black individuals being the two most frequently stopped minority groups overall. This pattern held when broken down by traffic versus pedestrian stops, although white individuals made up a higher proportion of pedestrians across all Tiers. With regard to gender, more males were stopped than females. This gender difference is more pronounced in pedestrian stops. Most traffic and pedestrian stops are of individuals perceived to be aged in their thirties, slightly more so for pedestrians, across all Tiers. This echoes previous years’ data.

**Table 2.1.3. Demographics by Tier and Stop Type**

	Tier 1			Tier 2			Tier 3		
	Traffic	Ped.	Total	Traffic	Ped.	Total	Traffic	Ped.	Total
<b>Race/Ethnicity</b>									
Asian/PI	3.6%	1.7%	3.6%	2.8%	1.3%	2.7%	2.4%	1.0%	2.3%
Black	5.2%	8.6%	5.3%	3.3%	4.4%	3.3%	2.1%	2.2%	2.1%
Latinx	17.2%	11.7%	17.2%	14.7%	10.4%	14.7%	14.5%	11.4%	14.5%
Mid. East.	1.7%	0.7%	1.7%	1.1%	0.5%	1.1%	0.8%	0.0%	0.8%
Native	0.6%	0.6%	0.6%	0.2%	0.3%	0.2%	0.3%	1.6%	0.3%
White	71.7%	76.7%	71.7%	77.9%	83.1%	78.0%	80.0%	83.9%	80.0%
<b>Gender</b>									
Female	32.6%	19.9%	32.5%	35.6%	23.1%	35.5%	34.7%	25.1%	34.7%
Male	67.2%	79.8%	67.3%	64.2%	76.6%	64.3%	63.2%	74.6%	63.2%
Nonbinary	0.3%	0.3%	0.3%	0.2%	0.3%	0.2%	2.2%	0.3%	2.2%
<b>Age</b>									
Under 21	10.4%	4.7%	10.4%	12.0%	8.8%	12.0%	12.3%	12.9%	12.3%
21-29	22.5%	16.4%	22.4%	20.9%	13.4%	20.8%	19.9%	17.9%	19.9%
30-39	24.6%	38.3%	24.7%	23.9%	27.9%	23.9%	22.2%	27.7%	22.2%
40-49	18.2%	22.1%	18.2%	19.0%	27.1%	19.0%	17.9%	20.4%	17.9%
50+	24.3%	18.5%	24.3%	24.3%	22.8%	24.2%	27.7%	21.1%	27.7%

Table 2.1.4., Table 2.1.5., and Table C.1. in Appendix C further break down stops by race/ethnicity and agency for all Tier 1, Tier 2, and Tier 3 agencies, respectively, for stops occurring from July 1, 2023, through June 30, 2024, the most recent year of data collection.

**Table 2.1.4. Race/Ethnicity Reporting for Tier 1 Agencies– Year 6**

Agency	Asian/PI	Black	Latinx	Middle Eastern	Native American	White	Total
Beaverton PD	821	1,394	3,843	507	112	8,865	15,542
Clackamas CO SO	914	1,023	2,637	272	64	12,149	17,059
Eugene PD	307	689	997	0	0	8,841	10,834
Gresham PD	180	548	929	57	25	2,014	3,753
Hillsboro PD	649	531	2,863	306	54	5,437	9,840
Marion CO SO	294	370	3,188	145	9	8,919	12,925
Medford PD	63	161	848	24	7	2,661	3,764
Multnomah CO SO	455	1,348	2,070	154	60	6,511	10,598
Oregon State Police	5,561	6,721	31,506	3,070	1,490	163,489	211,837
Portland PB	1,386	3,914	3,228	432	114	12,526	21,600
Salem PD	85	157	1,090	35	17	2,293	3,677
Washington CO SO	1,634	1,323	6,109	801	74	13,899	23,840
<b>Total Tier 1</b>	<b>12,349</b>	<b>18,179</b>	<b>59,308</b>	<b>5,803</b>	<b>2,026</b>	<b>247,604</b>	<b>345,269</b>

**Table 2.1.5. Race/Ethnicity Reporting for Tier 2 Agencies– Year 6**

Agency	Asian/PI	Black	Latinx	Middle Eastern	Native	White	Total
Albany PD	122	207	1,005	35	14	5,917	7,300
Ashland PD	63	88	165	20	2	1,817	2,155
Bend PD	41	66	233	8	3	3,053	3,404
Benton CO SO	207	242	748	144	14	5,346	6,701
Canby PD	97	91	1,042	23	6	3,104	4,363
Central Point PD	33	40	294	4	0	1,282	1,653
Corvallis PD	415	308	702	173	37	5,790	7,425
Deschutes CO SO	107	100	733	36	20	5,486	6,482
Douglas CO SO	23	37	104	14	0	1,566	1,744
Forest Grove PD	144	159	1,628	59	14	3,182	5,186
Grants Pass PD	25	37	129	4	0	1,742	1,937
Hermiston PD	39	79	1,716	8	30	1,999	3,871
Hood River CO SO	51	10	249	16	0	830	1,156
Jackson CO SO	121	159	1,106	43	3	5,971	7,403
Keizer PD	26	44	417	8	0	809	1,304
Klamath CO SO	24	17	67	5	1	416	530
Klamath Falls PD	100	59	242	13	6	1,527	1,947
Lake Oswego PD	295	236	457	124	41	4,009	5,162
Lane CO SO	89	220	425	32	1	5,819	6,586
Lebanon PD	8	21	54	3	0	964	1050
Lincoln CO SO	104	32	231	21	8	1,795	2,191
Lincoln City PD	74	35	302	10	0	1,443	1,864
Linn CO SO	70	106	529	25	16	5,998	6,744
McMinnville PD	44	32	536	9	1	1,692	2,314

*(Table 2.1.5. continued on next page)*

Milwaukie PD	259	472	759	100	28	5,003	6,621
Newberg-Dundee PD	109	93	743	26	0	3,356	4,327
OHSU PD	5	7	7	6	0	36	61
Oregon City PD	161	274	646	54	23	5,041	6,199
Polk CO SO	101	104	727	32	7	2,401	3,372
Port of Portland PD	116	227	207	49	2	1,082	1,683
Redmond PD	81	59	762	21	0	4,586	5,509
Roseburg PD	29	43	158	18	2	2,701	2,951
Springfield PD	99	311	625	2	0	6,290	7,327
Tigard PD	337	437	1,105	231	37	3,456	5,603
Tualatin PD	153	135	628	70	10	2,593	3,589
UO PD	12	30	29	8	1	273	353
West Linn PD	118	63	205	61	12	1,928	2,387
Woodburn PD	23	14	785	4	2	485	1,313
Yamhill CO SO	107	135	1,118	44	12	3,885	5,301
<b>Total Tier 2</b>	<b>4,032</b>	<b>4,829</b>	<b>21,618</b>	<b>1,563</b>	<b>353</b>	<b>114,673</b>	<b>147,068</b>

Table 2.1.6. displays the most serious dispositions reported by law enforcement for the most recent year of data collection. Most police stops did not result in further action taken against the stopped individual. The most common outcome of a stop regardless of type or Tier was a warning<sup>3</sup>. Over 75 percent of stops by Tier 3 agencies end in no action or a warning, which is a higher proportion than Tier 1 and Tier 2 agencies. Juvenile summons remains a rare outcome as in past reports.

**Table 2.1.6. Disposition by Stop Type and Tier**

Disposition	Tier 1			Tier 2			Tier 3		
	Traffic	Ped.	Total	Traffic	Ped.	Total	Traffic	Ped.	Total
None	1.6%	2.6%	1.6%	5.8%	13.7%	5.9%	3.7%	8.5%	3.7%
Warning	62.8%	47.8%	62.6%	63.9%	60.4%	63.8%	72.4%	73.6%	72.5%
Citation	34.3%	35.9%	34.3%	28.8%	17.0%	28.7%	22.9%	5.4%	22.8%
Juv. Summons	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Arrest	1.4%	13.7%	1.5%	1.5%	8.9%	1.6%	0.9%	12.6%	0.9%

Table 2.1.7. provides Year 6 search data, stratified by Tier. Tier 1 agencies conducted searches in 1.5 percent of stops, a higher percentage than Tier 2 and Tier 3 agencies. Pedestrians were searched more often than drivers for all Tiers, but the rate of successful searches varied by Tier. For Tier 1 agencies, 27.3 percent of all searches were consent searches, while 42.0 percent of all Tier 2 searches were consent searches. Tier 3 agencies had the least consent searches of the Tiers, at just under 20 percent of all searches. Echoing previous STOP reports, drugs were the most common form of contraband found in Tier 1 and Tier 2 searches. Conversely, Tier 3 agencies found alcohol most often (38.5 percent) during a search and found alcohol more often than Tier 2 (31.1 percent) or Tier 1 agencies (20.5 percent).

<sup>3</sup> It is the policy of many agencies to give a warning to everyone who is stopped.

**Table 2.1.7. Search Results by Stop Type and Tier**

	Tier 1			Tier 2			Tier 3		
	Traf.	Ped.	Total	Traf.	Ped.	Total	Traf.	Ped.	Total
<b>Search Conducted Reason*</b>	1.2%	29.0%	1.5%	1.0%	7.2%	1.1%	0.5%	16.3%	0.5%
Consent Search	30.0%	14.5%	27.3%	41.5%	50.6%	42.0%	21.3%	3.8%	19.3%
Consent Search Denied	0.6%	0.6%	0.6%	0.1%	0.0%	0.1%	0.7%	0.0%	0.7%
‘Other’ Search	70.8%	85.6%	73.3%	61.9%	51.9%	61.4%	81.9%	96.2%	83.5%
<b>Percent Successful Item Seized**</b>	40.5%	72.9%	46.0%	47.1%	43.2%	46.9%	50.4%	21.6%	47.1%
Alcohol	27.5%	1.7%	20.5%	32.1%	11.4%	31.1%	40.1%	9.1%	38.5%
Drugs	44.3%	90.7%	56.9%	38.8%	60.0%	39.8%	36.1%	54.5%	37.1%
Weapons	18.7%	3.1%	14.5%	14.0%	14.3%	14.0%	12.4%	18.2%	12.7%
Stolen Property	4.0%	3.2%	3.8%	2.4%	8.6%	2.7%	0.0%	27.3%	2.3%
Other Evidence	14.7%	5.0%	12.1%	10.4%	2.9%	10.1%	13.9%	0.0%	13.1%
Other Non-Evidence	8.1%	2.8%	6.7%	19.8%	22.9%	20.0%	11.4%	18.2%	11.7%

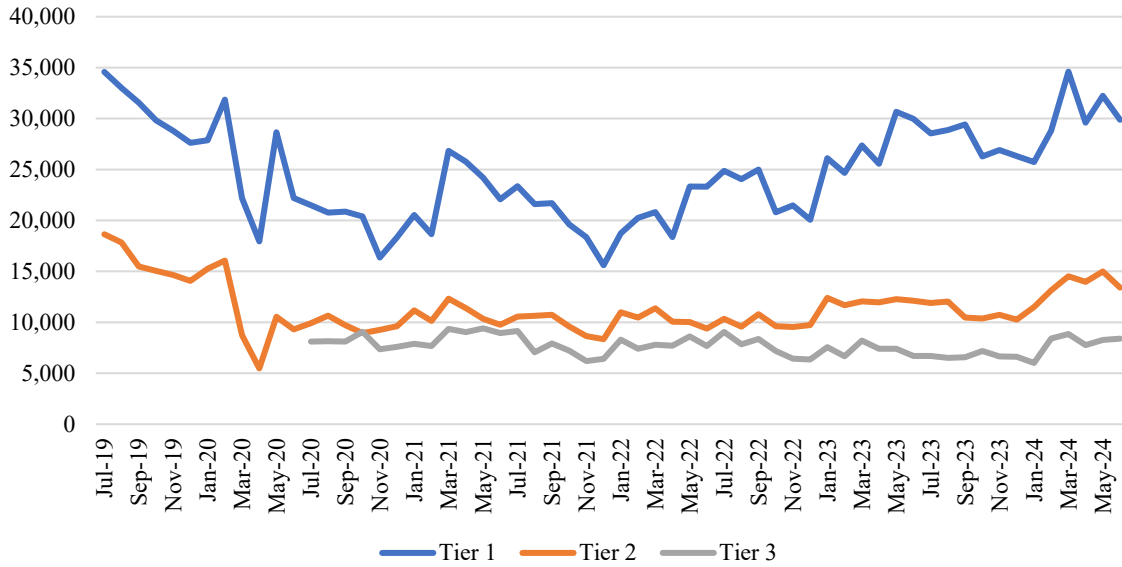
\*Officers can designate multiple search types on a stop, therefore in some cases, percentages for Search Reason may add up to more than 100 percent.

\*\* Items Seized includes only incidents where an item was seized during a search. Multiple types of items may be seized during a search, therefore Item Seized totals may equal more than 100 percent.

## 2.2. Longitudinal STOP Data Trends

While the analyses contained in Sections 3, 4, and 5 utilize two years of submitted data, this section analyzes data collected by the STOP Program for officer-initiated traffic and pedestrian stops since Tier 2 agencies began reporting in 2019. Figure 2.2.1. displays stops made by Oregon law enforcement agencies from July 2019 through June 2024, stratified by Tier. While Tier 1 and Tier 2 agencies began reporting in 2018 and 2019 respectively, Tier 3 agencies were not required to submit data until July 2020. From February to April 2020, when COVID-19 mitigation efforts were first put in place, Tier 1 stop volume dropped by 44 percent and Tier 2 stop volume dropped by a greater percentage, 66 percent.

**Figure 2.2.1. Monthly Stops by Tier**



As COVID-19 vaccines became more widely available, stop volume increased and generally peaked in March 2021. From March to December 2021, stop volume shows an overall decline, likely due to subsequent COVID-19 waves, case counts, and other resource challenges including staffing shortages. As case counts declined and the pandemic abated, stop volume increased by varying levels across tiers. From December 2022 to June 2024, Tier 1 agencies show a 49 percent increase in stop volume, while Tier 2 agencies increased 34 percent, and Tier 3 agencies show a 32 percent increase.

In March 2022, the Oregon Legislature passed SB 1510<sup>4</sup>, which includes several public safety law changes. Sections 1 through 8 specifically address law enforcement officer stops of individuals. Sections 1 and 2 require officers to inform a person that they have the right to refuse a consent search request. Section 6 modifies vehicle lighting violations such that an officer may not initiate a traffic stop if certain criteria are met. While these changes were effective January 1, 2023, many agencies implemented them when the bill passed. Table 2.2.1. shows search rates by Tier and Year and includes searches from July 2018 to June 2024. Overall search rates have dropped, with Tier 1 agencies showing a search rate of 2.9 percent in Year 1 and dropping to 1.5 percent in Years 5 and 6. Tier 2 agencies drop from 2.8 percent in Year 2 to 1.1 percent in Year 6. Finally, Tier 3 agencies show a search rate of half a percent in Year 6.

**Table 2.2.1. Search Rates by Year and Tier**

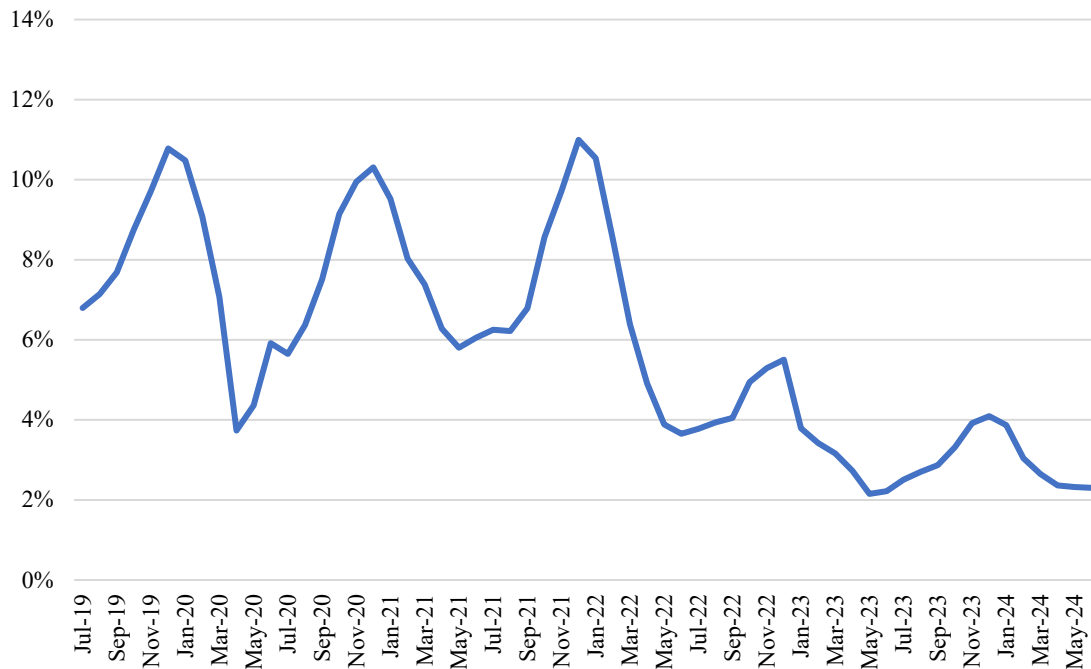
Year	Tier 1	Tier 2	Tier 3
Year 1 (18-19)	2.9%	N/A	N/A
Year 2 (19-20)	2.6%	2.8%	N/A
Year 3 (20-21)	2.5%	1.9%	1.4%
Year 4 (21-22)	2.2%	1.6%	0.9%
Year 5 (22-23)	1.5%	1.3%	0.7%
Year 6 (23-24)	1.5%	1.1%	0.5%

Figure 2.2.2. shows the percent of stops for lighting violations from July 2019 to June 2024. The lighting

<sup>4</sup> <https://olis.oregonlegislature.gov/liz/2022R1/Downloads/MeasureDocument/SB1510/Enrolled>

violations include stops for ORS 811.520, Unlawful Use or Failure to Use Lights, and ORS 816.330, Operation Without Required Lighting Equipment. The historic trend shows a seasonal increase in the percentage of stops in the winter months, as expected with more hours of darkness. For the seasonal peak in December 2021, lighting violations accounted for 11 percent of stops. The percentage of stops decreased with the passage and implementation of SB 1510 in March 2022 and January 2023 respectively. The seasonal peak in December 2023 is less than half the rate of the peak year at 4.1 percent. The percent of stops in June 2023 and June 2024 show historic lows of just over 2 percent.

**Figure 2.2.2. Percent of Monthly Stops for Lighting Violations**



### 2.3. Limitations

The data collected by the STOP Program for the State of Oregon represent one of the most robust stop data collection efforts in the United States. While data are collected by some jurisdictions in most states, few states can boast a statewide, statutorily mandated data collection effort like Oregon’s. This robust database and the statistical evaluation of stop data can form the foundation of a transparent dialogue between state leaders, government agencies, law enforcement, and the communities law enforcement agencies serve.

Despite its promise as a means for systematically analyzing statewide data concerning police-citizen interactions, the STOP Program and its associated data and analyses have limitations. First, the statistical analyses can only identify disparities in police/citizen interactions during discretionary stops. This means that the analyses contained in this report cannot be used either as absolute proof that a law enforcement agency engaged in racially biased conduct or as disproof of racially biased conduct. Further, the results in this report are conducted at the police agency level because HB 2355 expressly forbids the collection of data that identify either stopped individuals or officers. These analyses, therefore, can only identify systematic disparities across a law enforcement agency or at a larger level of aggregation. As such, regardless of whether a department is reported to have an identified disparity or not, this report cannot and does not discount or speak to the personal experiences of individuals who have been subjected to biased

treatment.

Despite these limitations, the statistical results presented in the following sections demonstrate that after the application of rigorous standards, if multiple disparities are identified for an agency, then there is cause for concern, further investigation, and technical assistance. STOP Program researchers have selected highly respected, thoroughly vetted and peer reviewed, cutting-edge analyses. The STOP Program stands behind the significant amount of work that went into the analyses and crafting of this report and believes that the results presented herein will contribute to the dialogue between law enforcement and Oregonians.

### 3. Decision to Stop Analysis

Often referred to as the “gold standard” of statistical analyses examining the initial law enforcement decision to stop an individual<sup>5</sup>, the Decision to Stop (DTS) analysis compares stops made by law enforcement officers during the day when it is light to those made at night when it is dark to test for disparities when officers can more easily perceive the race/ethnicity of drivers. The DTS analysis is built on the assumption that officers can better detect the race/ethnicity of an individual in daylight as compared to darkness. The chief advantage of this approach is that the analysis does not rely on a benchmark comparison with the estimated driving or residential population to the population of stopped individuals. Rather, the DTS analysis takes advantage of natural variations in daylight over the course of the year to compare minority stops made in daylight to those made in darkness at similar times of the day when commuting patterns should be relatively consistent.

More specifically, the DTS analysis relies on comparing the racial composition of individuals stopped during a combined inter-twilight window, which occurs during morning and evening commute times. The morning twilight window is defined as the earliest start of civil twilight to the latest sunrise, while the evening twilight window is defined as the earliest sunset to the latest end of civil twilight. Visibility during this time will vary throughout the course of the year, which makes it possible to compare stop decisions at the same time of day but in different lighting conditions. For example, the DTS analysis can compare stops made on January 10 when it was dark at 5:00pm to stops made two months later at the same time on March 10, when it was still light outside. Given that these two points in time should capture substantially similar driving populations, comparisons made between the race/ethnicity of stopped drivers in the light and darkness will detect whether stops are being made in a disparate fashion when race/ethnicity is visible.

Beyond this central assumption underlying the DTS approach, the analytical test also assumes that driving behavior does not change throughout the year or between daylight and darkness, and that driving patterns have little seasonal variation during the morning and evening commute times. While this assumption is likely too strong and not reflective of actual driving patterns, it can be accounted for statistically by including additional control variables available in the STOP Program database, such as: age, gender, reason for stop, day of week, time of day, quarter or season, county stop volume, and agency stop volume.

To accomplish the analysis described above, the DTS approach tests whether the odds of non-white traffic stops during daylight are significantly different from the odds of non-white traffic stops during darkness. In the table that follows in the next subsection, this difference in odds is presented as an odds ratio, which displays the change in odds for non-white stops during daylight compared to darkness. If the odds ratio is not statistically different from 1.0, then the test finds no difference in stops made during daylight and darkness. If the odds ratio is greater than 1.0 and statistically significant, however, the test concludes the odds of non-white drivers being stopped in daylight is significantly higher than in darkness, which is

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<sup>5</sup> See Barone et al. (2018) under Veil of Darkness analysis.

taken as evidence of a racial disparity in stops, after accounting for additional control variables that are available in the stop data. Conversely, if the odds ratio is less than 1.0 and statistically significant, the odds of a non-white driver being stopped in daylight is significantly lower than in darkness. In sum, following best practices, the STOP Program identifies all agencies with disparities above 1.0 that are statistically significant at the 95 percent confidence level in any minority group at the agency level.

### 3.1. Agency-Level Decision to Stop Analysis

The following analyses utilized two years of data for Tier 1, Tier 2, and Tier 3 agencies. At the agency level, therefore, it is possible to estimate DTS models for many of the non-white groups reported in the stop database given a sufficient sample size. As described in Appendix B.2.3.2, the sample size requirement for the DTS model was at least 100 stops in each racial/ethnic group within the inter-twilight windows for the two years of data provided. Twenty-two agencies had sufficient sample sizes to run models for Black drivers. Models for Latinx drivers were run for 80 agencies. Models for Asian/PI drivers were run for 14 agencies. Models for Middle Eastern drivers were run for seven agencies. Only one agency met the sample size criteria to run a model for Native American drivers. While a number of agencies have odds ratios above 1.0, five agencies showed statistically significant differences in the rate of stopped drivers in daylight compared to darkness<sup>6</sup>. Table 3.1.1. displays the odds ratios for the DTS models for non-white stopped drivers with statistically significant results. Results for all models are shown in Appendix D.

**Table 3.1.1. Decision to Stop Analyses**

Agency	Race/Ethnicity	Odds Ratio
Corvallis PD	Latinx	1.81**
Canby PD	Latinx	1.91**
Deschutes CO SO	Latinx	1.48*
Milwaukie PD	Black	2.17*
Sandy PD	Latinx	1.75*

\* p<0.05, \*\* p<0.01, \*\*\* p<0.001

As shown in Table 3.1.1, five agencies showed statistically significant differences in the odds of minority stops in daylight compared to darkness. For Corvallis Police Department (PD), the odds of stops for Latinx drivers in daylight were 1.81 times the odds for white drivers. For Canby PD, the odds for Latinx drivers being stopped in the daylight were 1.91 times the odds of white drivers. For Deschutes County Sheriff’s Office, the odds for Latinx drivers being stopped in daylight were 1.48 times the odds for white drivers. For Milwaukie PD, the odds of stops for Black drivers in daylight were 2.17 times the odds of white drivers. For Sandy PD, the odds of stops for Latinx drivers in daylight were 1.75 times the odds for white drivers. Analyses for these five agencies indicated statistically significant differences, evidencing disparities in the rate of stopped drivers in daylight compared to darkness. These five agencies have initiated additional analysis of the STOP data.

### 4. Stop Outcomes Analysis

This report presents results from two analyses assessing outcomes occurring after the initial stop decision has been made and an individual has been stopped by law enforcement. The first of these two approaches, the Stop Outcomes Analysis, is presented in this section. The Stop Outcomes Analysis focuses on the

<sup>6</sup> The odds ratio for Oregon State Police for Native American drivers (1.29) shows a p-value of 0.045. The odds ratio for Middle Eastern drivers (1.22) shows a p-value of 0.018. With the Bonferroni adjustment with four comparisons, these are not statically significant. However, without the adjustment, the p-values are below the 0.05 threshold.



outcomes of stops, including whether stopped individuals were cited, searched, and/or arrested during their encounter with law enforcement. The analysis estimates whether each race/ethnic group is more likely than the white group to have a stop end in the disposition in question when controlling for all other measurable stop and demographic factors.

HB 2355 requires all law enforcement agencies to collect data regarding the disposition of stops. Because stops can have multiple dispositions (i.e., an individual could be both cited for a traffic violation and arrested for a crime) the STOP Program collects data on the most serious disposition that occurred within a single stop<sup>7</sup>. This means that if an individual was stopped for speeding, received a citation, and was subsequently arrested on a preexisting warrant, this individual would be recorded in the stop data as only having been arrested.

#### 4.1. Description of Stop Outcomes Analysis

Variation in enforcement outcomes could be due to time of day, day of the week, the conduct that led to the stop, or many other factors. During rush hour on a weekday, for instance, if heavy traffic flows prevent drivers from exceeding the speed limit then the likelihood of receiving a citation for speeding would be reduced at that time. Variation could also be attributed to other factors, including age of the driver, gender of the driver, or season of the stop. Propensity score analysis is employed here to account for as many of these differences as possible and isolate the effect, if any, that the race of the stopped individual has on the disposition of the stop.

Propensity score methods have a long and well-established history in applied statistics. STOP Program researchers use these methods to determine, when other factors are held constant, whether there are different dispositional outcomes across racial/ethnic groups. Propensity score methods use the estimated tendency to be included in the group of interest, or propensity score, to make that group and the comparison group look as similar as possible except for the characteristic in question. This approach enables STOP Program researchers to make the white comparison group look identical across all measured factors compared to the non-white group of interest. If all other measured variables (i.e., time of day, day of the week, gender, age, stop reason, stop volume) are identical across the two groups then the remaining difference in outcomes is evidence of a disparity due to racial/ethnic differences (Ridgeway, 2006).

Many different propensity score methods have been developed, but they all have a similar goal of making two groups comparable to one another. The best of these methods to employ for a given research program depends on available data, sample size, data completeness, and other factors; there is no one-size-fits-all approach. Here, the STOP Program employed Inverse Probability Weighted Regression Adjustment<sup>8</sup>.

The current analysis includes twenty sub-analyses for each agency: each outcome of citation, search, arrest, or any non-warning disposition across each racial/ethnic group of Asian/PI, Black, Latinx, Middle Eastern, and Native American individuals. The comparison group is drawn from the group of white stops for the agency in question. Bonferroni adjustments are applied at the agency level based on the number of

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<sup>7</sup> See Appendix E for more details on how the STOP Program research team determines the most serious disposition and the appropriate comparison outcomes for each type of disposition.

<sup>8</sup> Inverse Probability Weighted Regression Adjustment weights the groups based on the propensity score and then uses these weighted data to estimate the effect of race/ethnicity on dispositional outcomes through regression analysis. For a thorough discussion of this methodology see Appendix E.

analyses completed.<sup>9</sup>

## 4.2. Stop Outcomes Results

As with the Decision to Stop analysis in the previous section, the analyses conducted here includes two years of data for all agencies. Table 4.2.1. reports agency-level results for agencies where a statistically significant disparity is found for a search or arrest outcome, sometimes in addition to citation or any outcome. For seven agencies, Boardman PD, Gilliam CO SO, Hermiston PD, Marion CO SO, Oregon State Police<sup>10</sup>, Portland PB, and Washington CO SO, disparities were reported for either searches and/or arrests of Latinx individuals, sometimes in addition to citations. Oregon State Police also showed a disparity for arrests of Native American individuals and searches of Black individuals. Portland PB showed a disparity in searches and arrests of Black individuals.

**Table 4.2.1. Stop Outcome Analyses**

Agency	Race/ Ethnicity	Citation		Search		Arrest		Any Outcome	
		Actual	Pred.	Actual	Pred.	Actual	Pred.	Actual	Pred.
Boardman PD	Latinx	26.3%	17.5%	--	--	11.6%	3.8%	34.6%	21.4%
Gilliam CO SO	Latinx	70.9%	59.2%	4.1%	2.0%	4.8%	2.5%	72.3%	60.2%
Hermiston PD	Latinx	24.6%	17.6%	--	--	3.1%	1.7%	26.9%	19.0%
Hermiston PD	Native	32.8%	14.2%	--	--	--	--	--	--
Marion CO SO	Latinx	--	--	3.9%	2.9%	4.5%	2.9%	--	--
Oregon State Police	Asian	34.9%	33.3%	--	--	--	--	35.4%	34.0%
Oregon State Police	Black	39.7%	34.8%	1.8%	1.2%	--	--	40.8%	35.7%
Oregon State Police	Latinx	41.2%	34.3%	1.3%	1.0%	1.1%	0.9%	42.3%	35.1%
Oregon State Police	Mideast	38.7%	33.9%	--	--	--	--	38.9%	34.5%
Oregon State Police	Native	41.2%	33.8%	--	--	2.4%	1.2%	43.0%	34.9%
Portland PB	Black	--	--	7.0%	4.4%	6.2%	4.5%	--	--
Portland PB	Latinx	--	--	6.4%	4.1%	--	--	--	--
Washington CO SO	Latinx	24.3%	19.9%	--	--	3.0%	2.3%	26.6%	21.7%

\*Only statistically significant results following Bonferroni corrections are displayed in this table. The Bonferroni correction is described in Appendix B. For full results by agency, please see the [STOP dashboards](#).

Where disparities were found, the average gap in the predicted versus the actual disposition rate varied by agency and type of disposition. These differences may be especially apparent between large and small agencies. Larger agencies make more stops and thus have a greater sample size, which leads to more precise statistical tests and a lower threshold for identifying statistically important differences. Agencies where a statistically significant disparity was found for only either a citation or for the combined measure of all dispositions (i.e., citation, search, or arrest; referenced as “Any Outcome”) are displayed in Table 4.2.2. For four Tier 1 agencies, Beaverton PD, Clackamas CO SO, Hillsboro PD, and Salem PD disparities were detected only for citations and/or for the combined measure of all dispositions (i.e., citation, search, or arrest). This indicates that, for these agencies, it is likely that the only relevant

<sup>9</sup> Low sample sizes for certain groups or a lack of comparability between groups for a given agency could prevent some of these sub-analyses from being completed. In these cases the Bonferroni adjustment is changed accordingly. For more details on the Bonferroni adjustment see Appendix B.

<sup>10</sup> In partnership with Portland Central City Task Force, Oregon State Police (OSP) began focused enforcement in October 2023 in Portland on specific offenses related to fentanyl possession and delivery. This has resulted in increased stop volume for OSP in Multnomah County, and in particular an increase in pedestrian stops. The pedestrian stops have a higher search rate than previous trends. <https://www.portlandcentralcitytaskforce.com/>

disparity is for citations and not the other outcomes. Tier 2 agencies tend to have far fewer stops than Tier 1 agencies. Combined with the already relatively low minority populations in the state, and especially outside of major metro areas, many of the Stop Outcome analyses for the Tier 2 agencies did not have sufficient sample sizes to complete the analysis. That said, of the analyses that were completed, Canby PD, Deschutes CO SO, Forest Grove PD, Linn CO SO, Oregon City PD, Polk CO SO, Tigard PD, Tualatin PD, West Linn PD, Woodburn PD, and Yamhill CO SO had statistically significant disparities indicated for at least one of citations and any outcome.

**Table 4.2.2. Predicted Stop Outcome – Citation & Any Outcomes**

Agency	Race/Ethnicity	Citation		Any Outcome	
		Actual	Pred.	Actual	Pred.
Astoria PD	Latinx	35.9%	22.2%	44.7%	34.5%
Beaverton PD	Latinx	34.0%	31.7%	38.2%	35.6%
Canby PD	Latinx	40.3%	33.2%	41.8%	34.7%
Cannon Beach PD	Latinx	23.7%	14.6%	27.1%	18.0%
Clackamas CO SO	Latinx	31.6%	29.3%	33.8%	31.3%
Clackamas CO SO	Native	39.1%	30.0%	--	--
Cottage Grove PD	Latinx	43.2%	22.8%	43.2%	23.5%
Deschutes CO SO	Latinx	14.5%	10.9%	17.1%	13.0%
Forest Grove PD	Latinx	31.2%	23.0%	33.0%	24.7%
Hillsboro PD	Latinx	29.7%	25.8%	32.0%	27.7%
Hubbard PD	Latinx	33.1%	25.1%	35.5%	26.9%
Linn CO SO	Latinx	39.9%	34.2%	39.1%	33.4%
Morrow CO SO	Latinx	25.4%	18.5%	26.6%	19.0%
Nyssa PD	Latinx	48.9%	21.6%	67.6%	52.8%
Oregon City PD	Latinx	33.5%	28.5%	35.3%	30.5%
Phoenix PD	Latinx	37.9%	29.4%	38.3%	29.9%
Polk CO SO	Latinx	26.8%	20.6%	28.5%	21.8%
Salem PD	Latinx	62.9%	59.9%	65.2%	61.9%
Sherwood PD	Latinx	--	--	31.5%	27.0%
Sutherlin PD	Latinx	50.2%	38.3%	50.7%	38.5%
Tigard PD	Latinx	38.4%	30.9%	40.4%	33.7%
Tualatin PD	Latinx	51.9%	44.2%	52.9%	45.1%
Turner PD	Latinx	--	--	37.1%	24.1%
Umatilla CO SO	Latinx	24.3%	15.7%	27.7%	18.1%
Umatilla PD	Latinx	32.0%	24.4%	33.2%	25.3%
Woodburn PD	Latinx	--	--	12.3%	8.2%
Yamhill CO SO	Latinx	--	--	27.2%	24.1%

\*Only statistically significant results following Bonferroni corrections are displayed in this table. The Bonferroni correction is described in Appendix B. For full results by agency, please see the [STOP dashboards](#).

Sample size issues were even more pronounced for Tier 3 agencies. However, the following Tier 3 agencies were identified as having significant disparities in only citations and/or any disposition for one of the analysis groups: Astoria PD, Cannon Beach PD, Cottage Grove PD, Hubbard PD, Morrow CO SO, Nyssa PD, Phoenix PD, Sherwood PD, Sutherlin PD, Turner PD, Umatilla CO SO, and Umatilla PD.

### 4.3. Stop Outcomes Analysis including the Reason for the Stop Outcome

In February 2021 law enforcement agencies started submitting additional data to the STOP Program on the reason for the most serious disposition of each stop. Previously, for example, if an officer stopped someone for a moving violation but the stop ended in an arrest because of an outstanding warrant, analysts would only be able to see a moving violation ending in arrest, which is inaccurate. This additional data point allows the STOP program analysts to more accurately account for the reason for the stop outcome in addition to the reason for the stop. These additional data points are submitted voluntarily by STOP agencies and are not statutorily required data elements. The quality and completeness of these data submitted to CJC is, thus, inconsistent. For Years 5 and 6 of data collection (July 2022-June 2024), 43.6 percent of stops with a citation, search, or arrest outcome had a missing most serious disposition code value.<sup>11,12</sup> The CJC uses this data element to run an adjusted Stop Outcomes analysis to provide additional context to the baseline results.

Most serious disposition reasons are inconsistently reported across agencies, with some agencies reporting little or no additional data. Of agencies identified by the baseline stop outcome analysis in the previous section, six agencies either did not submit any additional data or submitted a small amount of data that is insufficient to conduct the additional analysis. As seen in Table 4.3.1, the six agencies are: Gilliam CO SO, Linn CO SO, Marion CO SO, Nyssa PD, Portland PB, and Turner PD. Submission of the additional data is not required but allows the CJC to provide the adjusted Stop Outcomes analysis displayed in this section. Other agencies had relatively low reporting rates but submitted sufficient data to run an analysis that differed from the baseline analysis.

Beyond agencies that reported insufficient data, reporting practices varied widely. Some agencies submitted outcome reason information only when the outcome reason differed from the stop reason. Other agencies submitted the outcome reason on all or close to all stops, regardless of whether the outcome reason differed from the stop reason. In either case, if a sufficient volume of additional data was submitted, the additional analysis could be conducted. The percent of stops with a non-warning outcome that are missing the outcome reason are reported in Table 4.3.1.

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<sup>11</sup> This subset of outcomes is useful for determining whether additional analysis is possible. When including all stops and counting Warning or None outcomes as non-missing, 14.6% of observations were missing outcome reason information.

<sup>12</sup> This is an overall improvement in reporting rates from last years STOP report, where 47.9% of these stops were missing a most serious disposition value.

**Table 4.3.1. Observations Missing Stop Outcome Reason**

	Agency	Percent of citation, search, and arrest outcomes with missing outcome reason
Agencies who did not submit enough data for additional analysis.	Gilliam CO SO	100.0%
	Linn CO SO	100.0%
	Marion CO SO	100.0%
	Nyssa PD	100.0%
	Portland PB	100.0%
	Turner PD	100.0%
Agencies that submitted enough data for additional analysis.	Astoria PD	57.8%
	Beaverton PD	3.7%
	Boardman PD	0.8%
	Canby PD	62.6%
	Cannon Beach PD	53.1%
	Clackamas CO SO	55.1%
	Cottage Grove PD	8.3%
	Deschutes CO SO	59.4%
	Forest Grove PD	1.5%
	Hermiston PD	1.5%
	Hillsboro PD	19.0%
	Hubbard PD	55.8%
	Morrow CO SO	0.7%
	Oregon City PD	55.2%
	Oregon State Police <sup>1</sup>	1.4%
	Phoenix PD	83.5%
	Polk CO SO	65.6%
	Salem PD	13.7%
	Sherwood PD	72.1%
	Sutherlin PD	33.3%
	Tigard PD	5.8%
Tualatin PD	91.1%	
Umatilla CO SO	0.0%	
Umatilla PD	0.4%	
Washington CO SO	14.6%	
Woodburn PD	81.5%	
Yamhill CO SO	73.8%	

<sup>1</sup> Oregon State Police submitted sufficient data for the additional citation analysis, but not for arrest or search outcomes.

For the additional analysis, the CJC creates a variable indicating whether the stop outcome was a “low-discretion” offense. Oregon State Police policy identifies offenses that allow the stopping officer relatively low discretion in their decision to cite, search, and/or arrest the stopped individual. Discussions with police agencies identified the reasons for these policies as a combination of limiting liability<sup>13</sup> and state-level policies. Exact policies vary by agency, but discussions with agencies suggest that the Oregon State Police policy represents a norm across the state and the best basis for a consistent variable across agencies.<sup>14</sup> When the officer reports the reason for the most serious disposition on the stop as one of these

<sup>13</sup> For example, if a police officer stops an individual who is unlicensed that officer may be held liable if they allow that person to drive after that stop.

<sup>14</sup> The policy indicates that stops where the following were present require additional officer actions: Reckless Endangering Another Person (ORS 163.195), Aggravated Driving while Suspended or Revoked (ORS 163.196), Driving Uninsured (ORS 806.01), licensing violations (ORS 807.010, ORS 807.570), Failure to Yield to Pedestrian (ORS 811.025), Reckless Driving (ORS 811.140), Driving while Suspended or Revoked (ORS 811.175), Criminal

statutes it severely limits the officer's discretion in allowing the driver to continue driving with just a warning. This variable is added to the baseline outcome analysis, which controls for the fact that some groups may have a higher or lower propensity to be cited, searched, and/or arrested for one of these low-discretion offenses.

In Tables 4.3.2 through 4.3.5, lightly shaded predicted values indicate a result that is not statistically different (i.e., insignificant) than the actual outcome rate. Conversely, results that are the standard shade indicate a result that is statistically different (i.e., significant) than the actual outcome value. So, for example, when a result in the Original analysis column is the standard shade and the result in the Low-Discretion column is lightly shaded this indicates that the inclusion of the low-discretion variable caused the originally significant estimate to become insignificant.

Table 4.3.2 presents the baseline and additional analysis results for agencies where citation outcomes were significant in the baseline analysis. For most of these agencies the inclusion of the low-discretion variable in the analysis changes statistically significant differences between the actual and predicted citation rates to become statistically insignificant. Where statistically significant results remained, the difference between the actual and predicted rates typically closed. This suggests that, systematically across police agencies in Oregon, low-discretion policies *tend* to increase perceptible racial disparities in citations for some groups.

For one agency, Tigard PD, the addition of the low-discretion variable led to statistically significant results for the Middle Eastern group where these results were insignificant in the baseline analysis. This suggests that drivers perceived as Middle Eastern have a relatively small proportion of stops resulting in low-discretion citations for, at least, this agency.

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Driving while Suspended or Revoked (ORS 811.182), Reckless Endangerment of Highway Workers (ORS 811.231), Fleeing or Attempting to Elude (ORS 811.540), Failure to Perform Duties of a Driver (ORS 811.700, ORS 811.705), Driving Under the Influence of Intoxicants (ORS 813.010), Fleeing (811.540), Sanctions (ORS 33.045), Warrants (ORS 135.280), Failure to Appear in the First Degree (162.205), and controlled substance violations (ORS 475.752)

**Table 4.3.2. Predicted Citation Outcome – Baseline v. Low Discretion Analysis**

Agency	Race/ Ethnicity	Actual	Predictions by Analysis	
			Original	Low-Discretion
Astoria PD	Latinx	35.9%	22.2%	22.4%
Beaverton PD	Latinx	34.0%	31.7%	33.4% <sup>1</sup>
Boardman PD	Latinx	26.3%	17.5%	27.5% <sup>1</sup>
Canby PD	Latinx	40.3%	33.2%	35.4%
Cannon Beach PD	Latinx	23.7%	14.6%	-- <sup>1</sup>
Clackamas CO SO	Latinx	31.6%	29.3%	31.3% <sup>1</sup>
Clackamas CO SO	Native	39.1%	30.0%	29.1%
Cottage Grove PD	Latinx	43.2%	22.8%	31.3%
Deschutes CO SO	Latinx	14.5%	10.9%	11.8% <sup>1</sup>
Forest Grove PD	Latinx	31.2%	23.0%	28.5%
Hermiston PD	Latinx	24.6%	17.6%	20.3%
Hermiston PD	Native	32.8%	14.2%	14.4%
Hillsboro PD	Latinx	29.7%	25.8%	28.7% <sup>1</sup>
Hubbard PD	Latinx	33.1%	25.1%	30.4% <sup>1</sup>
Morrow CO SO	Latinx	25.4%	18.5%	22.9% <sup>1</sup>
Oregon City PD	Latinx	33.5%	28.5%	30.3% <sup>1</sup>
Oregon State Police	Asian	34.9%	33.3%	30.1%
Oregon State Police	Black	39.7%	34.8%	38.0%
Oregon State Police	Latinx	41.2%	34.3%	38.3%
Oregon State Police	Mideast	38.7%	33.9%	29.8%
Oregon State Police	Native	41.2%	33.8%	42.7% <sup>1</sup>
Phoenix PD	Latinx	37.9%	29.4%	31.8%
Polk CO SO	Latinx	26.8%	20.6%	23.0%
Salem PD	Latinx	62.9%	59.9%	60.8% <sup>1</sup>
Sutherlin PD	Latinx	50.2%	38.3%	38.2%
Tigard PD	Latinx	38.4%	30.9%	34.6% <sup>1</sup>
Tigard PD	Mideast	36.3%	30.4%	28.4% <sup>2</sup>
Tualatin PD	Latinx	51.9%	44.2%	-- <sup>1</sup>
Umatilla CO SO	Latinx	24.3%	15.7%	18.9%
Umatilla PD	Latinx	32.0%	24.4%	13.9%
Washington CO SO	Latinx	24.3%	19.9%	23.1% <sup>1</sup>

Unless otherwise indicated, results remained statistically significant.

1 Indicates a result that went from statistically significant to statistically insignificant.

2 Indicates a result that went from statistically insignificant to statistically significant.

Of agencies that had statistically significant search outcome results, no agencies submitted sufficient data to complete the low-discretion analysis.

**Table 4.3.3. Predicted Search Outcome – Baseline v. Low Discretion Analysis**

\*No results to report for this year’s analysis

Of agencies that had statistically significant arrest outcome results, three agencies submitted sufficient outcome reason data to conduct the additional analysis. One agency’s results became insignificant with the inclusion of the low-discretion variable, as seen in Table 4.3.4, but the other two agency’s gap between actual and predicted grew smaller.

**Table 4.3.4. Predicted Arrest Outcome – Baseline v. Low Discretion Analysis**

Agency	Race/ Ethnicity	Actual	Predictions by Analysis	
			Original	Low-Discretion
Boardman PD	Latinx	11.6%	3.8%	5.8%
Hermiston PD	Latinx	3.1%	1.7%	1.9%
Washington CO SO	Latinx	3.0%	2.3%	3.2% <sup>1</sup>

Unless otherwise indicated, results remained statistically significant.

<sup>1</sup> Indicates a result that went from statistically significant to statistically insignificant.

Similar to the citation outcome results, most agencies that had a statistically significant result for the any outcome had the estimated gaps grow smaller, as seen in Table 4.3.5 below. In many of these cases, the results became statistically insignificant in the low-discretion analysis.



**Table 4.3.5. Predicted Any Outcome – Baseline vs. Low Discretion Analysis**

Agency	Race/ Ethnicity	Actual	Predictions by Analysis	
			Original	Low-Discretion
Astoria PD	Latinx	44.7%	34.5%	34.7%
Beaverton PD	Latinx	38.2%	35.6%	37.9%
Boardman PD	Latinx	34.6%	21.4%	35.2%
Canby PD	Latinx	41.8%	34.7%	37.2%
Cannon Beach PD	Latinx	27.1%	18.0%	-- <sup>1</sup>
Clackamas CO SO	Latinx	33.8%	31.3%	31.2%
Cottage Grove PD	Latinx	43.2%	23.5%	31.8%
Deschutes CO SO	Latinx	17.1%	13.0%	14.0%
Forest Grove PD	Latinx	33.0%	24.7%	30.5% <sup>1</sup>
Hermiston PD	Latinx	26.9%	19.0%	22.1%
Hillsboro PD	Latinx	32.0%	27.7%	31.1% <sup>1</sup>
Hubbard PD	Latinx	35.5%	26.9%	32.7% <sup>1</sup>
Morrow CO SO	Latinx	26.6%	19.0%	24.0% <sup>1</sup>
Oregon City PD	Latinx	35.3%	30.5%	32.5% <sup>1</sup>
Oregon State Police	Asian	35.4%	34.0%	30.8%
Oregon State Police	Black	40.8%	35.7%	38.7%
Oregon State Police	Latinx	42.3%	35.1%	39.0%
Oregon State Police	Mideast	38.9%	34.5%	30.4%
Oregon State Police	Native	43.0%	34.9%	43.6% <sup>1</sup>
Phoenix PD	Latinx	38.3%	29.9%	24.0% <sup>1</sup>
Polk CO SO	Latinx	28.5%	21.8%	24.6%
Salem PD	Latinx	65.2%	61.9%	62.7% <sup>1</sup>
Sherwood PD	Latinx	31.5%	27.0%	30.1% <sup>1</sup>
Sutherlin PD	Latinx	50.7%	38.5%	38.6%
Tigard PD	Latinx	40.4%	33.7%	37.4% <sup>1</sup>
Tualatin PD	Latinx	52.9%	45.1%	45.9%
Umatilla CO SO	Latinx	27.7%	18.1%	21.9%
Umatilla PD	Latinx	33.2%	25.3%	30.1% <sup>1</sup>
Woodburn PD	Latinx	12.3%	8.2%	8.1%
Washington CO SO	Latinx	26.6%	21.7%	25.4% <sup>1</sup>
Yamhill CO SO	Latinx	27.2%	24.1%	25.2% <sup>1</sup>

Unless otherwise indicated, results remained statistically significant.

<sup>1</sup> Indicates a result that went from statistically significant to statistically insignificant.

<sup>2</sup> Indicates a result that went from statistically insignificant to statistically significant.

## 5. Search Findings Analysis

The second analysis conducted examining post-stop outcomes is the Search Findings analysis. Originally developed in the context of economics, various hit-rate models use outcomes as indicators of economic discrimination in areas such as mortgage loan decision making (Becker 1957, Becker 1993). In the past few decades, this approach to examining outcomes to identify discrimination has been adapted extensively in analyses of policing. The most widely used model is known as the KPT Hit-Rate model

developed by Knowles, Persico, and Todd (2001). Throughout this report, this will be referred to as the Search Findings analysis.

The Search Findings analysis examines whether the likelihood of a “successful” police search differs across racial/ethnic groups, where success is defined as finding contraband. The model assumes that officers make the decision to search a person based on visual and other contextual evidence that they are carrying contraband (e.g., location, furtive movements, or odors associated with drugs) in order to maximize search success rates. The model also assumes that motorists adjust their decision to carry contraband based on their likelihood of being searched. In the case that a certain group is more likely to carry contraband, officers will search this group more often in order to maximize their hit-rate, and the group, as a whole, will adjust their likelihood to carry contraband downward. Eventually an equilibrium is reached at which search success rates (or hit-rates) are the same across all groups. However, if officers are subjecting a group to more frequent searches based on racial or ethnic bias, then their hit-rate for that group will decrease. If a minority group’s hit-rate is less than the white hit-rate, this indicates that the minority group is “over-searched,” which is evidence of a disparity. Put simply, if search decisions are based on race/ethnicity-neutral factors, then hit-rates across all racial/ethnic groups should be similar. If they are substantially dissimilar, then a disparity is identified.

Hit-rates are calculated by dividing the number of searches in which contraband was found by the total number of searches for each racial/ethnic group. The results for non-white groups are then compared to the outcomes for white individuals to determine whether the success rates are similar. Agency level search data were analyzed for disparities between the white baseline group and individuals identified as Black, Latinx, Asian/PI, Middle Eastern, and Native American. In order to perform these analyses for an agency for a particular racial/ethnic group the agency must have searched at least 30 people of both the minority group and the white group. This protects against statistical anomalies due to low search counts and aligns with best practices.<sup>15</sup> Because of this requirement, the Search Findings analysis was unable to be performed for certain agencies and racial/ethnic groups. Finally, chi-square tests of independence with a Bonferroni adjustment were performed for each comparison to determine if observed differences in hit-rates are statistically significant. Following best practices, the STOP Program identifies all agencies with disparities in the Search Findings analysis. For individual agencies, this includes minority group hit-rates less than the white hit-rate and statistically significant at the 95 percent confidence level. See Appendix F for more detailed technical information about the KPT Hit-Rate model and statistical tests.

### 5.1. Agency-Level Search Findings Results

As in the previous two sections, analyses in this section utilized two years of data for all agencies. In this report, the Search Findings analysis was performed for each agency for up to five minority racial/ethnic groups (Black, Latinx, Asian/PI, Middle Eastern, and/or Native American) depending upon sample size. Significant results for these analyses are presented in Table 5.1.1. below. All other results for combinations of agencies and races for which the test was run can be found in Appendix F.

**Table 5.1.1. Search Findings Analysis**

Agency	White	Black	Latinx	Asian/PI	Native	Middle Eastern
Oregon State Police	61.0%	--	54.9%**	--	--	---
* p<0.05, ** p<0.01, *** p<0.001						
Full detailed results can be found in Appendix F.						

All agencies have differences in search success rates between white individuals and the comparison

<sup>15</sup> Connecticut Racial Profiling Prohibition Project (2019).

groups. These differences in nearly all cases were relatively small, and only one of the differences reported was statistically significant. Small, statistically insignificant differences in search success rates are likely to occur due to random chance even in the absence of policies or practices that could lead to disparate treatment of different groups. One search findings comparison made in this report was found to be statistically significant. Oregon State Police<sup>16</sup> was identified as having a statistically significant disparity for the Latinx group.

## 6. Conclusions

The data contained in this report are intended to be used as a tool for law enforcement, community members, researchers, Legislators and policy makers, and other interested parties to focus training and technical assistance on agencies found to have disparities in outcomes for minority groups. As described previously, STOP Program researchers utilized three rigorous statistical analyses, consistent with best practices, to identify disparities in Oregon. The use of these three tests allows the STOP Program researchers to evaluate numerous decision points before and during a stop, while also providing numerous points of analysis for disparate outcomes.

To determine if identified disparities require further analysis and support from the STOP Program and its partners at the Department of Public Safety Standards and Training (DPSST), the following criteria must be met: (1) An estimated disparity in an individual analysis must have met the 95 percent confidence level for it to be statistically significant. This means STOP Program researcher must be at least 95 percent confident that differences or disparities identified by the analyses were not due to random chance: (2) Following best practices, for a law enforcement agency to be identified as one requiring further analysis as well as DPSST technical assistance, it must be identified as having a statistically significant disparity in two of the three analytical tests performed on the STOP data. However, DPSST has and will continue to provide technical assistance to any agency, regardless of the number of analyses that are statistically significant.

Using the above-mentioned analyses and thresholds, the STOP Program identified three agencies that had statistically significant results across two of the tests performed on the data. Canby PD, Deschutes CO SO, and Oregon State Police show a statistically significant disparity in two of the analytical tests described in the report. These agencies, as well as several other agencies with a disparity identified in one test of this report, have initiated additional analysis of the STOP data. Regardless of whether an agency is officially referred to DPSST, the CJC urges each agency to scrutinize their full set of results<sup>17</sup> and engage with DPSST on any results that show a statistically significant disparity.

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<sup>16</sup> In partnership with Portland Central City Task Force, Oregon State Police (OSP) began focused enforcement in October 2023 in Portland on specific offenses related to fentanyl possession and delivery. This has resulted in increased stop volume for OSP in Multnomah County, and in particular an increase in pedestrian stops. The pedestrian stops have a higher search rate than previous trends. <https://www.portlandcentralcitytaskforce.com/>

<sup>17</sup> [https://public.tableau.com/app/profile/cjcdashboards/viz/S\\_T\\_O\\_P\\_StatisticalTransparencyofPolicing/Introduction](https://public.tableau.com/app/profile/cjcdashboards/viz/S_T_O_P_StatisticalTransparencyofPolicing/Introduction)

## 7. Oregon Law Enforcement Contacts and Data Review Committee Report

### 7.1. LECC Background

The Oregon Law Enforcement Contacts and Data Review Committee (LECC) is a statewide committee tasked with assisting Oregon law enforcement agencies in creating equitable outcomes for Oregonians. The LECC was initially created in 2001 with the passage of SB 415. In 2015, HB 2002 created a standard definition of profiling<sup>18</sup>, required agencies to adopt procedures for submitting copies of racial profiling complaints to the LECC, and tasked the LECC with establishing policies for receiving and forwarding profiling complaints to the general public (see ORS 131.915, ORS 131.920, and ORS 131.925). The administration of the LECC was transferred to Portland State University in 2007, where it remained until 2019 when it was transferred to the CJC by order of HB 5050, Section 13.

This report summarizes the information found in the profiling complaints the LECC received from Oregon law enforcement agencies in calendar years 2022 and 2023. Prior to 2022, this section was published as a separate report. Since 2022, this information has been included as an additional section within the existing STOP report. This information is provided to meet the reporting requirements described above and is not used to refer an agency to DPSST for technical assistance.

### 7.2. Summary of 2022 and 2023 Reports

Table 7.2.1. summarizes law enforcement agency reporting for 2022 and 2023. In 2022, 127 of 154 (82.5 percent) law enforcement agencies reported the number of profiling complaints they received and in 2023, 117 of 154 (76.0 percent) law enforcement agencies reported the number of profiling complaints they received for each respective calendar year. Of those agencies that reported in 2022, 23 (18.1 percent) reported at least one complaint, and across those 23 agencies there were a total of 62 complaints. In 2023, 22 (18.8 percent) agencies that reported had at least one complaint and across those agencies, 75 total complaints were received.

**Table 7.2.1. Law Enforcement Annual Reporting Compliance, 2022 and 2023**

	<b>2022</b>	<b>2023</b>
Agencies Reporting	127	117
Total Reported Complaints	62	75
Agencies Reporting No Complaints	104	94
Agencies Reporting 1+ Complaints	23	22

Table 7.2.2. shows the number of complaints reported by agency in 2022 and 2023. Across those two years, Oregon State Police had the highest complaint volume with 21 complaints, which is consistent with their position as the largest law enforcement agency by employed officers in the state. The agencies with the next highest report volume over that period were Clackamas County SO and Portland PB with 15 reported complaints apiece.

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<sup>18</sup> The law defines profiling as when “a law enforcement agency or a law enforcement officer targets an individual for suspicion of violating a provision of law based solely on the real or perceived factor of the individual’s age, race, ethnicity, color, national origin, language, gender, gender identity, sexual orientation, political affiliation, religion, homelessness or disability, unless the agency or officer is acting on a suspect description or information related to an identified or suspected violation of a provision of law.”

**Table 7.2.2. Reported Profiling Complaints by Agency, 2022 and 2023**

<b>Department</b>	<b>2022</b>	<b>2023</b>
Albany PD	0	1
Beaverton PD	2	5
Bend PD	2	7
Clackamas CO SO	9	6
Corvallis PD	2	2
Dallas PD	1	0
Deschutes CO SO	0	1
Eagle Point PD	0	1
Eugene PD	7	3
Gresham PD	1	0
Hillsboro PD	1	4
Independence PD	1	0
Jackson CO SO	0	2
Keizer PD	3	1
La Grande PD	1	0
Lake Oswego PD	2	2
Lane CO SO	1	6
Marion CO SO	1	1
Medford PD	3	2
Multnomah CO SO	0	2
Oregon City PD	1	0
Oregon State Police	10	11
OSU PD	2	0
Portland PB	5	10
Redmond PD	0	1
Springfield PD	3	4
The Dalles PD	1	0
Tigard PD	1	1
Washington CO SO	2	2
<b>Total</b>	<b>62</b>	<b>75</b>

Table 7.2.3. shows the dispositions of complaints that were reported in 2022 and 2023. The most common disposition in both years was “unfounded”, followed by “not sustained” in 2022 and “no basis for further investigation” in 2023. The disposition of one complaint in 2023 was unknown/not provided and is therefore excluded from the following table.

For comparison purposes, a report by the California Racial and Identity Profiling Advisory Board that analyzed data on 10,648 civilian complaints in California in 2020 found that 9.4 percent of all reports were sustained, with the most common disposition for that year being “unfounded” followed by “exonerated.”<sup>19</sup>

<sup>19</sup> See <https://oag.ca.gov/system/files/media/ripa-board-report-2022.pdf>

**Table 7.2.3. Reported Profiling Complaints by Disposition, 2022 and 2023**

<b>Disposition</b>	<b>2022</b>	<b>2023</b>
Exonerated	2	8
Not Sustained	10	4
Unfounded	33	43
Administrative Closure	3	7
No Basis for Further Investigation	9	11
Other	3	4

The reports received by law enforcement agencies varied greatly in terms of providing details about the incidents being reported on, which made it difficult for CJC researchers to identify trends in the nature of these incidents. This indicates that law enforcement agencies may need further guidance on filling out these forms. In addition, it is difficult to determine what proportion of actual incidents of racial profiling in Oregon these reports represent.

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Appendix A – List of Law Enforcement Agencies by Tier

**Table A.1. Tier 1 Agencies**

Beaverton PD	Hillsboro PD	Oregon State Police
Clackamas County SO	Marion County SO	Portland PB
Eugene PD	Medford PD	Salem PD
Gresham PD	Multnomah County SO	Washington County SO

**Table A.2. Tier 2 Agencies**

Albany PD	Jackson County SO	Oregon City PD
Ashland PD	Keizer PD	OHSU PD
Bend PD	Klamath County SO	Polk County SO
Benton County SO	Klamath Falls PD	Port of Portland PD
Canby PD	Lake Oswego PD	Redmond PD
Central Point PD	Lane County SO	Roseburg PD
Corvallis PD	Lebanon PD	Springfield PD
Deschutes County SO	Lincoln City PD	Tigard PD
Douglas County SO	Lincoln County SO	Tualatin PD
Forest Grove PD	Linn County SO	University of Oregon PD
Grants Pass PD	McMinnville PD	West Linn PD
Hermiston PD	Milwaukie PD	Woodburn PD
Hood River County SO	Newberg-Dundee PD	Yamhill County SO

**Table A.3. Tier 3 Agencies**

Astoria PD	Hubbard PD	Prineville PD
Aumsville PD	Independence PD	Rainier PD
Baker City PD	Jacksonville PD	Reedsport PD
Baker County SO	Jefferson County SO	Rockaway Beach PD*
Bandon PD	John Day PD*	Rogue River PD
Black Butte Ranch PD	Josephine County SO	Sandy PD
Boardman PD	Junction City PD	Scappoose PD
Brookings PD	La Grande PD	Seaside PD
Burns PD	Lake County SO	Sherman County SO
Butte Falls PD	Madras PD	Sherwood PD
Cannon Beach PD	Malheur County SO	Silverton PD
Carlton PD	Malin PD	St. Helens PD
Clatsop County SO	Manzanita DPS	Stanfield PD
Coburg PD	Merrill PD	Stayton PD
Columbia City PD	Milton-Freewater PD	Sunriver PD
Columbia County SO	Molalla PD	Sutherlin PD
Coos Bay PD	Monmouth PD	Sweet Home PD
Coos County SO	Morrow County SO	Talent PD
Coquille PD	Mt. Angel PD	The Dalles PD
Cottage Grove PD	Myrtle Creek PD	Tillamook County SO
Crook County SO	Myrtle Point PD	Tillamook PD
Curry County SO	Newport PD	Toledo PD
Dallas PD	North Bend PD	Turner PD
Eagle Point PD	Nyssa PD	Umatilla County SO
Enterprise PD	Oakridge PD	Umatilla PD
Florence PD	Ontario PD	Union County SO
Gearhart PD	OSU PD	Union Pacific Railroad PD
Gervais PD	Pendleton PD	Vernonia PD
Gilliam County SO	Philomath PD	Wallowa County SO
Gladstone PD	Phoenix PD	Warrenton PD
Gold Beach PD	Pilot Rock PD	Wasco County SO
Grant County SO	Portland Fire Bureau Investigations	Wheeler County SO
Harney County SO	Port Orford PD	Winston PD
Hines PD	PSU CPS	Yamhill PD
Hood River PD	Powers PD	

\*Inactive Agencies

## Appendix B –Background

### B.1. House Bill (HB) 2355 (2017)

Efforts by the State of Oregon to collect data regarding stops of individuals made by law enforcement began with the passage of HB 2433 in 1997, which mandated that law enforcement agencies develop written policies related to traffic stop data collection. Following the passage of HB 2433, the Governor’s Public Safety Policy and Planning Council recommended that a full statewide data collection effort be initiated legislatively. It was not until 2001, however, that the Legislature again considered the collection of police stop data. In Senate Bill (SB) 415 (2001), the Legislature created the Law Enforcement Contacts Policy & Data Review Committee (LECC), which provided for the voluntary collection of stop data by law enforcement agencies, and for analysis of collected data by the LECC.

Apart from a brief hiatus from 2003 to 2005, the LECC engaged with law enforcement agencies throughout the 2000s and 2010s to examine stop data. During this period, however, challenges were encountered related to the creation of a comprehensive database of stops, given that few agencies in Oregon collected stop data and/or elected to partner with the LECC for data analysis. As a remedy, the Legislature passed HB 2355 in 2017, which led to the creation of the STOP Program. The STOP Program represents the culmination of the process started in 1997 and is the first statewide data collection and analysis program focused on traffic and pedestrian stops in Oregon.

HB 2355, which is codified in ORS 131.930 et seq., created a statewide data collection effort for all officer-initiated traffic<sup>20</sup> and pedestrian<sup>21</sup> stops that are not associated with calls for service. The aim of HB 2355 was to collect data regarding discretionary stops, as opposed to stops where discretion was absent. The CJC, in partnership with the Oregon State Police and the Department of Justice, worked to develop a standardized method for collecting the data elements required by statute, which include data regarding both the stop itself as well as demographic characteristics of the stopped individual (for a description of the STOP Program data elements utilized in this report, see Section 2.3.1.).

To implement the STOP Program, HB 2355 established a three-Tiered approach, whereby the largest law enforcement agencies in the state would begin to collect data and report in the first year, followed by medium and small agencies in the next two years, respectively. Table 1.1. reports the inclusion criteria for each Tier as well as the data collection and reporting dates. A full list of agencies broken down by Tier can be found in Appendix A.

**Table B.1.1. Three-Tier Reporting Approach in HB 2355 (2017)**

<b>Tier</b>	<b>Number of Officers per Agency</b>	<b>Data Collection Began</b>	<b>Reporting Began</b>
Tier 1	100+	July 1, 2018	July 1, 2019
Tier 2	25-99	July 1, 2019	July 1, 2020
Tier 3	1-24	July 1, 2020	July 1, 2021

<sup>20</sup> Officer initiated traffic stops are defined as any “detention of a driver of a motor vehicle by a law enforcement officer, not associated with a call for service, for the purpose of investigating a suspected violation of the Oregon Vehicle Code” (ORS 131.930 § 4). Included with traffic stops are stops made of individuals operating bicycles. Stops involving operators of watercraft, however, are not included in the stop database, as watercraft violations fall outside the Oregon Vehicle Code (see ORS Chapter 830).

<sup>21</sup> Officer initiated pedestrian stops are defined as “a detention of a pedestrian by a law enforcement officer that is not associated with a call for service. The term does not apply to detentions for routine searches performed at the point of entry to or exit from a controlled area” (ORS 131.930 § 3).

In the development of the standardized data collection method, the primary goals of the STOP Program were to ensure that (1) all data collected are as accurate and complete as possible, (2) data collection methods are minimally impactful to each agency's workload and free or affordable for each agency, and (3) data collection methods are minimally impactful on law enforcement personnel to ensure that officer safety is not negatively impacted during the data collection process. As such, the STOP Program contracted with a technology vendor to develop software that could both collect and receive stop data via multiple submission methods.

The STOP Program software solution includes three methods of data collection/input. First, the software can receive data from local agencies' records management systems. Under this approach, an agency with the ability to collect stop data through its own preexisting systems can integrate stop data collection requirements into their in-car or e-ticketing system, recording the data internally before submitting the required data fields to the STOP Program in electronic format via a secure data connection. Second, for agencies that either cannot or choose not to integrate the required stop data fields into their preexisting systems, the STOP Program provides a free web application that can be loaded on officers' in-car computers (or other similar devices, like iPads) and used when a stop is made that requires data collection under the requirements of HB 2355. Third, the STOP Program provides mobile applications free of charge for both iPhones and Android phones through which officers can submit stop data for qualifying police-citizen interactions under HB 2355.

## B.2. Methodological Approach

### B.2.1. Background

The formal examination of police traffic and pedestrian stop data began in the U.S. in the mid-1990s. Advocacy groups have long cited anecdotal evidence supporting the notion that law enforcement applies different standards to minority drivers and pedestrians. Specific and systematic measurement of police practices during citizen stops, however, did not occur until court cases alleging racial bias in policing were filed (see *Wilkins v. Maryland State Police* (1995) and *State of New Jersey v. Soto et al.* (1996)). Building on this foundation, the US Department of Justice and several other organizations began hosting conferences related to the improvement of police-community relationships with a specific focus on the collection, analysis, and public reporting of traffic and pedestrian stop data. In response, many states mandated the collection of traffic stop data. In states that had yet to require data collection, many local jurisdictions and departments started collecting and analyzing stop data on their own.

During the approximately three decades that stop data have been studied, the majority of analyses have relied on population-based benchmarks. This approach compares the demographic breakdown of stopped individuals to residential census data. Benchmarks are both intuitive and relatively simple to calculate, but the comparisons that result are overly simplistic and often biased or invalid (see Neil and Winship 2018). The concerns regarding population-based benchmarks are many and discussed at length in academic research as well as in a companion research brief released by the STOP Program in 2018<sup>22</sup>. The central thrust of these critiques is that the driving population in a given area (which forms the pool of individuals at risk for being stopped) is often unrelated to the residential population of that area. There are myriad reasons for this (e.g., commuting patterns and tourism), all of which lead to a disjuncture between residential demographics and driving population demographics in a given area.

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<sup>22</sup> See STOP Program Research Brief: Analytical Approaches to Studying Stops Data (October 2018), which can be found at [Traffic Stop Research Memo Final Draft-10-16-18.pdf \(oregon.gov\)](https://www.oregon.gov/transportation/stop-research/Traffic_Stop_Research_Memo_Final_Draft-10-16-18.pdf).

## B.2.2. Oregon STOP Program Analyses

To address the shortcomings of population-based benchmark analyses, researchers and statisticians have developed several statistical approaches that allow for more precise and less biased estimates of disparities in stop data. The STOP Program relies on three of these analyses. The decision to utilize multiple tests was based on two factors.

First, there are multiple opportunities within a police-community member interaction where disparate treatment may be present. Initially, it is tempting to view a stop as a single instance of law enforcement-citizen contact that can be assessed for the presence or absence of discriminatory behavior by a law enforcement agent. Race/ethnicity could be a factor in each decision to stop, search, cite, and/or arrest an individual. This distinction is critical, because both the data and analytical techniques required to analyze the various decision points found in a single stop differ. STOP Program researchers address each of these decision points separately.

Second, while the statistical tests utilized by the STOP Program represent the gold standard<sup>23</sup> in law enforcement stop data analyses, the application of multiple tests is also necessary to address the possibility that any single analysis could produce false positives or false negatives. Statistics are estimates and some degree of error could influence results, whether stemming from data collection practices, errors in reporting, or the like. The three analyses utilized by the STOP Program are<sup>24</sup>:

**Decision to Stop Analysis.** The Decision to Stop analysis takes advantage of natural variations in daylight and darkness throughout the year to examine the initial decision to stop an individual. Based on the assumption that it is easier for an officer to discern race/ethnicity during the day when it is light than during the night when it is dark, this analysis compares stop rates for minority individuals to those for white individuals during the time windows surrounding sunrise and sunset. If, as demonstrated by the statistics that result from the Decision to Stop analysis, minority individuals are more likely to be stopped in the daylight when race/ethnicity is easier to detect, then there is evidence of a disparity.

**Stop Outcomes Analysis.** The Stop Outcomes analysis examines matched groups using a statistical technique called propensity score analysis to explore whether disparities exist in stop outcomes (i.e., citations, searches, or arrests). This test matches stop data between two groups based on all available characteristics, only allowing race/ethnicity to vary between the two groups being compared. This means that the analysis compares white and Black groups, for example, who have identical proportions of gender, age, stop time of the day, stop day of the week, reason for the stop, season of the year, whether the stop was made in the daylight, and agency and county stop volumes. The test determines whether one group is cited more often, searched more often, or arrested more often. If, after matching on all the factors listed above and further controlling for these factors with regression analysis, minority individuals are either cited, searched, or arrested more often than similarly situated white individuals, then there is evidence of a disparity.

**Search Findings Analysis.** The Search Findings analysis compares relative rates of successful searches (i.e., those resulting in the seizure of contraband) across racial/ethnic groups. It is based on the assumption that if search decisions by officers are based on race/ethnicity neutral criteria, then search success rates should be similar, if not identical, across different racial/ethnic categories. If, however, search success rates differ and the search success rates for minority individuals are significantly lower

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<sup>23</sup> The analytical approach utilized by the STOP Program is based on the work conducted by the Connecticut Racial Profiling Prohibition Project, which employs research and analytical techniques that have been peer reviewed by academics who specialize in the study of racial/ethnic disparities in law enforcement contacts.

<sup>24</sup> More detailed and technical descriptions of these analyses can be found in Appendices E, F, and G.

than those reported for white individuals, then there is evidence of a disparity.

### B.2.3. Analytical Sample

#### B.2.3.1. Data Elements

A total of 582,500 records were submitted by 142 Tier 1, Tier 2, and Tier 3 agencies during the sixth year of data collection. As required by HB 2355 (2017), agencies submit numerous data points, including information regarding the stop itself as well as information regarding the stopped individual. While HB 2355 is clear regarding the data elements the STOP Program is required to collect, it did not define these elements. To fill this gap, the Oregon State Police assembled a group of stakeholders, which included representatives from law enforcement, community groups, state agencies, and the Oregon Legislature, to formally define the following data elements required for submission by the statute:

*Date and Time the Stop Occurred.* Law enforcement personnel are required to record the date (month/day/year) and time that the stop occurred. The data is further categorized into day of the week and season. Stop times are recorded on a 24-hour clock (“military time”) and converted to 12-hour clock time for this report.

*Type of Stop.* As required by HB 2355, both traffic and pedestrian stops are reported by law enforcement. Included in the database is a binary variable denoting whether the record is for a traffic or pedestrian stop. During the analysis of this data element, it was discovered that in a number of cases, stops were coded as “pedestrian” that were clearly for moving or other traffic violations. Similarly, some stops were coded as “traffic” that were clearly violations by pedestrians. These stops were recoded by STOP Program researchers to the appropriate categories<sup>25</sup>.

*Perceived Race/Ethnicity of Subject.* Law enforcement officers are required by HB 2355 to record their perception of a subject’s race/ethnicity (only the perceived race/ethnicity of the driver, not the passenger(s), is reported for traffic stops). The categories included in the data collection are: white, Black, Latinx, Asian or Pacific Islander (hereinafter, Asian/PI), Native American, and Middle Eastern. The STOP data solution combines race and ethnicity into a single variable, and allows for one option to be selected. This differs from defined Census categories<sup>26</sup>, and doesn’t account for the additional nuance of multiple races and individuals who are not white and Latinx. However, to simplify the data collection process and in recognition of the challenges for law enforcement officers to record perceived race/ethnicity, a single combined variable is available.

*Perceived Gender of Subject.* Law enforcement officers are required by HB 2355 to record their perception of a subject’s gender (for traffic stops, only the perceived gender of the driver, not the passenger(s) is reported). The categories included in the data collection are male, female, and nonbinary.

*Perceived Age of Subject.* Law enforcement officers are required by HB 2355 to record their perception of a subject’s age, which is entered as a whole number (for traffic stops, only the perceived age of the driver, not the passenger(s) is reported).

*Legal Basis for the Stop.* The legal basis for each stop is reported to the STOP Program. This includes

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<sup>25</sup> For instance, 212 Year 6 stops were labeled as traffic stops, but the citation code was ORS 814.070, which refers to a pedestrian improperly proceeding along a highway. These stops were reclassified by CJC researchers as pedestrian stops.

<sup>26</sup> See U.S. Census Bureau at <https://www.census.gov/topics/population/race/about.html> and <https://www.census.gov/topics/population/hispanic-origin/about.html>

violations of an Oregon statute, a municipal traffic code, a municipal criminal code, a county code, TriMet rules/regulations, or a federal statute.

*Oregon Statutory Violations Detail.* For violations of an Oregon statute, which represent over 90 percent of all stops, law enforcement provides the specific ORS code corresponding to the violation. In this data element, over 700 different ORS codes were reported during the first year of data collection. To simplify the use of this information in the models conducted in the remainder of this report, the STOP Program research team aggregated these violations into the following categories: serious moving violations; minor moving violations; equipment, cell phone, and seat belt violations; registration and license violations; and “other” violations (e.g., criminal offenses, camping violations)<sup>27</sup>.

*Disposition of the Stop.* The final disposition for each stop is reported by law enforcement officers. The categories included in the data collection are: nothing; warning; citation; juvenile summons; and arrest. It is important to note that stops can have multiple dispositions (e.g., an individual could be both cited for a traffic violation and arrested for a crime), however, only the final, or most serious, disposition is reported into the STOP Program database. This means that the categories for warnings, citations, and juvenile summons could be undercounted. For the analyses examining stop disposition in this report, the juvenile summons category was removed from the data set because the Year 6 data included only 125 juvenile summons (0.02 percent of all dispositions).

*Whether a Search was Conducted.* Law enforcement officers report whether or not a search was conducted, which is recorded as a binary in the STOP Program database. Searches incident to arrest and other non-discretionary searches are not recorded.

*Justification for the Search.* Law enforcement officers can provide several bases for a search using the following categories: consent search; consent search denied; or “other” search. The “other” search category includes frisks, probable cause searches, and other administrative searches. Multiple data points are allowed so that the data can include several search justifications. For example, if an officer initially requests to search an individual but consent is not given, an officer may then perform a search based on probable cause. In this example, the officer could record both “consent search denied” as well as “other search” into the database.

*Search Findings.* Seven categories were predefined by the STOP Program stakeholder engagement group with regard to search findings. These categories are: nothing; alcohol; drugs; stolen property; weapon(s); other evidence; and other non-evidence. Officers are permitted to report up to six search findings to the STOP database so that searches resulting in the seizure of multiple types of contraband are properly documented.

*Stop Location.* Law enforcement officers are required by HB 2355 to record the location of the stop. The form in which these data are submitted varies by agency. Some agencies report latitude and longitude X,Y coordinates, while others submit textual descriptions of the location (e.g., 123 Main Street, intersection of Main and Maple Streets).

The STOP Program created four of its own variables for use in its analyses. Following best practices, variables representing both the daily agency stop volume and daily county stop volume were created. For agency stop volume, the aggregate number of stops for a single date are divided by the maximum number of daily stops for the agency unit in question. Thus, if an agency stopped 1,000 drivers on its busiest day, this would be the denominator against which all other days would be compared. A measure of the county stop volume would be calculated the same way, although all stops made by agencies within a single

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<sup>27</sup> Details on the offenses falling into each category are available upon request.

county would be included together. Additionally, variables representing sunrise time and sunset time were made for use in the Decision to Stop and Stop Outcomes analyses<sup>28</sup>. Every traffic stop is defined to have occurred in daylight or darkness based on the date, time, and location of the stop. Astronomical data from the United States Naval Observatory is used to determine the sunrise, sunset, and start and end of civil twilight.

In 2019 and 2021, the STOP program added two additional optional data categories. First, in July 2019, the STOP Program began collecting data on whether the stopped individual was perceived prior to the police stop. This data point is particularly valuable in the Decision to Stop analysis which relies on the assumption that the race of the driver will be harder for the officer to perceive in darkness. Data on whether the subject, and their race, was perceived prior to the stop enables analysts to test the Decision to Stop assumption. Second, beginning in February 2021, law enforcement agencies were able to start submitting additional data to the STOP Program on the reason for the most serious stop disposition. Previously, for example, if an officer stopped someone for a moving violation but the stop ended in arrest because of an outstanding warrant, analysts would only be able to see a moving violation ending in arrest. This additional data point allows the STOP program analysts to more accurately account for the reason for the stop disposition. These additional data points are submitted voluntarily by STOP agencies. Appendix D includes an additional analysis for the Stop Outcomes analysis for agencies that submitted the additional optional variables.

#### B.2.3.2. Sample

While the overall number of records was substantial, the STOP Program team faced challenges with regard to sample size when the data were broken down into subsamples based on race/ethnicity and agency. Tier 3 agencies have fewer officers than Tier 1 and Tier 2 agencies, and therefore submit a relatively low number of police stops. For example, four Tier 3 agencies made fewer than 100 stops in Year 5. In cases where the sample size is too small, statistical analyses cannot be conducted.

**Table B.2.3.2.1. Sample Size Thresholds for Conducting Statistical Analyses**

Statistical Test	Sample Size Threshold
Decision to Stop	Minimum of 100 observations for an individual racial/ethnic group <sup>29</sup>
Stop Outcomes	Model convergence <sup>30</sup>
Search Findings	Minimum 30 observations per racial/ethnic group analyzed; no cell with less than 5 observations

To determine appropriate thresholds for sample size, the STOP Program relied on established criteria set in the academic and professional literature. Drawing on standards described by Wilson, Voorhis, and Morgan (2007), the STOP Program used the sample size thresholds in Table B.2.3.2.1.

<sup>28</sup> Sunrise time and sunset time were also used for analysis conducted for the 2019, 2020, and 2021 STOP reports. They were not explicitly listed in this section previously, however their construction is the same as in the past.

<sup>29</sup> Wilson, Voorhis, and Morgan (2007: 48) recommend that for regression equations where six or more variables are included in the model, “an absolute minimum of 10 participants per predictor variable is appropriate.” While this is the minimum, if possible, they recommend 30 participants per predictor. Further, in instances where the outcome variable is skewed due to the small sizes of minority groups relative to the white group, larger sample sizes are needed. In this report, the STOP research team elected to use the 10-participant minimum, which when multiplied by 10 predictor variables sets the minimum number of observations for an individual racial/ethnic group at 100.

<sup>30</sup> All possible racial group and stop outcome models are estimated in Stata (a statistical software for data analysis). Models that did not converge are not included in the results.



The sample size issue identified above had a significant impact on the STOP Program research team's ability to conduct analyses on each of the racial/ethnic groups found in the stop database. Table 2.1.4., Table 2.1.5., and Table C.1. in Appendix C report the breakdown by race/ethnicity and agency for all Tier 1, Tier 2, and Tier 3 agencies, respectively, for stops occurring from July 1, 2023, through June 30, 2024, the most recent year of data collection.

In several cases, even with two years of data, the total number of stopped individuals for certain racial/ethnic groups falls under the thresholds defined in Table B.2.3.2.1. Further, once the STOP Program research team began to analyze subsets of the data (e.g., only those individuals who were searched, or arrested; those observations that met the standards to be included in the Decision to Stop), many of these counts fell under the requisite thresholds. To combat sample size issues, this report includes two years of data in all analyses.

A final concern is the prevalence of missing data. Resource limitations at some law enforcement agencies with a small number of staff is a challenge for STOP data submission and increases the potential for missing data. These resource and staffing limitations are likely exacerbated by the impacts of the COVID-19 pandemic, with Tier 3 agencies beginning data collection in July 2020 shortly after the pandemic started. Missing data in the context of the STOP Program could come from two sources. First, a data point could be missing because it was never entered. Second, a data point could be submitted in an invalid format which lacks the information necessary to determine where it fits into the STOP Program data schema. Missing data attributable to both of these sources were found.

#### B.2.4. Threshold for Statistical Significance

To determine if disparities identified in this report warrant additional in-depth analysis and/or technical assistance from the DPSST, STOP Program researchers reviewed the results of each of the three analyses conducted on the STOP Program data. For each individual analysis, an estimated disparity must meet the 95 percent confidence level for it to be statistically significant. This means that the STOP Program research team must be at least 95 percent confident that differences or disparities identified by the analyses were not due to random variation in statistical estimates. In some cases, confidence in the reported results exceeded the 95 percent confidence threshold.

When possible, multiple comparisons were made for each agency test. In situations where multiple tests are employed, all of which may indicate statistical significance, best practices require Bonferroni adjustments<sup>31</sup> to adjust for the likelihood of a given test yielding a false positive result. The Bonferroni adjustment differed for each agency test, contingent on the number of comparisons made. The number of comparisons is detailed in Table B.2.4.1. Some agencies had too few stops of Asian/PI, Black, Latinx, Middle Eastern, or Native American individuals to run tests for each group. Therefore, the magnitude of the Bonferroni adjustment may differ by agency, based on the number of tests run for that agency.

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<sup>31</sup> The Bonferroni Adjustment is a widely used statistical method that protects against the multiple comparison problem. For statistical tests that make multiple comparisons (for example, a single agency is tested for multiple race groups), the likelihood of finding a statistically significant result is higher. The Bonferroni Adjustment controls for that higher likelihood by raising the threshold for statistical significance for any one of the multiple comparisons, dependent upon the actual number of comparisons. See an example of how the Adjustment is used for the Search Findings Analysis in Appendix F.

**Table B.2.4.1. Bonferroni Adjustment by Analysis**

<b>Analysis</b>	<b>Number of Comparisons per Agency</b>
Decision to Stop	Up to 5 comparisons
Stop Outcomes	Up to 20 comparisons
Search Findings	Up to 5 comparisons

Beyond the 95 percent confidence threshold for each individual analysis, STOP Program researchers also established a threshold at which identified disparities warrant further investigation and technical assistance from DPSST at the project level. Following best practices and the “gold standard” analyses conducted by the State of Connecticut<sup>32</sup>, for a law enforcement agency to be identified as one requiring further analysis as well as DPSST technical assistance, it must be identified as having a statistically significant disparity in at least two of the three analytical tests performed on the STOP data<sup>33</sup>. The justification for this approach mirrors the reasoning behind the utilization of multiple tests to examine the data acquired for this project. As discussed previously, given that the statistical output provided in this report in many instances are estimates which could lead to false positives or false negatives in any single analysis, best practices suggest that caution should be taken when examining and interpreting results from the statistical tests we performed.

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<sup>32</sup> The Connecticut Racial Profiling Prohibition Project is located at <http://www.ctrp3.org/>.

<sup>33</sup> The State of Connecticut applies a sliding scale in its analyses, whereby a disparity identified via the Veil of Darkness analysis alone results in an agency being identified for further analysis. For its other analyses, two or more identified disparities results in further analysis. Unlike Connecticut, the Oregon STOP Program treats all three of its analyses as coequal while retaining the two-or-more-out-of-three threshold.

Appendix C – Stop Characteristics for Tier 3 Agencies

**Table C.1. Race/Ethnicity Reporting for Tier 3 Agencies – Year 6**

Agency	Asian/PI	Black	Latinx	Middle Eastern	Native	White	Total
Astoria PD	37	39	217	3	0	1,909	2,205
Aumsville PD	11	12	171	6	0	640	840
Baker CO SO	12	11	58	7	0	946	1,034
Baker City PD	3	6	30	4	1	496	540
Bandon PD	1	1	0	0	0	21	23
Black Butte Ranch PD	8	5	26	4	0	253	296
Boardman PD	2	9	326	0	2	176	515
Brookings PD	54	21	186	11	7	1,557	1,836
Burns PD	15	20	40	8	0	399	482
Cannon Beach PD	69	30	206	29	1	1,591	1,926
Carlton PD	8	5	38	3	0	240	294
Clatsop CO SO	56	49	242	14	1	2,272	2,634
Coburg PD	18	24	100	18	0	609	769
Columbia CO SO	30	34	107	11	1	1,711	1,894
Columbia City PD	3	4	18	3	1	169	198
Coos Bay PD	40	44	181	7	5	3,699	3,976
Coos CO SO	7	1	37	1	2	365	413
Coquille PD	3	4	24	1	2	409	443
Cottage Grove PD	18	7	61	1	0	530	617
Crook CO SO	24	19	167	6	1	1,523	1,740
Curry CO SO	15	6	21	6	0	366	414
Dallas PD	32	24	160	8	0	996	1,220
Eagle Point PD	29	25	231	7	0	1,602	1,894
Enterprise PD	0	1	1	1	0	7	10
Florence PD	2	6	12	1	0	475	496
Gearhart PD	6	4	35	3	0	233	281
Gervais PD	1	1	3	0	0	12	17
Gilliam CO SO	50	79	368	11	5	2,108	2,621
Gladstone PD	93	118	310	42	9	1,852	2,424
Gold Beach PD	11	6	24	18	1	331	391
Harney CO SO	8	7	20	3	2	165	205
Hood River PD	39	29	399	13	7	1,024	1,511
Hubbard PD	11	8	383	1	0	281	684
Independence PD	38	50	442	10	3	989	1,532
Jefferson CO SO	43	15	181	5	2	967	1,213
Josephine CO SO	13	24	99	4	0	959	1,099
Junction City PD	8	10	21	4	0	240	283
La Grande PD	37	10	26	4	0	454	531
Madras PD	8	5	26	3	2	70	114
Malheur CO SO	0	4	48	0	0	113	165

(Table C.1. continued on next page)

Malin PD	4	11	77	2	0	131	225
Manzanita PD	17	6	17	5	0	190	235
Milton-Freewater PD	10	10	230	3	1	531	785
Molalla PD	21	20	189	9	5	1,197	1,441
Monmouth PD	63	58	275	14	1	920	1,331
Morrow CO SO	9	10	566	3	10	1,171	1,769
Mt. Angel PD	8	5	69	2	0	126	210
Myrtle Creek PD	10	15	39	9	0	959	1,032
Myrtle Point PD	1	1	4	1	0	36	43
Newport PD	19	11	146	4	1	706	887
Nyssa PD	0	1	32	0	0	50	83
OSU PD	69	52	83	17	9	502	732
Oakridge PD	14	1	11	7	0	117	150
Ontario PD	3	3	127	1	1	173	308
PSU CPS	0	0	0	0	0	1	1
Pendleton PD	46	50	151	6	47	1,215	1,515
Philomath PD	48	29	157	19	5	1,101	1,359
Phoenix PD	22	55	254	9	0	1,115	1,455
Pilot Rock PD	16	2	25	1	0	284	328
Port Orford PD	14	3	13	1	0	125	156
Powers PD	3	0	1	0	0	56	60
Prineville PD	1	4	46	2	0	588	641
Rainier PD	4	5	17	1	0	207	234
Reedsport PD	0	0	5	0	0	22	27
Rogue River PD	6	3	22	2	0	195	228
Sandy PD	73	75	262	20	23	2,151	2,604
Seaside PD	62	69	333	22	4	2,178	2,668
Sherman CO SO	64	33	183	17	0	665	962
Sherwood PD	192	145	692	68	18	4,092	5,207
Silverton PD	9	28	315	3	1	1,281	1,637
Stanfield PD	8	21	214	8	8	494	753
Stayton PD	13	11	98	7	0	630	759
Sunriver PD	28	11	107	14	0	1,339	1,499
Sutherlin PD	24	29	96	18	0	1,019	1,186
Sweet Home PD	5	7	18	0	2	528	560
Talent PD	32	35	146	7	0	909	1,129
The Dalles PD	9	10	106	5	6	312	448
Tillamook CO SO	30	9	123	12	0	828	1,002
Tillamook PD	70	23	250	20	7	1,502	1,872
Toledo PD	7	10	63	1	7	634	722
Turner PD	7	9	58	3	1	300	378
Umatilla CO SO	7	20	386	13	8	801	1,235
Umatilla PD	18	48	1022	3	24	999	2,114
Union CO SO	13	15	42	11	2	248	331
Vernonia PD	2	2	5	0	0	122	131

(Table C.1. continued on next page)

Wallowa CO SO	1	0	10	1	1	139	152
Warrenton PD	35	35	139	2	0	1,559	1,770
Wasco CO SO	7	12	107	3	11	389	529
Wheeler CO SO	6	3	22	2	0	204	237
Winston PD	14	15	42	3	0	959	1,033
Yamhill PD	23	18	130	12	0	532	715
<b>Total Tier 3</b>	<b>2,030</b>	<b>1,825</b>	<b>12,570</b>	<b>674</b>	<b>258</b>	<b>69,291</b>	<b>86,648</b>

**Table C.2. Tier 3 Agency Stops by Stop Type**

Agency	Traffic		Pedestrian		Total
Astoria PD	2,202	99.9%	3	0.1%	2,205
Aumsville PD	840	100.0%	0	0.0%	840
Baker CO SO	1,034	100.0%	0	0.0%	1,034
Baker City PD	540	100.0%	0	0.0%	540
Bandon PD	23	100.0%	0	0.0%	23
Black Butte Ranch PD	296	100.0%	0	0.0%	296
Boardman PD	544	99.8%	1	0.2%	545
Brookings PD	1,836	100.0%	0	0.0%	1,836
Burns PD	482	100.0%	0	0.0%	482
Cannon Beach PD	1,924	99.9%	2	0.1%	1,926
Carlton PD	288	98.0%	6	2.0%	294
Clatsop CO SO	2,634	100.0%	0	0.0%	2,634
Coburg PD	768	99.9%	1	0.1%	769
Columbia CO SO	1,887	99.6%	7	0.4%	1,894
Columbia City PD	198	100.0%	0	0.0%	198
Coos Bay PD	3,976	100.0%	0	0.0%	3,976
Coos CO SO	409	99.0%	4	1.0%	413
Coquille PD	443	100.0%	0	0.0%	443
Cottage Grove PD	615	99.7%	2	0.3%	617
Crook CO SO	1,739	99.9%	1	0.1%	1,740
Curry CO SO	413	99.8%	1	0.2%	414
Dallas PD	1,220	100.0%	0	0.0%	1,220
Eagle Point PD	1,892	99.9%	2	0.1%	1,894
Enterprise PD	10	100.0%	0	0.0%	10
Florence PD	496	100.0%	0	0.0%	496
Gearhart PD	280	99.6%	1	0.4%	281
Gervais PD	17	100.0%	0	0.0%	17
Gilliam CO SO	2,989	99.9%	4	0.1%	2,993
Gladstone PD	2,403	99.1%	21	0.9%	2,424
Gold Beach PD	391	100.0%	0	0.0%	391
Harney CO SO	205	100.0%	0	0.0%	205
Hood River PD	1,511	100.0%	0	0.0%	1,511
Hubbard PD	677	99.0%	7	1.0%	684

(Table C.2. continued on next page)

Independence PD	1,529	99.8%	3	0.2%	1,532
Jefferson CO SO	1,210	99.8%	3	0.3%	1,213
Josephine CO SO	1,099	100.0%	0	0.0%	1,099
Junction City PD	283	100.0%	0	0.0%	283
La Grande PD	531	100.0%	0	0.0%	531
Madras PD	114	100.0%	0	0.0%	114
Malheur CO SO	165	100.0%	0	0.0%	165
Malin PD	225	100.0%	0	0.0%	225
Manzanita PD	235	100.0%	0	0.0%	235
Milton-Freewater PD	780	99.4%	5	0.6%	785
Molalla PD	1,435	99.6%	6	0.4%	1,441
Monmouth PD	1,330	99.9%	1	0.1%	1,331
Morrow CO SO	2,007	99.7%	7	0.4%	2,014
Mt. Angel PD	210	100.0%	0	0.0%	210
Myrtle Creek PD	1,027	99.5%	5	0.5%	1,032
Myrtle Point PD	43	100.0%	0	0.0%	43
Newport PD	923	99.9%	1	0.1%	924
Nyssa PD	83	100.0%	0	0.0%	83
OSU PD	709	96.9%	23	3.1%	732
Oakridge PD	150	100.0%	0	0.0%	150
Ontario PD	308	100.0%	0	0.0%	308
PSU CPS	1	100.0%	0	0.0%	1
Pendleton PD	1,467	96.8%	48	3.2%	1,515
Philomath PD	1,357	99.9%	2	0.2%	1,359
Phoenix PD	1,454	99.9%	1	0.1%	1,455
Pilot Rock PD	328	100.0%	0	0.0%	328
Port Orford PD	156	100.0%	0	0.0%	156
Powers PD	60	100.0%	0	0.0%	60
Prineville PD	651	100.0%	0	0.0%	651
Rainier PD	234	100.0%	0	0.0%	234
Reedsport PD	27	100.0%	0	0.0%	27
Rogue River PD	228	100.0%	0	0.0%	228
Sandy PD	2,595	99.7%	9	0.4%	2,604
Seaside PD	2,665	99.9%	3	0.1%	2,668
Sherman CO SO	962	100.0%	0	0.0%	962
Sherwood PD	5,180	99.5%	27	0.5%	5,207
Silverton PD	1,568	95.8%	69	4.2%	1,637
Stanfield PD	886	99.9%	1	0.1%	887
Stayton PD	759	100.0%	0	0.0%	759
Sunriver PD	1,497	99.9%	2	0.1%	1,499
Sutherlin PD	1,185	99.9%	1	0.1%	1,186
Sweet Home PD	560	100.0%	0	0.0%	560
Talent PD	1,114	98.7%	15	1.3%	1,129
The Dalles PD	445	99.3%	3	0.7%	448
Tillamook CO SO	1,002	100.0%	0	0.0%	1,002

(Table C.2. continued on next page)

Tillamook PD	1,872	100.0%	0	0.0%	1,872
Toledo PD	722	100.0%	0	0.0%	722
Turner PD	378	100.0%	0	0.0%	378
Umatilla CO SO	1,262	99.5%	7	0.6%	1,269
Umatilla PD	2,526	99.8%	5	0.2%	2,531
Union CO SO	331	100.0%	0	0.0%	331
Vernonia PD	131	100.0%	0	0.0%	131
Wallowa CO SO	152	100.0%	0	0.0%	152
Warrenton PD	1,770	100.0%	0	0.0%	1,770
Wasco CO SO	521	98.5%	8	1.5%	529
Wheeler CO SO	237	100.0%	0	0.0%	237
Winston PD	1,032	99.9%	1	0.1%	1,033
Yamhill PD	715	100.0%	0	0.0%	715
<b>Tier 3 Total</b>	<b>87,608</b>	<b>99.6%</b>	<b>319</b>	<b>0.4%</b>	<b>87,927</b>

## Appendix D – Decision to Stop Analysis Technical Appendix and Detailed Results

The Decision to Stop (DTS) analysis, first developed by Grogger and Ridgeway (2006) as the Veil of Darkness analysis, analyzes stop data for racial/ethnic disparities and is based on the basic assumption that officers can better detect a driver’s race during daylight hours as compared to darkness. Specifically, relying on variations in daylight throughout the year, the DTS test compares the racial composition of stops in daylight to those in darkness during a combined inter-twilight window, which occurs during morning and evening commute times. The primary advantage of the test is that it does not rely on a benchmark comparison of either the estimated driving population or the residential population. Further, it is a widely accepted technique does not suffer from benchmarking issues, and when deployed via a multivariate analysis, provides a strong test of racial disparities (Fazzalano and Barone 2014).

The DTS analysis relies on two primary assumptions. The first is that in darkness, it is more difficult for officers to determine the race/ethnicity of an individual they intend to stop. Second, the analysis also assumes that driving population is consistent throughout the year, between daylight and darkness, and between the morning and evening commutes. If these assumptions hold, it is possible to model the differences in stops between light and dark using a logistic regression that takes the following form:

$$\ln\left(\frac{P(m|\delta)}{1 - P(m|\delta)}\right) = \alpha + \delta + \gamma + \omega + \varepsilon$$

where  $m$  represents the treatment of a minority group relative to the white majority group,  $\delta$  is a binary indicator representing daylight,  $\gamma$  is a vector of coefficients, including controls for time of day, day of the week, season, agency stop volume, and county stop volume, and  $\omega$  is a vector of coefficients representing the demographic characteristics of the stopped individual as well as the reason for the stop.<sup>34</sup> Importantly, the inclusion of controls for time of day, day of the week, and season ensure that the model meets the second assumption regarding the consistency of the driving population throughout the year.

A key factor in the specification of the DTS model is identifying the appropriate periods of daylight and darkness for the analysis. Following Grogger and Ridgeway (2006), the STOP Program analyzes stops that occur within the combined inter-twilight window. The combined inter-twilight window is created from the Oregon traffic stop data from July 1, 2021, to June 30, 2023. Every traffic stop is defined to have occurred in daylight or darkness based on the date, time, and location of the stop. Astronomical data from the United States Naval Observatory (USNO) is used to determine the sunrise, sunset, and start and end of civil twilight. If the location of the stop has been geo-coded, then those coordinates are used to determine the sunrise, sunset, and civil twilight window for that exact location. If the stop has not been geo-coded due to limitations with location data, the centroid of the city is used. If the city information is unavailable, then the centroid of the county is used.

The dawn inter-twilight period is defined as the earliest start of civil twilight to the latest sunrise. The earliest start of civil twilight is 4:21am in Wallowa County, and the latest sunrise is 7:59am in Clatsop County. Stops that occur in the daily morning twilight window (approximately 30 minutes between the start of civil twilight and the sunrise) are removed since it is neither light nor dark during this time period. Conversely, the dusk twilight window is defined as the earliest sunset to the latest end of civil twilight. The earliest sunset is 4:05pm in Wallowa County, and the latest end of civil twilight is 9:48pm in Clatsop County. Stops that occur in the daily evening twilight window (approximately 30 minutes between sunset

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<sup>34</sup> The covariates included in the models were age, gender, reason for the stop, day of week, time of day, quarter or season, stop year, county stop volume, and agency stop volume. Time of day is modeled as a control variable for morning and evening stops, as well as a spline with three degrees of freedom within each twilight window. Alternative time of day controls were tested and did not change the results.



and the end of civil twilight) are similarly removed since it is neither light nor dark during this time period. Adjustments have been made to account for daylight savings time (DST) in November and March. In addition, while most of Oregon is on Pacific Standard Time (PST), most of Malheur County is on Mountain Standard Time (MST). The stops in Malheur County have been adjusted to account for this time zone.

The log odds that result from the DTS logistic regression model were then converted to odds ratios. Thus, the model tests whether the odds of non-white traffic stops during daylight are significantly different from the odds of non-white traffic stops during darkness. The DTS approach tests whether the odds ratio is statistically significantly different from 1.0. If the odds ratio is not statistically different from 1.0, then the test finds no difference in stops made during daylight and darkness. If the odds ratio is greater than 1.0 and statistically significant, however, the test concludes the odds of non-white drivers being stopped in daylight is significantly higher than in darkness, which is taken as evidence of a racial disparity in stops, after accounting for additional control variables that are available in the stop data. Conversely, if the odds ratio is less than 1.0 and statistically significant, the odds of a non-white driver being stopped in daylight is significantly lower than in darkness. The logistic regression modeling was compiled using Stata software and utilizing the logistic regression function.

Table D.1 displays the odds ratios for the Tier 1 and Tier 2 DTS models with at least two comparisons for all non-white stopped drivers, including those perceived as Black, Latinx, Asian/PI, Middle Eastern, and Native American, compared to white stopped drivers.

**Table D.1 Decision to Stop Analyses by Tier 1 or Tier 2 Agency**

Agency	Asian/PI	Black	Latinx	Middle Eastern	Native American
Albany PD	--	1.99	1.15	--	--
Beaverton PD	0.75	1.00	1.08	1.00	--
Benton CO SO	--	0.08	1.09	--	--
Clackamas CO SO	0.89	1.35	1.05	0.80	--
Corvallis PD	0.96	1.17	1.81**	--	--
Eugene PD	0.70	0.86	0.89	--	--
Forest Grove PD	0.69	0.69	0.99	--	--
Gresham PD	--	1.47	1.09	--	--
Hillsboro PD	1.13	0.85	1.03	1.45	--
Lake Oswego PD	0.72	1.14	1.13	--	--
Lane CO SO	--	1.17	0.61	--	--
Marion CO SO	1.19	1.35	1.10	--	--
Medford PD	--	1.02	0.92	--	--
Milwaukie PD	1.06	2.17*	1.30	--	--
Multnomah CO SO	1.49	1.25	1.00	--	--
Oregon City PD	--	0.82	0.78	--	--
Oregon State Police	1.06	1.11	1.00	1.22	1.29
Portland PB	1.23	1.07	1.12	1.12	--
Springfield PD	--	0.81	0.66	--	--
Tigard PD	1.04	1.41	1.08	1.30	--
Washington CO SO	0.91	1.08	1.00	0.98	--
Yamhill CO SO	--	1.48	0.92	--	--

\* p<0.05, \*\* p<0.01, \*\*\* p<0.001

Table D.2 reports the Tier 1 and Tier 2 agency specific model results for Latinx drivers compared to white drivers for agencies not displayed above.

**Table D.2. Decision to Stop Analyses for Latinx Drivers by Tier 1 or Tier 2 Agency**

Agency	Latinx	Agency	Latinx
Bend PD	1.06	Lincoln CO SO	1.16
Canby PD	1.91**	Linn CO SO	0.85
Central Point PD	1.25	McMinnville PD	1.26
Deschutes CO SO	1.48*	Newberg-Dundee PD	0.92
Grants Pass PD	0.75	Polk CO SO	1.07
Hermiston PD	0.87	Redmond PD	0.87
Hood River CO SO	0.55	Roseburg PD	1.25
Jackson CO SO	1.11	Salem PD	0.84
Keizer PD	0.69	Tualatin PD	0.77
Klamath Falls PD	0.87	West Linn PD	0.92
Lincoln City PD	1.44	Woodburn PD	0.72

\* p<0.05, \*\* p<0.01, \*\*\* p<0.001

Table D.3 reports the Tier 3 agency specific model results for Latinx drivers compared to white drivers for agencies with sufficient sample size.

**Table D.3. Decision to Stop analysis for Latinx Drivers by Tier 3 Agency**

Agency	Latinx	Agency	Latinx
Astoria PD	0.87	Molalla PD	0.70
Aumsville PD	1.16	Monmouth PD	1.47
Boardman PD	0.87	Morrow CO SO	1.10
Brookings PD	1.41	Newport PD	0.55
Cannon Beach PD	0.96	Phoenix PD	0.92
Clatsop CO SO	0.78	Sandy PD	1.75*
Coos Bay PD	1.26	Seaside PD	0.90
Crook CO SO	1.39	Sherman CO SO	1.15
Dallas PD	0.83	Sherwood PD	0.85
Eagle Point PD	0.61	Silverton PD	0.86
Gilliam CO SO	0.99	Stanfield PD	1.54
Gladstone PD	1.01	Talent PD	1.44
Hood River PD	0.75	The Dalles PD	0.96
Hubbard PD	1.07	Tillamook CO SO	1.27
Independence PD	0.94	Tillamook PD	1.00
Jefferson CO SO	1.07	Umatilla CO SO	0.79
Josephine CO SO	1.86	Umatilla PD	1.12
Milton-Freewater PD	0.53	Warrenton PD	1.16

\* p<0.05, \*\* p<0.01, \*\*\* p<0.001

## Appendix E – Stop Outcomes Analysis Technical Appendix and Detailed Results

Propensity score methods are a family of statistical methods for drawing causal inference about treatment effects in situations where randomized control trials are not feasible. Randomized control trials ensure that treatment assignment is independent of all covariates. Without this randomization, confounders may bias the estimated treatment effects. Confounding variables are a major hurdle to estimating effects in real-world settings and balancing based on the propensity to receive treatment (i.e., propensity score) is one way to mitigate this bias in non-experimental settings. In general, propensity score techniques aim to balance the characteristics (or confounding variables) of the treatment and control groups. This allows an unbiased comparison between those two groups for the outcome variable of interest, as there are no observed differences between the two groups. These methods are frequently employed in the analysis of disparities in criminal justice settings (Higgins et al. 2011; 2013; Ridgeway 2006; Stringer and Holland 2016; Vito, Grossi, and Higgins 2017).

Propensity score methods measure the characteristics of the “treatment” and “control” groups and then weight one or both groups based on measured characteristics so that the two groups look as similar as possible. The resulting groups are said to be “balanced” if they are statistically similar across measured confounding variables following the balancing procedure. If all confounding variables are measured and balanced, then the difference in the average outcomes between the treatment and control groups is an unbiased measure of the average treatment effect. Similarly, if unmeasured confounding variables are closely correlated with the balanced confounding variables and thus are also likely to be balanced, then the average treatment effect is balanced. Some methods, as employed in the current analysis, go a step further and incorporate regression analysis as an additional controlling method after the balancing process.

There are several different forms of propensity score estimators. Here, the researchers employ Inverse Probability Weighted Regression Adjustment (IPWRA) using the Stata statistical package, version 16.1. The method has the following steps:

1. The treatment equation is estimated including potentially confounding variables. The dependent variable is a binary treatment variable and a probit model is estimated.
2. The predicted treatment values from the estimates in step 1 are stored.
3. Inverse probability weights (IPW) are created for each observation using these values.<sup>35</sup>
  - a. For treated observations,  $IPW = 1$
  - b. For control observations,  $IPW = \frac{(propensity\ score)}{1 - (propensity\ score)}$
4. The outcome equation is estimated using the weights created in step 3 in a regression analysis, including all covariates that are theoretically relevant predictors of the outcome variable.

One advantage of the IPWRA estimator relative to other propensity score estimators is that it benefits from the Double Robust property by estimating the regression equation after the balancing procedure: If *either* the treatment equation *or* the outcome equation is correctly specified then the estimator is unbiased. Put alternatively, the estimates from IPWRA estimation are robust to misspecification errors in either the treatment or outcome equation. Two-stage propensity score estimators such as IPWRA balance for important covariates at both the treatment selection and outcome stages of estimation.<sup>36</sup>

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<sup>35</sup> These differ whether the estimate is the Average Treatment Effect (ATE) or the Average Treatment Effect on the Treated (ATET). Here we are estimating the ATET (Austin and Stuart 2015).

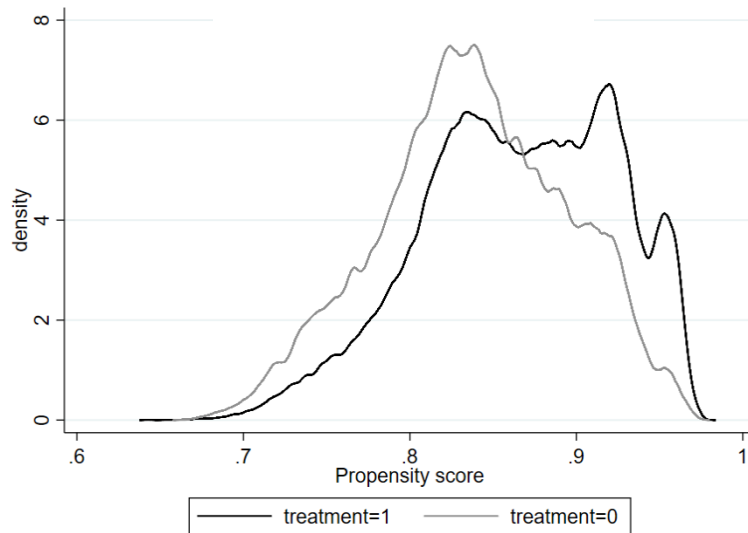
<sup>36</sup> For a thorough discussion of IPWRA methods, see Wooldridge 2010, Chapter 21.3.4.

## Assumptions

There are a few assumptions that must hold in order for propensity score estimators to be unbiased. The first is the conditional independence assumption<sup>37</sup>, which states that the outcome variable is conditionally independent of the treatment. This means that if researchers include all relevant confounding variables in estimating the treatment equation, i.e., the treatment equation is properly specified, and these variables are balanced across the two groups following match selection, then the outcomes are conditionally independent of the treatment. In order for this assumption to hold, changes in any unobserved variables that have an effect on the outcome variable must not also have an effect on the treatment variable. This assumption is a theoretical consideration that is not possible to directly test, as a variable may be correlated with both treatment and outcome but may be a spurious correlation. The analyst may, however, ensure that all the measured confounding variables are equally represented in both the treatment and control groups and thus that the confounding variables are not the drivers of remaining variance in treatments and outcomes.

The second main assumption is the overlap assumption, whereby the range of estimated propensity scores for the treated group must overlap with those of control group observations. If an observation is not within this range, then it is omitted from the sample as it is impossible to form a valid match from the comparison group. This idea is best represented with a pre-balance propensity score distribution graph, as seen in the examples below. Figure E.1. shows that for most values of the propensity score (horizontal axis) there is an observation for both the treated (treatment=1) and untreated (=0) groups, but also that at the upper and lower ends there are treated observations that do not have a comparable observation in the untreated group. To satisfy this assumption for this example these observations with extreme propensity scores would be dropped.

**Figure E.1. Overlap Example**



With a limited range of covariates, including mostly categorical variables, and the large sample sizes with this set of Tier 1 agencies, each analysis completed here had no omitted observations because of a violation of the overlap assumption.<sup>38</sup>

<sup>37</sup> This assumption is also referred to as the unconfoundedness assumption.

<sup>38</sup> Omitted treatment variables per analysis are not included in this report due to the high number of analyses conducted.

Finally, the Stable Unit Treatment Value Assumption (SUTVA) is similar in concept to the independent and identically distributed (i.i.d.) assumption, but specific to the treatment assignment setting. SUTVA requires that any given unit’s treatment assignment does not have a causal relationship with another observation’s treatment assignment. This assumption would be violated in this case if, for example, the stop of a Latinx individual causes another Latinx individual to be stopped. There may be clustering of stops by race/ethnicity group based on policing strategies, but this assumption is not likely to be violated in this case as the race of a stopped individual does not plausibly impact the race of subsequently stopped individuals.<sup>39</sup>

### *Estimation*

If the above assumptions hold then estimation may proceed. The `teffects ipwra` command is used in Stata to estimate these models. First the “treatment” equation is estimated. The treatment variables in this case are indicator variables for each of:

1. Officer perception of race/ethnicity: = 1 if Asian/PI, = 0 if white
2. Officer perception of race/ethnicity: = 1 if Black, = 0 if white
3. Officer perception of race/ethnicity: = 1 if Latinx, = 0 if white
4. Officer perception of race/ethnicity: = 1 if Middle Eastern, = 0 if white
5. Officer perception of race/ethnicity: = 1 if Native American, = 0 if white

The standard language of treatment/control used with the IPWRA methodology is ill-suited to this STOP analysis. The current analysis weighs the two groups under each sub-analysis across all observed covariates, rather than giving one group a treatment, but not the other. This method makes it so that the only perceptible difference between the two groups is the race/ethnicity of those two groups, but race/ethnicity does not conform to this “treatment” description. This language is preserved simply to remain consistent with the relevant literature.

The following confounding variables are balanced across the groups:

1. Female indicator, 1 = if female, 0 = if any other
2. Age category indicators for each of <21, 21-24, 25-29, 30-39, 40-49, 50+
3. Season indicators for each of Jan-Mar, Apr-Jun, Jul-Sep, Oct-Dec
4. Daylight indicator = 1 if stop happened after sunrise and before sunset, = 0 otherwise
5. Time of stop indicators for each of 12am-5am, 5am-10am, 10am-3pm, 3pm-8pm, 8pm-12am
6. Citation category indicators for each of Equipment Violation; Low Speed or Moving Violation; Moving Violation – High; Moving Violation – Medium; Registration/License; Speed Violation – High; Speed Violation – Medium; and Unknown/Other.
7. Day of week indicators
8. Agency stop volume = 
$$\frac{\text{Total \# of stops by agency on day of stop}}{\text{Maximum \# of daily stops by agency over year of analysis}}$$
9. County stop volume = 
$$\frac{\text{Total \# of stops by agency on day of stop}}{\text{Maximum \# of daily stops in the county over year of analysis}}$$

For the additional analysis, one further variable is included:

10. If the stop outcome is caused by a low-discretion violation = 1, otherwise = 0

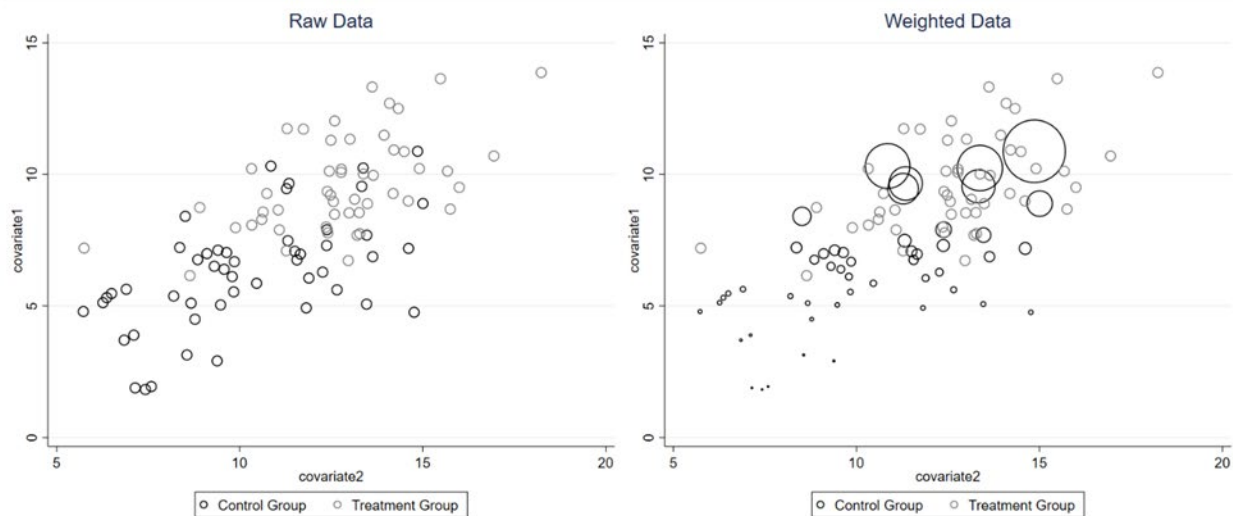
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<sup>39</sup> The Stata handbook provides a good description of these assumptions, and the counterfactual model that underlies all matching methods. (“Stata Treatment-Effects Reference Manual: Potential Outcomes/Counterfactual Outcomes” 2019).

The first step of the analysis uses a probit model to estimate the propensity of being in the treatment group based on the covariates listed above. Overlap of propensity scores is evaluated and any non-overlapping observations are removed from the sample. Inverse Probability Weights (IPWs) are estimated for each observation based on the propensity scores. For the treatment group in an ATET framework, these weights are equal to 1. For the control group the weight is equal to  $p/(1 - p)$ , where  $p$  is the propensity score (see footnote 31). In effect, this process gives more weight to control observations that have a higher propensity score (i.e., are more similar to treated observations).

A hypothetical example application of IPWs is in Figure E.2. below. The two graphs each represent control and treatment group observations and their respective values for each of two covariates. While there is some overlap between the groups in this example, the treatment (light gray) group tends to have higher values of both variables. In the Raw Data (unweighted) we can see that the two groups are not directly comparable. After calculating IPWs for ATET these weights are applied to the two groups and represented by the size of the circles in the Weighted Data graph. The treatment group remains the same here since the weights = 1, but the importance or weight of control group observations are adjusted. The observations that are closer to the treatment group observations are given a large weight, while those that are not are given a small weight. The weighted control group, as a whole, has observations that are much closer to those of the treatment group than the raw control group.

**Figure E.2. Weighting Example**



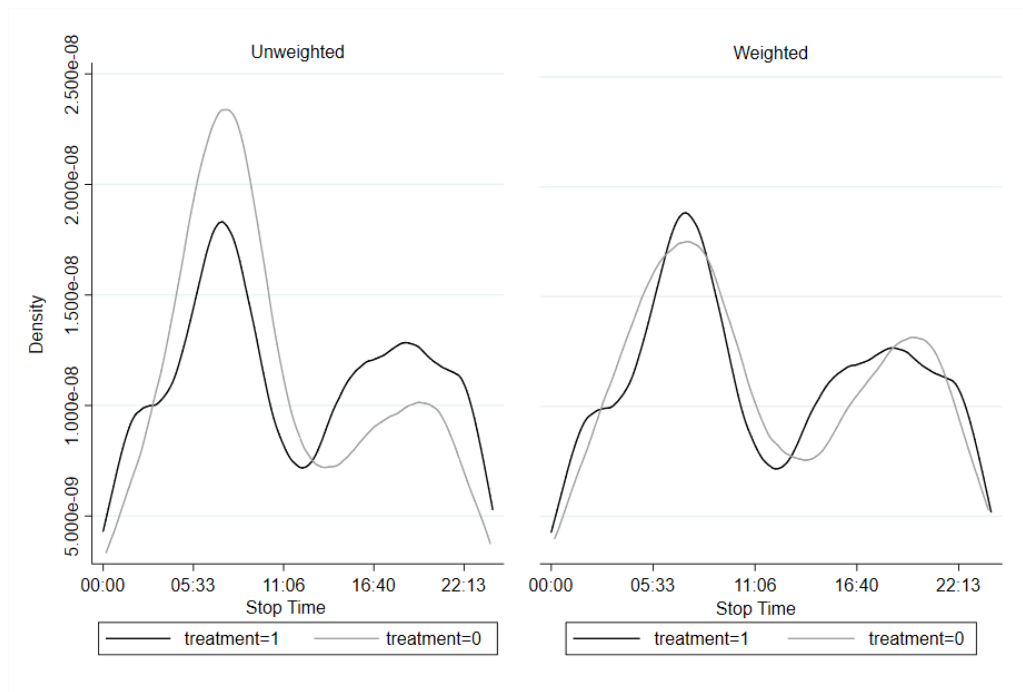
Balance is then measured based on the standardized difference<sup>40</sup> in means and the variance ratio<sup>41</sup> between the treatment and control groups for each of the raw data set and the inverse probability weighted data set. If the resulting standardized difference in the weighted data set is close to zero and the variance ratio is close to 1 for each variable for the weighted data then the sample is said to be balanced. Balance was evaluated in every data subset by agency and strong balance was achieved in every instance, e.g., the standardized differences were always close to zero (usually within .01 of 0, always within 0.05) and the variance ratios were always close to one (usually within .01 of 1, always within 0.05) (Austin 2009a; 2009b). In every case, the data sets were relatively well balanced in the initial, raw data sets, but became

<sup>40</sup> The standardized difference of variable  $x$  is:  $\delta_x = \frac{\mu_x(t=1) - \mu_x(t=0)}{\sqrt{\frac{\sigma_x^2(t=1) - \sigma_x^2(t=0)}{2}}}$

<sup>41</sup> The variance ratio is simply the variance of the treated group divided by the variance of the control group.

more balanced through the weighting process. This balance can also be evaluated graphically for each variable. Figure E.3. is an example of one of these variables for one agency. The Unweighted chart displays the distribution of stop time for each of the treated group and the untreated group. The Weighted chart displays these same distributions with the IPWs applied. The distributions of the two groups more closely resemble each other in the weighted graph than in the unweighted graph, so STOP Program researchers can say that these groups are more balanced when incorporating the IPWs.

**Figure E.3. Confounding Variable Balance Example**



Outcome equations are then estimated for each of the treatment variables across four sets of outcomes:

1. = 0 if a warning/none disposition is observed, = 1 otherwise
2. = 1 if a citation disposition is observed, = 0 if warning/none outcome is observed
3. = 1 if a search disposition is observed, = 0 if a citation or warning/none outcome is observed
4. = 1 if an arrest disposition is observed, = 0 otherwise

In the next step, probit models with the inverse probability weights applied and robust standard errors are estimated for each of the treatment and control groups. Predicted outcomes are stored for each observation and their average yields the potential outcome mean for the control group. The comparison between this mean and the actual average of the treatment group yields the Average Treatment Effect on the Treated (ATET), the main estimate of interest in these models. This estimate is slightly different from the Average Treatment Effect as it focuses specifically on the effect on the treated group rather than the population as a whole. In this case, the estimates may be interpreted as the average difference in predicted probability of the outcome if the treated (minority) group had identical characteristics to the control group, except had a race/ethnicity = white.<sup>42</sup>

<sup>42</sup> Conversely, the ATE predicts these differences for both the treated group and for the untreated group and averages all these differences. Thus, it estimates the difference in predicted probabilities for both the white group and the minority groups and averages across all observations.

### *Limitations*

As with any statistical analysis, there are potential shortcomings of IPWRA analysis that may hinder the validity of the results. In this case, the largest concerns are the data limitations that result in the omission of some confounding variables that may be theoretically relevant. Comparable analyses of bias in police stops in other localities have controlled for additional confounding variables not included here, including police officer identifiers, make/model/year of vehicle, and location of the stop. Other variables may influence officer decision criteria but are rarely included in the comparable analyses in other states due to data availability challenges. These variables include economic characteristics of the driver (i.e., employment status, income, etc.) and information on the driving population from which drivers are stopped. This later variable poses significant estimation challenges as it requires several assumptions regarding directions, populations, and time of travel, as well as frequencies of commuters and tourists at each location in the road system. Without significant preliminary data about these factors any estimation of the driving population is likely to incorporate a significant amount of bias to any disparity estimates built on top of these driving population estimates.

Many of these variables are not described in the statutes establishing Oregon's STOP data tracking system (e.g., make/model). Other variables, such as geographic location of the stop, are highly varied in quality and format across these Oregon agencies. Some Oregon agencies provide precise longitude and latitude of the traffic stop via automatic logging in the cellphone app, other agencies allow officers to enter nearest intersections or mile markers, and others require no location to be entered by their officers. Due to this lack of uniformity in reporting, the STOP research team could not include location information for some agencies with high quality location information while also conducting uniform analyses agencies.

The omission of important confounding variables leads to the low Pseudo-R<sup>2</sup>s in the results and also drives the high amount of balance found in the raw data. In each sub-analysis the balancing procedure leads to greater confounder balance than in the raw data, but the groups were not egregiously unbalanced in the raw data. A high number of the confounders are binary indicator variables, which makes it easier to form very close matches and leads to less imbalance in the raw data, but this also shows that these variables may be imprecisely measured.



## Appendix F – Search Findings Analysis Technical Appendix

### *Model and Assumptions*

The Search Findings analyses performed in this report are based on the model presented by Knowles, Persico, and Todd (2001) which details how police and citizens act surrounding searches. In this model, police officers are assumed to make the decision to search someone based on their perception of the likelihood that the person will have contraband in their possession, while also accounting for the economic “cost” of a search. In the case that the cost of searching members of different groups is the same, the STOP Program researchers expect officers to search the group that they perceive to be more likely to possess contraband. Similarly, this model assumes that citizens make the decision to carry contraband based on their perception of the likelihood that they will be caught with contraband. If a particular group is more likely to carry contraband, they will be searched more often by police. As a group, they will respond by reducing their likelihood to carry contraband in order to reduce their risk of being caught. In this way, any differences in groups’ likelihoods to carry contraband and to be searched by police should tend toward an equilibrium. At equilibrium, STOP Program researchers expect that the hit-rate (the rate at which searches are “successful,” or result in finding contraband) should be equal across groups, whereas unequal hit-rates indicate disparate search practices.

The Search Findings analysis assesses whether police are participating in racial/ethnic discrimination by over searching members of a particular group. If a group is “over-searched” (searched more often than necessary to maintain the abovementioned equilibrium), then the hit-rate for that group will be lower than that of a baseline group. In the case of this report, if a minority racial/ethnic group is “over-searched,” then the hit-rate for that group will be lower than that of white individuals, perhaps indicating what Becker calls “a taste for discrimination” (an economic phrase coined to describe discrimination) in officers conducting searches.

### *Hit-Rate and Significance Calculation*

The hit-rate for a group is simply a proportion. The total number of searches of a group is represented by  $s$  and the number of searches of that group which result in finding contraband is represented by  $f$ :

$$\text{KPT Hit-Rate} = \frac{f}{s}$$

After calculating hit-rates by agency for each racial/ethnic group, chi-square tests of independence were performed in order to determine whether differences in the hit-rates were statistically significant. Yates’s continuity correction for the chi-square test was used to mitigate the test’s tendency to produce low p-values due to the discrete nature of the data. However, no substantive difference arose between the results when performed with or without the continuity correction. A confidence level of 95 percent with a Bonferroni correction for multiple testing determined significance. Each agency’s white hit-rate was compared to each race group (Black, Latinx, Asian/PI, Middle Eastern, and Native American) dependent upon sample size, so a Bonferroni corrected p-value of  $0.05/5 = 0.01$ ,  $0.05/4$ ,  $0.05/3$ ,  $0.05/2$ , or  $0.05$  was used, dependent upon the number of groups for which the analysis was able to be performed. Hit-rate analyses and accompanying statistical tests were performed with the statistical software R.

### *Limitations*

One important assumption of the Search Findings analysis model is that all searches included in the analysis are discretionary. Some searches, such as those made incident to arrest, are non-discretionary, meaning that there is no individual choice (discretion) in the officer’s decision to conduct the search. This

type of search is not representative of officers’ motivations and cannot be used to determine any patterns of behavior. In the STOP Program training that all officers complete prior to submitting data for this study, officers are informed that non-discretionary searches should not be included in the data. This means that when a stop results in an officer arresting someone, although they will always do a “pat-down” to ensure safety at the time of arrest, STOP Program researchers should not always see a search recorded for the stop (as these pat-downs are non-discretionary searches). In some cases, the data seem to show records of searches incident to arrest, however it is not possible to distinguish these “mistakes” from true records of discretionary searches. Accordingly, STOP Program researchers chose to take all data at face value—that is, if a search was recorded, it is included in the KPT Hit-Rate analysis as a discretionary search.

A possible methodological limitation of the hit-rate test is the problem of infra-marginality (Simoiu 2017). Infra-marginality is best explained by example. Suppose that group A has some portion of members that carry contraband 55 percent of the time (while all other members of the group carry contraband less than 50 percent of the time). Suppose also that group B has some portion of members that instead carry contraband 75 percent of the time (while all other members of the group carry contraband less than 50 percent of the time). If an officer only searches every person (regardless of group) who has over a 50 percent chance of carrying contraband, then group A will have a lower hit-rate. In the hit-rate test, this would appear to indicate discrimination against group A, despite the true “group-neutral” manner of the officer’s search decisions. While this is one of the widest criticisms of the KPT Hit-Rate test, Persico (of Knowles, Persico, and Todd) independently addressed the criticism of this limitation in a follow up paper. Persico (2009) argues that infra-marginality is alleviated by the allowance in the model for searched groups to respond to search intensity (by lowering their propensity to carry contraband when searched more frequently). This is consistent with KPT’s initial assertion that subgroups, as well as larger racial/ethnic groups, should act similarly to larger groups in that they adjust their propensity to carry contraband according to their likelihood of being searched.

*Detailed Results*

**Table F.1. Search Findings Analysis Detailed Results**

Agency	White	Black	Latinx	Asian/PI	Native	Middle Eastern
Albany PD	43.6%	---	45.5%	---	---	---
Beaverton PD	49.7%	45.5%	45.6%	---	---	---
Bend PD	17.3%	---	22.2%	---	---	---
Clackamas CO SO	27.0%	---	48.9%	---	---	---
Eugene PD	35.6%	33.8%	36.6%	---	---	---
Gresham PD	45.5%	---	40.0%	---	---	---
Hillsboro PD	51.2%	---	46.7%	---	---	---
Hubbard PD	41.7%	---	47.5%	---	---	---
Marion CO SO	10.4%	---	6.8%	---	---	---
Multnomah CO SO	37.7%	34.9%	43.6%	---	---	---
Oregon State Police	61.0%	75.4%	54.9%**	64.5%	43.2%	---
Portland PB	39.9%	51.8%	39.3%	41.5%	---	---
Salem PD	33.8%	---	37.8%	---	---	---
Silverton PD	48.2%	---	47.6%	---	---	---
Springfield PD	55.3%	57.1%	52.2%	---	---	---
Washington CO SO	42.2%	---	51.5%	---	---	---

\* p<0.05, \*\* p<0.01, \*\*\* p<0.001



# STOPS DATA MILWAUKIE POLICE DEPARTMENT

November 2024

# STOP DATA

**STATISTICAL TRANSPARENCY OF POLICING: CREATED BY THE OREGON LEGISLATURE IN 2017 UNDER HB 2355 REQUIRED LAW ENFORCEMENT TO REPORT ON ALL DISCRETIONARY TRAFFIC AND PEDESTRIAN STOPS.**

- Test 1- Decision to Stop Analysis- formerly the “Veil of Darkness Test” compares stop rates of minorities or different demographic groups between daytime and nighttime. A perfect score would result in an identical number of stops in the daytime compared to nighttime or a 1 to 1 ratio.
- Test 2- STOP Outcome Analysis/ Predicted Disposition- citations issued, searches, or arrests made amongst different racial groups.
- Test 3- Search Finding Analysis: compares rate of successful searches across different racial groups.

# ANALYSES OF OREGON STOP DATA

## STANDARDS AND METHODOLOGICAL THRESHOLDS

### Sample Size

- To conduct analyses, a sufficient number of data points are required.
  - Insufficient number of observations to analyze Asian/PI, Native American, and Middle Eastern stops at the agency level.
  - Some Tier 1 agencies had insufficient data points to run Black and/or Hispanic analyses as well.
  - In future years, data will be combined.

### Threshold for Statistical Significance<sup>a</sup>

- Results must be statistically significant at the 95% confidence level.
- Further investigation by the STOP Program and DPSST is warranted when an agency has statistically significant disparities in 2 of the 3 tests.

Sample Size Thresholds for Conducting Statistical Analyses

Statistical Test	Sample Size Threshold
Veil of Darkness	Minimum of 100 observations for an individual racial/ethnic group
Predicted Disposition	Minimum of 100 observations for an individual racial/ethnic group
Hit-Rate	Minimum 30 observations per racial/ethnic group analyzed; no cell with less than 5 observations

# TOTAL STOPS CONTACTS BY DEMOGRAPHICS FROM JUNE OF 2022 TO JUNE OF 2024

Demographics	Total	STOPS % by Race	US Census Data / Portland
White	7568	76%	72.10%
Black	728	7.31%	5.9%
Asian	316	3.17%	8.4%
Hispanic/Latinx	1084	10.89%	10.3%
Middle Eastern	167	1.68%	1.7%
Native American	34	.34%	1%
Pacific Islander	61	.61%	.6%
	9958	100%	100%

# DECISION TO STOP (DTS) OR VEIL OF DARKNESS

- The DTS analysis relies on comparing the racial composition of individuals stopped during the inter twilight window, which occurs during morning and evening commute times.
- The primary inter twilight window is 5-9pm, and secondary is roughly from 4-8am.
- The DTS or veil of darkness analysis was first developed in 2006. This test uses different logistical regressions to determine racial disparities with data from these inter twilight windows.

$$\ln \left( \frac{P(m|\delta)}{1 - P(m|\delta)} \right) = \alpha + \delta + \gamma + \omega + \varepsilon$$

Source: 2021 Oregon CJC STOPS Report

Source: 2021 Oregon CJC STOPS Report

# ANALYSES OF OREGON STOP DATA

## THE INITIAL DECISION TO STOP AN INDIVIDUAL

### Veil of Darkness Model

- Compares stops made in the daylight to stops made in darkness.
  - To ensure that similar driving populations are examined, only stops made during the morning and evening are included in the models.
  - Controls for day of the week, season, and time of day are included as well.
- If stops are being made in a race-neutral manner, stop rates should be almost identical and the model results for daylight/darkness should not be statistically significant.





# 2024 STOP DATA RESULTS FOR MPD

## DECISION TO STOP

### Decision to Stop Model

- Compares stops made in the daylight to stops made in darkness.
  - To ensure that similar driving populations are examined, only stops made during the morning and evening are included in the models.
  - Controls for day of the week, season, and time of day are included as well.
- If stops are being made in a race-neutral manner, stop rates should be almost identical and the model results for daylight/darkness should not be statistically significant.
- Sample size for black drivers in inter-twilight window is 188

Study Year(s)	Asian	Black	Latinx
2022-2024	1.06	2.17*	1.29

Score of 2.17 for Black drivers on the decision to stop analysis. This is **not** considered a passing score for the DST test.

No disparate outcomes on either of the two secondary tests for Milwaukie PD (outcomes related to arrests, or citations, or searches) of any demographic.

Sample size for the inter twilight group of Black drivers is 188.

Rating period was from approximately June of 2022 to June of 2024.

# DTS OR VEIL OF DARKNESS: COMMITMENT TO ACCOUNTABILITY

## What do we do this with this result?

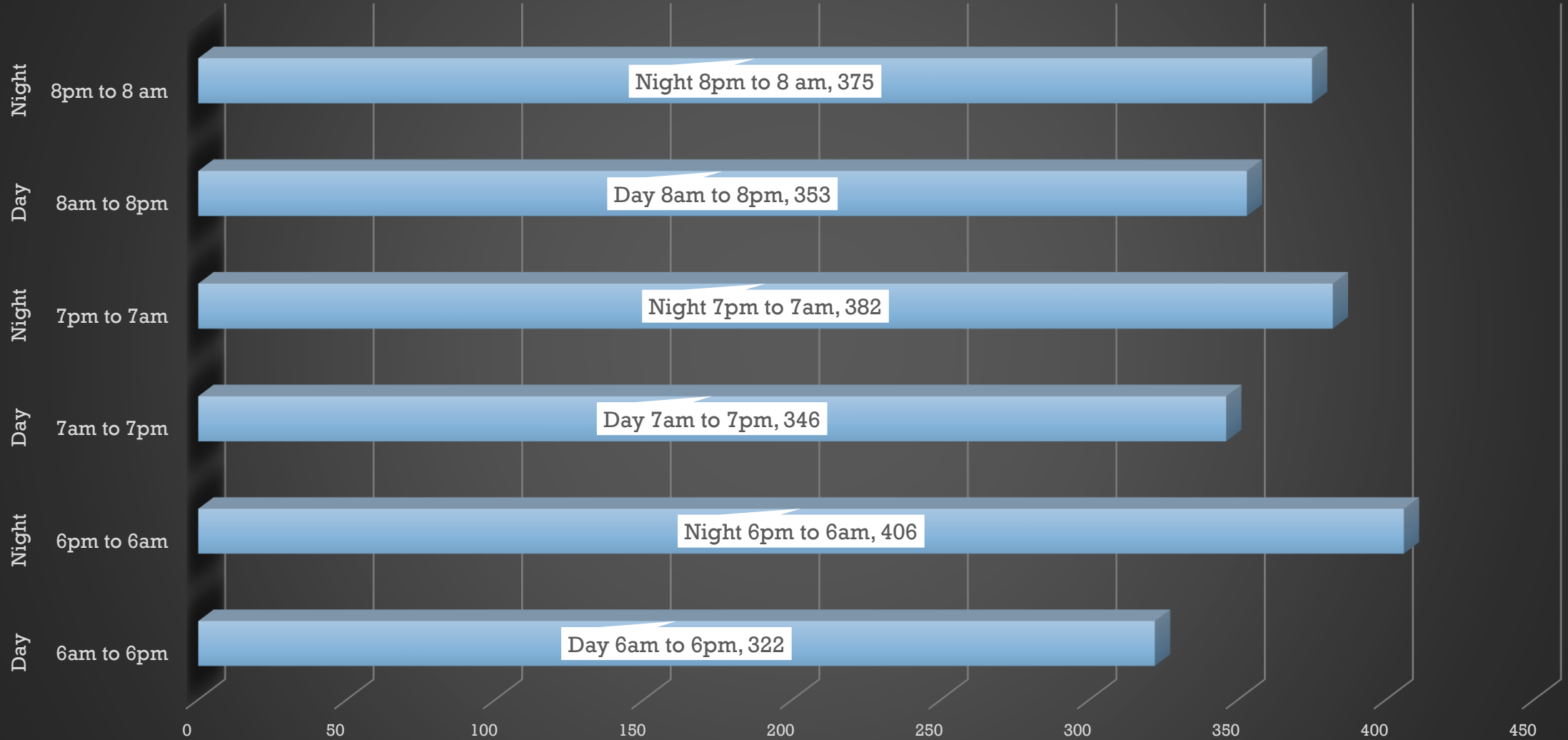
- We pulled all STOPS data for the relevant time frame.
- Once this was done, we worked with the data we were provided and continued conversations with the CJC (Criminal Justice Commission).
- The DST or Veil of Darkness looked at a certain time frame (inter twilight) over a 24-month period that involved 188 stops of Black drivers. Total amount of Black drivers contacted during this time was approximately 728.

## STOPS OF BLACK DRIVERS PER HOUR FROM JUNE 2022-JUNE 2024

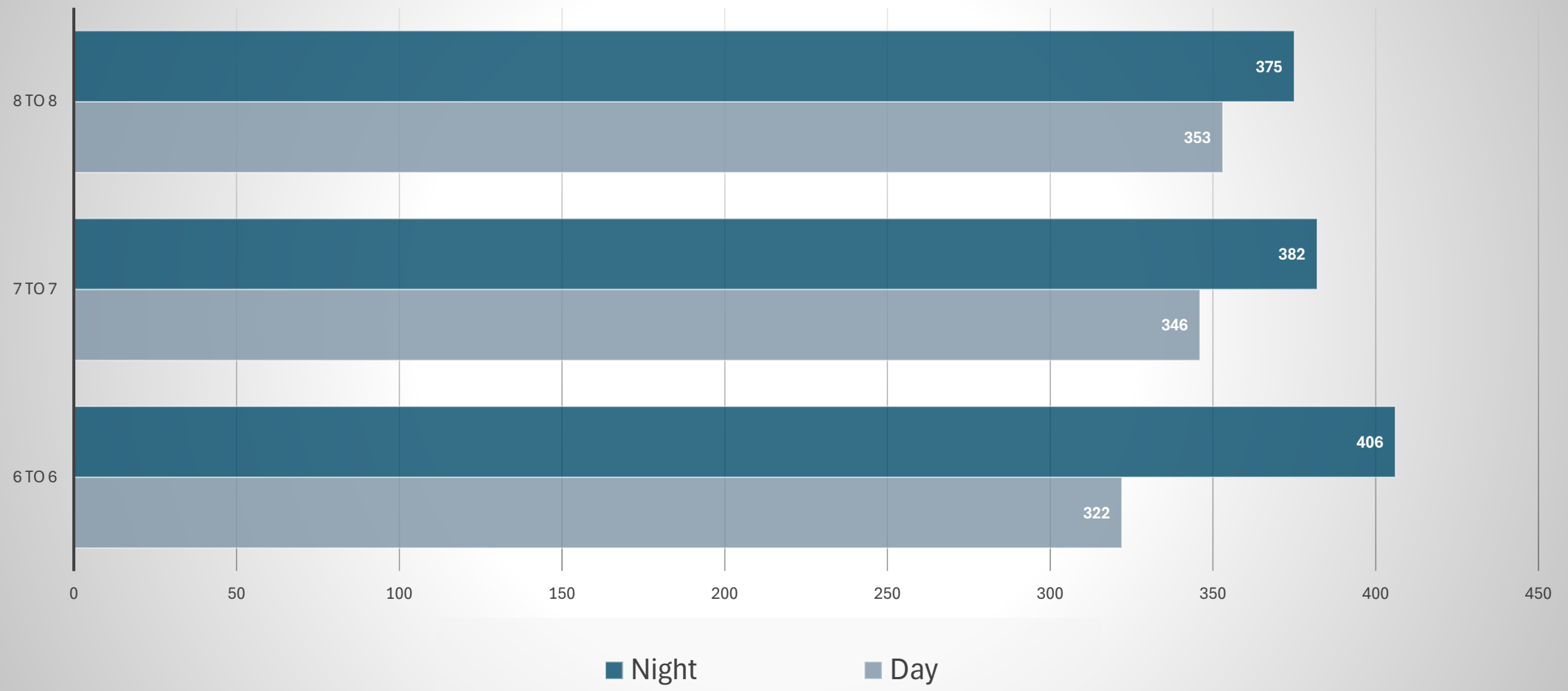
Time of Day or Night	Total STOPS per hour
12:00am	35
1:00am	38
2:00am	34
3:00am	33
<b>4:00am</b>	12
<b>5:00am</b>	8
<b>6:00am</b>	1
<b>7:00am</b>	13
8:00am	31
9:00am	47
10:00am	42
11:00am	29
12:00pm	39
1:00pm	34
<b>2:00pm</b>	14
3:00pm	22
4:00pm	19
<b>5:00pm</b>	31
<b>6:00pm</b>	25
<b>7:00pm</b>	20
<b>8:00pm</b>	8
9:00pm	64
10:00pm	73
11:00pm	56
<b>Total Stops June 2022 to June 30, 2024</b>	<b>728</b>

- The orange section denotes the inter twilight period for Decision to Stop test.
- Yellow is the three times a day we schedule briefings for our staff at the PD.
- Note: In November 2024, the PD has changed to 12 hour shifts so briefing times will change and this may affect future data.

# STOP Data for Black Drivers: June of 2022 to June of 2024



### STOP Data for Black Drivers day and Night Comparison: June of 2022 to June of 2024



# STOP REPORT 2023

*Per House Bill 2355 (2017)*

December 1, 2023



## 2.2 OREGON STOP PROGRAM ANALYSES

“While the statistical tests utilized by the STOP program represent the gold standard in law enforcement stop data analyses, the application of multiple tests is also necessary to address the possibility that any single analysis could produce false positives or false negatives. Statistics are estimates and some degree of error could influence results, whether stemming from data collection practices, errors, or the like”

**COUNCIL STAFF REPORT**

**To:** Mayor and City Council  
Emma Sagor, City Manager

**Reviewed:** Matthew Deeds, Assistant Finance Director

**From:** Michael Osborne, Finance Director

**Subject:** **Fiscal Year (FY) 2024 Audit Presentation**

**Date Written:** Jan. 10, 2025

**ACTION REQUESTED**

Informational only.

**HISTORY OF PRIOR ACTIONS AND DISCUSSIONS**

[August 19, 2024](#): The Audit Committee met to discuss the risk assessment, audit scope and plan for the FY 2024 audit.

November 2024: Moss Adams performed onsite field work and reviewed city's processes and financial statements and workpapers.

December 2024: Moss Adams issued a "clean" opinion on the city's Annual Comprehensive Financial Report (ACFR) for the FY ending June 30, 2024.

[January 13, 2024](#): Moss Adams met with the Audit Committee to review the results of the financial statements for FY ending June 30, 2024.

**ANALYSIS**

The ACFR for the FY ending June 30, 2024, was audited by the city's independent audit firm, Moss Adams. The city was issued a "clean" opinion.

**CLIMATE IMPACT**

None.

**EQUITY IMPACT**

None.

**WORKLOAD IMPACT**

Preparation of the ACFR is a significant work accomplishment for the finance department every year. Receiving a "clean" opinion is important to maintaining the city's Aa2 credit rating, which keeps the cost of borrowing down. In addition, staff prepares the People's Annual Financial Report (PAFR), which incorporates information from the ACFR with other information about the city to create a readily accessible and easily understandable report for those without a background in public finance.

**COORDINATION, CONCURRENCE, OR DISSENT**

The ACFR has been submitted to the Oregon Secretary of State for legal compliance, posted on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA)

database service, and submitted to the Government Finance Officers Association (GFOA) for compliance with best practice.

**STAFF RECOMMENDATION**

No action needed.

**ALTERNATIVES**

None.

**ATTACHMENTS**

1. ACFR for FY 2024.





# CITY OF MILWAUKIE

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

Fiscal Year Ended June 30, 2024

Milwaukie, Oregon

**CITY OF MILWAUKIE, OREGON**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2024**



*This report was printed on recycled paper*

**WS88**

# CITY OF MILWAUKIE, OREGON

Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024

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# SECTION I

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## INTRODUCTORY SECTION

LETTER OF TRANSMITTAL  
GFOA CERTIFICATE OF ACHIEVEMENT  
ELECTED AND APPOINTED OFFICIALS  
ORGANIZATIONAL CHART





December 20, 2024

Mayor Lisa Batey, City Councilors and  
Residents of the City of Milwaukie, Oregon

The Annual Comprehensive Financial Report (Annual Report) of the City of Milwaukie, Oregon (city) for the fiscal year ended June 30, 2024, is hereby submitted.

This report presents the financial position of the city as of June 30, 2024, and the results of its operations for the fiscal year then ended. The financial statements and supporting schedules have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) of the United States of America and meet the requirements of the standards prescribed by the Oregon Secretary of State Audits Division. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various city funds.

The accuracy of the city's financial statements and the completeness and fairness of their presentation is the responsibility of city management. The city maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

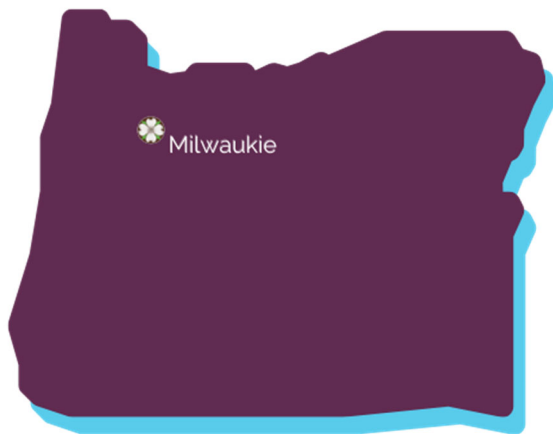
The city's annual financial statements are a culmination of on-going monitoring of revenues and expenditures to ensure compliance with financial policies and appropriation requirements. Additionally, financial reports are posted to the city's website for review by the city council, budget committee members, and the public. The city did not experience any operating deficits during the fiscal year.

Moss Adams LLP, Certified Public Accountants (CPA), issued an **unmodified or "clean" opinion** on the city's financial statements for the fiscal year ended June 30, 2024. The independent auditor's report is located within the Financial Section of this Annual Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The city's MD&A is located immediately following the independent auditor's report.



## Governmental Structure



Milwaukie was settled in 1847 by pioneer brothers Seth and Henderson Lewelling. On February 4, 1903, a petition to incorporate as a city was approved by the residents of Milwaukie. The first council meeting was held on June 2, 1903, presided over by William Shindler, the first Mayor of Milwaukie. Initial funding for the city came from \$1 donations from each elected city official.

The City of Milwaukie is a community where residents, civic organizations, businesses, and government work together to ensure that the community retains its hometown identity, high quality of life and its natural beauty. Today, Milwaukie serves a population of 21,594 and is close to the region's business core and urban amenities, with the City of Portland just to the north. At the same time, the city provides a small-town atmosphere and distinct neighborhoods. Milwaukie is approximately 26 miles from the Portland International Airport.

Milwaukie is a municipality that operates under a council/city manager form of government. The elected city council consists of the mayor and four councilors who act as the board of directors. The city council sets policies for city government, enacts ordinances, and hires, directs and evaluates the city manager. In turn, the city manager is the city's chief executive officer, responsible for overall management and administration.

Municipal services are provided by city employees and headed by the city manager. The city operates its own police department, a municipal court, a library and provides services for street operations, building permits, planning and engineering, water, wastewater, and surface water utilities.

Milwaukie maintains budgetary controls to ensure compliance with legal provisions in the biannual appropriated budget adopted by the city council. The level of budgetary control (the position in which expenditures cannot legally exceed the appropriated amount) is established by department within each individual Fund.

Milwaukie lies within Clackamas County, which is headed by a board of commissioners and is based in the neighboring City of Oregon City. Clackamas Fire District No. 1 (CCFD) provides fire and emergency services to the community. Parks and recreation are maintained and operated by North Clackamas Parks and Recreation District, which was formed in 1990 with Milwaukie as an original member. The City of Milwaukie is also part of Metro, the tri-county urban services district based in Portland, and receives light rail and bus services from TriMet, the Portland metropolitan area transit provider.

## **Financial Condition: Economy, Financial Planning and Major Initiatives for the FY25/26 Biennium**

Since 2020, Milwaukie has experienced considerable change—both expected and unexpected. The city navigated the global Covid-19 pandemic, pivoting operations to accommodate hybrid technology and evolving public health guidelines. We experienced more frequent and volatile weather emergencies due to our changing climate, with ice, smoke, and severe heat events becoming regular occurrences. We also witnessed more and more of our community members in crisis as houselessness and behavioral health challenges increased throughout the region.

Recent years have also included several exciting changes that were the result of intentional investment and planned innovation. The city opened a new library building in 2020, shortly before pandemic lockdown. Thanks to the Safe Access for Everyone (SAFE) program, we delivered millions of dollars and dozens of miles of street safety and mobility improvements. We broke ground on three neighborhood parks, bringing much anticipated positive change to our neighborhoods. And in the past year, we moved into a new city hall and sold its historic predecessor, the development of which promises to be a catalytic driver for Milwaukie's downtown revitalization.

Change has also come at the personnel level. More than half of the city's department heads joined Team Milwaukie within the last three years. In April 2024, our chief of police, Luke Strait, retired following 25 years of service to the city, and former city manager, Ann Ober, took on a new opportunity in a neighboring county following 7.5 years at the city's helm.

This pace and volume of change has had a considerable impact on our financial landscape. Last budget cycle, the city was the recipient of substantial federal assistance fueled by pandemic relief programs, including the Coronavirus Aid, Relief and Economic Security Act of 2020 and the American Rescue Plan Act of 2021. These one-time injections of financial support are now largely spent. We have also completed (or are nearing the complete) use of previously earmarked funds that prior Councils dedicated to deliver major facility upgrades and infrastructure programs. We have officially closed the City Hall fund and have expended the 2018 bonded indebtedness for the SAFE program. As these funding sources are exhausted, however, the demand for the services they support remains.

In Milwaukie like most other municipalities, the price tag to maintain the city's assets, sustain community programs, and ensure standards of livability has grown substantially. All of this has happened against a backdrop of significant inflation. In sum, the cost of doing business as a city has increased significantly over the past several years, while ongoing municipal revenue streams have not kept pace. Milwaukie's adopted FY25/26 budget is balanced through the biennium, as required by the statutory limits of Oregon budget law. Our forecast, however, indicates the city will need to identify more sustainable revenue streams over the biennium to avoid significant cuts to general funded services like public safety, facilities maintenance and accessibility, customer support, events and public engagement, and more beginning in fiscal year (FY) 2027.

In 2017, Milwaukie adopted a [community vision statement](#), aspiring to be a “flourishing city that is entirely equitable, delightfully livable, and completely sustainable.” This ambitious vision has driven investment over the past several budget cycles. While our challenging financial outlook is forcing a conservative, stability-focused strategy for this biennium, the city is making strategic investments that advance the city’s vision and institutionalizes the progress made to date. One way we do this is by addressing [Council-determined goals](#). In 2024, the City Council focused on advancing the following adopted goals: Equity, Justice and Inclusion; Climate Change Mitigation and Resiliency; and Parks Systems and Services.

In addition to Council goals, the city finalized a staff strategic plan in February 2024 called [Milwaukie Momentum](#). The intent of this plan is to provide a three-year organizational roadmap that ensures internal operations align with and help advance the community’s adopted vision.

## National Financial and Budget Awards

**Annual Financial Reporting Award.** Since the early nineties, the city has received the *Certificate of Achievement for Excellence in Financial Reporting* award from the Government Finance Officers Association (GFOA). To receive this award, a government unit must publish an easily readable and efficiently organized Annual Report whose contents conform to program standards and satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

**People’s Annual Financial Reporting Award.** The city has consecutively received the *Award for Outstanding Achievement in Popular Annual Financial Reporting* from the GFOA. In order to receive this award, a government unit must publish a People’s Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

**Distinguished Budget Presentation Award.** Additionally, the city received the *Distinguished Budget Presentation Award* for its biennium 2023-2024 budget document from the GFOA. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a governmental entity, its financial staff, and its management. This international award program was established in 1984 to encourage exemplary budgetary practices and to provide peer recognition for government finance officers who prepare budget documents. A budget’s proficiency is rated in four major categories: policy document, an operations guide, a financial plan, and a communications device.

**Triple Crown Award.** GFOA recognizes governments who have received all three of the above awards. Milwaukie has received these awards since the 2021-2022 biennium budget, which is the inaugural year of this award from GFOA. These awards are prestigious national awards that recognize conformance with the highest standards for preparation of state and local government financial reports.

## Acknowledgments

**Audit Committee.** In July 2012, the City Council established an audit committee to ensure that audits are completed annually in accordance with Oregon state law, provide oversight of the independent auditors, assist in the review and selection of audit firms, and ensure transparent


communication back to the City Council and the Milwaukie residents. The committee members are comprised of one council member, one budget committee member and three community members. Preference is first given to CPAs residing within the city limits and second to CPAs with a city affiliation; committee terms are for two years. Gratitude is given to the dedicated members who reviewed this fiscal year's audit. Thank you to Matthew Dake (Chair), Councilor Robert Massey, Mary Rowe (Budget Committee liaison and Vice Chair), community members Mona Henry and Mack Golos.

**City Team.** The preparation of this report was a combined effort of the dedicated finance staff under the direction of Michael Osborne during fiscal year 2024. A special thank you is given to the team of Matthew Deeds, Judy Serio, Kelli Tucker, Tayler Bremont, and Mattie Dulka on the completion of this year's audit and report. We wish to express our appreciation to everyone who contributed to the preparation of this report. We also express gratitude to the Mayor and Councilors for their dedication and support in maintaining the highest standards of professionalism in the management of the city's finances.

Respectfully submitted,



Emma Sagor  
City Manager



Michael Osborne  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Milwaukie  
Oregon**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morrill*

Executive Director/CEO

**CITY OF MILWAUKIE, OREGON  
ELECTED AND APPOINTED OFFICIALS  
AS OF JUNE 30, 2024**

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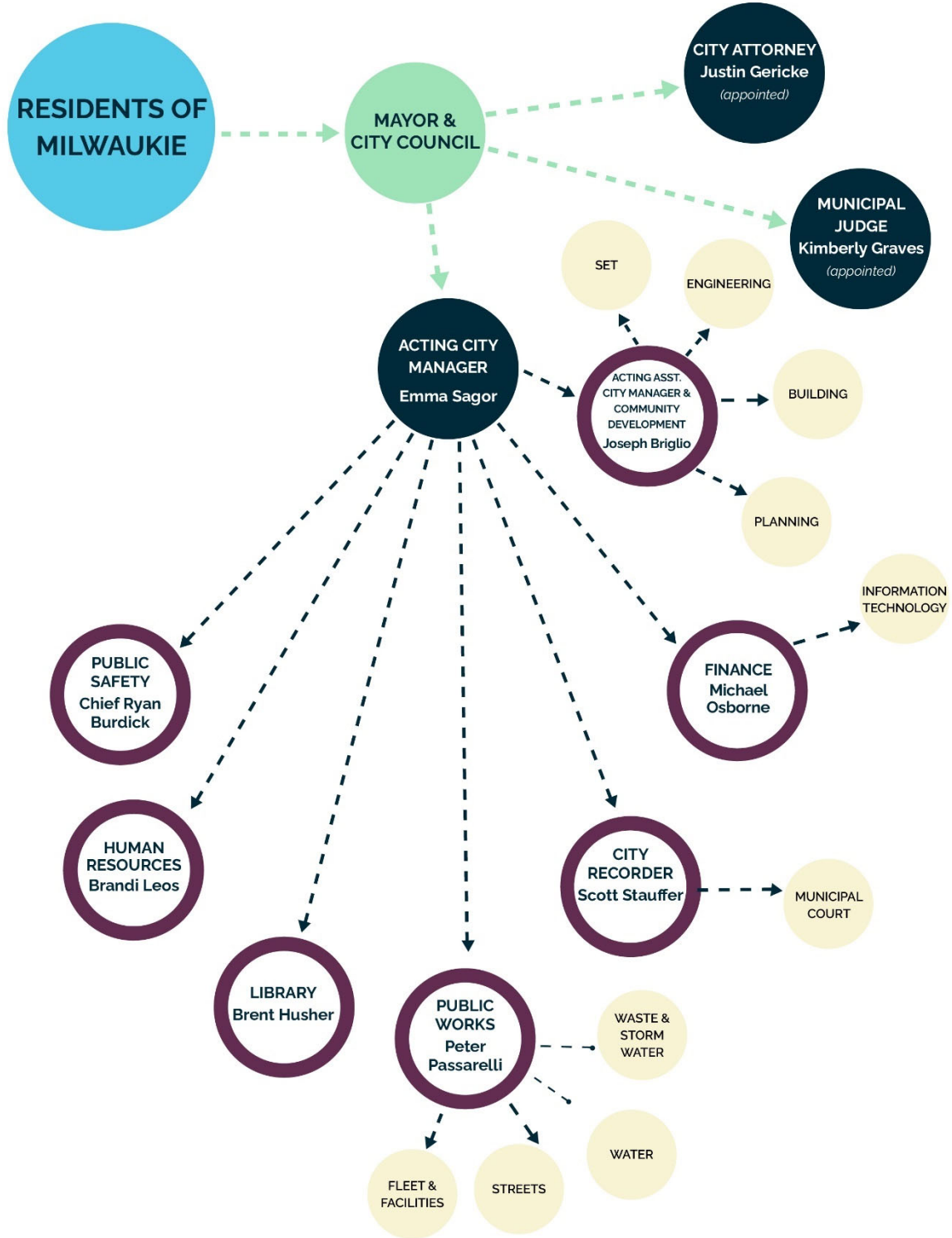
<b>Elected Officials</b>	<b>Term Expires</b>
Lisa Batey, Mayor	December 31, 2026
Adam Khosroabadi, Councilor	December 31, 2028
William Anderson, Councilor	December 31, 2028
Robert Massey, Councilor	December 31, 2026
Rebecca Stavenjord, Councilor	December 31, 2026

<b>Appointed Officials</b>	<b>Position</b>
Emma Sagor	City Manager
Justin D. Gericke	City Attorney
Kimberly Graves	Municipal Court Judge

Management Team:

Joseph Briglio	Community Development Director
Scott Stauffer	City Recorder
Michael Osborne	Finance Director
Brandi Leos	Human Resources Director
Brent Husher	Library Director
Ryan Burdick	Police Chief
Peter Passarelli, PE	Public Works Director

**CITY OF MILWAUKIE, OREGON  
ORGANIZATIONAL CHART  
AS OF JUNE 30, 2024**







# SECTION II

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## FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
BASIC FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER SUPPLEMENTARY INFORMATION  
OTHER FINANCIAL SCHEDULES





## **Report of Independent Auditors**

The Honorable Mayor and City Council  
City of Milwaukie, Oregon

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Milwaukie, Oregon (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the City's total OPEB liability and changes in total OPEB liability, schedule of the City's proportionate share, schedule of the City's contributions, and notes to required supplementary information, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedules of revenues, expenditures, and changes in fund balances – budget and actual for the General Fund, Transportation Fund, and Milwaukie Redevelopment Commission Fund, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and the budgetary comparison schedules as listed in the table of contents under other supplementary information, and the schedule of future debt service requirements and schedule of accountability of independently elected officials are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations***

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 20, 2024, on our consideration of the City’s compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of *the Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Ashley Osten, Partner, for  
Moss Adams LLP  
Portland, Oregon  
December 20, 2024

**CITY OF MILWAUKIE, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the city for the fiscal year ended June 30, 2024. Information in the MD&A is based on currently known facts, decisions, and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

**FINANCIAL HIGHLIGHTS**

- The city's assets totaled \$191.5 million on June 30, 2024, consisting of \$103.5 million in capital assets, \$40.8 million in unrestricted cash and investments, \$41.2 million in restricted cash and investments, and \$6.0 million in other assets. Total assets increased by \$1.0 million (.5%) from the previous fiscal year.
- The city's liabilities totaled \$89.9 million on June 30, 2024, consisting of \$75.0 million in long-term liabilities and \$14.9 million in other liabilities. Total liabilities increased by \$1.3 million (1.5%) from the previous fiscal year.
- The assets and deferred outflows of resources of the city exceeded its liabilities and deferred inflows of resources by \$105.1 million at the close of fiscal year 2024. The city's net position invested in capital assets was \$69.9 million and restricted for capital projects, building operations, library services, debt service, public safety and other purposes was \$45.0 million.
- The deferred outflows of resources for the city decreased to \$6.8 million, compared to \$7.4 million in fiscal year 2023. The primary decrease relates to the pension deferrals.
- The deferred inflows of resources for the city decreased to \$3.2 million, compared to \$6.3 million in fiscal year 2023. The primary decrease relates to the pension deferrals.
- For its governmental activities, the city generated \$5.9 million in charges for services and received \$6.3 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$37.3 million for the year, resulting in a net expense of \$25.1 million. The governmental activities also received \$19.2 million in general revenues and \$4.5 million in transfers, resulting in a decrease in net position of \$1.4 million.
- For its business-type activities, the city generated \$19.2 million in charges for services and received \$.8 million in operating and capital grants and contributions to fund direct expenses of \$12.9 million. Business-type activities had transfers out of \$4.5 million. Business-type activities had an increase in net position of \$3.6 million.
- Fund balance in the city's governmental funds was \$56.2 million on June 30, 2024, a decrease of \$1.9 million from the previous fiscal year. This decrease is mostly due to timing differences in the Systems Development Charges fund, where revenues were received in prior years and expended in the current year, as well as decreases in the general fund due to rising costs exceeding revenues.

## OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of this annual report contains the *basic financial statements*, *required supplementary information*, and *other supplementary information*. The basic financial statements include *notes* that explain the information in the financial statements and provide additional details.

### Government-wide Statements

The government-wide statements report information about the city using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes all the city's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two government-wide statements report the city's net position and how it has changed over the preceding year. Net position—the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the city's financial health or position.

Increases or decreases in the city's net position are one indicator of whether its *financial health* is improving or deteriorating. To assess the overall health of the city, additional nonfinancial factors such as changes in the city's property tax base, and the condition of the city's infrastructure must be considered.

The government-wide financial statements of the city are divided into two categories:

- **Governmental Activities** – includes most of the city's basic services such as community development, code enforcement, police, library, highways and streets, and general administration. Property taxes, charges for services, grants, and contributions fund most of these activities.
- **Business-type Activities** – includes fees charged to customers to help cover the costs of certain services the city provides. The city's water, wastewater, and stormwater services are included here.

### Statement of Net Position

Net position serves as a useful indicator of a government's financial position. The city has continued to see assets and deferred outflows exceeding liabilities and deferred inflows. At the close of fiscal year 2024, assets and deferred outflows exceeded liabilities and deferred inflows by \$105.1 million.

By far the largest portion of the city's net position (66.5%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, infrastructure, intangible leases and subscriptions), less any related debt outstanding used to acquire those assets. The city uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the city's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the



capital assets themselves either cannot or are not expected to be used or liquidated to repay these liabilities.

Combined net position of the City of Milwaukie on June 30, 2024 and 2023 was as follows:

**STATEMENT OF NET POSITION**  
*(in thousands)*

	Governmental Activities		Business-Type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
Current and other assets	\$ 61,085	\$ 62,215	\$ 26,846	\$ 28,739	\$ 87,932	\$ 90,954
Capital assets	66,413	67,724	37,118	31,769	103,531	99,493
Total assets	<u>127,498</u>	<u>129,939</u>	<u>63,965</u>	<u>60,508</u>	<u>191,463</u>	<u>190,447</u>
Deferred outflows of resources	<u>6,052</u>	<u>6,620</u>	<u>718</u>	<u>796</u>	<u>6,770</u>	<u>7,416</u>
Long-term liabilities	72,221	74,326	2,828	2,737	75,049	77,063
Other liabilities	7,680	4,419	7,200	7,160	14,880	11,579
Total liabilities	<u>79,901</u>	<u>78,745</u>	<u>10,029</u>	<u>9,897</u>	<u>89,929</u>	<u>88,642</u>
Deferred inflows of resources	<u>2,730</u>	<u>5,481</u>	<u>432</u>	<u>826</u>	<u>3,161</u>	<u>6,307</u>
Net position:						
Net investment in capital assets	33,498	31,778	36,443	30,988	69,941	62,766
Restricted for:						
Public safety	79	112	-	-	79	112
Parks	1,094	-	-	-	1,094	-
Debt service	10	243	12	12	22	255
Construction Excise Tax	1,272	3,026	-	-	1,272	3,026
Library services	623	777	-	-	623	777
OPEB Asset	216	197	26	23	242	220
Building operations	4,953	4,561	-	-	4,953	4,561
Urban renewal	7,467	6,678	-	-	7,467	6,678
Transportation	26,603	26,867	-	-	26,603	26,867
Capital projects	2,669	2,485	-	-	2,669	2,485
Unrestricted	<u>(27,564)</u>	<u>(24,392)</u>	<u>17,742</u>	<u>19,558</u>	<u>(9,822)</u>	<u>(4,833)</u>
Total net position	<u>\$ 50,920</u>	<u>\$ 52,333</u>	<u>\$ 54,222</u>	<u>\$ 50,581</u>	<u>\$ 105,142</u>	<u>\$ 102,914</u>

**Classification of Net Position**

As of June 30, 2024, total net position increased from the prior year by \$2.2 million (2.2%) to \$105.1 million.

A portion of the city's net position (\$45.0 million) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position is negative primarily because the majority of the city's net position is tied up in capital assets.

## Statement of Activities

### CHANGES IN NET POSITION (in thousands)

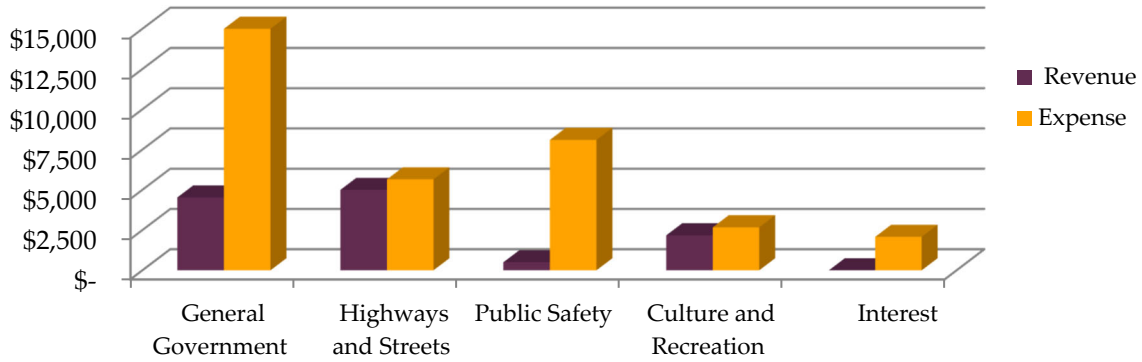
	Governmental Activities		Business-Type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
Revenues						
Program revenues:						
Charges for services	\$ 5,874	\$ 5,523	\$ 19,236	\$ 19,028	\$ 25,110	\$ 24,551
Operating grants and contributions	5,798	5,640	210	-	6,008	5,640
Capital grants and contributions	520	17	548	-	1,068	17
General revenues:						
Property taxes	11,808	11,087	-	-	11,808	11,087
Franchise taxes	3,898	3,909	-	-	3,898	3,909
Miscellaneous	3,514	1,651	1,039	779	4,554	2,430
Total revenues	<u>31,412</u>	<u>27,827</u>	<u>21,034</u>	<u>19,807</u>	<u>52,446</u>	<u>47,634</u>
Expenses						
Governmental activities:						
General government	18,778	15,786	-	-	18,778	15,786
Highways and streets	5,647	5,557	-	-	5,647	5,557
Public safety	8,100	7,914	-	-	8,100	7,914
Culture and recreation	2,672	2,477	-	-	2,672	2,477
Interest on long-term debt	2,081	1,569	-	-	2,081	1,569
Business-type activities:						
Water	-	-	3,233	2,918	3,233	2,918
Wastewater	-	-	7,078	6,872	7,078	6,872
Stormwater	-	-	2,628	2,509	2,628	2,509
Total expenses	<u>37,278</u>	<u>33,303</u>	<u>12,939</u>	<u>12,299</u>	<u>50,218</u>	<u>45,602</u>
Change in net position before transfers	<u>(5,866)</u>	<u>(5,476)</u>	<u>8,094</u>	<u>7,508</u>	<u>2,228</u>	<u>2,032</u>
Transfers	<u>4,453</u>	<u>4,453</u>	<u>(4,453)</u>	<u>(4,453)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(1,413)</u>	<u>(1,022)</u>	<u>3,641</u>	<u>3,055</u>	<u>2,228</u>	<u>2,033</u>
Net Position - beginning	52,333	53,461	50,581	47,526	102,914	100,987
Prior Period Adjustment (Error Correction)	-	(106)	-	-	-	(106)
Net position - ending	<u>\$ 50,920</u>	<u>\$ 52,333</u>	<u>\$ 54,222</u>	<u>\$ 50,581</u>	<u>\$ 105,142</u>	<u>\$ 102,914</u>

### Governmental Activities

Governmental activities decreased the city's net position by \$1.4 million in fiscal year 2024, compared to a \$1.0 million decrease in the prior fiscal year. Transfers from business to government activities were \$4.5 million. The decrease in net position was largely due to timing differences in the Construction Excise Tax fund where revenues were received in prior years and expended in the current year. The property tax increase is a result of additional properties coming into the tax base and prior year collections of outstanding balances.

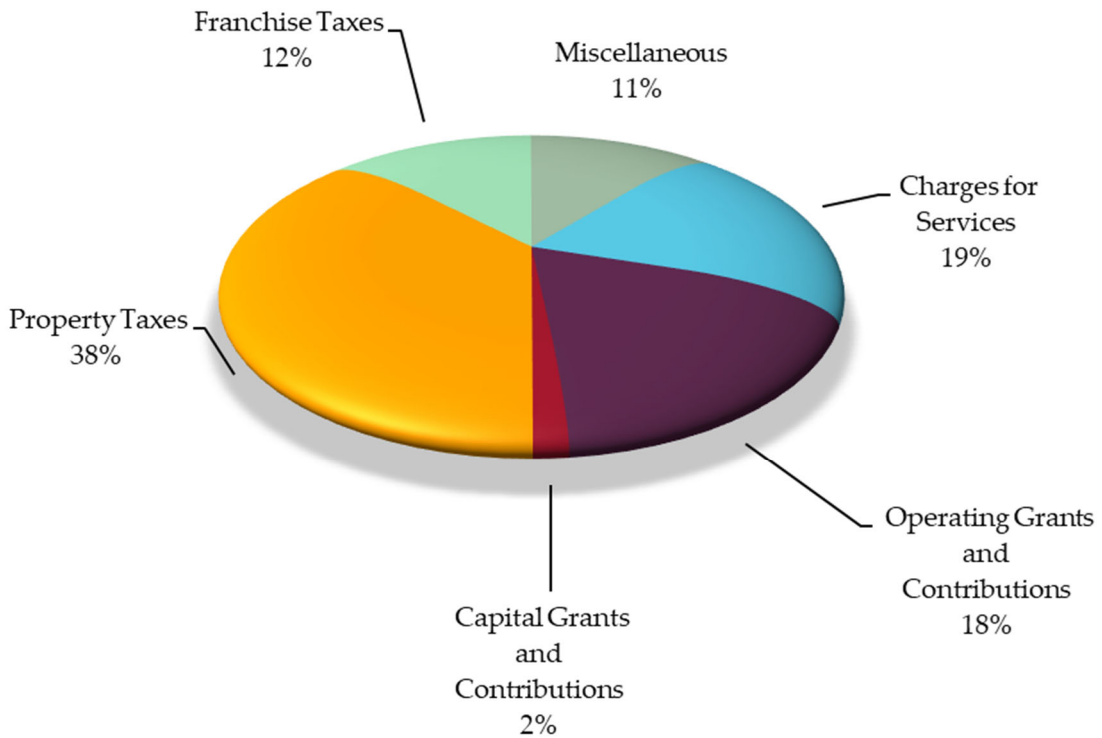
The following bar chart compares total revenues to total expenses for the city's governmental programs

**Program Revenues and Expenses - Governmental Activities**  
(in thousands)



The revenues in the following pie chart include all program and general revenues for governmental activities including property taxes, franchise taxes, charges for services, operating and capital grants and contributions, and miscellaneous revenues. Property taxes continue to be the major source of revenue for the city's governmental activities.

**Revenues by Source - Governmental Activities**

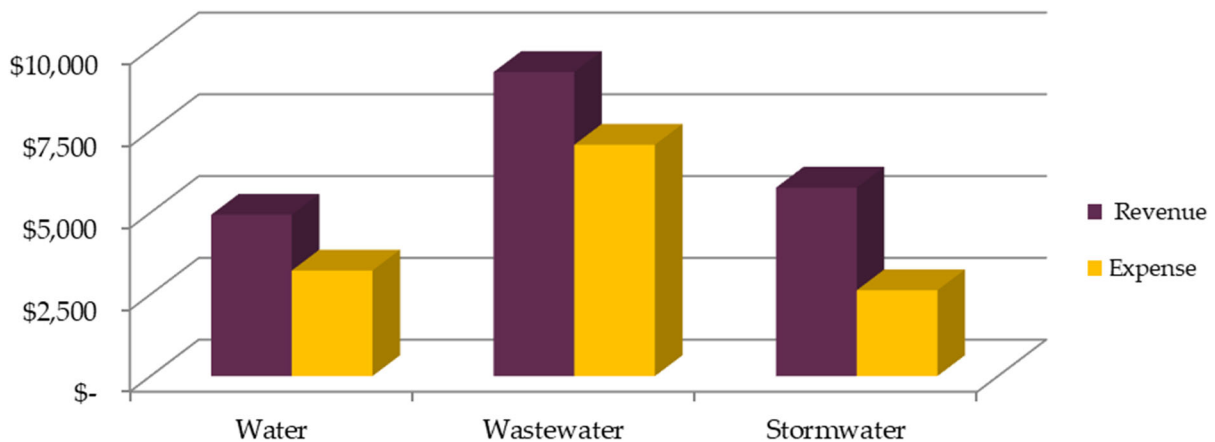


## Business-type Activities

Business-type activities increased the city's net position by \$3.6 million due to a planned increase in utility rates year over year and construction-in-progress not yet being depreciated.

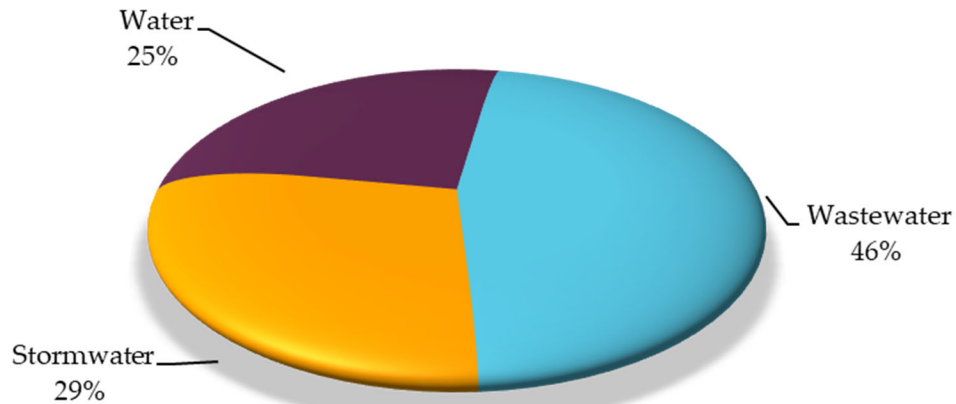
The following bar chart compares total revenues to total expenses for the city's business-type programs.

**Program Revenues and Expenses - Business-Type Activities**  
(in thousands)



The Water, Wastewater, and Stormwater Fund revenues represent approximately 25%, 46%, and 29% of all utility revenue, respectively. The Water Fund accounts for all services that provide clean water to residents and businesses; the Wastewater Fund accounts for all sewer collection services; and the Stormwater Fund accounts for surface water management services.

**Revenues by Utility - Business-Type Activities**



## **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

The focus of the city's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the city's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2024, the city's governmental funds reported a combined ending fund balance of \$56.2 million, a decrease of \$1.9 million for the year. Unassigned fund balance decreased to \$11.0 million as of June 30, 2024, and is available for spending at the city's discretion.

### **General Fund**

The General Fund accounts for all the general governmental services provided by the city. On June 30, 2024, the total fund balance was \$13.1 million, which is a decrease of \$.6 million for the year. The city's General Fund is funded with property taxes and franchise taxes, as well as charges for services. General Fund expenditures increased \$1.6 million to \$26.3 million in fiscal year 2024 primarily due to inflationary increases.

### **Transportation Fund**

The Transportation Fund is a special revenue fund that accounts for the operation and maintenance of the city's street and sidewalk systems, including medians. Charges for services increased by \$0.1 million to \$2.4 million. Total expenditures consisted of capital projects (\$3.2 million), debt service (\$2.0 million), transfers to other funds (\$2.2 million) and personnel, materials and services (\$1.1 million). Overall expenses decreased by \$.1 million from the prior year. The ending fund balances decreased by \$.2 million.

### **Milwaukie Redevelopment Commission**

The Milwaukie Redevelopment Commission is a special revenue fund that supports projects within the city's designated boundary to promote growth and renewal. As of June 30, 2024, the fund balance was \$7.5 million.

### **Other Governmental Funds**

The other governmental funds are considered nonmajor funds, which include the Systems Development Charges Fund, City Hall Fund, Building Fund, Construction Excise Tax Fund, and Debt Service Fund. These funds had a combined ending fund balance of \$9.1 million. Further details on these funds can be found in the Other Supplementary Information section of this report.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget for the 2023-2024 biennium budget period amounted to \$59.6 million. There were two supplemental budget resolutions adopted during the biennium to reallocate departmental budget authority and allow for previously unanticipated expenditures.

During the first year of the biennium budget, one budget transfer resolution was adopted authorizing the following:

- Transfer of \$70,000 from the General Fund to City Hall Fund for construction costs
- Recognize the library materials grant of \$4,000
- Transfer budget savings of \$297,000 to Police
- Transfer Information Technology's budget savings of \$48,000 to Police
- Transfer Finance budget savings of \$91,000 to Police

During the second year of the biennium budget, one budget transfer resolution was adopted authorizing the following:

- Increased spending in the building fund by \$1,500,000 to account for increased workload
- Increased spending in the general fund for new parks and solar panel grants for \$1,047,603.
- Transfers of \$20k from each proprietary fund and the transportation fund (\$80k total) to account for centralization of supplies purchases at the new city hall.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2024, the city had invested \$103.5 million in capital assets, net of depreciation and amortization as reflected in the following table, representing a net increase (additions, deductions and depreciation) of \$ 4.0 million from fiscal year 2024. Governmental capital assets totaled \$66.4 million while business-type capital assets totaled \$37.1 million.

	Governmental Activities		Business-type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
Land and easements	\$ 6,317	\$ 6,317	\$ 1,204	\$ 1,204	\$ 7,522	\$ 7,521
Buildings and improvements	18,970	19,336	3,990	4,415	22,959	23,752
Vehicles and equipment	2,019	1,709	1,412	1,493	3,430	3,202
Furniture and fixtures	404	411	-	-	404	411
Right to use Assets	468	490	-	11	468	501
Infrastructure	32,651	33,411	21,285	21,405	53,936	54,816
Construction in progress	5,583	6,055	9,228	3,240	14,811	9,295
Capital assets, net	<u>\$ 66,413</u>	<u>\$ 67,729</u>	<u>\$ 37,118</u>	<u>\$ 31,769</u>	<u>\$ 103,531</u>	<u>\$ 99,499</u>

The following table reconciles the change in capital assets for the fiscal year. Expenditures for construction projects in progress at fiscal year-end are included in additions. Reductions are for

capital asset dispositions and transfers of construction projects completed during the fiscal year. When applicable, additions include capital contributions from outside developers with the revenue from these contributions reflected in program revenues on the *Statement of Activities*.

Net assets utilized in governmental activities decreased by \$1.3 million from the prior fiscal year, while business-type activities increased by \$5.3 million. The increase is mostly related to \$5.5 million in stormwater infrastructure spending during the year. Capital asset additions include work on various projects throughout the community, as well as vehicle and equipment purchases. More detailed information about the city's capital assets is presented in the *Notes to the Basic Financial Statements*, Note 5.

### Change in Capital Assets

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
Beginning balance	\$ 67,730	\$ 68,044	\$ 31,769	\$ 32,032	\$ 99,499	\$ 100,076
Additions	6,666	6,822	8,233	2,441	14,899	9,263
Reductions and adjustments	(300)	316	(13)	-	(314)	316
Depreciation	(7,683)	(7,453)	(2,870)	(2,704)	(10,554)	(10,157)
Ending balance	<u>\$ 66,413</u>	<u>\$ 67,729</u>	<u>\$ 37,118</u>	<u>\$ 31,769</u>	<u>\$ 103,531</u>	<u>\$ 99,499</u>

### Debt Outstanding

As of the end of the fiscal year, the city had \$56.1 million in long-term debt obligations outstanding, a decrease from the prior year by \$2.4 million. More detailed information about the city's long-term debt obligations is presented in the *Notes to the Basic Financial Statements*, Note 8.

### Outstanding Long-term Debt Obligations as of June 30th

(in thousands)

	Fiscal Year Ending	
	2024	2023
<b>Governmental:</b>		
Transportation Full-Faith & Credit Obligations	\$ 38,600	\$ 39,405
Library General Obligation Bond	6,080	6,500
City Hall Full-Faith & Credit Obligation	5,555	5,845
Light Rail General Obligation Bond	2,195	2,375
Pension Bond	1,625	2,005
Milwaukie Bay Park Full-Faith & Credit Obligation	380	445
Special Public Works Fund Loan	292	322
Add in Bond Premiums	666	782
	<u>55,393</u>	<u>57,679</u>
<b>Business-Type:</b>		
Oregon DEQ	675	772
<b>Total</b>	<u>\$ 56,069</u>	<u>\$ 58,451</u>

The city has maintained its Aa2 rating with Moody's Investor Service. Credit ratings reflect the city's ability to continue to participate in the public bond markets while obtaining the lowest interest rate costs available.

Under Oregon Revised Statutes, general obligation debt issues are limited to three percent of the real market value of all taxable property within the city's boundaries. As of June 30, 2024, the city carried \$8.3 million general obligation debt subject to this \$189.0 million limit.

### **Economic Factors**

The City of Milwaukie is predominantly residential in nature, with commercial property and industrial property representing approximately 9% and 15% of the city's taxable assessed value, respectively. Therefore, the city receives a significant share of its revenue directly from residents in the form of property taxes and charges for services.

The State of Oregon does not have a sales tax, making property taxes the primary funding source for general government, public safety, and culture and recreation services provided by the city. The underlying taxable assessed value continues to be below real market values (currently about 49%); therefore, overall real market values would have to decrease an additional 51% before the city's property tax revenue stream would be significantly impacted.

Property taxes and charges for services provided approximately 62% of revenue used for governmental activities. Other significant revenue sources include operating grants and contributions, franchise fees, and capital grants and contributions.

Business-type activities are primarily funded with utility fees and charges. The Citizens' Utility Advisory Board oversees utility rate studies and reviews financial forecasts for each utility to recommend rates to the City Council for adoption. On January 1, 2017, City Council adopted the Safe Access For Everyone (SAFE) fee in order to improve safety and access throughout the city, such as improvements for ADA compliance, bicycle and pedestrian accessibility. The commercial rates are based on square footage and type of business; single-family residential rates are fixed at \$6.11. On June 5, 2019, the City Council adopted a new rate structure for water fees, providing a tiered system. With this new rate structure, there were no fee increases to water. Wastewater received a decrease in the administrative fee but had an increase of 2.5% in volume charges. Stormwater received an increase of 2.5% in volume charges.

### **Requests for Information**

This financial statement report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the city's finances and to demonstrate the city's accountability for the resources it receives and expends. If you have questions about this report or need additional financial information, contact the Finance Department at the City of Milwaukie, 10501 SE Main Street, Milwaukie, Oregon 97222 or by email: [finance@milwaukieoregon.gov](mailto:finance@milwaukieoregon.gov).



# BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

STATEMENT OF ACTIVITIES

FUND FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF MILWAUKIE, OREGON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 20,719,556	\$ 20,094,227	\$ 40,813,783
Restricted cash and investments	37,374,566	4,416,963	41,791,529
Property taxes receivable	373,703	-	373,703
Accounts receivable, net of allowance	2,094,663	2,185,533	4,280,196
Prepaid expenses	306,959	9,681	316,640
Lease receivable	-	114,231	114,231
Net OPEB Asset	216,047	25,642	241,689
Capital assets not being depreciated or amortized:			
Land and easements	6,317,484	1,204,142	7,521,626
Construction in progress	5,583,199	9,227,909	14,811,108
Capital assets net of accumulated depreciation and amortization:			
Buildings and improvements	18,969,560	3,989,691	22,959,251
Vehicles and equipment	2,018,763	1,411,636	3,430,399
Furniture and fixtures	404,393	-	404,393
Right to use assets - subscriptions	359,141	-	359,141
Right to use assets - leases	108,854	-	108,854
Infrastructure	32,651,306	21,284,870	53,936,176
<b>TOTAL ASSETS</b>	<b>127,498,194</b>	<b>63,964,525</b>	<b>191,462,719</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources - pension	5,892,813	699,387	6,592,200
Deferred outflows of resources - OPEB	159,000	18,871	177,871
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,051,813</b>	<b>718,258</b>	<b>6,770,071</b>

Continued on following page.

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

**LIABILITIES:**

Accounts payable	2,500,189	2,372,225	4,872,414
Accrued salaries and associated payroll costs	492,473	66,540	559,013
Accrued compensated absences payable	1,168,379	117,351	1,285,730
Accrued interest payable	205,670	1,931	207,601
Deposits payable	130,914	15,750	146,664
Unearned revenue	643,409	4,524,907	5,168,316
Lease liability, due within one year	33,703	-	33,703
Long-term obligations, due within one year	2,320,347	96,458	2,416,805
SBITA Liability, due within one year	140,427	-	140,427
Total OPEB Liability, due within one year	44,166	5,214	49,380
Noncurrent liabilities:			
Lease liability, due in more than one year	80,177	-	80,177
Long-term obligations, due in more than one year	53,073,047	578,746	53,651,793
Net pension liability	18,332,710	2,175,811	20,508,521
SBITA Liability, due in more than one year	114,553	-	114,553
Total OPEB liability, due in more than one year	<u>620,369</u>	<u>73,656</u>	<u>694,025</u>
<b>TOTAL LIABILITIES</b>	<u>79,900,533</u>	<u>10,028,589</u>	<u>89,929,122</u>

**DEFERRED INFLOWS OF RESOURCES:**

Deferred inflows of resources - leases	-	107,867	107,867
Deferred inflows of resources - pension	2,456,321	291,528	2,747,849
Deferred inflows of resources - OPEB	<u>273,204</u>	<u>32,425</u>	<u>305,629</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>2,729,525</u>	<u>431,820</u>	<u>3,161,345</u>

**NET POSITION:**

Net investment in capital assets	33,498,051	36,443,044	69,941,095
Restricted for:			
Public safety supplies	79,287	-	79,287
Parks	1,093,547	-	1,093,547
Debt service	9,985	12,056	22,041
Construction Excise Tax	1,272,187	-	1,272,187
Library	622,786	-	622,786
Net OPEB Asset	216,047	25,642	241,689
Building operations	4,953,020	-	4,953,020
Urban renewal	7,467,246	-	7,467,246
Transportation	26,603,207	-	26,603,207
Capital projects	2,668,658	-	2,668,658
Unrestricted	<u>(27,564,072)</u>	<u>17,741,632</u>	<u>(9,822,440)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 50,919,949</u>	<u>\$ 54,222,374</u>	<u>\$ 105,142,323</u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FUNCTION / PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 18,778,293	\$ 2,737,807	\$ 1,414,148	\$ 375,000	\$ (14,251,338)	\$ -	\$ (14,251,338)
Highways and streets	5,646,800	2,627,897	2,220,392	145,000	(653,511)	-	(653,511)
Public safety	8,099,643	486,769	9,495	-	(7,603,379)	-	(7,603,379)
Culture and recreation	2,672,218	21,287	2,153,564	-	(497,367)	-	(497,367)
Interest on long-term debt	2,081,190	-	-	-	(2,081,190)	-	(2,081,190)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>37,278,144</b>	<b>5,873,760</b>	<b>5,797,599</b>	<b>520,000</b>	<b>(25,086,785)</b>	<b>-</b>	<b>(25,086,785)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Water	3,232,505	4,905,840	26,836	-	-	1,700,171	1,700,171
Wastewater	7,078,498	9,114,815	183,468	-	-	2,219,785	2,219,785
Stormwater	2,628,354	5,215,316	-	548,032	-	3,134,994	3,134,994
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>12,939,357</b>	<b>19,235,971</b>	<b>210,304</b>	<b>548,032</b>	<b>-</b>	<b>7,054,950</b>	<b>7,054,950</b>
<b>TOTAL ACTIVITIES</b>	<b>\$ 50,217,501</b>	<b>\$ 25,109,731</b>	<b>\$ 6,007,903</b>	<b>\$ 1,068,032</b>	<b>(25,086,785)</b>	<b>7,054,950</b>	<b>(18,031,835)</b>
<b>GENERAL REVENUES:</b>							
Property taxes					11,808,142	-	11,808,142
Franchise taxes					3,898,094	-	3,898,094
Unrestricted investment earnings					3,514,439	1,039,369	4,553,808
<b>TOTAL GENERAL REVENUES</b>					<b>19,220,675</b>	<b>1,039,369</b>	<b>20,260,044</b>
<b>TRANSFERS</b>					<b>4,453,000</b>	<b>(4,453,000)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>					<b>(1,413,110)</b>	<b>3,641,319</b>	<b>2,228,209</b>
<b>NET POSITION - beginning</b>					<b>52,333,059</b>	<b>50,581,055</b>	<b>102,914,114</b>
<b>NET POSITION - ending</b>					<b>\$ 50,919,949</b>	<b>\$ 54,222,374</b>	<b>\$ 105,142,323</b>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	General Fund	Transportation Fund	Milwaukie Redevelopment Commission	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and investments	\$ 12,339,813	\$ 8,232,897	\$ -	\$ 146,846	\$ 20,719,556
Restricted cash and investments	1,172,834	19,680,376	7,465,249	9,056,107	37,374,566
Property taxes receivable	352,272	-	21,431	-	373,703
Accounts receivable, net of allowance	1,492,401	602,262	-	-	2,094,663
Prepaid expenditures	306,959	-	-	-	306,959
<b>TOTAL ASSETS</b>	<b>\$ 15,664,279</b>	<b>\$ 28,515,535</b>	<b>\$ 7,486,680</b>	<b>\$ 9,202,953</b>	<b>\$ 60,869,447</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 1,077,000	\$ 1,283,468	\$ 350	\$ 139,371	\$ 2,500,189
Accrued salaries and associated payroll costs	462,880	16,707	-	12,886	492,473
Deposits payable	78,414	52,500	-	-	130,914
Unearned revenue	83,756	559,653	-	-	643,409
<b>TOTAL LIABILITIES</b>	<b>1,702,050</b>	<b>1,912,328</b>	<b>350</b>	<b>152,257</b>	<b>3,766,985</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue - municipal court assessments	308,519	-	-	-	308,519
Unavailable revenue - settlements	205,709	-	-	-	205,709
Unavailable revenue - property taxes	315,119	-	19,084	-	334,203
Unavailable revenue - assessment liens	56,334	-	-	-	56,334
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>885,681</b>	<b>-</b>	<b>19,084</b>	<b>-</b>	<b>904,765</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>2,587,731</b>	<b>1,912,328</b>	<b>19,434</b>	<b>152,257</b>	<b>4,671,750</b>
<b>FUND BALANCES:</b>					
Nonspendable	306,959	-	-	-	306,959
Restricted	1,795,620	26,603,207	7,467,246	8,903,850	44,769,923
Assigned	-	-	-	146,846	146,846
Unassigned	10,973,969	-	-	-	10,973,969
<b>TOTAL FUND BALANCES</b>	<b>13,076,548</b>	<b>26,603,207</b>	<b>7,467,246</b>	<b>9,050,696</b>	<b>56,197,697</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 15,664,279</b>	<b>\$ 28,515,535</b>	<b>\$ 7,486,680</b>	<b>\$ 9,202,953</b>	<b>\$ 60,869,447</b>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

<b>Total Fund Balances for Governmental Funds</b>		\$ 56,197,697
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in funds.		66,412,700
Other assets are not available to pay for current-period expenditures and are therefore deferred in the funds:		
Property tax revenues	334,203	
Opioid settlement	205,709	
Municipal court assessments	308,519	
Assessment liens	56,334	904,765
Pension and OPEB assets or liabilities, with related deferred outflows and inflows of resources, are not reported in governmental funds, but are reported on the Statement of Net Position.		
Net OPEB asset	216,047	
Net pension liability	(18,332,710)	
Total OPEB liability	(664,535)	
Deferred outflows of resources - pensions	5,892,813	
Deferred outflows of resources - OPEB	159,000	
Deferred inflows of resources - pension	(2,456,321)	
Deferred inflows of resources - OPEB	(273,204)	(15,458,910)
Liabilities, including accrued liabilities and bonds payable, that are not due and payable in the current period and therefore, are not reported in funds:		
Accrued compensated absences payable	(1,168,379)	
Accrued interest payable	(205,670)	
SBITA liability	(254,980)	
Lease liability	(113,880)	
Long-term debt obligations	(55,393,394)	(57,136,303)
Net position of governmental activities		\$ 50,919,949

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	General Fund	Transportation Fund	Milwaukie Redevelopment Commission	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 10,174,354	\$ -	\$ 767,677	\$ 811,021	\$ 11,753,052
Franchise taxes	2,395,872	1,502,222	-	-	3,898,094
Intergovernmental	3,948,627	2,459,130	-	-	6,407,757
Licenses and permits	564,327	-	-	1,328,027	1,892,354
Charges for services	-	2,385,155	-	-	2,385,155
System development charges	-	-	-	402,613	402,613
Construction Excise Taxes	-	-	-	143,937	143,937
Fines and forfeitures	607,017	-	-	-	607,017
Investment earnings	771,433	1,890,956	461,203	390,847	3,514,439
Miscellaneous	236,340	20,838	10,326	274,141	541,645
<b>TOTAL REVENUES</b>	<b>18,697,970</b>	<b>8,258,301</b>	<b>1,239,206</b>	<b>3,350,586</b>	<b>31,546,063</b>
<b>EXPENDITURES:</b>					
Current:					
General government	13,241,024	-	5,000	2,889,742	16,135,766
Highways and streets	-	1,142,231	-	-	1,142,231
Public safety	7,679,544	-	-	-	7,679,544
Culture and recreation	2,254,921	-	-	-	2,254,921
Debt service:					
Principal	621,242	631,935	172,765	955,000	2,380,942
Interest	131,757	1,334,714	184,450	418,018	2,068,939
Capital outlay	2,342,680	3,177,846	39,791	1,090,825	6,651,142
<b>TOTAL EXPENDITURES</b>	<b>26,271,168</b>	<b>6,286,726</b>	<b>402,006</b>	<b>5,353,585</b>	<b>38,313,485</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(7,573,198)</b>	<b>1,971,575</b>	<b>837,200</b>	<b>(2,002,999)</b>	<b>(6,767,422)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers from other funds	6,868,000	(2,235,000)	(35,000)	378,000	4,976,000
Transfers to other funds	(298,000)	-	-	(225,000)	(523,000)
Proceeds from sale of capital assets	285,356	-	-	-	285,356
Proceeds from SBITA financing	136,527	-	-	-	136,527
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,991,883</b>	<b>(2,235,000)</b>	<b>(35,000)</b>	<b>153,000</b>	<b>4,874,883</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(581,315)</b>	<b>(263,425)</b>	<b>802,200</b>	<b>(1,849,999)</b>	<b>(1,892,539)</b>
<b>FUND BALANCES - beginning</b>	<b>13,657,863</b>	<b>26,866,632</b>	<b>6,665,046</b>	<b>10,900,695</b>	<b>58,090,236</b>
<b>FUND BALANCES - ending</b>	<b>\$ 13,076,548</b>	<b>\$ 26,603,207</b>	<b>\$ 7,467,246</b>	<b>\$ 9,050,696</b>	<b>\$ 56,197,697</b>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Net change in fund balances - total governmental funds	\$	(1,892,539)
Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received		(134,029)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay was greater than depreciation and amortization.		
Capital outlay		6,651,142
Depreciation/amortization expense		(7,683,304)
Capital disposals, transfer, and adjustment		(278,653)
		(1,310,815)

The issuance of long-term debt (e.g., bonds, leases, SBITA's) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents debt issued during the current fiscal year and scheduled principal payments on existing debt.

Proceeds from SBITA financing	(136,527)	
Transfer of SBITA from proprietary to gov't funds	(9,618)	
Lease principal payments	37,082	
SBITA principal payments	173,815	
Long-term debt principal repayments	2,170,045	2,234,797

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net pension liability and related deferrals	(563,694)	
Net OPEB asset, liability and related deferrals	38,553	
Accrued interest payable	(12,251)	
Accrued compensated absences payable	173,696	
Amortization of bond premium	53,172	(310,524)
		(310,524)

Change in net position of governmental activities	\$	(1,413,110)
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The notes to basic financial statements are an integral part of this statement.



CITY OF MILWAUKIE, OREGON

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION

JUNE 30, 2024

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 6,846,373	\$ 6,695,941	\$ 6,551,913	\$ 20,094,227
Restricted cash and investments	3,669,868	747,095	-	4,416,963
Accounts receivable, net of allowance for doubtful accounts	511,229	1,036,636	637,668	2,185,533
Lease receivable	35,002	-	-	35,002
Prepaid expenses	9,681	-	-	9,681
Total current assets	11,072,153	8,479,672	7,189,581	26,741,406
Noncurrent assets:				
Net OPEB asset	10,220	6,385	9,037	25,642
Lease receivable	79,229	-	-	79,229
Capital assets not being depreciated	2,228,060	1,923,449	6,280,542	10,432,051
Capital assets, net of accumulated depreciation	9,328,348	9,874,964	7,482,885	26,686,197
Total noncurrent assets	11,645,857	11,804,798	13,772,464	37,223,119
<b>TOTAL ASSETS</b>	<b>22,718,010</b>	<b>20,284,470</b>	<b>20,962,045</b>	<b>63,964,525</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflows of resources - pensions	278,745	174,155	246,487	699,387
Deferred outflows of resources - OPEB	7,521	4,699	6,651	18,871
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>286,266</b>	<b>178,854</b>	<b>253,138</b>	<b>718,258</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	264,390	1,674,507	433,328	2,372,225
Accrued salaries and associated payroll costs	24,214	17,081	25,245	66,540
Accrued compensated absences payable	42,769	42,969	31,613	117,351
Accrued interest payable	-	1,931	-	1,931
Deposits payable	15,750	-	-	15,750
Current portion of total OPEB liability	2,074	1,300	1,840	5,214
Unearned revenue	3,669,868	735,039	120,000	4,524,907
Current portion of long-term debt	-	96,458	-	96,458
Total current liabilities	4,019,065	2,569,285	612,026	7,200,376
Noncurrent liabilities:				
Net pension liability	867,183	541,801	766,827	2,175,811
Total OPEB liability	29,360	18,340	25,956	73,656
Long-term debt	-	578,746	-	578,746
<b>TOTAL LIABILITIES</b>	<b>4,915,608</b>	<b>3,708,172</b>	<b>1,404,809</b>	<b>10,028,589</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows of resources - lease receivable	107,867	-	-	107,867
Deferred inflows of resources - pensions	116,190	72,594	102,744	291,528
Deferred inflows of resources - OPEB	12,923	8,074	11,428	32,425
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>236,980</b>	<b>80,668</b>	<b>114,172</b>	<b>431,820</b>
<b>NET POSITION:</b>				
Net investment in capital assets	11,556,408	11,123,209	13,763,427	36,443,044
Restricted:				
Debt service	-	12,056	-	12,056
OPEB asset	10,220	6,385	9,037	25,642
Unrestricted	6,285,060	5,532,834	5,923,738	17,741,632
<b>TOTAL NET POSITION</b>	<b>\$ 17,851,688</b>	<b>\$ 16,674,484</b>	<b>\$ 19,696,202</b>	<b>\$ 54,222,374</b>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 4,809,069	\$ 9,104,306	\$ 5,130,521	\$ 19,043,896
Intergovernmental	26,836	183,468	548,032	758,336
Miscellaneous	96,771	10,509	84,795	192,075
<b>TOTAL OPERATING REVENUES</b>	<b>4,932,676</b>	<b>9,298,283</b>	<b>5,763,348</b>	<b>19,994,307</b>
<b>OPERATING EXPENSES:</b>				
Salaries and wages	891,920	559,738	835,368	2,287,026
Materials and services	1,293,969	5,747,138	722,451	7,763,558
Depreciation	1,041,709	763,098	1,065,628	2,870,435
<b>TOTAL OPERATING EXPENSES</b>	<b>3,227,598</b>	<b>7,069,974</b>	<b>2,623,447</b>	<b>12,921,019</b>
<b>OPERATING INCOME</b>	<b>1,705,078</b>	<b>2,228,309</b>	<b>3,139,901</b>	<b>7,073,288</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment earnings	405,648	300,489	333,232	1,039,369
Interest expense	-	(3,617)	-	(3,617)
Loss on Capital Asset Disposal	(4,907)	(4,907)	(4,907)	(14,721)
<b>TOTAL NONOPERATING REVENUES</b>	<b>400,741</b>	<b>291,965</b>	<b>328,325</b>	<b>1,021,031</b>
Transfers to other funds	(1,573,500)	(1,455,000)	(1,424,500)	(4,453,000)
<b>TRANSFERS</b>	<b>(1,573,500)</b>	<b>(1,455,000)</b>	<b>(1,424,500)</b>	<b>(4,453,000)</b>
<b>CHANGE IN NET POSITION</b>	<b>532,319</b>	<b>1,065,274</b>	<b>2,043,726</b>	<b>3,641,319</b>
<b>NET POSITION - beginning</b>	<b>17,319,369</b>	<b>15,609,210</b>	<b>17,652,476</b>	<b>50,581,055</b>
<b>NET POSITION - ending</b>	<b>\$ 17,851,688</b>	<b>\$ 16,674,484</b>	<b>\$ 19,696,202</b>	<b>\$ 54,222,374</b>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users of services	\$ 4,920,836	\$ 9,219,251	\$ 5,594,600	\$ 19,734,687
Payments to suppliers for goods and services	(1,207,223)	(6,163,014)	(412,779)	(7,783,016)
Payments to employees for services	(917,202)	(557,695)	(773,726)	(2,248,623)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2,796,411</b>	<b>2,498,542</b>	<b>4,408,095</b>	<b>9,703,048</b>
<b>CASH FLOWS TO NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(1,573,500)	(1,455,000)	(1,424,500)	(4,453,000)
<b>NET CASH TO NONCAPITAL FINANCING ACTIVITIES</b>	<b>(1,573,500)</b>	<b>(1,455,000)</b>	<b>(1,424,500)</b>	<b>(4,453,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal paid on capital debt	-	(96,458)	(9,618)	(106,076)
Interest expense	-	(3,617)	-	(3,617)
Acquisition and construction of capital assets	(1,250,208)	(1,462,958)	(5,521,079)	(8,234,245)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,250,208)</b>	<b>(1,563,033)</b>	<b>(5,530,697)</b>	<b>(8,343,938)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Principal payments received on lease	(25,439)	-	-	(25,439)
Investment Income	405,648	300,489	333,232	1,039,369
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>380,209</b>	<b>300,489</b>	<b>333,232</b>	<b>1,013,930</b>
<b>NET INCREASE IN CASH AND INVESTMENTS</b>	<b>352,912</b>	<b>(219,002)</b>	<b>(2,213,870)</b>	<b>(2,079,960)</b>
<b>CASH AND INVESTMENTS - beginning</b>	<b>10,163,329</b>	<b>7,662,038</b>	<b>8,765,783</b>	<b>26,591,150</b>
<b>CASH AND INVESTMENTS - ending</b>	<b>\$ 10,516,241</b>	<b>\$ 7,443,036</b>	<b>\$ 6,551,913</b>	<b>\$ 24,511,190</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:</b>				
Operating income	\$ 1,705,078	\$ 2,228,309	\$ 3,139,901	\$ 7,073,288
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation expense	1,041,709	763,098	1,065,628	2,870,435
(Increase) decrease in accounts receivable	14,996	(69,071)	(168,748)	(222,823)
(Increase) decrease in prepaid expenses	(64)	-	3,150	3,086
Increase (decrease) in accounts payable	82,310	(415,876)	306,522	(27,044)
Increase (decrease) in deposits payable	4,500	-	-	4,500
Increase (decrease) in accrued salaries and payroll taxes payable	1,818	5,857	9,289	16,964
Increase (decrease) in accrued compensated absences payable	(7,543)	(5,126)	(5,850)	(18,519)
Increase (decrease) in pension and related liabilities	(15,749)	1,742	57,570	43,563
Increase (decrease) in OPEB and related liabilities	(3,808)	(430)	633	(3,605)
Increase (decrease) in unearned revenue	(26,836)	(9,961)	-	(36,797)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 2,796,411</b>	<b>\$ 2,498,542</b>	<b>\$ 4,408,095</b>	<b>\$ 9,703,048</b>

The notes to basic financial statements are an integral part of this statement.



**CITY OF MILWAUKIE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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## **Note 1. Summary of Significant Accounting Policies**

The financial statements of the City of Milwaukie, Oregon have been prepared in accordance with accounting principles generally accepted in the United States of America. These statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements.

### **Reporting Entity**

The city is a municipal corporation, incorporated in 1903. It operates under its own charter with a council/city manager form of government. City Council, composed of the mayor and four councilors, comprise the legislative branch of the government. Individual departments are under the direction of the city manager who is appointed by the City Council.

The city provides a range of municipal services to the community, which includes police protection and municipal court services, traffic control and improvement, street maintenance and improvement, water, sewer and stormwater management services, community development, planning and zoning regulation, building inspection and regulation, and community library services.

In defining the City of Milwaukie for financial reporting purposes, management considers all funds, organizations, institutions, agencies, departments, and offices that are legally part of the city (the primary government) and organizations for which the city is financially accountable. As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units. Component units can be defined as legally separate entities for which the city is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Based on component unit criteria, the city's financial statements include the Milwaukie Urban Redevelopment Commission (MRC) as a blended component unit. City's Council and the Board of Directors of the MRC are composed of the same individuals. Additionally, the management of the city manages the activities of the component unit in the same manner as it manages its own activities. The separately issued financial statements of the Milwaukie Urban Renewal Agency may be obtained from the Commission at 10501 SE Main St., Milwaukie, Oregon 97222.

There are certain governmental agencies and various service districts which provide services within the city. These agencies have independently elected governing boards and the city is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

## **Basis of Presentation – Government-wide Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for service revenues.

*Government-wide financial statements* display information about the city as a whole. The effect of interfund activity has been removed from these statements except for interfund services provided and used and reimbursements between funds which, if eliminated, would distort the direct costs and program revenues reported for the various functions. These statements focus on the sustainability of the city as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents information on all the city's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not attributable to a specific program are reported as general revenues.

## **Basis of Presentation – Fund Financial Statements**

*Fund financial statements* display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the city has only governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported in the fund financial statements. Nonmajor funds are reported in the aggregate.

The city reports the following major governmental funds:

- *General Fund* – accounts for the city's legislative and administration, human resources, finance, information technology, municipal court, community development, engineering, planning, facilities management, fleet services, library, public safety services, and related debt service. The primary revenue sources are property taxes, franchise taxes, reimbursement charges for services to other funds, fines and forfeitures, licenses and permits, and miscellaneous income.
- *Transportation Fund* – accounts for the operation and maintenance of the city's street and sidewalk systems, including medians. The primary sources of revenue are intergovernmental revenues that include state and local gas taxes dedicated to construction and

maintenance of local streets, fees for service, franchise fees, Portland General Electric privilege tax, and charges for services.

- *Milwaukie Redevelopment Commission Fund* – accounts for the urban renewal redevelopment. The primary revenue source is property taxes.

The city has nonmajor governmental funds that are reported as special revenue, debt service and capital projects funds. Nonmajor funds are:

- *Systems Development Charges Fund* – accounts for the receipt and expenditures of system development charges (SDCs) dedicated to streets, water, wastewater, and stormwater systems.
- *City Hall Fund* – accounts for the city's purchase of the new city hall building in FY 2020, sales lease-back agreement that ended in FY 2023, and capital expenditures related to the renovation of the building. Renovations were completed in FY 2024 and the fund will be dissolved in FY 2025.
- *Building Fund* – accounts for the receipt and expenditure of dedicated revenue sources related to building permits and inspections and is primarily supported by licenses and permit revenues.
- *Construction Excise Tax Fund* – accounts for the collection of construction excise taxes to fund incentives for the development and construction of affordable housing.
- *Debt Service Fund* – accounts for the accumulation of resources for the payment of general obligation bonds and full faith and credit obligation principal and interest.

The city reports each of its three proprietary funds as major funds:

- *Water Fund* – accounts for the operation and maintenance of water service and distribution facilities and is primarily supported through fees for service.
- *Wastewater Fund* – accounts for the operation and maintenance of the wastewater collection and treatment systems and is primarily supported through fees for service.
- *Stormwater Fund* – accounts for the operation and maintenance of the stormwater management and collection systems and is primarily supported through fees for service.

### **Measurement Focus and Basis of Accounting**

*Measurement focus* is a term used to describe which transactions are recorded within the various financial statements. *Basis of accounting* refers to when transactions are recorded. The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus, as are the proprietary fund financial statements. An economic resource measurement focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual basis accounting. Under the full accrual basis of accounting, revenues are recorded

when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on the modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become *measurable* and *available*). *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise taxes, intergovernmental revenues, grants, and investment income.

A deferred inflow of resources arises on the balance sheet of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes not deemed available to finance operations of the current period, long-term assessments receivable and court receivables. In the *Government-wide Statement of Activities*, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow of resources created on the *Balance Sheet* of the governmental funds for unavailable revenue is eliminated. In the *Government-wide Statement of Net Position*, deferred outflows of resources and deferred inflows of resources are recorded for pensions, other post-employment benefits and leases.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government are recognized.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative overhead, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



## **Cash and Investments**

Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of funds held in the Oregon State Treasurer's Local Government Investment Pool (LGIP) and a U.S. Treasury Bill. The individual funds' portion of the cash pool is presented as "Cash and investments" in the basic financial statements.

The LGIP is administered by the Oregon State Treasury and is an open-ended, no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The city's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes.

## **Receivables and Revenues**

Property taxes are levied and become a lien against property on July 1 of the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

In the fund financial statements, property taxes receivable collected within 60 days of the fiscal year end are considered *measurable* and *available*, and therefore, are recognized as revenue. The property taxes receivable portion beyond 60 days is recorded as deferred inflows of resources. Assessments are recognized as receivables at the time property owners are assessed on property improvements. Court receivables are recognized at the time the citation is adjudicated. These receivables are partially offset by deferred inflows of resources, as assessment and court receivable revenue is recognized upon collection.

In the government-wide financial statements, property taxes, court receivables and assessment receivables are recognized as revenue when earned and are shown net of an allowance for uncollectible amounts.

Enterprise fund receivables include billings for residential and commercial customers utilizing the city's water, sewer, and stormwater services and are reported net of an allowance for uncollectible accounts, determined based upon an estimated percentage of the receivable balance.

## **Lease Receivables**

Lease receivables are recognized at the net present value of the payments expected to be received, reduced by principal payments received. The net present value is calculated using a borrowing rate either explicitly described in the agreement or implicitly determined by the city.

## **Unearned Revenue**

Unearned revenue will be recognized as revenue in the fiscal year earned in accordance with the accrual basis of accounting. Revenue is considered earned when measurable and all

eligibility criteria are met.

### Capital Assets

Purchased or constructed capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition cost at the time of donation. Infrastructure (bridges, roads, and drainage systems) acquired during the year have been recorded at cost or fair value if donated by developers. The city defines capital assets as assets with an initial cost of more than \$10,000 and an estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the city are depreciated using the straight-line method over the following estimated useful lives:

	Useful Lives (in years)
Buildings and structures	30 – 50
Improvements other than buildings	10 – 50
Vehicles and equipment	4 – 30
Infrastructure	20 – 50

### Right-to-Use Assets

Right-to-use assets are leases and subscription-based information technology agreements (SBITA) which the city is party to a contract to the use of the asset for a term of more than one year. The asset value of leases and SBITAs are determined by the net present value of the total payments at the city's incremental borrowing rate at the time of the agreement and are amortized over the term of the agreement.

### Lease and SBITA Payables

In the government-wide financial statements, lease payables and SBITA payables are reported as liabilities in the *Statement of Net Position* and represent the net present value of the amounts due under the terms of the agreements. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

### Accrued Compensated Absences

It is the city's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since the city does not pay out sick leave banks when employees separate from service. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. As compensated absences are due and payable on demand, they are considered due within one year. A liability for these amounts is reported in governmental funds only if they have matured, for example, because of termination or retirement.

### Long-term Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type *Statement of Net Position*. When significant, bond premiums, discounts, and amounts deferred on refunding's, are amortized over the

applicable bond term. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs in the year of issue. The face amount of debt issued, and related premium are reported as other financing sources. Issuance costs, whether withheld from the actual debt proceeds received, are reported as expenditures.

### **Pension Liability**

The city's net pension liability, deferred inflows and outflows related to pensions, and pension expense have been determined on the basis reported by the Oregon Public Employees Retirement System (OPERS).

### **Other Postemployment Benefits (OPEB) Liability**

For purposes of measuring the net OPEB asset, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the city's two separate plans – the Implicit Rate Subsidy and OPERS – and additions to/deductions from the Implicit Rate Subsidy and OPERS's fiduciary net position have been determined on the same basis as they are reported by Implicit Rate Subsidy and OPERS. For this purpose, Implicit Rate Subsidy and OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

### **Fund Balance/Net Position**

In the *Government-wide Statement of Net Position*, equity is referred to as *Net Position* and is segregated into the following three components: 1) net investment in capital assets, 2) restricted by outside parties for a specific purpose, and 3) unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation and amortization, less outstanding principal of related debt net of any unspent bond proceeds. Restricted net position represents net position restricted by parties outside of the city (such as creditors, grantors, contributors, laws, and regulations of other governments) and includes funds restricted for payment of debt or to acquire or construct capital assets. All other net position is considered unrestricted.

Fund balance of governmental funds is reported in various categories based on the nature of any limitations on the use of resources for specific purposes. Fund balance is categorized as follows:

- *Non-spendable* – includes items that are not in a spendable form either because the underlying resources are not in spendable form or because they are legally or contractually required to be maintained.
- *Restricted* – includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- *Committed* – includes amounts that can be used only for the specific purposes determined by a formal action of the city's highest decision-making authority. The City Council reserves the authority by ordinance and the city's municipal code to establish and modify commitments of revenues and ending fund balance.

- *Assigned* – includes items assigned by specific uses, authorized by Council or officials or other bodies delegated by Council.
- *Unassigned* – the residual classification used for balances not assigned to another category in the general fund. Deficit fund balances in other governmental funds are also presented as unassigned.

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* requires the highest legal authority to approve authorized commitments of fund balance and to approve who can authorize making assignments of fund balance. The city has designated the city manager and/or finance director to make assignments of fund balance. Reserve policy guidelines are measured as a percentage of annual operating expenditures and generally range between 5 and 17 percent depending on the fund.

### **Fund Balance Flow Assumptions**

The city may fund outlays for a particular purpose from both restricted and unrestricted resources. To calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to have been applied. When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as needed. When components of restricted fund balance can be used for the same purpose, committed fund balance is depleted second, followed by assigned fund balance. Unassigned fund balance is applied last.

### **Deferred Inflows and Outflows of Resources**

A deferred inflow of resources is an acquisition of net assets by the city that is applicable to a future reporting period. Deferred outflow of resources is a consumption of net assets by the city that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the *Statement of Net Position* but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

### **Use of Estimates**

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

## **Note. 2. Cash and Investments**

The city maintains a common cash and investment pool for all city funds. The types of investments in which the city may invest are restricted by Oregon Revised Statutes and a Council adopted investment policy. Authorized investments consist of U.S. Treasury obligations including treasury notes, bonds and strips; Federal instrumentality securities from specific federal agencies; commercial paper rated at least A-1 or an equivalent rating; corporate bonds rated at least Aa

or an equivalent rating; bankers acceptances rated at least Aa or an equivalent rating; Oregon State Treasurer's Local Government Investment Pool (LGIP) limited by State statute; certificates of deposit; repurchase agreements and obligations of the states of Oregon, California, Idaho and Washington rated AA or better.

State statutes authorize the city to invest in obligations of the U. S. Treasury, commercial paper and repurchase agreements. Investments are stated at fair value.

As of June 30, 2024, the city's cash and investments were comprised of the following:

Cash on hand	\$	4,930
Deposits with financial institutions		4,292,080
Investments:		
U.S. Treasuries		41,127,364
Oregon State Treasurer's LGIP		37,180,938
Total cash and investments	\$	<u>82,605,312</u>

	Government Activities	Business-type Activities	Total
Cash and investments	\$ 20,719,556	\$ 20,094,227	\$ 40,813,783
Restricted cash and investments	37,374,566	4,416,963	41,791,529
Total cash and investments	\$ 58,094,122	\$ 24,511,190	\$ 82,605,312

Deposits. Deposits with financial institutions are comprised of bank demand deposits. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At the fiscal year end, bank balances of \$5,028,434 were covered by federal depository insurance (FDIC) or by collateral held by one or more of the state's authorized collateral pool managers. Cash on hand balances representing petty cash accounts are uninsured and uncollateralized.

Interest Rate Risk. In accordance with its investment policy, the city manages its exposure to declines in fair value by limiting the average maturities in the city's pooled investment portfolio to eighteen months or less.

Credit Risk. State law and the city's investment policy limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the city's policy to limit its use of these investment types to the top two ratings issued by NRSROs, where applicable. The State of Oregon Local Government Investment Pool (LGIP) is not rated by NRSROs.

Concentration of Credit Risk. The city's investment policy, as it relates to investing outside of the LGIP, does not allow for an investment in any one issuer that is more than five percent of the city's total investments (ORS 294.035).

Custodial Credit Risk. Custodial risk is the risk that in the event of failure of the counterparty the city will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2024, all city deposits are insured or collateralized and are therefore not subject to custodial credit risk.

The city participates in LGIP, an external investment pool through the State of Oregon. The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Oregon Investment Council and is responsible for all funds in the State Treasury.

Investments held by the city on June 30, 2024 were as follows:

<b>Investment Type</b>	<b>Rating</b>	<b>Fair Value</b>	<b>Yield</b>	<b>Weighted Average</b>
U.S. Treasuries	Not rated	\$ 41,127,364	4.89%	n/a

Investments in the LGIP are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn. These investments are further governed by portfolio guidelines issued by the Oregon Short Term Fund Board, which establishes diversification percentages and specifies investment types and maturities. The portion of the external investment pool belonging to local government participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report. A copy of the State's Annual Comprehensive Financial Report may be obtained at the Oregon State Treasury, 900 Court Street NE, Salem, Oregon 97301.

Fair Value Measurements. The city categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The city's investment in Treasury Notes is measured using level 1 inputs.

### **Note 3. Receivables**

As of June 30, 2024, accounts receivable is reflected in the basic financial statements net of an allowance for uncollectible accounts. The allowance for uncollectible accounts pertains only to utility billing collections in business-type activities, and street maintenance fees in governmental activities.

Accounts, contracts, assessments and grants	\$ 4,373,469
Allowance for uncollectible accounts	(93,274)
Total accounts receivable	<u>\$ 4,280,196</u>

Accounts receivable - governmental activities	\$ 2,094,663
Accounts receivable - business-type activities	2,185,533
Total accounts receivable	<u>\$ 4,280,196</u>

**Note 4. Unavailable and Unearned Revenue**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are available to liquidate liabilities in the current period. Governmental funds also report a liability in connection with resources that have been received, but not yet earned. Amounts reported below as unearned are reported as unearned revenue in governmental activities on the *Statement of Net Position*. At the end of the fiscal year, various components of deferred inflows of resources and unearned revenue were reported in the governmental funds as follows:

	<u>Deferred Inflows</u>	<u>Unearned Revenue</u>
Opioid Settlement	\$ 205,709	\$ 83,756
Municipal court collections receivable	308,519	-
Property taxes receivable	334,203	-
Assessment liens receivable	56,334	-
Fees In lieu of construction	-	559,653
	<u>\$ 904,765</u>	<u>\$ 643,409</u>

## Note 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Balance as of June 30, 2023	Additions	Reductions and adjustments	Balance as of June 30, 2024
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and easements	\$ 6,317,494	\$ -	\$ (10)	\$ 6,317,484
Construction in progress	6,055,507	6,216,393	(6,688,701)	5,583,199
Total capital assets not being depreciated	<u>12,373,001</u>	<u>6,216,393</u>	<u>(6,688,711)</u>	<u>11,900,683</u>
Capital assets being depreciated and amortized:				
Buildings and improvements	37,217,910	2,460,556	(716,838)	38,961,628
Vehicles and equipment	5,233,060	639,917	(25,481)	5,847,496
Furniture and fixtures	588,090	52,192	-	640,282
Infrastructure	80,560,191	3,834,258	-	84,394,449
Right-to-use assets - subscriptions	490,703	151,674	-	642,377
Right-to-use assets - leases	180,092	-	-	180,092
Total capital assets being depreciated and amortized	<u>124,270,046</u>	<u>7,138,597</u>	<u>(742,319)</u>	<u>130,666,324</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(17,881,412)	(2,555,358)	444,702	(19,992,068)
Vehicles and equipment	(3,523,980)	(302,281)	(2,472)	(3,828,733)
Furniture and fixtures	(177,080)	(58,809)	-	(235,889)
Infrastructure	(47,149,502)	(4,593,641)	-	(51,743,143)
Right-to-use assets - subscriptions	(146,972)	(136,264)	-	(283,236)
Right-to-use assets - leases	(34,287)	(36,951)	-	(71,238)
Total accumulated depreciation and amortization	<u>(68,913,233)</u>	<u>(7,683,304)</u>	<u>442,230</u>	<u>(76,154,307)</u>
Total capital assets being depreciated and amortized, net	<u>55,356,813</u>	<u>(544,707)</u>	<u>(300,089)</u>	<u>54,512,017</u>
Total capital assets, net	<u>\$ 67,729,814</u>	<u>\$ 5,671,686</u>	<u>\$ (6,988,800)</u>	<u>\$ 66,412,700</u>

For the "right-to-use assets – subscriptions" lines shown above, all the underlying assets are software. For the "right-to-use assets – leases" lines shown above, all the underlying assets are office equipment.



	Balance as of June 30, 2023	Additions	Reductions and adjustments	Balance as of June 30, 2024
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land and easements	\$ 1,204,142	\$ -	\$ -	\$ 1,204,142
Construction in progress	3,240,235	8,039,699	(2,052,025)	9,227,909
Total capital assets not being depreciated	<u>4,444,377</u>	<u>8,039,699</u>	<u>(2,052,025)</u>	<u>10,432,051</u>
Capital assets being depreciated:				
Buildings and improvements	9,427,340	-	-	9,427,340
Vehicles and equipment	5,690,465	193,234	90,579	5,974,278
Infrastructure	46,284,953	2,052,025	-	48,336,978
Right-to-use assets - subscriptions	15,146	-	(15,146)	-
Total capital assets being depreciated and amortized	<u>61,417,904</u>	<u>2,245,259</u>	<u>75,433</u>	<u>63,738,596</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,011,846)	(425,803)	-	(5,437,649)
Vehicles and equipment	(4,197,589)	(272,302)	(92,751)	(4,562,642)
Infrastructure	(24,879,778)	(2,172,330)	-	(27,052,108)
Right-to-use assets - subscriptions	(3,909)	-	3,909	-
Total accumulated depreciation	<u>(34,093,122)</u>	<u>(2,870,435)</u>	<u>(88,842)</u>	<u>(37,052,399)</u>
Total capital assets being depreciated and amortized, net	<u>27,324,782</u>	<u>(625,176)</u>	<u>(13,409)</u>	<u>26,686,197</u>
Total capital assets, net	<u>\$ 31,769,159</u>	<u>\$ 7,414,523</u>	<u>\$ (2,065,434)</u>	<u>\$ 37,118,248</u>

For the "right-to-use assets – subscriptions" lines shown above, all the underlying assets are software.

Depreciation and amortization expense was charged to functions/programs for governmental and business-type activities respectively as follows:

	Governmental Activities	Business-type Activities	Total
General government	\$ 2,508,469	\$ -	\$ 2,508,469
Highways and streets	4,503,838	-	4,503,838
Public safety	272,261	-	272,261
Culture and recreation	398,736	-	398,736
Water	-	1,041,709	1,041,709
Wastewater	-	763,098	763,098
Stormwater	-	1,065,628	1,065,628
Depreciation and amortization expense	<u>\$ 7,683,304</u>	<u>\$ 2,870,435</u>	<u>\$ 10,553,739</u>

## Note 6. Interfund Transfers

Transfers for services between funds are to cover administrative services, provide additional funding for reserve purposes, contribute towards the cost of capital projects, and to provide for other operational resources. For the fiscal year ended June 30, 2024, all city transfers are properly classified under other financing sources for financial reporting purposes. Transfers of capital assets are also made between funds to ensure full utilization of usable assets.

	Transfer from other funds	Transfer to other funds	Net
<b>Governmental Funds:</b>			
General	\$ 6,868,000	\$ 298,000	\$ 6,570,000
City Hall	70,000	-	70,000
Debt Service	308,000	-	308,000
Building	-	210,000	(210,000)
Construction Excise Tax	-	15,000	(15,000)
Transportation	-	2,235,000	(2,235,000)
Milwaukie Redevelopment Commission	-	35,000	(35,000)
<b>Total Governmental Funds</b>	<b>\$ 7,246,000</b>	<b>\$ 2,793,000</b>	<b>\$ 4,453,000</b>
<b>Proprietary Funds:</b>			
Water	\$ -	\$ 1,573,500	\$ (1,573,500)
Wastewater	-	1,455,000	(1,455,000)
Stormwater	-	1,424,500	(1,424,500)
<b>Total Proprietary Funds</b>	<b>\$ -</b>	<b>\$ 4,453,000</b>	<b>\$ (4,453,000)</b>

## Note 7. Lease Receivables

The city recognizes a lease receivable for the following contracts in which the city, acting as a lessor, grants a lessee the right to use an asset of the city.

### Governmental Activities

The city leases the fire station facility located at 3200 SE Harrison Street. The term of the lease is ten years, expiring in the fiscal year 2024. Inflows of resources from this lease are recorded in the General Fund.

Lease receivables on June 30, 2024, consisted of the following:

<b>Government Activities</b>	Outstanding June 30, 2023	Additions	Reductions	Outstanding June 30, 2024
Facility lease, issued July 1, 2014, interest rate 4%, total annual principal and interest is \$6,001, due 2024	\$ 5,824	\$ -	\$ (5,824)	\$ -
	<b>\$ 5,824</b>	<b>\$ -</b>	<b>\$ (5,824)</b>	<b>\$ -</b>

### Business Type Activities

The city leases space on the water tower on the property at 9790 SE 40<sup>th</sup> Avenue. The initial term of the lease is five years, expiring in the fiscal year 2028. The inflow of resources from this lease is recorded in the Water Fund.

Lease receivables on June 30, 2024, consisted of the following:

<b>Proprietary Activities</b>	Outstanding June 30, 2023	Additions	Reductions	Outstanding June 30, 2024
Facility lease, issued August 1, 2022, interest rate 4%, total annual principal and interest is \$37,320, due 2027	\$ 148,893	\$ -	\$ (34,662)	\$ 114,231
	<b>\$ 148,893</b>	<b>\$ -</b>	<b>\$ (34,662)</b>	<b>\$ 114,231</b>

## Note 8. Long-term Debt – Lease Payables

The city recognizes a lease payable for the following contracts in which the city, acting as a lessee, is granted the right to use the assets of another entity.

<b>Government Activities</b>	Outstanding June 30, 2023	Additions	Reductions	Outstanding June 30, 2024
Folder inserter, issued June 20, 2019 interest rate 4%, total annual principal and interest is \$1,318, due 2024	\$ 1,286	\$ -	\$ (1,286)	\$ -
Letter opener, issued February 1, 2021, interest rate 4%, total annual principal and interest is \$711, due 2026	1,682	-	(653)	1,029
Folder inserter, issued August 9, 2021, interest rate 4%, total annual principal and interest is \$1,416, due 2026	3,982	-	(1,274)	2,708
Postage meter, issued October 27, 2021 interest rate 4%, total annual principal and interest is \$891, due 2026	2,895	-	(786)	2,109
Postage meter, issued November 2, 2021, interest rate 4%, total annual principal and interest \$2,679, due 2026	8,706	-	(2,364)	6,342
Postage meter, issued October 27, 2021, interest rate 4%, total annual principal and interest \$2,324, due 2024	3,366	-	(3,366)	-
Multi-purpose devices, issued November 15, 2022, interest rate 4%, total annual principal and interest \$31,776, due 2027	129,045	-	(27,353)	101,692
	<b>\$ 150,962</b>	<b>\$ -</b>	<b>\$ (37,082)</b>	<b>\$ 113,880</b>

Future lease payments are as follows:

Year	Principal	Interest	Total
2025	\$ 33,703	\$ 3,769	\$ 37,472
2026	34,656	2,462	37,118
2027	32,406	1,155	33,561
2028	13,115	125	13,240
Total	<b>\$ 113,880</b>	<b>\$ 7,511</b>	<b>\$ 121,391</b>

## Note 9. Long-term Debt - SBITA Payables

The city recognizes a subscription-based IT arrangement payable for the following contracts in which the city, acting as the subscriber, is granted the right to use a vendor's proprietary software.

Government Activities	Outstanding June 30, 2023	Additions	Reductions	Outstanding June 30, 2024
Body Worn Camera Software, issued January 11, 2023, interest rate 4%, total annual principal and interest \$19,236, due 2028	\$ 69,697	\$ -	\$ (16,396)	\$ 53,301
Police Records Management Software, issued January 1, 2023, interest rate 4%, average annual principal and interest \$29,969, due 2025	58,509	-	(28,279)	30,230
Budget Software, issued October 1, 2020, interest rate 4%, total annual principal and interest \$35,500, due 2025	67,884	-	(33,435)	34,449
Permitting & Licensing Software, issued March 17, 2022, interest rate 4%, average annual principal and interest \$33,153, due 2027; subscription added from Proprietary Activities in 2024	86,560	9,618	(29,145)	67,032
Procurement Software, issued April 4, 2024, interest rate 4%, average annual principal and interest \$14,859.20, due 2029	-	69,968	-	69,968
VMware Software, issued April 12, 2024, interest rate 4%, annual principal and interest \$22,186.24, due 2027	-	66,559	(66,559)	-
	<b>\$ 282,650</b>	<b>\$ 146,144</b>	<b>\$ (173,815)</b>	<b>\$ 254,980</b>

Future SBITA payments are as follows:

Year	Principal	Interest	Total
2025	\$ 140,427	\$ 9,677	\$ 150,104
2026	65,913	4,672	70,585
2027	32,879	1,985	34,864
2028	15,761	646	16,407
Total	<b>\$ 254,980</b>	<b>\$ 16,980</b>	<b>\$ 271,960</b>

### Business Type Activities

The city has a subscription for permitting and licensing software. The term of the subscription ends in 2027 but the subscription activities were transferred wholly to Governmental Activities in the fiscal year 2024.

Proprietary Activities	Outstanding June 30, 2023	Additions	Reductions	Outstanding June 30, 2024
Permitting & Licensing Software, issued March 17, 2022, interest rate 4%, average annual principal and interest \$3,315.38, due 2027; subscription moved to Government Activities in 2024	\$ 9,618	\$ -	(9,618)	\$ -
	<b>\$ 9,618</b>	<b>\$ -</b>	<b>(9,618)</b>	<b>\$ -</b>

### Note 10. Long-term Liabilities

The city's long-term liabilities are presented separately with respect to governmental and business-type activities. The following table presents the current year's changes in those obligations and the current portions due for each issue. For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund. As compensated absences are due and payable on demand, they are considered due within one year.

<b>Government Activities</b>	Balance as of June 30, 2023	Additions	Reductions	Balance as of June 30, 2024	Due within one year
2005 PERS Unfunded Actuarial Liability Bonds, interest rates of 4.0% to 5.5%, original amount of \$4,285,000, due 2028	\$ 2,005,000	\$ -	\$ (380,000)	\$ 1,625,000	\$ 420,000
2018 Refinanced Oregon Special Public Works Fund (SPWF) Loan for North Main Village public area improvements, interest rate of 4-5%, original amount of \$738,000, due 2031	322,408	-	(30,346)	292,062	30,575
2014 Full Faith and Credit Obligations for Milwaukie Bay Park enhancements, interest rate from 3-4%, original amount of \$965,000, due 2029	445,000	-	(65,000)	380,000	70,000
2020 Full Faith and Credit Obligations for Milwaukie City Hall, interest rates from 2-4%, original amount \$6,700,000 due 2040	5,845,000	-	(290,000)	5,555,000	295,000
2014 General Obligation Bonds for refinancing of Light-Rail enhancements, interest rate of 3-4%, original amount of \$3,695,000, due 2034	2,375,000	-	(180,000)	2,195,000	185,000
2016 General Obligation Bonds for Library expansion, interest rate of 2-4%, original amount of \$9,200,000, due 2036	6,500,000	-	(420,000)	6,080,000	430,000
2018 Full Faith and Credit Obligations for Transportation, interest rate of 3.5-5%, original amount of \$20,970,000, due 2048	17,225,000	-	-	17,225,000	-
2023 Full Faith and Credit Obligations for Transportation, interest rate of 3.96%, original amount of \$23,531,600, due 2042	22,180,100	-	(804,700)	21,375,400	836,600
Bond issuance premiums	719,103	-	(53,172)	665,931	53,172
Long-term debt obligations and premiums	57,616,611	-	(2,223,218)	55,393,393	2,320,347
Compensated absences	1,342,075	808,304	(982,000)	1,168,379	1,168,379
<b>Governmental activities long-term liabilities</b>	<b>\$ 58,958,686</b>	<b>\$ 808,304</b>	<b>\$ (3,205,218)</b>	<b>\$ 56,561,772</b>	<b>\$ 3,488,726</b>
<b>Business-Type Activities</b>					
State of Oregon loan: 2010 Oregon DEQ Loan, amortized fees in lieu of interest, interest rate of 0%, original loan draws of \$2,229,318 in 2010 and \$1,622,016 in 2011, one-half converted to grant in 2012, due 2031	\$ 771,662	\$ -	\$ (96,458)	\$ 675,204	\$ 96,458
Long-term debt obligations and premiums	771,662	-	(96,458)	675,204	96,458
Compensated absences	135,872	191,578	(210,099)	117,351	117,351
<b>Business-Type activities long-term liabilities</b>	<b>907,534</b>	<b>191,578</b>	<b>(306,557)</b>	<b>792,555</b>	<b>213,809</b>
<b>Total Long-Term Obligations</b>	<b>\$ 59,866,220</b>	<b>\$ 999,882</b>	<b>\$ (3,511,775)</b>	<b>\$ 57,354,327</b>	<b>\$ 3,702,535</b>

Future maturities of principal and interest are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,320,347	\$ 1,974,599	\$ 96,458	\$ 2,750	\$ 2,416,805	\$ 1,977,349
2026	2,438,691	1,887,281	96,458	2,250	2,535,149	1,889,531
2027	2,548,346	1,795,882	96,458	1,750	2,644,804	1,797,632
2028	2,334,411	1,704,112	96,458	1,250	2,430,869	1,705,362
2029	2,161,989	1,628,521	96,458	750	2,258,447	1,629,271
2030-2034	11,364,084	7,084,899	192,914	250	11,556,998	7,085,149
2035-2039	9,851,110	5,227,815	-	-	9,851,110	5,227,815
2040-2044	10,489,415	3,499,844	-	-	10,489,415	3,499,844
2045-2048	11,885,000	1,178,000	-	-	11,885,000	1,178,000
<b>Total</b>	<b>\$ 55,393,393</b>	<b>\$ 25,980,953</b>	<b>\$ 675,204</b>	<b>\$ 9,000</b>	<b>\$ 56,068,597</b>	<b>\$ 25,989,953</b>

### Debt Covenants

The city pledges its net operating revenues in the Wastewater Fund at 135 percent of annual debt service on the Oregon Department of Environmental Quality (DEQ) loan. Additionally, the city is required to keep \$12,056 in a loan reserve account. If the loan is defaulted on, by failure to make required principal or interest payments, DEQ could declare all principal and interest and all other amounts due immediately. It could also prevent the city from applying for future state assistance. The city was in compliance with these terms as of the end of fiscal year 2024.

## Note 11. Employee Retirement Pension Plans

### Plan Descriptions

The city is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan. All benefits of OPERS are established by the Oregon Legislature pursuant to ORS Chapters 238 and 238A. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system as the governing body of OPERS.

The Tier One/Tier Two Retirement Benefit Plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The OPSRP pension program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. Both plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

OPERS issues a publicly available Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained by writing to PERS, PO Box 23700, Tigard, Oregon, 97281-3700, by calling 888.320.7377 or on their website at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

## **Defined Benefit Plan Benefits for Tier One/Tier Two Plans**

Benefits under the defined benefit pension plan program include a retirement allowance payable monthly for life that may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which they are entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$232,976 as of January 1, 2024 and will be indexed with inflation in later years.

Benefits generally vest after five years of continuous service. Retirement is allowed at age fifty-eight with unreduced benefits, but retirement is generally available after age fifty-five with reduced benefits. Retirement benefits based on salary and length of service are calculated using a formula and are payable in a lump sum or monthly using several payment options. OPERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statute.

*Death Benefits.* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met: (1) member was employed by a OPERS employer at the time of death; (2) member died within 120 days after termination of OPERS-covered employment; (3) member died as a result of injury sustained while employed in an OPERS-covered job; or (4) member was on an official leave of absence from an OPERS-covered job at the time of death.

*Disability Benefits.* A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

*Benefit Changes After Retirement.* Members may choose to continue participation in a variable equities investment account after retirement and may experience annual benefit fluctuations due to changes in the fair value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2.0 percent.

## **ORS 238A OPSRP Defined Benefit Plan Benefits**

This portion of the defined benefit pension plan of OPERS provides benefits to members hired on or after August 29, 2003. Benefits under this portion of OPSRP provide a life pension funded by



employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

- For police and fire members, 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- For general service members, 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65 or age 58 with 30 years of retirement credit.

Members become vested on the earliest of the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, or if the pension program is terminated, the date on which termination becomes effective.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$232,976 as of January 1, 2024 and will be indexed with inflation in later years.

Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives 50 percent of the pension that would otherwise have been paid to the deceased member, for life.

Disability Benefits. A member who has accrued ten or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living changes in fiscal year 2016 and beyond vary based on the amount of the annual benefit.

Contributions. OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation, which became effective July 1, 2023. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. The city's rates for the year ended June 30, 2024 were 22.62 percent for OPERS and 17.40 percent for OPSRP – general employees, and 22.19 percent for OPSRP – police employees, of salary covered under the plan. These rates are reported inclusive of the retiree healthcare rates disclosed in a separate note disclosure. The contribution requirements for plan members and the city are established by ORS Chapter 238 and may be amended by the Oregon Legislature. Employer required contributions for the year ended June 30, 2024, were approximately \$2,435,522.

In September 2005, the city issued \$4,285,000 in pension obligation bonds to pay the city's unfunded actuarial liability as identified by OPERS based on the December 31, 2003 system valuation. Debt service on these bonds is made by the General Fund and recovered through interfund transfers. Further details are contained in the long-term liabilities footnote to these financial statements.

Pension Assets/Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources related to Pensions. At June 30, 2024, the city reported a liability of \$20,508,521 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The city's proportionate share was based on a projection of the city's long-term share of contributions to the pension plan relative to the projected contributions of all participating members of the cost sharing pool as actuarially determined. At June 30, 2024 and 2023, the city's proportion was 0.10949156% and 0.11429534%, respectively. For the year ended June 30, 2024, the city recognized pension expense of \$3,065,659 for the defined benefit portion of the pension plan. At June 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	_____	_____
Differences between expected and actual experience	\$ 1,002,929	\$ 81,318
Changes in assumptions	1,821,856	13,584
Net difference between projected and actual earnings on pension plan investments	368,622	-
Changes in proportion and differences between Milwaukie contributions and proportionate share of contributions	963,271	587,955
Differences between employer contributions and proportionate share of contributions	-	2,064,992
City contributions subsequent to the measurement date	2,435,522	-
	_____	_____
<b>Total</b>	<b>\$ 6,592,200</b>	<b>\$ 2,747,849</b>
	=====	=====

The deferred outflow of resources of \$2,435,522 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year

ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amortization of Deferred Outflows and Inflows of Resources</u>
2025	\$ 56,758
2026	(836,997)
2027	1,768,786
2028	444,005
2029	(23,723)
<b>Total</b>	<b>\$ 1,408,829</b>

Actuarial Assumptions. The employer contribution rates effective July 1, 2023 through June 30, 2025 were set using the entry age normal actuarial cost method.

For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the actuarial valuation was determined using the following actuarial assumptions:

- Valuation Date December 31, 2021
- Measurement Date June 30, 2023
- Experience Study Report 2020, published July 20, 2021
- Actuarial Cost Method Entry Age Normal
- Actuarial Assumptions
  - Inflation Rate 2.40%
  - Long-term Expected Rate of Return 6.90%
  - Discount Rate 6.90%
  - Projected Salary Increases 3.40%
  - Cost of Living Adjustments (COLA) Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.

- Mortality

Health Retirees and Beneficiaries: Pub-2010 healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

Active Members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

Disabled Retirees: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even-numbered years. The methods and assumptions shown above are based on the 2020 Experience Study that reviewed experience for the four-year period ended on December 31, 2020.

Discount Rate. The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as the city's proportionate share of the net pension liability if calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	Discount Rate		
	1% Decrease (5.90%)	(6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$ 33,876,214	\$ 20,508,521	\$ 9,321,177

Long-term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in 2020 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class/Strategy	Assumed Asset Allocation			Actual Allocation % <sup>2</sup>
	Low Range %	High Range %	Target %	
Debt Securities	20.0	30.0	25.0	20.0
Public Equity	22.5	32.5	27.5	23.3
Real Estate	9.0	16.5	12.5	13.6
Private Equity	17.5	27.5	20.0	26.5
Real Assets	2.5	10.0	7.5	9.1
Diversifying Strategies	2.5	10.0	7.5	5.0
Opportunity Portfolio <sup>1</sup>	0.0	5.0	0.0	2.5
			100%	100%

<sup>1</sup> Opportunity Portfolio is an investment strategy. Up to 5% of total Funds assets may be invested in it.

<sup>2</sup> The Target allocation of Debt Securities is increased by 5%. Public Equity is reduced by 2.5% from FY2022, and the allocation to Risk Parity is eliminated.

Long-Term Expected Rate of Return<sup>1</sup>

Asset Class	Target Allocation	Annual Arithmetic Return <sup>2</sup>	Compounded Annual (Geometric) Return	Standard Deviation
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
	100.00%			

Assumed Inflation - Mean

2.35%

1.41%

<sup>1</sup>Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revision adopted at OIC meeting on January 25, 2023.

<sup>2</sup>The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

## **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

## **Depletion Date Projection**

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension

Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary performs complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the City's independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

## **Individual Account Program (IAP)**

Plan Description. During the 2003 legislature, the IAP was established to provide an individual account-based retirement benefit for new employees hired on or after August 29, 2003. Active participants in OPERS defined benefit pension plans also participate in the IAP defined contribution plan.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives in a lump sum, the member's account balance, rollover account balance and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary is entitled to receive the remaining installment payments or a lump-sum payment.

Contributions. Beginning January 1, 2004, all employee contributions were placed in the OPSRP IAP, a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick up the contributions on behalf of employees. Effective January 1, 2020, Senate Bill 1049 redirects 2.5% of IAP contributions for Tier One/Tier Two members and 0.75% of IAP contributions for OPSRP members into an Employee Pension Stability Account (EPSA). Members have the option to voluntarily contribute after tax to their IAP accounts to make up this difference. Member contributions were \$747,585 for the year ended June 30, 2024.

### **Deferred Compensation Plan**

The city has a Deferred Compensation Plan (Plan) created in accordance with the Internal Revenue Code Section 457(g). The Plan is managed by independent plan administrators. The Plan is available to all employees of the city. The city contributes 2 – 2.5 % of covered wages to the Plan depending on the employees bargaining unit status and employees may defer a portion of their salary until future years. City Council may establish or amend plan provisions including contribution requirements. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries and are not subject to the claims of the city's creditors, nor can they be used by the city for any purpose other than the payment of benefits to the Plan participants. Accordingly, Plan assets and related liabilities are not recorded in the city's basic financial statements.

## **Note 12. Other Postemployment Benefits (OPEB)**

The Other Postemployment Benefits (OPEB) for the city combines two separate plans. The city provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

### **Financial Statement Presentation**

The city's two OPEB plans are presented in the aggregate on the *Statement of Net Position*. The amounts on the financial statements relate to the plans as follows:

	<b>Implicit Rate Subsidy</b>	<b>PERS RHIA Plan</b>	<b>Total OPEB on Financials</b>
Net OPEB Asset	\$ -	\$ 241,689	\$ 241,689
<b>Deferred Outflows of Resources</b>			
Change in Assumptions	11,702	-	11,702
Difference in Expected and Actual Experience	116,378	-	116,378
Difference in Earnings	-	685	685
Contributions After MD	49,061	45	49,106
<b>Total OPEB Liability</b>	<b>(743,405)</b>	<b>-</b>	<b>(743,405)</b>
<b>Deferred Inflows of Resources</b>			
Difference in Expected and Actual Experience	(127,446)	(6,068)	(133,514)
Difference in Earnings	-	-	-
Change in Assumptions	(162,122)	(2,606)	(164,728)
Change in Proportionate Share	-	(7,387)	(7,387)
<b>OPEB Expense/(Income)*</b>	<b>\$ 45,510</b>	<b>\$ (38,451)</b>	<b>\$ 7,059</b>

\*Included in program expenses on Statement of Activities

### **Implicit Rate Subsidy**

Plan Description. The city does not have a formal, stand-alone postemployment benefit plan for its employees; however, the city is required by ORS 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. The city maintains a single employer defined benefit plan allowing eligible retirees to purchase health insurance benefits at premium rates set equal to the rates paid by active employees.

Funding Policy. The city collects insurance premiums from all retirees each month then pays health insurance premiums for all retirees at tiered rates to the insurance company. The required contributions to the plan include the city's pay-as-you-go amount and amount paid by retirees. For the fiscal year ended June 30, 2024, the city's retirees paid 100% of their insurance premium costs.

The program values the implicit retiree health insurance subsidy as the difference between the health insurance premiums and the expected age-adjusted claim costs for early retirees. The contribution amounts shown are the estimated implicit employer contributions. There are no assets held for the Plan.

Benefits Provided. The program is a defined benefit plan that provides post-employment health insurance to eligible city retirees. The program allows eligible retirees and their dependents to purchase the city's health insurance benefits at premium rates set equal to the rates paid by





- Retiree Healthcare Participation 35% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
- Mortality Health Retirees and Beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.
- Healthcare Cost Trend Rate Medical and vision: 4.25% per year increasing to 6.75%.  
Dental: 1.75% for 2022, 4.00% per year until 2072, then 3.75% thereafter. The trend rate for 2022 includes an adjustment for known January 1, 2023 premiums.

**Change in the Total OPEB Liability:**

	Increase (Decrease)
	Total OPEB Liability
Total OPEB liability, June 30, 2023	\$ 730,887
Service cost	51,959
Interest on total OPEB liability	26,664
Effect of Changes of Assumptions	(6,350)
Benefit payments	(59,755)
Total OPEB liability, June 30, 2024	<u><u>\$ 743,405</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the city's total OPEB liability calculated using the discount rate of 3.65%, as well as what the total liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 801,280	\$ 743,405	\$ 689,592

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the city's total OPEB liability, as well as what the liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 666,981	\$ 743,405	\$ 833,652

### **PERS Retirement Health Insurance Account (RHIA)**

Plan Description. As a member of the Oregon Public Employees Retirement System (OPERS), the city contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700, or online at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits Provided. Because RHIA was created by enabling legislation, contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. Oregon Revised Statute requires that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. An eligible surviving spouse or dependent of a deceased OPERS retiree may receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS, or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions. PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. The city's contribution rates for the period were 0.06% for Tier One/Tier Two members, and 0.00% for OPSRP members. The city's total contributions were \$45 for the fiscal year ended June 30, 2024.

### **OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2024, the city reported an asset of \$241,689 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. The city's proportion of the net OPEB asset was based on the city's contributions to the RHIA program during the measurement period relative to

contributions from all participating employers. At June 30, 2024, the city's proportionate share was 0.06600535%, which is an increase from its proportion of 0.06185538% from prior fiscal year.

For the year ended June 30, 2024, the city recognized OPEB income from this plan of \$38,451. At June 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,068
Changes of assumptions	-	2,606
Net difference between projected and actual earnings on investments	685	-
Changes in proportionate share	-	7,387
Total (prior to post-MD contributions)	685	16,061
Contributions subsequent to the MD	45	-
<b>Total</b>	<b>\$ 730</b>	<b>\$ 16,061</b>

Deferred outflows of resources to OPEB of \$45 resulting from the city's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	\$ (16,747)
2026	(10,764)
2027	8,932
2028	3,203
2029	-
<b>Total</b>	<b>\$ (15,376)</b>

### Actuarial Methods and Assumptions

The net OPEB liability in the December 31, 2021 actuarial valuation was determined using actuarial methods and assumptions consistent with those disclosed for the OPERS Pension Plan. See Note 11 for additional information on Actuarial Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

### Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the city's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.9%, as well as what the city's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net OPEB Asset	\$ (219,696)	\$ (241,689)	\$ (260,559)

### OPEB Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

### Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2023 measurement period that require disclosure.

### Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2023 measurement period that require disclosure.

## Note 13. Fund Balance Classification

Governmental fund balances were classified as follows as of June 30, 2024:

	General Fund	Transportation Fund	Milwaukie Redevelopment Commission	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid expenditures	\$ 306,959	\$ -	\$ -	\$ -	\$ 306,959
Restricted					
Public safety supplies	79,287	-	-	-	79,287
Parks	1,093,547	-	-	-	1,093,547
Infrastructure	-	-	-	3,940,845	3,940,845
Building services	-	-	-	4,953,020	4,953,020
Urban revitalization	-	-	7,467,246	-	7,467,246
Library services	622,786	-	-	-	622,786
Transportation	-	26,603,207	-	-	26,603,207
Debt service	-	-	-	9,985	9,985
	<u>1,795,620</u>	<u>26,603,207</u>	<u>7,467,246</u>	<u>8,903,850</u>	<u>44,769,923</u>
Assigned					
City Hall remodel	-	-	-	146,846	146,846
Unassigned	10,973,969	-	-	-	10,973,969
Total fund balance	<u>\$ 13,076,548</u>	<u>\$ 26,603,207</u>	<u>\$ 7,467,246</u>	<u>\$ 9,050,696</u>	<u>\$ 56,197,697</u>

## Note 14. Commitments and Contingencies

The city is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the city's financial position. The city does have various commitments and contingencies as follows:

**Clackamas County Service District No.1** – The city has an intergovernmental agreement with Clackamas County Service District No.1 (District) to treat sewage wastewater. Pertinent terms of this agreement are as follows:

- The original agreement for wastewater treatment services dated November 25, 1970 was extended and modified several times. In May 2012 the city and District signed a memorandum of understanding for services effective July 1, 2012 through June 30, 2037.
- Following an independent review of the number of sewer connections during fiscal year 2012, the baseline number of Equivalent Dwelling Units (EDUs) was determined to be 10,939.
- The city agreed to pay up to \$30.25 per EDU per month in year one and the District's wholesale rate thereafter. The wholesale rate for this fiscal year was \$37.95 per EDU. This amounts to approximately \$5.36 million each fiscal year.
- EDU counts are updated semi-annually on March 1 and September 1.

**Clackamas Fire District No.1** – The city has various agreements with Clackamas County Fire District No.1 (Fire District) as follows:

- The city passed Ordinance No. 1958 in February 2006 following Ballot Measure 3-166 where voters authorized the annexation of fire services into the Fire District. This Ordinance reduces the city's permanent tax rate of \$6.5379 per \$1,000 of assessed value by the permanent rate of the Fire District equating to \$2.4012 offset by their annual bonded debt rate until then-existing bonds were paid off in fiscal year 2015.
- The city has an intergovernmental agreement with the Fire District for its use of Station 2 at the city's Public Safety Building. This agreement, signed in December 2014, provides that the Fire District will pay the city one dollar (\$1) annually for rent, \$500 per month for general maintenance and janitorial services, and its share of utilities.
- This same intergovernmental agreement with the Fire District provides the city exclusive use of the Fire District's facility at 6596 SE Lake Road. The agreement stipulates that the city will pay for utilities, cleaning and all other operating costs with the Fire District paying for any interior and exterior maintenance.

**Clackamas River Water** – The city has an intergovernmental agreement with Clackamas River Water (CRW) for joint utility billing services. Pertinent terms of this agreement are as follows:

- The city and CRW signed an agreement in January 2015 authorizing the city to perform meter reading, custom billing and customer service activities to customers served by CRW through January 31, 2025.
- Provide a combined utility bill for property owners; however, services for water are still maintained by CRW and services for wastewater, stormwater and street maintenance are maintained by the city.

- The city receives a 5% administration fee monthly from CRW charges collected in the previous month.

**City of Lake Oswego** – The city has an intergovernmental cooperative agreement with the City of Lake Oswego (Lake Oswego) to provide public safety 911/communication dispatching services for Milwaukie’s Police Department. Pertinent terms of this agreement are as follows:

- Dispatching services include, but are not limited to, 24-hour-per-day answering of emergency telephone lines (including 911 calls) for fire, police, and emergency medical service requests, radio communications with police personnel regarding emergency and routine police matters, and other dispatching services for law enforcement purposes.
- As part of this agreement, the State redirects the city’s state-allocated 911 monies directly to Lake Oswego to help offset the annual contract costs summarized below. These annual monies from the State average approximately \$192,000 per fiscal year.
- The Agreement effective July 1, 2022, through June 30, 2026 estimates the annual contract cost for fiscal year 2024 to be \$716,000.

**Oregon Department of Transportation** – The city entered into an intergovernmental agreement effective July 1, 2007 to have with Oregon Department of Transportation (ODOT) commence collecting \$0.02 cents per gallon motor vehicle fuel license tax (i.e., local gas tax) on fuel dealers that sell, use or distribute fuel in the city. This local gas tax is in addition to the state gas tax (which currently is at \$0.30 cents per gallon). Pertinent terms of this agreement are as follows:

- The agreement expires on September 30, 2031 unless extended.
- Ordinance No. 1970 limits the use of this local gas tax fund to the purposes associated with the administration, construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads and streets within the city.

**Other Commitments** – The city has entered various contracts in the ordinary course of business. The most significant contracts include the following:

Project	Significant Contracts Outstanding	Costs as of June 30, 2024	Remaining Costs	Contract Expiration
SCADA System Improvements	\$ 1,928,683	\$ 1,605,852	\$ 322,831	August 2024
Neighborhood Parks Construction	1,835,771	512,103	1,323,668	December 2024
Public Safety Building Seismic Upgrades	730,572	194,988	535,584	December 2024
Grind & Pave Project	901,759	765,096	136,663	March 2025
Meek Street Pipe Installation	3,912,448	1,888,725	2,023,723	April 2025
Stanley Tank Reservoir Improvements	2,645,314	-	2,645,314	June 2025
Washington Street Area Improvements	7,129,783	1,979,002	5,150,781	June 2025
Harvey Street Improvements Design	757,874	423,190	334,684	July 2025
Washington Street Area Improvements Design	799,948	799,791	157	December 2025
King Road Improvements Design	1,129,603	660,887	468,716	December 2025
Waverly Heights Sewer Reconfiguration Design	840,090	268,076	572,014	December 2025

## **Note 15. Risk Management**

The city is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Except for unemployment compensation, the city purchases commercial insurance to minimize its exposure to these risks. There has been no reduction in commercial insurance coverage from the previous fiscal year. Workers' compensation claims are insured through incurred loss retrospective policies and the city is self-insured for unemployment compensation claims. Settled claims have not exceeded coverage for any of the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

## **Note 16. Property Tax Limitation**

Residents of the State of Oregon approved the first property tax limitation in 1990 – Measure 5. This limitation divides property taxes into an education category and a non-education category. The tax rate in the education category was limited to \$5 per thousand of real market value for fiscal year 1995-96 and thereafter. The non-education category was limited to \$10 per thousand real market value. Although non-education taxes to the City do not currently generally exceed the \$10 per \$1,000 of property real market value limitation, this limitation may affect the availability of future tax revenues for the city.

A second property tax limitation was approved in November 1996 and later modified in May 1997 – Measures 47 and 50, respectively. This limitation set a maximum permanent tax rate for the city exclusive of bonded debt at \$6.5379 per \$1,000 assessed value. Assessed values can only grow by a maximum of three percent per year, exclusive of new construction and annexations.

## **Note 17. Tax Abatements**

The city enters into property tax abatement agreements with local businesses under the state Vertical Housing Program, authorized by ORS 307.841 through ORS 307.867, administered by Oregon Housing and Community Services, authorized by ORS 456.555 and Oregon Administrative Rule (OAR) 813-013. The purpose of the program is to encourage investment in and rehabilitation of properties in targeted areas of a city or community, to augment the availability of appropriate housing, and to revitalize communities. The program encourages mixed-use developments that contain both non-residential and residential uses in areas (zones) designated by local jurisdictions. Eligible projects receive a partial property tax exemption which varies with the number of "Equalized Floors" in a project, with a maximum property tax exemption of 80% over a 10-year term. The city has one project under this program. The exemption is 60% of the residential property taxes for 10 years. For the current year, the abatement is \$61,625.

Housing Authority Partnership (ORS 307.092): The property of a housing authority is declared to be public property if used for essential public and governmental purposes and, upon compliance with ORS 307.162 (Claiming exemption), the property and the housing authority are exempt from all taxes and special assessments of the city, the county, the state or any political subdivision of the city, county or state.



In lieu of taxes or special assessments, the authority may agree to make payments to the city, county or political subdivision for improvements, services and facilities furnished by the city, county or political subdivision for the benefit of a housing project, but in no event may the payments exceed the estimated cost to the city, county or political subdivision of the improvements, services or facilities furnished. Property of a housing authority that is commercial property leased to a taxable entity is not exempt from taxation and special assessments under this section. For the current year, the abatement is \$76,543.

Additionally, the State of Oregon under the Oregon Business Development Department offers an Enterprise Zone (EZ) Tax Abatement Program, authorized by ORS 285C. Under this program, local governments are responsible for creating, managing and renewing enterprise zones. In exchange for locating or expanding into an enterprise zone, eligible (generally non-retail) businesses receive total exemption from the property taxes normally assessed on new plant and equipment for three to five years after the property is in service. Minimum eligibility requirements include an increase in full-time, permanent employment by 10%, maintaining minimum employment levels during the exemption period, and employee wages to exceed at least 150% of the State minimum wage. The city has one agreement under this program. For the current year, the abatement is \$2,795.

## **Note 18. Expenditures Exceeding Appropriations**

The City had one instance where expenditures exceeded appropriations. The City's general fund budget is appropriated by department. Expenditures exceeded appropriations by \$45,360 in the IT department budget within the general fund because subscription-based IT agreement financing exceeded budgeted amounts.

## **Note 19. Legal Matters**

The City is involved as a defendant in several claims and disputes that are normal to the City's activities. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon its financial position or operations.

## **Note 20. New Pronouncements**

During the fiscal year ended June 30, 2024, the city implemented the following GASB pronouncement.

- *GASB Statement No. 100, Accounting Changes and Error Corrections.* This Statement establishes accounting and financial reporting requirements for accounting changes and the correction of an error in previously issued financial statements.

There was no material impact to the City's financial statements as a result of the adoption of this standard.



## REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Revenues, Expenditures and Changes in  
Fund Balances – Budget and Actual

Schedule of Total OPEB Liability

Schedule of Changes in Total OPEB Liability

Schedule of the City's Proportionate Share of the  
Net OPEB (Asset)/Liability

Schedule of the City's Proportionate Share of the  
Net Pension (Asset)/Liability

Schedule of the City's Contributions

Notes to Required Supplementary Information

## **SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

### **BUDGET AND ACTUAL**

(required supplementary information)

#### **GENERAL FUND**

#### **SPECIAL REVENUE MAJOR FUNDS**

**Transportation Fund**

**Milwaukie Redevelopment Commission**

**CITY OF MILWAUKIE, OREGON**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget	
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24		Total
<b>REVENUES:</b>						
Property taxes	\$ 19,507,000	\$ 19,507,000	\$ 9,708,081	\$ 10,174,354	\$ 19,882,435	\$ 375,435
Franchise taxes	4,885,000	4,885,000	2,446,520	2,395,872	4,842,392	(42,608)
Intergovernmental	9,529,000	10,580,603	3,313,197	3,948,627	7,261,824	(3,318,779)
Fines and forfeitures	816,000	816,000	459,721	607,017	1,066,738	250,738
Licenses and permits	1,231,000	1,231,000	594,306	564,327	1,158,633	(72,367)
Investment earnings	214,000	214,000	356,389	771,433	1,127,822	913,822
Miscellaneous	351,000	351,000	230,635	236,340	466,975	115,975
<b>TOTAL REVENUES</b>	<b>36,533,000</b>	<b>37,584,603</b>	<b>17,108,849</b>	<b>18,697,970</b>	<b>35,806,819</b>	<b>(1,777,784)</b>
<b>EXPENDITURES:</b>						
City Council	291,000	291,000	125,315	118,020	243,335	47,665
City Manager	3,504,000	3,503,000	1,555,526	1,639,083	3,194,609	308,391
City Attorney	744,000	744,000	331,497	325,707	657,204	86,796
Community Development	2,298,000	1,800,000	733,357	565,971	1,299,328	500,672
Public Works Administration	6,485,000	7,132,603	1,494,979	2,189,357	3,684,336	3,448,267
Engineering Services	4,098,000	4,097,000	1,716,379	1,451,799	3,168,178	928,822
Facilities Management	4,901,000	5,556,000	2,038,297	2,350,862	4,389,159	1,166,841
Finance	3,111,000	3,019,000	1,387,263	1,481,007	2,868,270	150,730
Fleet Services	1,454,000	1,454,000	646,898	763,152	1,410,050	43,950
Human Resources	900,000	900,000	449,505	408,860	858,365	41,635
Information Technology	3,147,000	3,099,000	1,309,581	1,834,779	3,144,360	(45,360)
Library	4,474,000	4,478,000	2,102,929	2,254,921	4,357,850	120,150
Municipal Court	279,000	279,000	123,225	141,028	264,253	14,747
Planning	1,905,000	1,905,000	839,397	822,206	1,661,603	243,397
Code Enforcement	713,000	713,000	338,924	362,096	701,020	11,980
Public, Education and Government	206,000	206,000	137,507	62,575	200,082	5,918
City Recorder	1,085,000	1,089,000	493,998	518,405	1,012,403	76,597
Police	15,712,000	16,148,000	7,850,358	7,829,833	15,680,191	467,809
Nondepartmental						
General Services	2,233,000	2,233,000	1,048,663	1,151,507	2,200,170	32,830
Contingency	2,050,000	2,050,000	-	-	-	2,050,000
<b>TOTAL EXPENDITURES</b>	<b>59,590,000</b>	<b>60,696,603</b>	<b>24,723,598</b>	<b>26,271,168</b>	<b>50,994,766</b>	<b>9,701,837</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(23,057,000)</b>	<b>(23,112,000)</b>	<b>(7,614,749)</b>	<b>(7,573,198)</b>	<b>(15,187,947)</b>	<b>(7,924,053)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from Lease financing	-	-	141,911	-	141,911	141,911
Proceed from SBITA financing	-	-	174,928	136,527	311,455	311,455
Proceed from sale of capital asset	-	-	6,300	285,356	291,656	291,656
Transfers from other funds	13,740,000	13,865,000	7,657,156	6,868,000	14,525,156	660,156
Transfers to other funds	(1,756,000)	(1,826,000)	(1,528,000)	(298,000)	(1,826,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>11,984,000</b>	<b>12,039,000</b>	<b>6,452,295</b>	<b>6,991,883</b>	<b>13,444,178</b>	<b>6,214,068</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(11,073,000)</b>	<b>(11,073,000)</b>	<b>(1,162,454)</b>	<b>(581,315)</b>	<b>(1,743,769)</b>	<b>9,329,231</b>
<b>FUND BALANCES - beginning</b>	<b>16,151,000</b>	<b>16,151,000</b>	<b>14,820,317</b>	<b>13,657,863</b>	<b>14,820,317</b>	<b>(1,330,683)</b>
<b>FUND BALANCES - ending</b>	<b>\$ 5,078,000</b>	<b>\$ 5,078,000</b>	<b>\$ 13,657,863</b>	<b>\$ 13,076,548</b>	<b>\$ 13,076,548</b>	<b>\$ 7,998,548</b>

**CITY OF MILWAUKIE, OREGON**  
**TRANSPORTATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget for the 2023-2024 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24	Total	
<b>REVENUES:</b>						
Intergovernmental	\$ 6,118,000	\$ 6,118,000	\$ 2,233,677	\$ 2,459,130	\$ 4,692,807	\$ (1,425,193)
Charges for services	4,837,000	4,837,000	2,287,808	2,385,155	4,672,963	(164,037)
Franchise fees	2,927,000	2,927,000	1,462,638	1,502,222	2,964,860	37,860
Investment earnings	260,000	260,000	777,775	1,890,956	2,668,731	2,408,731
Miscellaneous	65,000	65,000	23,598	20,838	44,436	(20,564)
<b>TOTAL REVENUES</b>	<b>14,207,000</b>	<b>14,207,000</b>	<b>6,785,496</b>	<b>8,258,301</b>	<b>15,043,797</b>	<b>836,797</b>
<b>EXPENDITURES:</b>						
Personnel services	1,364,000	1,364,000	665,780	676,010	1,341,790	22,210
Materials and services	1,550,000	1,550,000	606,566	466,221	1,072,787	477,213
Debt service	3,394,000	3,394,000	1,948,133	1,966,649	3,914,782	(520,782)
Capital outlay	19,638,000	19,638,000	3,154,761	3,177,846	6,332,607	13,305,393
Contingency	1,210,000	1,190,000	-	-	-	1,190,000
<b>TOTAL EXPENDITURES</b>	<b>27,156,000</b>	<b>27,136,000</b>	<b>6,375,240</b>	<b>6,286,726</b>	<b>12,661,966</b>	<b>14,474,034</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(12,949,000)</b>	<b>(12,929,000)</b>	<b>410,256</b>	<b>1,971,575</b>	<b>2,381,831</b>	<b>(13,637,237)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from Debt	21,000,000	21,000,000	18,479,500	-	18,479,500	(2,520,500)
Transfers to other funds	(4,490,000)	(4,510,000)	(2,235,000)	(2,235,000)	(4,470,000)	40,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>16,510,000</b>	<b>16,490,000</b>	<b>16,244,500</b>	<b>(2,235,000)</b>	<b>14,009,500</b>	<b>2,480,500</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,561,000</b>	<b>3,561,000</b>	<b>16,654,756</b>	<b>(263,425)</b>	<b>16,391,331</b>	<b>12,830,331</b>
<b>FUND BALANCES - beginning</b>	<b>10,191,000</b>	<b>10,191,000</b>	<b>10,318,125</b>	<b>26,866,632</b>	<b>10,318,125</b>	<b>127,125</b>
<b>Prior Period Adjustment (Error Correction) *</b>	<b>-</b>	<b>-</b>	<b>(106,249)</b>	<b>-</b>	<b>(106,249)</b>	<b>(106,249)</b>
<b>FUND BALANCES - beginning</b>	<b>10,191,000</b>	<b>10,191,000</b>	<b>10,211,876</b>	<b>26,866,632</b>	<b>10,211,876</b>	<b>20,876</b>
<b>FUND BALANCES - ending</b>	<b>\$ 13,752,000</b>	<b>\$ 13,752,000</b>	<b>\$ 26,866,632</b>	<b>\$ 26,603,207</b>	<b>\$ 26,603,207</b>	<b>\$ 12,851,207</b>

\* A prior period adjustment was made in FY 2022-23 to correct an error made in accruing revenues from the State during FY 2021-22.

**CITY OF MILWAUKIE, OREGON**  
**MILWAUKIE REDEVELOPMENT COMMISSION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget for the 2023-2024 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24	Total	
<b>REVENUES:</b>						
Property taxes	\$ 1,753,000	\$ 1,753,000	\$ 590,430	\$ 767,677	\$ 1,358,107	\$ (394,893)
Investment earnings	10,000	10,000	153,859	461,203	615,062	605,062
Miscellaneous	-	-	1,068	10,326	11,394	11,394
<b>TOTAL REVENUES</b>	<b>1,763,000</b>	<b>1,763,000</b>	<b>745,357</b>	<b>1,239,206</b>	<b>1,984,563</b>	<b>(1,017,643)</b>
<b>EXPENDITURES:</b>						
Materials and services	100,000	100,000	24,867	5,000	29,867	70,133
Debt service	1,044,000	1,044,000	357,403	357,215	714,618	329,382
Capital outlay	5,332,000	5,332,000	206,478	39,791	246,269	5,085,731
Contingency	42,000	42,000	-	-	-	42,000
<b>TOTAL EXPENDITURES</b>	<b>6,518,000</b>	<b>6,518,000</b>	<b>588,748</b>	<b>402,006</b>	<b>990,754</b>	<b>5,527,246</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(4,755,000)</b>	<b>(4,755,000)</b>	<b>156,609</b>	<b>837,200</b>	<b>993,809</b>	<b>5,748,809</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from debt	6,500,000	6,500,000	5,052,100	-	5,052,100	(1,447,900)
Transfers to other funds	(70,000)	(70,000)	(35,000)	(35,000)	(70,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,430,000</b>	<b>6,430,000</b>	<b>5,017,100</b>	<b>(35,000)</b>	<b>4,982,100</b>	<b>(1,447,900)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,675,000</b>	<b>1,675,000</b>	<b>5,173,709</b>	<b>802,200</b>	<b>5,975,909</b>	<b>4,300,909</b>
<b>FUND BALANCES - beginning</b>	<b>1,620,000</b>	<b>1,620,000</b>	<b>1,491,337</b>	<b>6,665,046</b>	<b>1,491,337</b>	<b>(128,663)</b>
<b>FUND BALANCES - ending</b>	<b>\$ 3,295,000</b>	<b>\$ 3,295,000</b>	<b>\$ 6,665,046</b>	<b>\$ 7,467,246</b>	<b>\$ 7,467,246</b>	<b>\$ 4,172,246</b>

**CITY OF MILWAUKIE, OREGON**  
**SCHEDULE OF THE CITY'S OPEB LIABILITY AND CHANGES IN OPEB LIABILITY**  
**FOR THE LAST TEN YEARS**

**SCHEDULE OF TOTAL OPEB LIABILITY (TOL)**

Measurement Date	City's Total OPEB liability	City's covered-employee payroll	TOL as a percentage of covered employee payroll
Ending June 30, 2023	\$ 743,405	\$ 12,459,744	6.0%
2022	730,887	11,735,888	6.2%
2021	944,921	11,647,433	8.1%
2020	913,974	11,377,967	8.0%
2019	698,535	10,798,700	6.5%
2018	668,101	9,921,800	6.7%
2017	825,960	9,351,333	-
2016 <sup>1</sup>	-	-	-
2015 <sup>1</sup>	-	-	-
2014 <sup>1</sup>	-	-	-

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL)**

Measurement Date	TOL beginning balance	Service Costs	Interest on the TOL	Benefit payments	Economic or Demographic gains/losses	Changes of assumptions	TOL ending balance
Ending June 30, 2023	\$ 730,887	\$ 51,959	\$ 26,664	\$ (59,755)	\$ -	\$ (6,350)	\$ 743,405
2022	944,921	63,736	21,161	(58,316)	(139,301)	(101,314)	730,887
2021	913,974	61,873	20,956	(55,519)	-	3,637	944,921
2020	698,535	48,752	25,613	(31,228)	209,482	(37,180)	913,974
2019	668,101	43,361	26,362	(61,101)	-	21,812	698,535
2018	825,960	55,573	30,755	(45,297)	(58,326)	(140,564)	668,101
2017 <sup>1</sup>	843,871	59,530	25,046	(49,572)	-	(52,915)	825,960
2016 <sup>1</sup>	-	-	-	-	-	-	-
2015 <sup>1</sup>	-	-	-	-	-	-	-
2014 <sup>1</sup>	-	-	-	-	-	-	-

<sup>1</sup> Actuarial information not available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.



**CITY OF MILWAUKIE, OREGON**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE**  
**JUNE 30, 2024**

**CITY'S PROPORTIONATE SHARE OF THE NET RHIA OPEB LIABILITY (ASSET)**

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) Covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of	Plan fiduciary net position as a percentage of the total OPEB liability
2023	-0.06600535%	\$ (241,689)	\$ 11,735,888	-2.06%	194.6%
2022	-0.06185538%	(219,794)	11,051,980	-1.99%	194.6%
2021	-0.05242193%	(211,548)	11,647,433	-1.82%	183.9%
2020	-0.09821427%	(106,815)	11,377,967	-0.94%	150.1%
2019	-0.09505729%	(189,175)	10,798,700	-1.75%	144.4%
2018	-0.00967439%	(106,110)	9,921,800	-1.07%	124.0%
2017 <sup>1</sup>	0.00000000%	(39,733)	9,351,333	-0.42%	108.9%
2016 <sup>1</sup>	0.00000000%	-	-	0.0%	0.0%
2015 <sup>1</sup>	0.00000000%	-	-	0.0%	0.0%
2014 <sup>1</sup>	0.00000000%	-	-	0.0%	0.0%

**CITY'S PROPORTIONATE SHARE OF THE OREGON PUBLIC EMPLOYEE RETIREMENT  
PENSION PLAN (OPERS) NET PENSION LIABILITY (ASSET)**

Measurement Date June 30,	City's <sup>1</sup> proportion of the net pension liability (asset)	City's <sup>1</sup> proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability / (asset)
2023	0.10949156%	\$ 20,508,521	\$ 11,735,888	174.8%	84.5%
2022	0.11429534%	17,500,910	11,051,980	158.4%	84.5%
2021	0.10893946%	13,036,219	11,647,433	111.9%	87.6%
2020	0.10387483%	22,669,062	11,377,967	199.2%	75.8%
2019	0.10370708%	17,938,841	10,798,700	166.1%	84.6%
2018	0.10363730%	15,699,686	9,921,800	158.2%	82.1%
2017	0.10160770%	13,696,756	9,351,333	146.5%	83.1%
2016	0.10097892%	15,159,281	8,793,003	172.4%	80.5%
2015	0.09405887%	5,400,354	8,468,557	63.8%	91.9%
2014	0.10109889%	(2,291,623)	8,611,274	(26.6%)	103.6%

<sup>1</sup> Actuarial information provided by OPERS actuary.

**CITY OF MILWAUKIE, OREGON**

**SCHEDULE OF THE CITY'S CONTRIBUTIONS**

**JUNE 30, 2024**

**SCHEDULE OF CITY'S OPEB RHIA PLAN CONTRIBUTIONS<sup>1</sup>**

Fiscal year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2024	\$ 45	\$ 45	\$ -	\$ 12,459,744	0.00%
2023	1,301	1,301	-	11,735,888	0.01%
2022	1,545	1,545	-	11,051,980	0.01%
2021	1,648	1,648	-	11,647,433	0.01%
2020	3,744	3,744	-	11,377,967	0.03%
2019	48,677	48,677	-	10,798,700	0.45%
2018	46,027	46,027	-	9,921,800	0.46%
2017	47,590	47,590	-	9,351,333	0.51%
2016 <sup>2</sup>	45,543	45,543	-	8,793,003	0.00%
2015 <sup>2</sup>	47,003	47,003	-	8,468,557	0.00%

**SCHEDULE OF CITY'S OREGON PUBLIC EMPLOYEE RETIREMENT PENSION PLAN (OPERS)  
CONTRIBUTIONS<sup>1</sup>**

Fiscal year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2024	\$ 2,435,522	\$ 2,435,522	\$ -	\$ 12,459,744	19.5%
2023	2,302,163	2,302,163	-	11,735,888	19.6%
2022	2,181,727	2,181,727	-	11,051,980	19.7%
2021	1,995,646	1,995,646	-	11,647,433	17.1%
2020	1,954,083	1,954,083	-	11,377,967	17.2%
2019	1,404,433	1,404,433	-	10,798,700	13.0%
2018	1,336,107	1,336,107	-	9,921,800	13.5%
2017	928,786	928,786	-	9,351,333	9.9%
2016	906,240	906,240	-	8,793,003	10.3%
2015	825,536	881,500	(55,964)	8,468,557	10.4%

<sup>1</sup> Actuarial information provided by OPERS actuary.

**CITY OF MILWAUKIE, OREGON**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2024**

Required Supplementary Information includes budgetary comparisons for the general, city hall, and transportation funds. The budgetary comparison information for all other funds can be found in Other Supplementary Information, which follows this section. Budgets are prepared over a biennium term using the modified accrual basis of accounting.

**1. Budgetary Information**

Municipal budgets are adopted on a basis consistent with ORS 294 – Local Budget Law. The city manager is responsible for submitting a proposed budget to the Budget Committee, comprised of the City Council and an equal number of residents of the city. The city is required to prepare a budget for each fund.

The Budget Committee conducts public hearings for the purpose of obtaining residents' comments, and then approves a budget and submits it to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by Council without returning to the Budget Committee. After the Council adopts the budget and certifies the total ad valorem taxes to be levied, no additional tax levy may be made for that budget period.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level at which expenditures cannot legally exceed appropriations. In the General Fund, the levels of budgetary control established by resolution are set at the department level. For all other funds, the level of budgetary control is at the program level. Appropriations lapse at the end of the biennium.

The City Council may modify the budget by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget with a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and review by the Budget Committee before City Council adoption. Original and supplemental budgets may be modified using appropriation transfers between the levels of control. Such transfers require approval by the City Council. For the fiscal year ended June 30, 2023, one supplemental budget resolution and one budget transfer were approved through the first year of the 2023-2024 biennium. For the fiscal year ended June 30, 2024, one supplemental budget resolution was approved.

The City had one instance of expenditures exceeding appropriations as noted in Note 18 of the Notes to Basic Financial Statements.

**2. Oregon Public Employee Retirement Pension Plan (PERS)**

*Changes in Assumptions* – a summary of key changes implemented with the December 31, 2015 actuarial valuation which was used in the pension calculations and amounts reported for fiscal year ended June 30, 2021, along with additional detail and a comprehensive list of changes in

methods and assumptions from the December 31, 2014 actuarial valuation can be found at: <http://www.oregon.gov/pers>.

*Changes in Plan Provisions Subsequent to Measurement Date* – on July 28, 2017 the PERS Board lowered the assumed investment rate of return from 7.5% to 7.2% effective on January 1, 2019. This rate was used for the determination of contribution rates beginning July 1, 2019. The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations. An estimate of the result of this change is not readily available at this time.

The June 30, 2021 total pension liability includes the effect of the PERS Board adopting a change to the long-term expected rate of return, reducing it from 7.2% percent to 6.9%. This contributes to the net pension liability reported by the City for fiscal year 2022 and thereafter.

### **3. Other Postemployment Benefits (OPEB)**

*Changes of Benefit Terms – OPEB (Implicit Rate Subsidy Plan)* – there were no changes of benefit terms used to measure the June 30, 2021 total OPEB liability.

*Changes of Assumptions – OPEB (Implicit Rate Subsidy Plan)* – below is a summary of key assumption changes implemented with the July 1, 2021 valuation utilized in the OPEB amounts reported for fiscal year ended June 30, 2023 and June 30, 2024.

- Changes in Actuarial methods and Allocation Procedures – the Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method.
- Health Care Cost Trend – medical and vision costs increased to 6.75% per year.
- General Inflation – general inflation decreased to 2.4%.
- Discount Rate – 3.54%.

# OTHER SUPPLEMENTARY INFORMATION

## Nonmajor Governmental *Combining & Individual Fund Financial Statements*

### Capital Projects Fund

**Systems Development Charges Fund** – accounts for systems development charges which are restricted for capacity increasing capital projects.

**City Hall Fund** – accounts for activities related to the sale-leaseback of the new city hall building.

### Special Revenue Funds

**Building Fund** – accounts for building activities which are restricted by statute.

**Construction Excise Tax Fund** – accounts for the collection of construction excise taxes to fund incentives for the development and construction of affordable housing.

### Debt Service Fund

**Debt Service Fund** – accounts for the payment of general obligation bonds and full faith and credit obligation principal and interest.

**CITY OF MILWAUKIE, OREGON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2024**

	<b>Capital Projects</b>		<b>Special Revenue</b>		<b>Debt Service</b>	<b>Total Non-Major Funds</b>
	Systems Development Charges	City Hall	Building	Construction Excise Tax	Debt Service	
<b>ASSETS:</b>						
Cash and investments	\$ -	\$ 146,846	\$ -	\$ -	\$ -	\$ 146,846
Restricted cash and investments	2,711,215	-	5,062,050	1,272,857	9,985	9,056,107
<b>TOTAL ASSETS</b>	<b>\$ 2,711,215</b>	<b>\$ 146,846</b>	<b>\$ 5,062,050</b>	<b>\$ 1,272,857</b>	<b>\$ 9,985</b>	<b>\$ 9,202,953</b>
<b>LIABILITIES:</b>						
Accounts payable	\$ 42,557	\$ -	\$ 96,144	\$ 670	\$ -	\$ 139,371
Accrued salaries and associated payroll costs	-	-	12,886	-	-	12,886
<b>TOTAL LIABILITIES</b>	<b>42,557</b>	<b>-</b>	<b>109,030</b>	<b>670</b>	<b>-</b>	<b>152,257</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>42,557</b>	<b>-</b>	<b>109,030</b>	<b>670</b>	<b>-</b>	<b>152,257</b>
<b>FUND BALANCES:</b>						
Restricted	2,668,658	-	4,953,020	1,272,187	9,985	8,903,850
Assigned	-	146,846	-	-	-	146,846
<b>TOTAL FUND BALANCES</b>	<b>2,668,658</b>	<b>146,846</b>	<b>4,953,020</b>	<b>1,272,187</b>	<b>9,985</b>	<b>9,050,696</b>
<b>TOTAL LIABILITIES, DEFERRRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,711,215</b>	<b>\$ 146,846</b>	<b>\$ 5,062,050</b>	<b>\$ 1,272,857</b>	<b>\$ 9,985</b>	<b>\$ 9,202,953</b>

**CITY OF MILWAUKIE, OREGON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>Capital Projects</b>		<b>Special Revenue</b>		<b>Debt Service</b>	<b>Total Non-Major Funds</b>
	Systems Development Charges	City Hall	Building	Construction Excise Tax	Debt Service	
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 811,021	\$ 811,021
Licenses and permits	-	-	1,328,027	-	-	1,328,027
Systems development charges	402,613	-	-	-	-	402,613
Construction excise Taxes	-	-	-	143,937	-	143,937
Investment earnings	104,699	8,539	192,625	63,788	21,196	390,847
Miscellaneous	8,275	255,492	7,284	3,090	-	274,141
<b>TOTAL REVENUES</b>	<b>515,587</b>	<b>264,031</b>	<b>1,527,936</b>	<b>210,815</b>	<b>832,217</b>	<b>3,350,586</b>
<b>EXPENDITURES:</b>						
General government	9,827	4,253	925,662	1,950,000	-	2,889,742
Debt service:						
Principal	-	-	-	-	955,000	955,000
Interest	-	-	-	-	418,018	418,018
Capital outlay	322,279	768,546	-	-	-	1,090,825
<b>TOTAL EXPENDITURES</b>	<b>332,106</b>	<b>772,799</b>	<b>925,662</b>	<b>1,950,000</b>	<b>1,373,018</b>	<b>5,353,585</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>183,481</b>	<b>(508,768)</b>	<b>602,274</b>	<b>(1,739,185)</b>	<b>(540,801)</b>	<b>(2,002,999)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers to other funds	-	-	(210,000)	(15,000)	-	(225,000)
Transfers from other funds	-	70,000	-	-	308,000	378,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>70,000</b>	<b>(210,000)</b>	<b>(15,000)</b>	<b>308,000</b>	<b>153,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>183,481</b>	<b>(438,768)</b>	<b>392,274</b>	<b>(1,754,185)</b>	<b>(232,801)</b>	<b>(1,849,999)</b>
<b>FUND BALANCES - beginning</b>	<b>2,485,177</b>	<b>585,614</b>	<b>4,560,746</b>	<b>3,026,372</b>	<b>242,786</b>	<b>10,900,695</b>
<b>FUND BALANCES - ending</b>	<b>\$ 2,668,658</b>	<b>\$ 146,846</b>	<b>\$ 4,953,020</b>	<b>\$ 1,272,187</b>	<b>\$ 9,985</b>	<b>\$ 9,050,696</b>

**CITY OF MILWAUKIE, OREGON**  
**SYSTEMS DEVELOPMENT CHARGES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget for the 2023-2024 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24	Total	
<b>REVENUES:</b>						
Systems development charges	\$ 1,396,000	\$ 1,396,000	\$ 261,838	\$ 402,613	\$ 664,451	\$ (731,549)
Intergovernmental	250,000	250,000	-	-	-	(250,000)
Investment earnings	10,000	10,000	68,466	104,699	173,165	163,165
Miscellaneous	-	-	2,986	8,275	11,261	11,261
<b>TOTAL REVENUES</b>	<b>1,656,000</b>	<b>1,656,000</b>	<b>333,290</b>	<b>515,587</b>	<b>848,877</b>	<b>(807,123)</b>
<b>EXPENDITURES:</b>						
Materials and services	550,000	550,000	10,611	9,827	20,438	529,562
Capital outlay	1,560,000	1,560,000	113,746	322,279	436,025	1,123,975
Contingency	130,000	130,000	-	-	-	130,000
<b>TOTAL EXPENDITURES</b>	<b>2,240,000</b>	<b>2,240,000</b>	<b>124,357</b>	<b>332,106</b>	<b>456,463</b>	<b>1,783,537</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(584,000)</b>	<b>(584,000)</b>	<b>208,933</b>	<b>183,481</b>	<b>392,414</b>	<b>976,414</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(584,000)</b>	<b>(584,000)</b>	<b>208,933</b>	<b>183,481</b>	<b>392,414</b>	<b>976,414</b>
<b>FUND BALANCES - beginning</b>	<b>2,152,000</b>	<b>2,152,000</b>	<b>2,276,244</b>	<b>2,485,177</b>	<b>2,276,244</b>	<b>124,244</b>
<b>FUND BALANCES - ending</b>	<b>\$ 1,568,000</b>	<b>\$ 1,568,000</b>	<b>\$ 2,485,177</b>	<b>\$ 2,668,658</b>	<b>\$ 2,668,658</b>	<b>\$ 1,100,658</b>



**CITY OF MILWAUKIE, OREGON**

**CITY HALL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget for the 2023-2024 Biennium		Actual		Total	Variance with Final Budget
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24		
<b>REVENUES:</b>						
Leases and rents	\$ 757,000	\$ 827,000	\$ 203,831	\$ -	\$ 203,831	\$ (623,169)
Investment earnings	-	-	90,860	8,539	99,399	99,399
Miscellaneous revenue	-	250,000	-	255,492	255,492	5,492
<b>TOTAL REVENUES</b>	<b>757,000</b>	<b>1,077,000</b>	<b>294,691</b>	<b>264,031</b>	<b>558,722</b>	<b>(518,278)</b>
<b>EXPENDITURES:</b>						
Materials and services	200,000	200,000	163,512	4,253	167,765	32,235
Construction in process	2,013,000	2,304,000	1,472,270	768,546	2,240,816	63,184
<b>TOTAL EXPENDITURES</b>	<b>2,213,000</b>	<b>2,504,000</b>	<b>1,635,782</b>	<b>772,799</b>	<b>2,408,581</b>	<b>95,419</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(1,456,000)</b>	<b>(1,427,000)</b>	<b>(1,341,091)</b>	<b>(508,768)</b>	<b>(1,849,859)</b>	<b>(422,859)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	-	500,000	70,000	570,000	500,000
Transfers to other funds	(252,000)	(252,000)	(252,000)	-	(252,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(252,000)</b>	<b>(252,000)</b>	<b>248,000</b>	<b>70,000</b>	<b>318,000</b>	<b>500,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,708,000)</b>	<b>(1,679,000)</b>	<b>(1,093,091)</b>	<b>(438,768)</b>	<b>(1,531,859)</b>	<b>147,141</b>
<b>FUND BALANCES - beginning</b>	<b>1,708,000</b>	<b>1,708,000</b>	<b>1,678,705</b>	<b>585,614</b>	<b>1,678,705</b>	<b>(29,295)</b>
<b>FUND BALANCES - ending</b>	<b>\$ -</b>	<b>\$ 29,000</b>	<b>\$ 585,614</b>	<b>\$ 146,846</b>	<b>\$ 146,846</b>	<b>\$ 117,846</b>

**CITY OF MILWAUKIE, OREGON**

**BUILDING FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget for the 2023-2024 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24	Total	
<b>REVENUES:</b>						
Fees, licenses and permits	\$ 1,667,000	\$ 3,167,000	\$ 1,918,350	\$ 1,328,027	\$ 3,246,377	\$ 79,377
Investment earnings	30,000	30,000	120,310	192,625	312,935	282,935
Miscellaneous	-	-	2,738	7,284	10,022	10,022
<b>TOTAL REVENUES</b>	<u>1,697,000</u>	<u>3,197,000</u>	<u>2,041,398</u>	<u>1,527,936</u>	<u>3,569,334</u>	<u>372,334</u>
<b>EXPENDITURES:</b>						
Personnel services	948,000	948,000	417,777	457,736	875,513	72,487
Materials and services	344,000	1,844,000	321,990	467,926	789,916	1,054,084
Contingency	400,000	400,000	-	-	-	400,000
<b>TOTAL EXPENDITURES</b>	<u>1,692,000</u>	<u>3,192,000</u>	<u>739,767</u>	<u>925,662</u>	<u>1,665,429</u>	<u>1,526,571</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>5,000</u>	<u>5,000</u>	<u>1,301,631</u>	<u>602,274</u>	<u>1,903,905</u>	<u>1,898,905</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers to other funds	(420,000)	(420,000)	(210,000)	(210,000)	(420,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(420,000)</u>	<u>(420,000)</u>	<u>(210,000)</u>	<u>(210,000)</u>	<u>(420,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(415,000)</u>	<u>(415,000)</u>	<u>1,091,631</u>	<u>392,274</u>	<u>1,483,905</u>	<u>1,898,905</u>
<b>FUND BALANCES - beginning</b>	<u>3,586,000</u>	<u>3,586,000</u>	<u>3,469,115</u>	<u>4,560,746</u>	<u>3,469,115</u>	<u>(116,885)</u>
<b>FUND BALANCES - ending</b>	<u>\$ 3,171,000</u>	<u>\$ 3,171,000</u>	<u>\$ 4,560,746</u>	<u>\$ 4,953,020</u>	<u>\$ 4,953,020</u>	<u>\$ 1,782,020</u>

**CITY OF MILWAUKIE, OREGON**  
**CONSTRUCTION EXCISE TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget for the 2023-2024 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24	Total	
<b>REVENUES:</b>						
Construction excise taxes	\$ 644,000	\$ 1,444,000	\$ 925,085	\$ 143,937	\$ 1,069,022	\$ (374,978)
Investment earnings	11,000	11,000	60,070	63,788	123,858	112,858
Miscellaneous	28,000	28,000	38,772	3,090	41,862	13,862
<b>TOTAL REVENUES</b>	<b>683,000</b>	<b>1,483,000</b>	<b>1,023,927</b>	<b>210,815</b>	<b>1,234,742</b>	<b>(248,258)</b>
<b>EXPENDITURES:</b>						
Materials and services	1,224,000	2,124,000	50,000	1,950,000	2,000,000	124,000
Contingency	122,000	22,000	-	-	-	22,000
<b>TOTAL EXPENDITURES</b>	<b>1,346,000</b>	<b>2,146,000</b>	<b>50,000</b>	<b>1,950,000</b>	<b>2,000,000</b>	<b>146,000</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(663,000)</b>	<b>(663,000)</b>	<b>973,927</b>	<b>(1,739,185)</b>	<b>(765,258)</b>	<b>(102,258)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	800,000	800,000	800,000	-	800,000	-
Transfers to other funds	(30,000)	(30,000)	(15,000)	(15,000)	(30,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>770,000</b>	<b>770,000</b>	<b>785,000</b>	<b>(15,000)</b>	<b>770,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>107,000</b>	<b>107,000</b>	<b>1,758,927</b>	<b>(1,754,185)</b>	<b>4,742</b>	<b>(102,258)</b>
<b>FUND BALANCES - beginning</b>	<b>950,000</b>	<b>950,000</b>	<b>1,267,445</b>	<b>3,026,372</b>	<b>1,267,445</b>	<b>317,445</b>
<b>FUND BALANCES - ending</b>	<b>\$ 1,057,000</b>	<b>\$ 1,057,000</b>	<b>\$ 3,026,372</b>	<b>\$ 1,272,187</b>	<b>\$ 1,272,187</b>	<b>\$ 215,187</b>

**CITY OF MILWAUKIE, OREGON**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget for the 2023-2024 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24	Total	
<b>REVENUES:</b>						
Property taxes	\$ 1,720,000	\$ 1,720,000	\$ 860,000	\$ 811,021	\$ 1,671,021	\$ (48,979)
Intergovernmental	168,000	168,000	168,200	-	168,200	200
Investment earnings	-	-	23,745	21,196	44,941	44,941
<b>TOTAL REVENUES</b>	<b>1,888,000</b>	<b>1,888,000</b>	<b>1,051,945</b>	<b>832,217</b>	<b>1,884,162</b>	<b>(836,055)</b>
<b>EXPENDITURES:</b>						
Debt service:						
Principal	1,890,000	1,890,000	935,000	955,000	1,890,000	-
Interest	864,000	864,000	442,967	418,018	860,985	(3,015)
<b>TOTAL EXPENDITURES</b>	<b>2,754,000</b>	<b>2,754,000</b>	<b>1,377,967</b>	<b>1,373,018</b>	<b>2,750,985</b>	<b>(3,015)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(866,000)</b>	<b>(866,000)</b>	<b>(326,022)</b>	<b>(540,801)</b>	<b>(866,823)</b>	<b>(823)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	868,000	868,000	560,000	308,000	868,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>868,000</b>	<b>868,000</b>	<b>560,000</b>	<b>308,000</b>	<b>868,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,000</b>	<b>2,000</b>	<b>233,978</b>	<b>(232,801)</b>	<b>1,177</b>	<b>(823)</b>
<b>FUND BALANCES - beginning</b>	<b>9,000</b>	<b>9,000</b>	<b>8,808</b>	<b>242,786</b>	<b>8,808</b>	<b>(192)</b>
<b>FUND BALANCES - ending</b>	<b>\$ 11,000</b>	<b>\$ 11,000</b>	<b>\$ 242,786</b>	<b>\$ 9,985</b>	<b>\$ 9,985</b>	<b>\$ (1,015)</b>

# PROPRIETARY FUNDS

## *Individual Fund Financial Statements*

### **Proprietary Funds**

These funds account for the operations of the city's enterprise activities. All proprietary funds are major funds of the city.

**Water Fund** – accounts for the city's water utility operations including maintenance and operations. All water related revenues and expenditures, including capital replacement, are included in this fund.

**Wastewater Fund** – accounts for the operations and maintenance of the wastewater, collections, and treatment systems. All wastewater related revenues and expenditures, including capital replacement, are included in this fund.

**Stormwater Fund** – accounts for the operations and maintenance of the stormwater management and collection systems. All stormwater related revenues and expenditures, including capital replacement are included in this fund.

**CITY OF MILWAUKIE, OREGON**  
**WATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget for the 2023-2024 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24	Total	
<b>REVENUES:</b>						
Water charges	\$ 10,209,000	\$ 10,209,000	\$ 4,690,291	\$ 4,770,240	\$ 9,460,531	\$ (748,469)
Reimbursement fees	200,000	200,000	10,925	38,829	49,754	(150,246)
Intergovernmental	2,256,000	2,279,000	-	26,836	26,836	(2,252,164)
Investment earnings	40,000	40,000	278,578	405,648	684,226	644,226
Miscellaneous	74,000	74,000	14,780	96,771	111,551	37,551
<b>TOTAL REVENUES</b>	<b>12,779,000</b>	<b>12,802,000</b>	<b>4,994,574</b>	<b>5,338,324</b>	<b>10,332,898</b>	<b>(2,469,102)</b>
<b>EXPENDITURES:</b>						
Personnel services	1,972,000	1,972,000	945,716	911,479	1,857,195	114,805
Materials and services	2,433,000	2,433,000	996,852	1,293,969	2,290,821	142,179
Capital outlay	7,371,000	7,371,000	156,150	1,250,206	1,406,356	5,964,644
Contingency	650,000	650,000	-	-	-	650,000
<b>TOTAL EXPENDITURES</b>	<b>12,426,000</b>	<b>12,426,000</b>	<b>2,098,718</b>	<b>3,455,654</b>	<b>5,554,372</b>	<b>6,871,628</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>353,000</b>	<b>376,000</b>	<b>2,895,856</b>	<b>1,882,670</b>	<b>4,778,526</b>	<b>4,402,526</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers to other funds	(3,160,000)	(3,183,000)	(1,573,500)	(1,573,500)	(3,147,000)	36,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,160,000)</b>	<b>(3,183,000)</b>	<b>(1,573,500)</b>	<b>(1,573,500)</b>	<b>(3,147,000)</b>	<b>36,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,807,000)</b>	<b>(2,807,000)</b>	<b>1,322,356</b>	<b>309,170</b>	<b>1,631,526</b>	<b>4,438,526</b>
<b>FUND BALANCES - beginning</b>	<b>7,359,000</b>	<b>7,359,000</b>	<b>5,394,998</b>	<b>6,717,354</b>	<b>5,394,998</b>	<b>(1,964,002)</b>
<b>FUND BALANCES - ending</b>	<b>\$ 4,552,000</b>	<b>\$ 4,552,000</b>	<b>6,717,354</b>	<b>7,026,524</b>	<b>\$ 7,026,524</b>	<b>\$ 2,474,524</b>

**RECONCILIATION OF NET CHANGE IN FUND BALANCE (BUDGETARY BASIS) TO NET CHANGE IN NET POSITION (GAAP BASIS)**

Adjustments:		
Capital assets not being depreciated	1,178,527	2,228,060
Capital assets, net of accumulated depreciation	10,174,289	9,328,348
Net OPEB asset accrual	9,957	10,220
Total OPEB liability accrual	(33,109)	(31,434)
Net pension liability accrual	(785,160)	(867,183)
Deferred outflows of resources (pension & OPEB)	332,813	286,266
Deferred inflows of resources (pension & OPEB)	(275,302)	(129,113)
<b>NET POSITION - GAAP BASIS, ending</b>	<b>\$ 17,319,369</b>	<b>\$ 17,851,688</b>

**CITY OF MILWAUKIE, OREGON**  
**WASTEWATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget for the 2023-2024 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24	Total	
<b>REVENUES:</b>						
Wastewater charges	\$ 17,859,000	\$ 17,859,000	\$ 8,751,015	\$ 8,983,497	\$ 17,734,512	\$ (124,488)
Reimbursement fees	86,000	86,000	189,600	120,808	310,408	224,408
Intergovernmental	1,733,000	1,755,000	132,357	183,468	315,825	(1,439,175)
Investment Earnings	50,000	50,000	238,746	300,489	539,235	489,235
Miscellaneous	26,000	26,000	3,609	10,509	14,118	(11,882)
<b>TOTAL REVENUES</b>	<b>19,754,000</b>	<b>19,776,000</b>	<b>9,315,327</b>	<b>9,598,771</b>	<b>18,914,098</b>	<b>(861,902)</b>
<b>EXPENDITURES:</b>						
Personnel services	1,092,000	1,092,000	536,182	558,426	1,094,608	(2,608)
Materials and services	12,370,000	12,370,000	5,608,762	5,759,687	11,368,449	1,001,551
Debt service	202,000	202,000	100,557	100,075	200,632	1,368
Capital outlay	5,314,000	5,314,000	1,545,539	1,450,408	2,995,947	2,318,053
Contingency	1,030,000	1,030,000	-	-	-	1,030,000
<b>TOTAL EXPENDITURES</b>	<b>20,008,000</b>	<b>20,008,000</b>	<b>7,791,040</b>	<b>7,868,596</b>	<b>15,659,636</b>	<b>4,348,364</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(254,000)</b>	<b>(232,000)</b>	<b>1,524,287</b>	<b>1,730,175</b>	<b>3,254,462</b>	<b>3,486,462</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	49,000	-	-	-	(49,000)
Transfers to other funds	(2,920,000)	(2,942,000)	(1,455,000)	(1,455,000)	(2,910,000)	32,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,920,000)</b>	<b>(2,893,000)</b>	<b>(1,455,000)</b>	<b>(1,455,000)</b>	<b>(2,910,000)</b>	<b>(17,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(3,174,000)</b>	<b>(3,125,000)</b>	<b>69,287</b>	<b>275,175</b>	<b>344,462</b>	<b>3,469,462</b>
<b>FUND BALANCES - beginning</b>	<b>6,194,000</b>	<b>6,194,000</b>	<b>5,663,683</b>	<b>5,732,970</b>	<b>5,663,683</b>	<b>(530,317)</b>
<b>FUND BALANCES - ending</b>	<b>\$ 3,020,000</b>	<b>\$ 3,069,000</b>	<b>5,732,970</b>	<b>6,008,145</b>	<b>\$ 6,008,145</b>	<b>\$ 2,939,145</b>

**RECONCILIATION OF NET CHANGE IN FUND BALANCE (BUDGETARY BASIS) TO NET CHANGE IN NET POSITION (GAAP BASIS)**

Adjustments:		
Capital assets not being depreciated	2,029,956	1,923,449
Capital assets, net of accumulated depreciation	9,073,504	9,874,964
Net OPEB asset accrual	5,583	6,385
Total OPEB liability accrual	(18,565)	(19,640)
Net pension liability accrual	(477,932)	(541,801)
Deferred inflows of resources (pension & OPEB)	(166,758)	(80,668)
Deferred outflows of resources (pension & OPEB)	202,114	178,854
Loan payable - due within one year	(96,458)	(96,458)
Loan payable - long-term less portion due within one year	(675,204)	(578,746)
<b>NET POSITION - GAAP BASIS, ending</b>	<b>\$ 15,609,210</b>	<b>\$16,674,484</b>

**CITY OF MILWAUKIE, OREGON**  
**STORMWATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget for the 2023-2024 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24	Total	
<b>REVENUES:</b>						
Stormwater charges	\$ 10,611,000	\$ 10,611,000	\$ 5,151,113	\$ 5,130,521	\$10,281,634	\$ (329,366)
Intergovernmental	585,000	585,000	-	548,032	548,032	(36,968)
Investment earnings	30,000	30,000	262,236	333,232	595,468	565,468
Miscellaneous	60,000	60,000	82,972	84,795	167,767	107,767
<b>TOTAL REVENUES</b>	<b>11,286,000</b>	<b>11,286,000</b>	<b>5,496,321</b>	<b>6,096,580</b>	<b>11,592,901</b>	<b>(5,789,679)</b>
<b>EXPENDITURES:</b>						
Personnel services	1,703,000	1,703,000	740,892	777,165	1,518,057	184,943
Materials and services	1,573,000	1,573,000	723,948	722,451	1,446,399	126,601
Capital outlay	9,981,000	9,981,000	723,674	5,532,316	6,255,990	3,725,010
Contingency	910,000	890,000	-	-	-	890,000
<b>TOTAL EXPENDITURES</b>	<b>14,167,000</b>	<b>14,147,000</b>	<b>2,188,514</b>	<b>7,031,932</b>	<b>9,220,446</b>	<b>4,926,554</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(2,881,000)</b>	<b>(2,861,000)</b>	<b>3,307,807</b>	<b>(935,352)</b>	<b>2,372,455</b>	<b>5,233,455</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers to other funds	(2,810,000)	(2,830,000)	(1,424,500)	(1,424,500)	(2,849,000)	(19,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,810,000)</b>	<b>(2,830,000)</b>	<b>(1,424,500)</b>	<b>(1,424,500)</b>	<b>(2,849,000)</b>	<b>(19,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(5,691,000)</b>	<b>(5,691,000)</b>	<b>1,883,307</b>	<b>(2,359,852)</b>	<b>(476,545)</b>	<b>5,214,455</b>
<b>FUND BALANCES - beginning</b>	<b>7,278,000</b>	<b>7,278,000</b>	<b>7,055,940</b>	<b>8,939,247</b>	<b>7,055,940</b>	<b>(222,060)</b>
<b>FUND BALANCES - ending</b>	<b>\$ 1,587,000</b>	<b>\$ 1,587,000</b>	<b>8,939,247</b>	<b>6,579,395</b>	<b>\$ 6,579,395</b>	<b>\$ 4,992,395</b>

**RECONCILIATION OF NET CHANGE IN FUND BALANCE (BUDGETARY BASIS) TO NET CHANGE IN NET POSITION (GAAP BASIS)**

Adjustments:		
Capital assets not being depreciated	1,235,894	6,280,542
Capital assets, net of accumulated depreciation	8,065,752	7,482,885
Net OPEB asset accrual	7,495	9,037
Total OPEB liability accrual	(24,923)	(27,796)
Net pension liability accrual	(616,371)	(766,827)
Deferred inflows of resources (pension & OPEB)	260,950	(114,172)
Deferred outflows of resources (pension & OPEB)	(215,568)	253,138
<b>NET POSITION - GAAP BASIS, ending</b>	<b>\$ 17,652,476</b>	<b>\$ 19,696,202</b>



## OTHER FINANCIAL SCHEDULES

Schedule of Future Debt Service Requirements

Schedule of Accountability of Independently  
Elected Officials

**CITY OF MILWAUKIE, OREGON**  
**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2024**

**Future Debt Service Principal**

Fiscal year	2014	2018	2020	2023	GO Bonds Series 2014	GO Bonds Series 2016	SPWF Loan	PERS UAL Bonds	Oregon DEQ Loan	Total
	Full Faith & Credit Bond	Full Faith & Credit Bond	Full Faith & Credit Bond	Full Faith & Credit Bond						
2025	\$ 70,000	\$ -	\$ 295,000	\$ 836,600	\$ 185,000	\$ 430,000	\$ 30,576	\$ 420,000	\$ 96,458	\$ 2,363,634
2026	75,000	-	300,000	869,700	195,000	450,000	30,819	465,000	96,458	2,481,977
2027	75,000	-	305,000	904,100	200,000	465,000	36,074	510,000	96,458	2,591,632
2028	80,000	-	310,000	939,900	205,000	480,000	36,339	230,000	96,458	2,377,697
2029	80,000	-	315,000	977,200	210,000	490,000	36,617	-	96,458	2,205,275
2030	-	-	325,000	1,015,800	220,000	500,000	36,906	-	96,458	2,194,164
2031	-	-	330,000	1,056,100	230,000	510,000	42,208	-	96,458	2,264,764
2032	-	-	335,000	1,097,900	240,000	525,000	42,523	-	-	2,240,423
2033	-	-	345,000	1,141,400	250,000	535,000	-	-	-	2,271,400
2034	-	-	355,000	1,186,600	260,000	550,000	-	-	-	2,351,600
2035	-	-	365,000	1,233,600	-	565,000	-	-	-	2,163,600
2036	-	-	370,000	1,282,400	-	580,000	-	-	-	2,232,400
2037	-	-	385,000	1,333,200	-	-	-	-	-	1,718,200
2038	-	-	395,000	1,386,000	-	-	-	-	-	1,781,000
2039	-	-	405,000	1,440,900	-	-	-	-	-	1,845,900
2040	-	-	420,000	1,497,900	-	-	-	-	-	1,917,900
2041	-	-	-	1,557,200	-	-	-	-	-	1,557,200
2042	-	-	-	1,618,900	-	-	-	-	-	1,618,900
2043	-	2,625,000	-	-	-	-	-	-	-	2,625,000
2044	-	2,715,000	-	-	-	-	-	-	-	2,715,000
2045	-	2,810,000	-	-	-	-	-	-	-	2,810,000
2046	-	2,915,000	-	-	-	-	-	-	-	2,915,000
2047	-	3,020,000	-	-	-	-	-	-	-	3,020,000
2048	-	3,140,000	-	-	-	-	-	-	-	3,140,000
Totals	\$ 380,000	\$ 17,225,000	\$ 5,555,000	\$ 21,375,400	\$ 2,195,000	\$ 6,080,000	\$ 292,062	\$ 1,625,000	\$ 675,204	\$ 55,402,666

**Future Debt Service Interest**

Fiscal year	2014	2018	2020	2023	GO Bonds Series 2014	GO Bonds Series 2016	SPWF Loan	PERS UAL Bonds	Oregon DEQ Loan	Total
	Full Faith & Credit Bond	Full Faith & Credit Bond	Full Faith & Credit Bond	Full Faith & Credit Bond						
2025	\$ 15,200	\$ 640,832	\$ 136,902	\$ 846,466	\$ 76,175	\$ 163,430	\$ 14,278	\$ 81,316	\$ 2,750	\$ 1,977,349
2026	12,400	640,832	132,626	813,336	68,775	146,230	12,784	60,298	2,250	1,889,531
2027	9,400	640,832	127,290	778,896	62,925	128,230	11,279	37,030	1,750	1,797,632
2028	6,400	640,832	121,558	743,094	56,925	114,280	9,513	11,510	1,250	1,705,362
2029	3,200	640,832	115,424	705,874	50,775	104,680	7,736	-	750	1,629,271
2030	-	640,831	108,876	667,176	42,375	94,880	5,947	-	250	1,560,335
2031	-	640,832	101,956	626,952	33,575	84,255	4,145	-	-	1,491,715
2032	-	640,832	94,468	585,130	24,375	72,143	2,079	-	-	1,419,027
2033	-	640,832	86,532	541,652	16,575	59,018	-	-	-	1,344,609
2034	-	640,832	78,084	496,454	8,450	45,643	-	-	-	1,269,463
2035	-	640,832	68,824	449,464	-	31,205	-	-	-	1,190,325
2036	-	640,832	59,190	400,614	-	15,950	-	-	-	1,116,586
2037	-	640,832	48,102	349,830	-	-	-	-	-	1,038,764
2038	-	640,832	36,564	297,036	-	-	-	-	-	974,432
2039	-	640,832	24,726	242,150	-	-	-	-	-	907,708
2040	-	640,832	12,588	185,090	-	-	-	-	-	838,510
2041	-	640,832	-	125,774	-	-	-	-	-	766,606
2042	-	640,832	-	64,108	-	-	-	-	-	704,940
2043	-	640,832	-	-	-	-	-	-	-	640,832
2044	-	548,956	-	-	-	-	-	-	-	548,956
2045	-	453,932	-	-	-	-	-	-	-	453,932
2046	-	352,068	-	-	-	-	-	-	-	352,068
2047	-	246,400	-	-	-	-	-	-	-	246,400
2048	-	125,600	-	-	-	-	-	-	-	125,600
Totals	\$ 46,600	\$ 13,902,763	\$ 1,353,710	\$ 8,919,096	\$ 440,925	\$ 1,059,944	\$ 67,761	\$ 190,154	\$ 9,000	\$ 25,989,953

**CITY OF MILWAUKIE, OREGON**  
**SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Oregon Revised Statutes (ORS) Chapter 297 requires a statement of accountability for each independently elected official collecting or receiving money in the municipal corporation. In compliance with ORS 297, there are no independently elected officials that collect or receive money on behalf of the City of Milwaukie.



# SECTION III

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## STATISTICAL SECTION

# STATISTICAL SECTION

This section provides further details as a context for a better understanding of the financial statements.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how financial performance has changed over time.	111
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the city's most significant local revenue source, property taxes.	115
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the city's current level of outstanding debt and the city's ability to issue additional debt in the future.	120
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	125
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	128

Sources: The information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year, unless otherwise noted.

**CITY OF MILWAUKIE, OREGON**  
**NET POSITION BY COMPONENT**  
*for the last ten fiscal years*  
**(accrual basis of accounting)**  
**(in thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
					(restated)					
Governmental activities										
Net investment in capital assets	\$ 42,965	\$ 43,558	\$ 40,950	\$ 43,107	\$ 48,328	\$ 48,178	\$ 47,783	\$ 33,501	\$ 31,778	\$ 33,498
Restricted	1,921	2,200	11,587	12,250	7,851	7,221	6,313	19,999	44,946	44,986
Unrestricted	5,166	866	(7,168)	(6,469)	(4,702)	(3,080)	(4,339)	(38)	(24,391)	(27,564)
Total governmental activities net position	50,052	46,624	45,369	48,888	51,477	52,319	49,757	53,462	52,333	50,920
Business-type activities										
Net investment in capital assets	18,903	20,506	22,410	23,102	25,228	28,106	30,312	31,164	30,988	36,443
Restricted	12	12	12	12	12	12	23	38	35	37
Unrestricted	7,659	9,102	9,744	11,975	13,265	13,742	14,148	16,324	19,558	17,742
Total business-type activities net position	26,574	29,620	32,166	35,090	38,505	41,860	44,483	47,526	50,581	54,222
Primary government										
Net investment in capital assets	61,868	64,064	63,360	66,209	73,556	76,284	78,095	64,665	62,766	69,941
Restricted	1,933	2,212	11,599	12,262	7,863	7,233	6,336	20,037	44,981	45,023
Unrestricted	12,825	9,968	2,576	5,506	8,563	10,662	9,809	16,286	(4,833)	(9,822)
Total primary government net position	\$ 76,626	\$ 76,244	\$ 77,535	\$ 83,978	\$ 89,983	\$ 94,179	\$ 94,240	\$ 100,988	\$ 102,914	\$ 105,142





**CITY OF MILWAUKIE, OREGON**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
*for the last ten fiscal years*  
**(modified accrual basis of accounting)**  
**(in thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General fund										
Nonspendable	\$ 65	\$ 146	\$ 130	\$ 125	\$ 110	\$ 95	\$ 312	\$ 264	\$ 285	\$ 307
Restricted	39	30	33	19	16	2,182	205	217	890	1,796
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	5,676	5,939	7,175	7,408	9,038	8,845	11,545	14,339	12,483	10,974
Total general fund	<u>\$ 5,780</u>	<u>\$ 6,115</u>	<u>\$ 7,338</u>	<u>\$ 7,552</u>	<u>\$ 9,164</u>	<u>\$11,122</u>	<u>\$12,062</u>	<u>\$ 14,820</u>	<u>\$ 13,658</u>	<u>\$ 13,077</u>
All other governmental funds										
Nonspendable	\$ 154	\$ 815	\$ 816	\$ 818	\$ 38	\$ 26	\$ 32	\$ 46	\$ 10	\$ -
Restricted	1,725	1,799	11,199	11,878	7,993	5,317	6,349	19,574	43,836	42,974
Committed	1,954	1,627	2,858	3,858	21,705	20,168	15,216	-	-	-
Assigned	594	691	812	1,086	1,862	634	2,046	1,679	586	147
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,426</u>	<u>\$ 4,932</u>	<u>\$15,685</u>	<u>\$17,640</u>	<u>\$31,598</u>	<u>\$26,145</u>	<u>\$23,643</u>	<u>\$ 21,299</u>	<u>\$ 44,432</u>	<u>\$ 43,121</u>

**CITY OF MILWAUKIE, OREGON**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
*for the last ten fiscal years*  
**(modified accrual basis of accounting)**  
**(in thousands)**

	Fiscal Year Ended									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues:</b>										
Property taxes	\$ 7,587	\$ 7,892	\$ 8,898	\$ 9,287	\$ 9,660	\$ 9,825	\$ 10,380	\$ 10,625	\$ 11,158	\$ 11,753
Franchise taxes	2,568	2,570	2,857	3,256	3,624	3,749	3,682	3,542	3,909	3,898
Intergovernmental	5,747	5,765	4,424	7,895	5,411	5,850	5,967	7,852	5,715	6,408
Licenses and permits	667	985	1,058	1,766	2,864	1,702	1,613	2,563	2,513	1,892
Rent and leases	-	-	-	-	-	-	-	489	204	-
Charges for services	5,042	5,158	6,447	7,099	8,646	8,772	9,106	2,189	2,288	2,385
Systems development charges	-	-	-	-	-	-	-	-	1,187	403
Fines and forfeitures	1,252	1,267	1,065	879	844	806	417	362	460	607
Miscellaneous	327	303	636	914	2,046	2,308	1,150	1,801	1,951	4,200
Total revenues	<u>23,189</u>	<u>23,940</u>	<u>25,386</u>	<u>31,097</u>	<u>33,094</u>	<u>33,012</u>	<u>32,315</u>	<u>29,423</u>	<u>29,385</u>	<u>31,546</u>
<b>Expenditures:</b>										
Current:										
General government	7,867	8,687	9,168	10,552	11,073	11,587	13,050	12,871	13,529	16,136
Highway and streets	1,712	1,708	2,117	2,072	3,264	1,010	2,979	1,265	1,272	1,142
Public safety	5,955	6,149	6,435	6,655	6,839	6,779	6,686	6,876	7,700	7,680
Culture and recreation	2,350	2,468	2,689	2,636	2,793	1,998	1,897	2,113	2,103	2,255
Debt service:										
Principal	3,983	379	778	792	2,039	2,089	2,475	1,235	2,657	2,381
Interest	557	380	564	581	1,320	1,297	1,356	1,258	1,531	2,069
Capital outlay	5,181	2,967	1,274	6,119	11,217	16,584	5,473	7,590	6,823	6,651
Total expenditures	<u>27,607</u>	<u>22,738</u>	<u>23,025</u>	<u>29,407</u>	<u>38,547</u>	<u>41,344</u>	<u>33,916</u>	<u>33,208</u>	<u>35,615</u>	<u>38,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,417)</u>	<u>1,202</u>	<u>2,361</u>	<u>1,689</u>	<u>(5,453)</u>	<u>(8,332)</u>	<u>(1,601)</u>	<u>(3,785)</u>	<u>(6,230)</u>	<u>(6,768)</u>
<b>Other financing sources (uses):</b>										
Transfers from other funds	-	57	-	-	311	4,121	364	4,090	9,517	4,976
Transfers to other funds	-	(419)	-	-	(311)	(6,955)	(364)	-	(5,064)	(523)
Proceeds from sale of capital assets	-	-	-	95	44	471	39	79	6	285
Proceeds from bond premium	-	-	-	-	394	-	-	-	-	-
Lease financing	-	-	-	-	-	-	-	29	142	-
SBITA financing	-	-	-	-	-	-	-	-	175	137
Issuance of debt	4,660	-	9,200	-	-	6,700	-	-	23,531	-
Proceeds from borrowing	-	-	-	385	20,585	-	-	-	-	-
Bond premium on issuance of debt	353	-	416	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>5,013</u>	<u>(362)</u>	<u>9,616</u>	<u>480</u>	<u>21,023</u>	<u>4,337</u>	<u>39</u>	<u>4,198</u>	<u>28,307</u>	<u>4,875</u>
Net change in fund balances	<u>\$ 595</u>	<u>\$ 840</u>	<u>\$ 11,977</u>	<u>\$ 2,169</u>	<u>\$ 15,570</u>	<u>\$ (3,995)</u>	<u>\$ (1,562)</u>	<u>\$ 413</u>	<u>\$ 22,077</u>	<u>\$ (1,893)</u>
Debt service as a percentage of noncapital expenditures	20.2%	3.8%	6.2%	5.9%	12.3%	13.7%	13.5%	9.7%	14.5%	14.1%

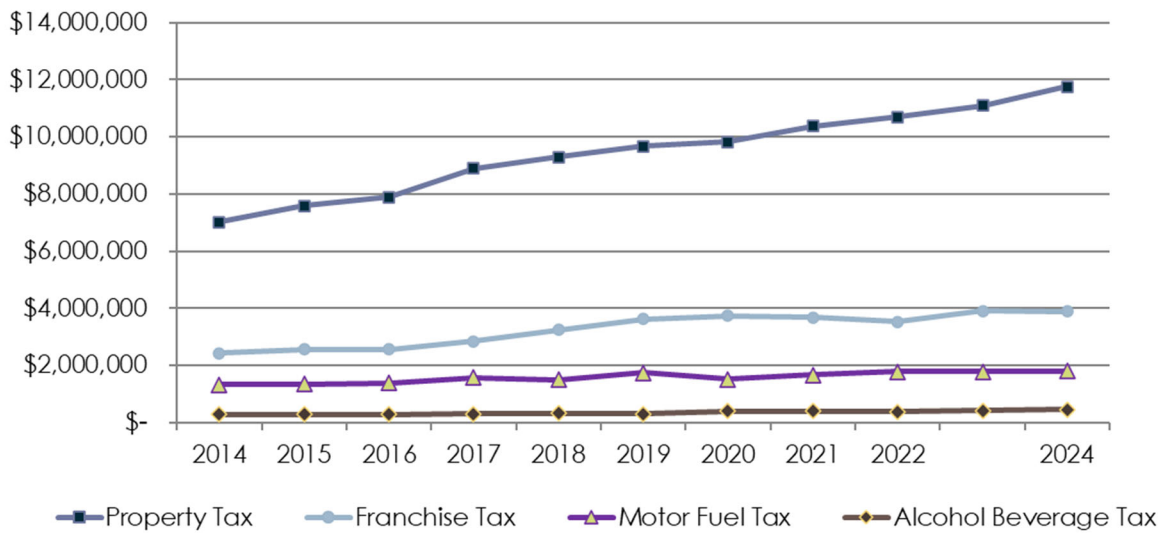
**CITY OF MILWAUKIE, OREGON**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
*for the last ten fiscal years*  
*(modified accrual basis of accounting)*

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Motor Fuel Tax<sup>1</sup></b>	<b>Alcoholic Beverage Tax<sup>1</sup></b>	<b>Total</b>
2014	\$7,018,918	\$2,438,915	\$1,337,709	\$287,203	\$11,082,745
2015	7,586,610	2,567,903	1,351,269	295,213	11,800,995
2016	7,891,754	2,570,403	1,393,489	297,093	12,152,739
2017	8,898,323	2,857,017	1,578,903	314,256	13,648,499
2018	9,287,485	3,255,650	1,497,631	327,481	14,368,247
2019	9,663,776	3,624,295	1,756,320	310,238	15,354,629
2020	9,825,418	3,748,904	1,523,745	396,248	15,494,315
2021	10,379,647	3,681,645	1,675,491	401,410	16,138,193
2022	10,704,347	3,541,583	1,795,195	393,334	16,434,459
2023	11,087,336	3,909,158	1,788,273	417,899	17,202,666
2024	11,753,052	3,898,094	1,804,180	460,230	17,915,556

**Notes:**

<sup>1</sup> Motor fuel and alcoholic beverage taxes are assessed by the State of Oregon, including the City of Milwaukie's Local Gas Tax, with the city's portion allocated back to the city.

**Trend Lines of Tax Revenues by Source**



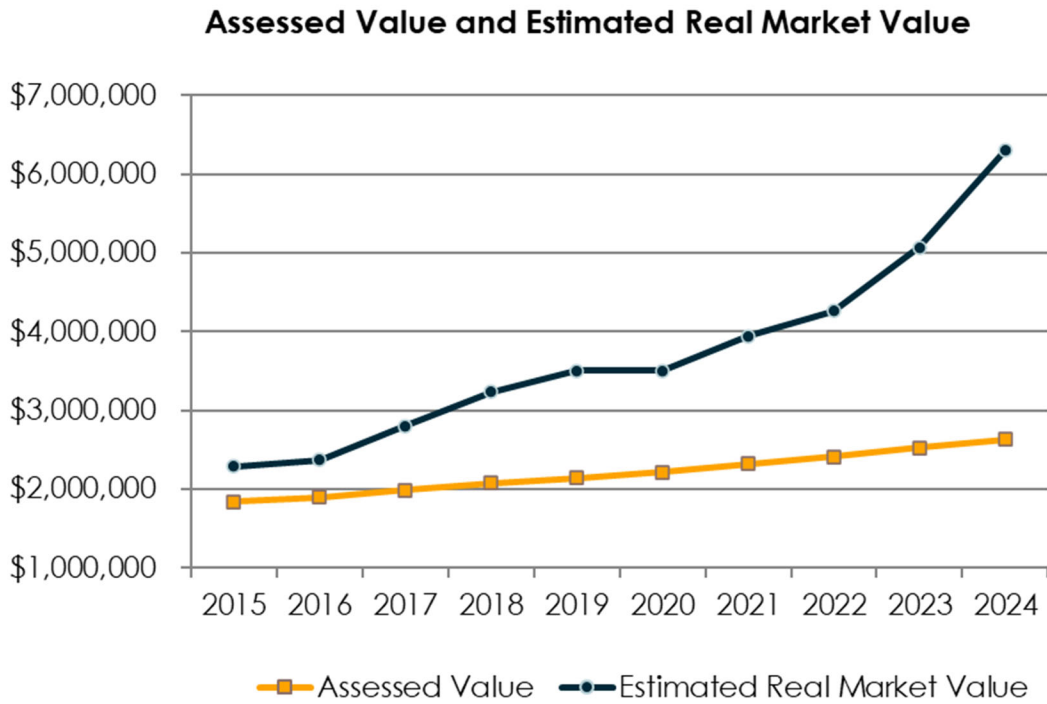
**CITY OF MILWAUKIE, OREGON**  
**ASSESSED VALUE AND ESTIMATED REAL MARKET VALUE OF TAXABLE PROPERTY**  
*for the last ten fiscal years*  
*(in thousands)*

Fiscal year	Assessed Value					Total assessed value (AV)	Total direct tax rate	RMV	Assessed value as a percentage of RMV
	Real property	Personal property	Manufactured structure	Public utility	Estimated real market value (RMV)				
2015	\$ 1,705,226	\$ 65,570	\$ 1,245	\$67,219	\$ 1,839,260	\$ 4.2660	\$ 2,286,961	80	
2016	1,764,097	60,350	1,201	71,879	1,897,527	4.1866	2,368,057	80	
2017	1,838,296	73,811	1,281	69,117	1,982,505	4.5718	2,804,852	71	
2018	1,913,170	80,904	1,370	80,373	2,075,816	4.5276	3,235,850	64	
2019	1,988,267	82,662	1,477	65,811	2,138,216	4.3852	3,499,027	61	
2020	2,063,500	84,629	1,581	65,428	2,215,138	4.3852	3,498,809	63	
2021	2,162,802	94,799	1,634	62,188	2,321,424	4.3852	3,940,188	59	
2022	2,245,383	99,092	1,668	62,321	2,408,464	4.4154	4,258,337	57	
2023	2,361,588	99,319	1,743	64,047	2,526,697	4.3972	5,068,324	50	
2024	2,452,682	101,714	1,730	71,359	2,627,485	4.3852	6,298,355	42	

**Notes:**

Property is generally assessed as of July 1 of each fiscal year.

Source: Clackamas and Multnomah County Departments of Assessment and Taxation.

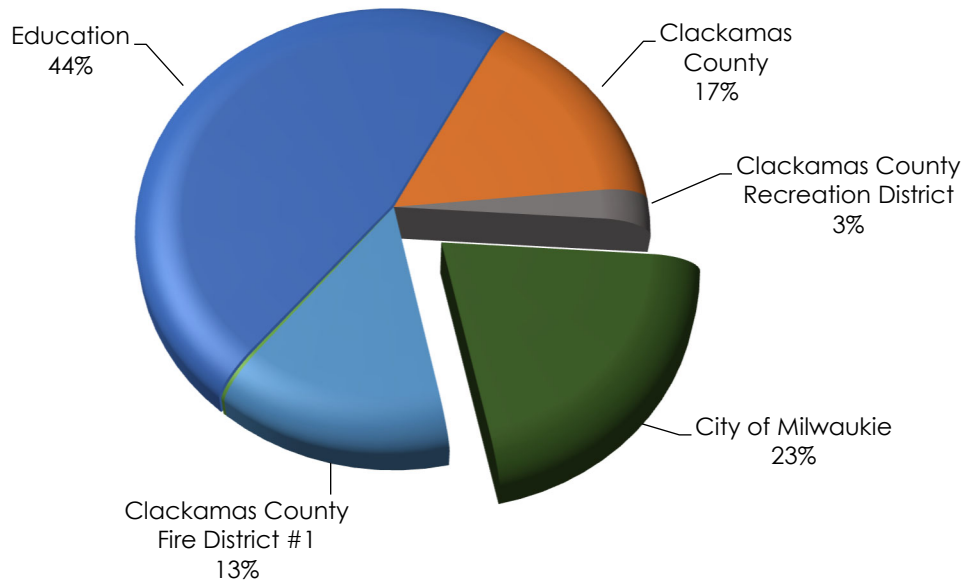


**CITY OF MILWAUKIE, OREGON**  
**PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS**  
*for the last ten fiscal years*  
*(rate per \$1,000 of assessed value)*

Fiscal year	City direct rates					Overlapping rates								Total direct and overlapping
	Permanent tax rate	Bonded debt tax rate	Less CCFD#1 permanent tax rate	Less CCFD#1 bonded debt rate	Total direct	North Clackamas School District	Clackamas County	Clackamas County Fire Dist #1	Clackamas County Recreation District	Clackamas County Community College	Education Service District	Other		
2015	\$ 6.5379	\$ 0.1859	(2.4012)	\$ (0.0562)	\$ 4.2664	\$ 6.82	\$ 3.22	\$ 2.46	\$ 0.54	\$ 0.71	\$ 0.37	\$ 0.05	\$ 18.43	
2016	6.5379	0.1438	(2.4012)	(0.0939)	4.1866	7.24	3.22	2.50	0.54	0.75	0.37	0.05	18.84	
2017	6.5379	0.5277	(2.4012)	(0.0926)	4.5718	7.23	3.22	2.49	0.54	0.74	0.37	0.05	19.21	
2018	6.5379	0.4972	(2.4012)	(0.1063)	4.5276	7.22	3.22	2.51	0.54	0.75	0.37	0.05	19.19	
2019	6.5379	0.4270	(2.4012)	(0.0913)	4.4724	7.24	3.22	2.49	0.54	0.74	0.37	0.05	19.13	
2020	6.5379	0.3729	(2.4012)	(0.0888)	4.4208	8.69	3.22	2.49	0.54	0.74	0.37	0.05	20.52	
2021	6.5379	0.3729	(2.4012)	(0.0888)	4.4208	8.69	3.22	2.49	0.54	0.74	0.37	0.05	20.52	
2022	6.5379	0.3577	(2.4012)	(0.0790)	4.4154	8.79	3.22	2.48	0.54	0.72	0.37	0.05	20.59	
2023	6.5379	0.3432	(2.4012)	(0.0827)	4.3972	8.74	3.22	2.48	0.54	0.80	0.37	0.05	20.61	
2024	6.5379	0.3302	(2.4012)	(0.0817)	4.3852	8.70	3.34	3.00	0.54	0.81	0.37	0.05	21.19	

Source: Clackamas County Assessor's Office.

**Property Tax Percentage Split  
by Government Type**



**CITY OF MILWAUKIE, OREGON**  
**PRINCIPAL PROPERTY TAXPAYERS**  
*current year and nine years ago*

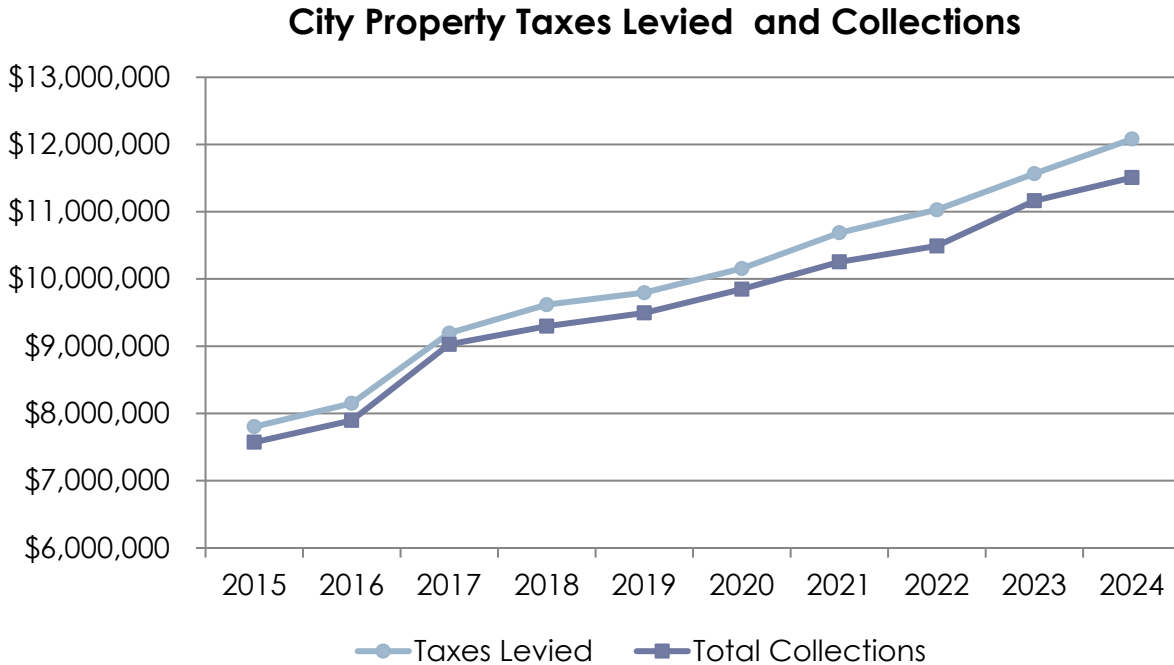
Name	2024			2015		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
PCC Structurals Inc.	\$ 120,278,705	1	4.6%	\$ 43,332,805	2	2.4%
Oregon Tool	66,610,191	2	2.5	56,342,879	1	3.1
Waverly Greens Apts	34,579,278	3	1.3	17,440,603	4	0.9
Comcast Corporation	28,389,044	4	1.1	43,330,100	3	2.4
Lincoln Advisory Group LTD	22,251,258	5	0.8			
Greg Carlston	19,433,542	6	0.7	10,815,297	6	0.6
Portland General Electric Co.	16,516,000	7	0.6			
Kimco Realty Group	15,901,217	8	0.6			
Alliance Communities Inc.	14,111,504	9	0.5			
SE International Way SPE LLC	14,013,921	10	0.5	9,940,558	7	0.5
Gramark Company LLC				9,589,738	10	0.5
WH Portland Industrial LLC				16,578,390	5	0.9
Holland Partners						0.6
ODS Plaza				9,665,617	9	0.5
Downs Alice M. Trustee				9,731,033	8	0.5
Sub-total, top ten	352,084,660		13.4	226,767,020		12.3
All other City taxpayers	2,275,399,930		86.6	1,612,492,647		87.7
Total City taxpayers	\$ 2,627,484,590		100.0%	\$ 1,839,259,667		100.0%

Source: Clackamas County Assessor's Office.

**CITY OF MILWAUKIE, OREGON**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
*for the last ten fiscal years*

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
2015	\$ 7,802,935	\$ 7,389,248	95%	\$ 183,226	\$ 7,572,474	97%
2016	8,150,481	7,752,374	95	143,618	7,895,992	97
2017	9,194,072	8,899,767	97	126,840	9,026,607	98
2018	9,616,768	9,136,795	95	160,038	9,296,833	97
2019	9,795,064	9,366,814	96	127,963	9,494,777	97
2020	10,154,688	9,703,887	96	144,004	9,847,891	97
2021	10,686,569	10,226,486	96	26,863	10,253,349	96
2022	11,028,313	10,489,826	95	26,613	10,489,826	95
2023	11,565,430	11,071,589	96	90,336	11,161,925	97
2024	12,081,296	11,508,230	95	-	11,508,230	95

Source: City of Milwaukie Finance Department.



**CITY OF MILWAUKIE, OREGON**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
*for the last ten fiscal years*

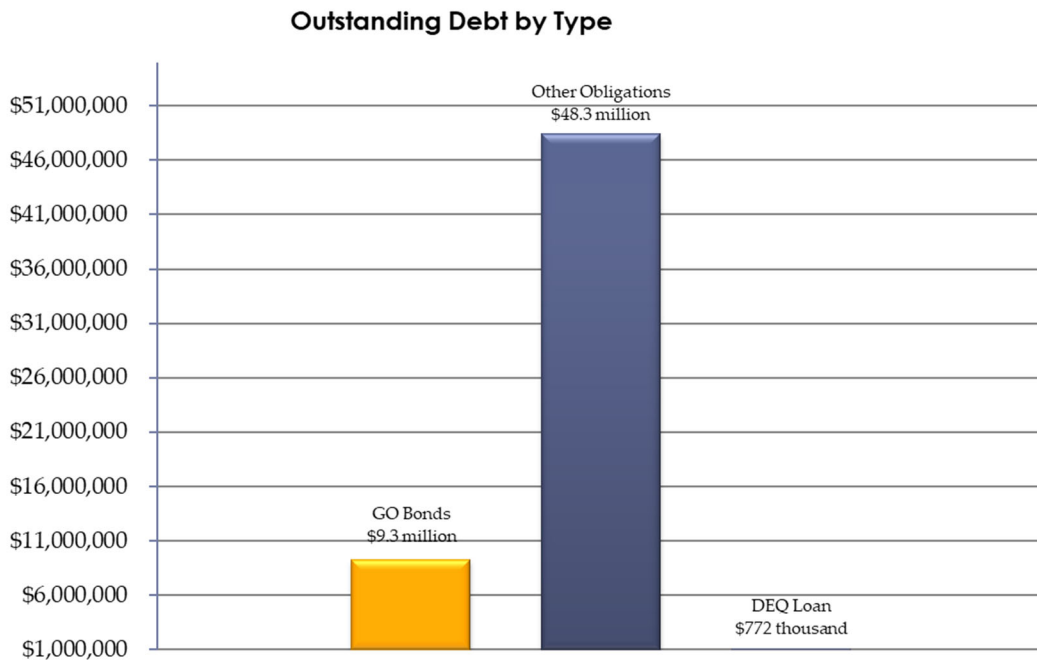
Fiscal year	Governmental Activities					Business-type Activities		Percentage of Personal income	Per capita <sup>1</sup>
	General obligation bonds	Other Obligations	Leases	SBITA's	Total	Wastewater/DEQ loan	Total primary government		
2015	\$3,829,279	\$ 5,494,629	*	*	\$9,323,908	\$ 1,543,200	\$10,867,108	1.10	530
2016	3,683,083	5,245,813	*	*	8,928,896	1,446,700	10,375,596	1.00	506
2017	12,819,141	4,904,904	*	*	17,724,045	1,350,200	19,074,245	1.71	930
2018	12,654,084	4,576,066	*	*	17,230,150	1,253,952	18,484,102	1.58	899
2019	11,643,363	24,472,780	*	*	36,116,143	1,157,494	37,273,637	3.03	1,816
2020	11,079,766	29,593,671	*	*	40,673,437	1,061,036	41,734,473	3.24	2,030
2021	10,015,000	28,130,544	*	*	38,145,544	964,578	39,110,122	2.78	1,899
2022	9,455,000	27,402,452	38,444	*	36,895,896	868,120	37,725,572	2.56	1,777
2023	9,288,971	48,390,275	150,962	282,650	58,112,858	771,662	58,884,520	3.70	2,773
2024	8,655,380	46,738,013	113,880	254,980	55,762,253	675,204	56,437,457	**	2,640

<sup>1</sup> Population data is found on the Demographic and Economic Statistics table in the Statistics, Section III.

\* Prior to implementation of GASB 87 (Leases) in FY 2022 and GASB 96 (SBITA's) in FY 2023

\*\* Information unavailable currently.

Source: Annual Comprehensive Financial Report of the City of Milwaukie.





**CITY OF MILWAUKIE, OREGON**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
*for the last ten fiscal years*

<b>Fiscal year</b>	<b>General obligation bonds</b>	<b>Less: amounts available in debt service fund</b>	<b>Net</b>	<b>Percentage of net over assessed value of property <sup>1</sup></b>	<b>Per capita <sup>2</sup></b>
2015	\$ 3,829,279	\$ (100,460)	\$ 3,728,819	0.20	182
2016	3,683,083	(110,750)	3,572,333	0.18	174
2017	12,819,141	(245,984)	12,573,157	0.63	613
2018	12,654,084	(368,719)	12,285,365	0.59	598
2019	11,643,363	(358,944)	11,284,419	0.53	550
2020	11,079,766	(359,550)	10,720,216	0.48	522
2021	10,015,000	(442,433)	9,572,567	0.43	465
2022	8,655,380	(8,808)	8,646,572	0.19	407
2023	9,288,971	(242,786)	9,046,185	0.39	426
2024	8,655,380	(9,985)	8,645,395	0.33	404

**Notes:**

<sup>1</sup> Assessed value property data is found on Assessed Value and Estimated Real Market Value of Taxable Property table in Statistics, Section III.

<sup>2</sup> Population data is found on the Demographic and Economic Statistics table in Statistics, Section III.

**CITY OF MILWAUKIE, OREGON**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2024**

<b>Governmental unit</b>	<b>Real Market Values of Overlapping Districts</b>	<b>Tax-Supported Debt Outstanding</b>	<b>Percentage Overlapping<sup>1</sup></b>	<b>Overlapping Debt Applicable to the City of Milwaukie</b>
Debt repaid with property taxes:				
Clackamas Community College	\$ 85,871,847,224	\$ 117,601,792	6.00%	\$ 7,061,164
Clackamas County	117,323,711,170	100,575,000	4.39	4,419,970
Clackamas County ESD	112,869,415,814	26,603,764	4.57	1,215,287
Clackamas City RFPD 1	52,964,044,647	21,642,113	9.80	2,120,819
Clackamas City SD 12 (North Clackamas)	32,756,728,828	609,616,006	15.74	95,955,998
Clackamas Soil & Water Conservation	117,323,711,170	5,035,000	4.39	221,273
Metro	436,418,925,503	765,485,443	1.19	9,103,918
Multnomah County	210,405,126,184	509,757,429	0.02	82,581
Multnomah City SD 1J (Portland)	156,529,952,035	1,858,703,000	0.02	405,197
Multnomah ESD	213,405,004,045	59,432,417	0.02	9,509
Oak Lodge Water Services District	5,997,756,973	402,000	0.36	1,442
Port of Portland	479,861,013,594	-	0.00	-
Portland Community College	346,875,478,775	617,155,000	0.01	61,098
Subtotal, overlapping debt	<u>2,368,602,715,962</u>	<u>4,692,008,964</u>		<u>120,658,256</u>
Direct debt outstanding:				
City of Milwaukie	<u>6,298,354,658</u>	<u>55,762,253</u>	100.00%	<u>55,762,253</u>
Total direct and overlapping debt outstanding	<u>\$ 2,374,901,070,620</u>	<u>\$ 4,747,771,217</u>		<u>\$ 176,420,509</u>

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the city. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be considered. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**Notes:**

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the city's taxable assessed value that is within the government's boundaries and dividing it by the city's total taxable assessed value.

Source: Oregon State Treasury Department, Debt Management Division.

**CITY OF MILWAUKIE, OREGON**  
**LEGAL DEBT MARGIN INFORMATION**  
*for the last ten fiscal years*  
*(in thousands)*

	2015	2016	2017	2018	2019
Debt maximum limitation	\$ 68,609	\$ 71,042	\$ 84,146	\$ 97,075	\$ 104,971
Debt applicable to maximum limit	3,585	3,450	12,125	12,654	11,095
Legal debt margin available	<u>\$ 65,024</u>	<u>\$ 67,592</u>	<u>\$ 72,021</u>	<u>\$ 84,421</u>	<u>\$ 93,876</u>
Debt applicable to the maximum limit as a percentage of debt limitation	5.23%	4.86%	14.41%	13.04%	10.57%

	2020	2021	2022	2023	2024
Debt maximum limitation	\$ 104,964	\$ 118,206	\$ 127,750	\$ 152,050	\$ 188,951
Debt applicable to maximum limit	29,594	27,402	36,857	772	675
Legal debt margin available	<u>\$ 75,370</u>	<u>\$ 90,804</u>	<u>\$ 90,893</u>	<u>\$ 151,278</u>	<u>\$ 188,276</u>
Debt applicable to the maximum limit as a percentage of debt limitation	28.19%	23.80%	28.85%	0.51%	0.36%

**Legal debt margin calculation for fiscal year ended June 30, 2024:**

Total property real market value	\$ 6,298,354,658
	3%
Debt maximum limitation (3% of total property real market value) <sup>1</sup>	<u>188,950,640</u>
Amount of debt applicable to debt limit:	
Total debt	56,437,457
Less debt excluded from debt limit:	
SPWF loan	(292,063)
PERS UAL bonds	(1,625,000)
Full Faith and Credit Obligation bonds	(44,535,400)
Oregon DEQ loan	(675,204)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	<u>-</u>
Net amount of debt applicable to limit	9,309,790
Legal debt margin - amount available for future indebtedness	<u>\$ 179,640,850</u>
Percentage of City's indebtedness to total allowed	4.93%

**Notes:**

<sup>1</sup> Pursuant to Oregon Revised Statutes 287.004, outstanding general obligation debt is limited to three percent of real market value.

Source: Clackamas County Department of Assessment and Taxation.

**CITY OF MILWAUKIE, OREGON**  
**PLEDGED-REVENUE COVERAGE**  
*for the last ten fiscal years*

<b>Wastewater Department of Environmental Quality Loan</b>						
<b>Fiscal year</b>	<b>Utility service charges</b>	<b>Less: operating expenses</b>	<b>Net available revenue</b>	<b>Debt service requirements</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
2015	\$6,893,855	\$5,772,119	\$1,121,736	\$ 96,458	\$ 7,958	10.74
2016	7,289,147	6,186,770	1,102,377	96,500	7,250	10.63
2017	7,649,464	6,409,137	1,240,327	96,500	6,993	11.98
2018	7,928,079	6,563,122	1,364,957	96,458	6,511	13.26
2019	7,967,674	6,868,920	1,098,754	96,458	6,029	10.72
2020	8,036,514	6,872,488	1,164,026	96,458	6,029	11.36
2021	8,092,696	7,278,799	813,897	96,458	5,064	8.02
2022	8,351,763	6,044,312	2,307,451	96,458	4,582	22.84
2023	8,751,015	6,144,943	2,606,072	96,458	4,099	25.92
2024	8,983,497	6,318,113	2,665,384	96,458	3,617	26.63

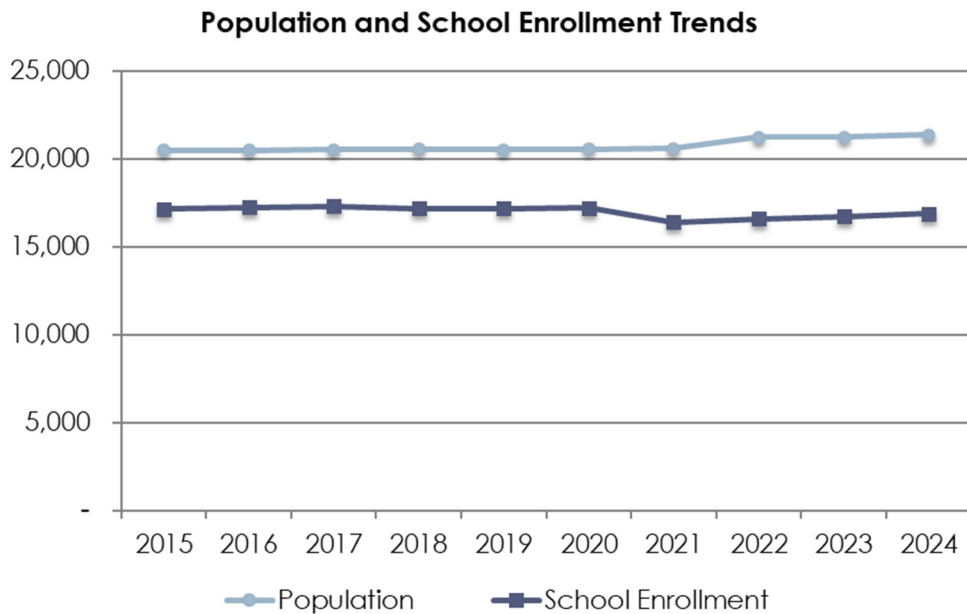
Source: City of Milwaukie's annual financial statements

**CITY OF MILWAUKIE, OREGON**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
*for the last ten fiscal years*

<b>Fiscal year</b>	<b>Population</b>	<b>Personal income (in thousands)</b>	<b>Per capita personal income</b>	<b>School enrollment</b>	<b>Unemployment rate</b>
2015	20,491	\$ 992,215	\$ 48,422	17,130	5.5
2016	20,491	1,034,570	50,489	17,241	5.2
2017	20,510	1,114,288	54,329	17,309	3.7
2018	20,556	1,171,507	56,991	17,177	4.1
2019	20,528	1,230,058	59,921	17,177	4.3
2020	20,556	1,286,806	62,600	17,200	4.6
2021	20,600	1,408,504	68,374	16,384	5.9
2022	21,235	1,474,452	69,435	16,589	3.2
2023	21,235	1,592,455	74,992	16,718	3.7
2024	21,375	*	*	16,874	3.7

\* Information unavailable at this time.

Sources: Center for Population Research and Census, Portland State University  
 Bureau of Economic Analysis  
 State of Oregon Employment Department  
 Oregon Department of Education



**CITY OF MILWAUKIE, OREGON**  
**PRINCIPAL EMPLOYERS**  
*current year and nine years ago*

<b>Employer</b>	<b>2024</b>			<b>2015</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of total City employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of total City employment</b>
Providence Milwaukie Hospital	679	1	4.56 %			
Oregon Tool	644	2	4.32	1,055	1	7.64 %
North Clackamas School District <sup>1</sup>	550	3	3.69	385	5	2.79
PCC Structurals	317	4	2.13	887	2	6.43
OECO LLC	210	5	1.41	412	4	2.99
ODS Plaza	200	6	1.34	330	7	2.39
Consonus Pharmacy Services	184	7	1.23			
Alpine Food Distributing	165	8	1.11			
Wendell & Wild	164	9	1.10			
City of Milwaukie	149	10	1.00			
Dave's Killer Bread	144	11	0.97	286	9	2.07
Safeway				280	10	2.03
United Grocers				630	3	4.57
Bob's Red Mill Natural Foods				300	8	2.17
To Your Home from Willamette				350	6	2.54
<b>Total</b>	<b>3,406</b>		<b>22.86 %</b>	<b>4,915</b>		<b>35.62 %</b>

**Notes:**

<sup>1</sup> North Clackamas School District has approximately 2,100 employees. There are 550 employees in the schools located in Milwaukie, including Milwaukie High School, Ardenwald, Lewelling, Linwood, Milwaukie Elementary, and Rowe Middle School.

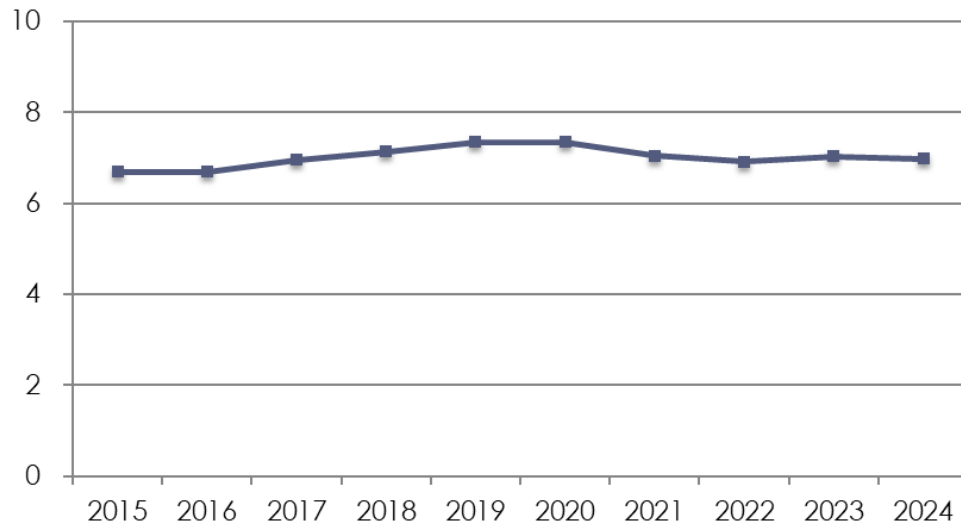
Source: City of Milwaukie Finance Department.

**CITY OF MILWAUKIE, OREGON**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
*for the last ten fiscal years*

<b>Function/Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
General government	18.90	17.70	25.00	24.00	24.50	24.50	26.00	22.00	25.00	25.00
Public safety	41.85	41.85	42.75	42.75	41.75	41.75	40.50	41.50	41.50	41.50
Community services	25.26	26.46	26.26	27.26	28.01	28.01	27.25	31.25	29.25	29.25
Community development	20.60	20.60	17.00	20.00	23.00	23.00	20.00	20.00	21.00	21.00
Facilities	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Transportation	5.50	5.50	5.00	5.00	6.00	6.00	5.50	5.50	6.00	6.00
Water	7.20	7.20	8.20	8.20	8.20	8.20	7.50	8.00	8.00	8.00
Wastewater	5.00	5.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50	4.50
Stormwater	7.80	7.80	8.30	8.50	8.50	8.50	8.00	8.00	8.00	8.00
Fleet services	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Total FTEs</b>	<b>137.11</b>	<b>137.11</b>	<b>142.51</b>	<b>146.71</b>	<b>150.96</b>	<b>150.96</b>	<b>145.25</b>	<b>146.75</b>	<b>149.25</b>	<b>149.25</b>
City Population	20,491	20,491	20,510	20,556	20,528	20,556	20,600	21,235	21,235	21,375
FTEs per 1,000 of population	6.69	6.69	6.95	7.14	7.35	7.34	7.05	6.91	7.03	6.98

Source: City of Milwaukie Finance Department.

**10-Year Trend of FTEs per 1,000 of City Population**



**CITY OF MILWAUKIE, OREGON**  
**OPERATING INDICATORS BY FUNCTION**  
*for the last ten fiscal years*

<b>Function/Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Governmental activities:										
Public safety										
Citations:										
Traffic	9,159	9,813	7,633	4,340	4,288	4,418	558	1,138	1,811	3,782
Parking	243	1,629	1,261	1,459	2,238	2,324	1,838	1,485	1,500	1,472
City ordinance	141	93	85	96	91	54	38	52	74	38
Non-traffic violation	147	148	72	9	9	2	4	8	7	15
Total citations processed	9,690	11,683	9,051	5,904	6,626	6,798	2,438	2,683	3,392	5,307
Number of seat belt classes	27	42	58	31	29	17	0	5	15	21
Number of officers per 1,000 capita	1.60	1.60	1.60	1.60	1.57	1.60	1.12	1.12	1.57	1.57
Culture and recreation										
Library items in collections <sup>1</sup>	118,024	115,040	114,360	95,152	92,394	90,399	96,144	94,079	93,071	89,863
Circulation	711,150	685,157	660,438	635,428	512,487	397,577	324,896	570,967	619,636	683,523
Average circulation per capita	17.84	17.08	16.34	15.80	12.39	9.54	7.78	13.67	14.84	13.14
Number of library programs	663	627	615	623	471	380	264	257	393	422
Attendance at library programs	19,565	20,079	20,513	19,834	13,992	12,747	11,889	15,112	15,913	25,419
Number of library volunteers	1,607	1,547	1,470	1,386	937	756	299	896	780	779
Library volunteer hours	9,798	9,948	8,646	7,758	6,135	3,621	1,866	6,738	5,882	5,836
Community development										
Building:										
Building permits issued	185	240	218	298	261	228	246	299	288	308
Inspections performed	1,693	1,872	2,128	3,107	4,443	4,452	4,065	4,695	3,097	3,956
Investigations	48	15	26	36	42	38	34	24	23	21
Violations resolved	33	9	18	24	35	30	25	21	17	19
Planning:										
Land use applications processed	87	100	156	139	131	112	105	61	61	56
Business-type activities:										
Water										
Service connections	6,813	6,870	6,870	6,845	6,911	6,926	6,929	6,929	6,942	6,941
Number of fire hydrants maintained	789	404	105	6	90	146	94	330	140	588
Sanitary sewer (in feet)										
Sewer mainline cleaning	134,263	99,998	74,360	41,312	113,523	61,418	62,053	89,069	105,192	44,871
Mainline inspections completed	134,663	165,396	70,326	49,755	121,281	69,905	73,934	94,478	111,795	84,512

**Notes:**

<sup>1</sup> Reduction in collection due to the construction of a new library and a temporary library location in 2018 and 2019. Also, there was a reduction in 2020 and 2021 due to the COVID-19 pandemic.

Source: City of Milwaukie Departments.



**CITY OF MILWAUKIE, OREGON**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
*for the last ten fiscal years*

<b>Function/Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Governmental activities:										
General government										
City-owned building facilities	5	5	5	5	5	6	6	6	6	5
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	24	21	21	21	21	20	20	19
Culture and recreation										
Library facility	1	1	1	1	1	1	1	1	1	1
Community development										
Residential Construction	\$ 2,370	\$ 2,135	\$ 6,994	\$30,685	\$ 7,849	\$19,602	\$15,737	\$12,977	\$ 6,645	\$ 8,518
Commercial Construction	610	303	5,266	41,264	69,440	12,864	14,992	62,075	64,273	13,760
Total value of new building construction <i>(in thousands )</i> <sup>1</sup>	<b>\$ 2,980</b>	<b>\$ 2,438</b>	<b>\$12,260</b>	<b>\$71,949</b>	<b>\$77,289</b>	<b>\$32,466</b>	<b>\$30,729</b>	<b>\$75,052</b>	<b>\$70,918</b>	<b>\$22,278</b>
Highways and streets										
Miles of streets (street lane miles)	160	160	160	157	159	159	160	160	160	160
Surface water catch basins	1,631	1,631	1,679	1,685	1,701	1,752	1,778	1,798	1,796	1,860
Business-type activities:										
Water										
Water mains (miles)	100	100	100	101	100	100	100	101	99	99
Number of pump stations	5	5	5	5	5	5	5	5	5	5
Number of water storage reservoirs	3	3	3	3	3	3	3	3	3	3
Sanitary sewer										
Sanitary sewer (miles)	79	79	79	79	79	79	79	79	79	79
Number of sewer manholes	1,692	1,692	1,692	1,700	1,706	1,721	1,724	1,725	1,728	1,728

Source: City of Milwaukie Departments.



# SECTION IV

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## COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE  
REGULATIONS

**CITY OF MILWAUKIE, OREGON**  
**COMPLIANCE SECTION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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Oregon Administrative Rules 162-10-050 through 162-10-320, incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report.

The following report from Moss Adams LLP is contained in this section:

- Independent Auditor's Report Required by Oregon State Regulations



## **Report of Independent Auditors Required by Oregon State Regulations**

The Honorable Mayor and City Council  
City of Milwaukie, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Milwaukie, Oregon (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2024.

### **Compliance**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Highway funds
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. However, as described in Note 18 to the financial statements, the results of testing indicated instances of non-compliance related to excess expenditures over appropriations.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Honorable Mayor and City Council and management of the City of Milwaukie, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Ashley Osten, Partner, for  
Moss Adams LLP  
Portland, Oregon  
December 20, 2024



# CITY OF MILWAUKIE

## FINANCE DEPARTMENT

**Finance Director:** Michael Osborne [OsborneM@milwaukieoregon.gov](mailto:OsborneM@milwaukieoregon.gov)

**Assistant Finance Director:** Matt Deeds [DeedsM@milwaukieoregon.gov](mailto:DeedsM@milwaukieoregon.gov)

10501 SE Main Street, Milwaukie, OR 97222 503.786.7555 [www.milwaukieoregon.gov](http://www.milwaukieoregon.gov)







## Agenda

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1. Key Service Team Members
2. Questions and Answers on the Audit Process
3. Required Communications with Those Charged with Governance



# Your Dedicated Team



**Ashley Osten**  
*Engagement  
Reviewer and  
Partner*



**Amanda  
McCleary-Moore**  
*Concurring  
Reviewer and  
Partner*



**Kelly Jones**  
*Senior Manager*



## Question #1 – What does an audit of the City entail?

Independent verification of transactions and balances

- Inspection of source documents
- Verification with third parties
- Analytical review and inquiry procedures
- Substantive testing procedures

Evaluation of the effectiveness of internal controls

- Review key controls in all significant transaction cycles
- Testing for operational effectiveness
- Reporting of control weaknesses

Testing compliance with State laws

- Oregon Minimum Audit Standards required tests of state laws



## Question #1 – What does an audit of the City entail? (continued)

### Technical review of the financial statements

- Balances and transactions verified against audited amounts and documentation
- Financial statements meet all applicable GAAP, State, legal, and GFOA award requirements
- Supplementary information presented accurately

### Reporting of audit results

- Regular check-ins with management throughout the audit process
- Timely contact with Finance staff
- Exit meeting with Audit Committee
- Reporting to City Council





## Question #2 – Are the financial statements accurate?

### Moss Adams Audit Procedures

- Perform risk assessment to identify significant risk areas
- Test internal controls for effectiveness
- Perform substantive testing
- Perform technical review of financial statements

### Results

- Unmodified opinion
- Financial statements are presented fairly in accordance with US GAAP



## Question #3 – Did the City comply with applicable State laws and regulations?

### Moss Adams Procedures

- Perform risk assessment to identify applicable and significant compliance requirements
- Perform compliance testing over several state laws covering budgets and public contracting

### Results

- Our report on compliance with Oregon Minimum Standards resulted in no control findings and one compliance finding related to the City's overexpenditure of funds within the General Fund IT department budget totaling \$45,360.



## Question #4 – Did the audit identify any fraud, waste, or abuse?



### Moss Adams Audit Procedures

- Evaluation of key controls for all significant balances and transaction cycles
- Brainstorming session to identify fraud risk areas
- Interview individuals throughout the City

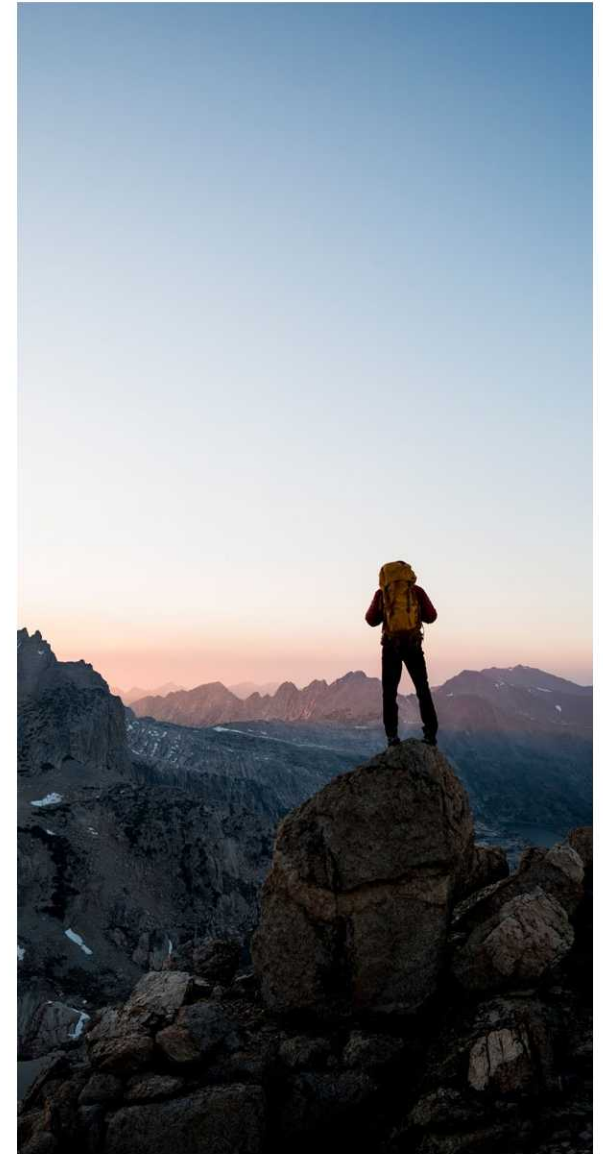
### Results

- Testing uncovered no reportable matters of fraud, waste, or abuse during the audit



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# Communications with Those Charged with Governance





## Required Communications

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In-depth discussion including all required communications with the Audit Committee in January.

Audit adjustments – No corrected audit adjustments, three minor proposed adjustments identified.

No difficulties encountered in performing the audit.

No disagreements with management.

No significant deficiencies or material weaknesses identified.

## Acknowledgements

*Thank you to the City Council, the Audit Committee for working with Moss Adams as your external auditors; Emma Sagor, Michael Osborne, Matthew Deeds, and all the other staff that contributed to an excellent facilitation of the audit process.*



THANK  
YOU

