



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**



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# 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.

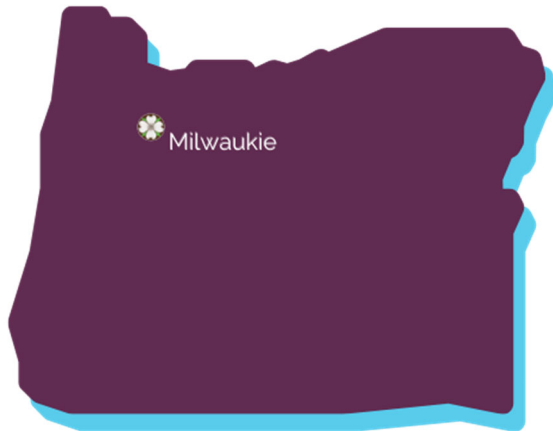
The city's annual financial statements are a culmination of on-going monitoring of revenues and expenditures to ensure compliance with financial policies and appropriation requirements. Additionally, financial reports are posted to the city's website for review by the city council, budget committee members, 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

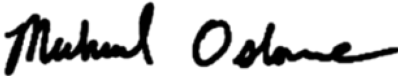
communication back to the City Council and the Milwaukie residents. The committee members are comprised of one council member, one budget committee member and three community members. Preference is first given to CPAs residing within the city limits and second to CPAs with a city affiliation; committee 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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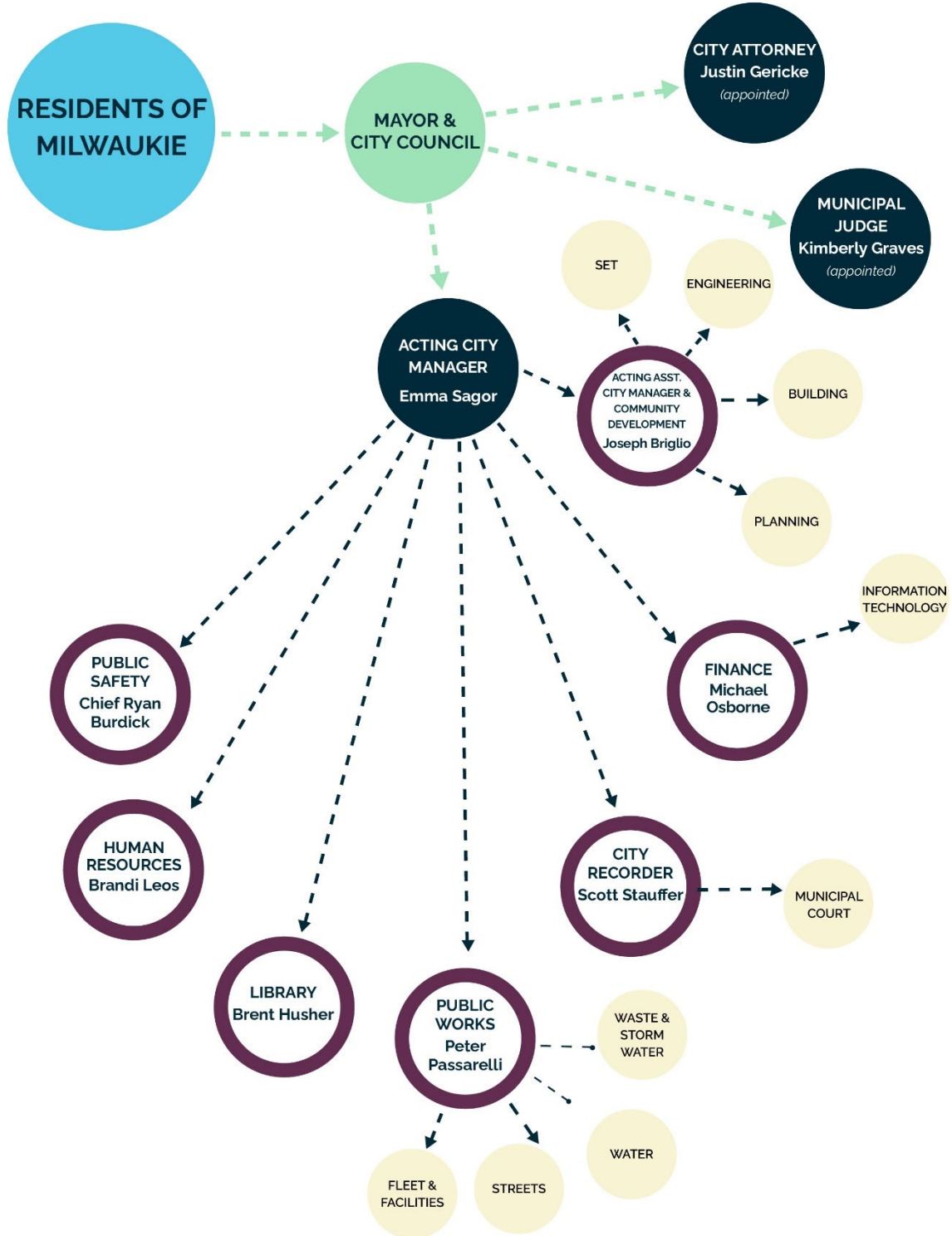
<b>Elected Officials</b>	<b>Term Expires</b>
Lisa Batey, Mayor	December 31, 2026
Adam Khosroabadi, Councilor	December 31, 2028
William Anderson, Councilor	December 31, 2028
Robert Massey, Councilor	December 31, 2026
Rebecca Stavenjord, Councilor	December 31, 2026

<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	6,052	6,620	718	796	6,770	7,416
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	2,730	5,481	432	826	3,161	6,307
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	(27,564)	(24,392)	17,742	19,558	(9,822)	(4,833)
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)

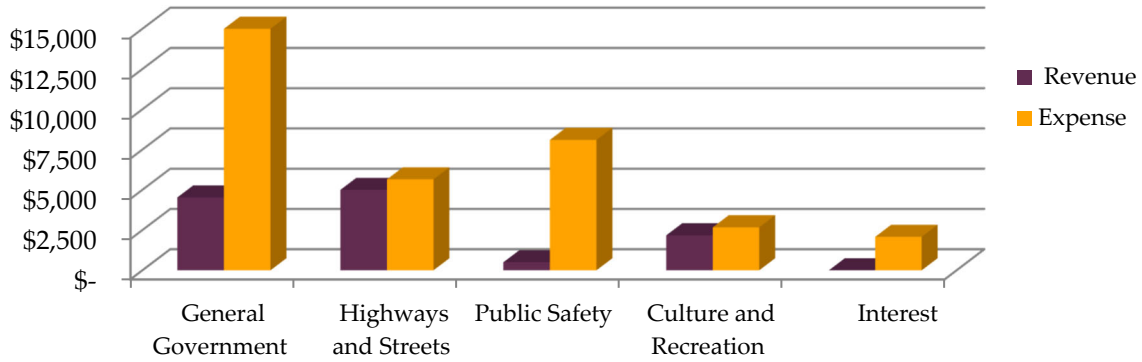
	Governmental Activities		Business-Type Activities		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
Revenues						
Program revenues:						
Charges for services	\$ 5,874	\$ 5,523	\$ 19,236	\$ 19,028	\$ 25,110	\$ 24,551
Operating grants and contributions	5,798	5,640	210	-	6,008	5,640
Capital grants 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.

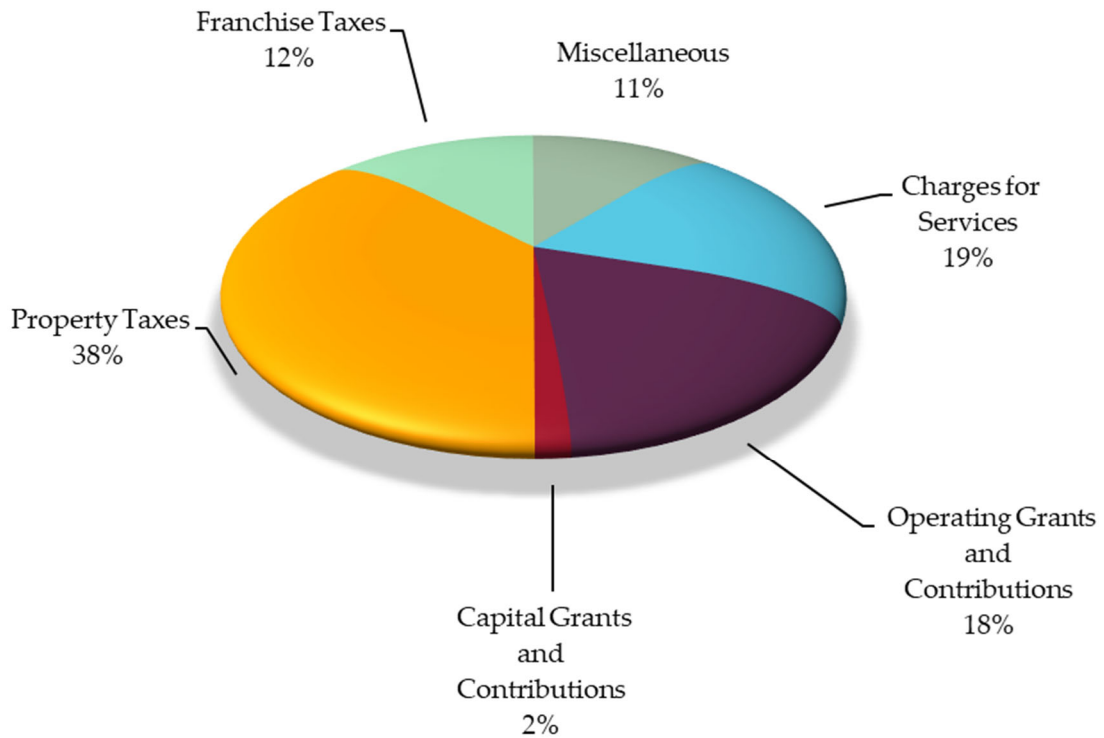
The following bar chart compares total revenues to total expenses for the city's governmental programs

**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**

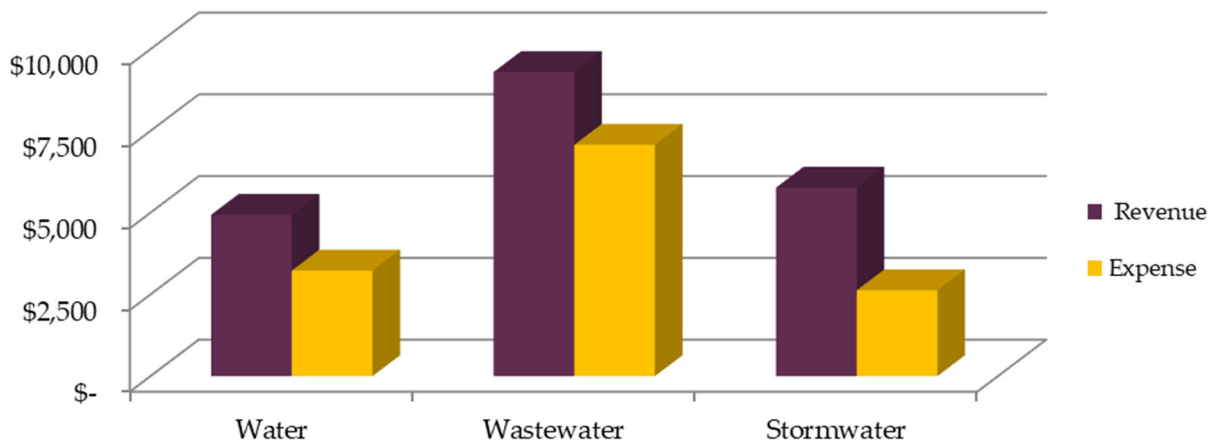


## Business-type Activities

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.

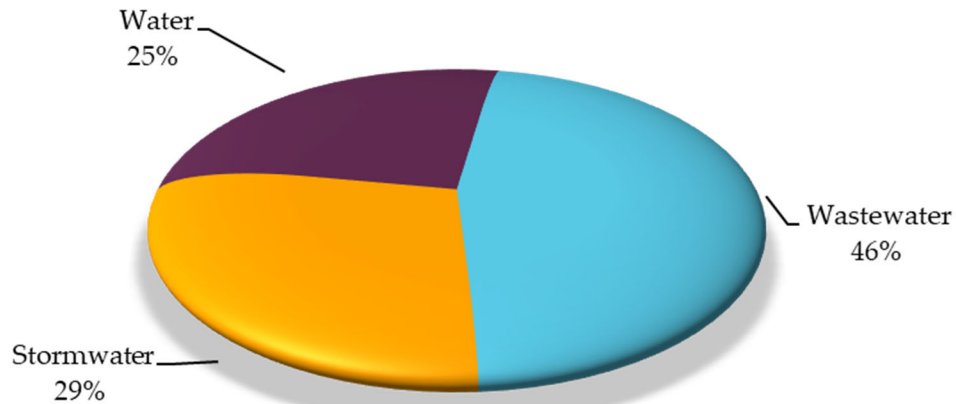
The following bar chart compares total revenues to total expenses for the city's business-type programs.

**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
<b>Total current assets</b>	<b>11,072,153</b>	<b>8,479,672</b>	<b>7,189,581</b>	<b>26,741,406</b>
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
<b>Total noncurrent assets</b>	<b>11,645,857</b>	<b>11,804,798</b>	<b>13,772,464</b>	<b>37,223,119</b>
<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
<b>Total current liabilities</b>	<b>4,019,065</b>	<b>2,569,285</b>	<b>612,026</b>	<b>7,200,376</b>
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			Total
	Water Fund	Wastewater Fund	Stormwater Fund	
<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
Deferred Outflows of Resources			
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>
Deferred Inflows of Resources			
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



active employees. As of the valuation date of July 1, 2022, there were 140 active employees, six retired employees, and one spouse of an ineligible retiree in the city.

Total OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB. The city's total OPEB liability of \$743,405 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

The city recognized OPEB expense from this plan of \$45,510 for the year ended June 30, 2024. Additionally, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 116,378	\$ 127,446
Changes of assumptions	11,702	162,122
Total (prior to post-MD contributions)	128,080	289,568
Contributions subsequent to the MD	49,061	-
Total	<u>\$ 177,141</u>	<u>\$ 289,568</u>

The city's contributions subsequent to the measurement date of \$49,061 are reported as deferred outflows of resources related to OPEB and will be recognized as a reduction of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2025	\$ (33,113)
2026	(33,113)
2027	(21,650)
2028	(5,251)
2029	(7,009)
Thereafter	(61,352)
Total	<u>\$ (161,488)</u>

Actuarial Assumptions and Other Inputs. The total OPEB liability in the July 1, 2022 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

- Actuarial Cost Method                      Entry Age Normal
- Actuarial Assumptions
  - Inflation Rate                                2.40%
  - Discount Rate                                 3.65%
  - Projected Salary Increases                3.40% overall payroll growth

- 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		Total	Variance with Final Budget
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24		
<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**

	<u>Capital Projects</u>		<u>Special Revenue</u>		<u>Debt Service</u>	<u>Total Non-Major Funds</u>
	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>	<u>\$ 2,711,215</u>	<u>\$ 146,846</u>	<u>\$ 5,062,050</u>	<u>\$ 1,272,857</u>	<u>\$ 9,985</u>	<u>\$ 9,202,953</u>
<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>	<u>42,557</u>	<u>-</u>	<u>109,030</u>	<u>670</u>	<u>-</u>	<u>152,257</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>42,557</u>	<u>-</u>	<u>109,030</u>	<u>670</u>	<u>-</u>	<u>152,257</u>
<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>	<u>2,668,658</u>	<u>146,846</u>	<u>4,953,020</u>	<u>1,272,187</u>	<u>9,985</u>	<u>9,050,696</u>
<b>TOTAL LIABILITIES, DEFERRRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 2,711,215</u>	<u>\$ 146,846</u>	<u>\$ 5,062,050</u>	<u>\$ 1,272,857</u>	<u>\$ 9,985</u>	<u>\$ 9,202,953</u>

**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**

	Capital Projects		Special Revenue		Debt Service	Total Non-Major Funds
	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		Variance with Final Budget	
	Original	Final	1st Year FY 2022-23	2nd Year FY 2023-24		Total
<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**  
**CHANGES IN NET POSITION**  
*for the last ten fiscal years*  
**(accrual basis of accounting)**  
**(in thousands)**

	Fiscal Year Ended									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,811	\$ 10,757	\$ 10,568	\$ 11,437	\$ 12,078	\$ 13,319	\$ 16,617	\$ 14,992	\$ 15,786	\$ 18,778
Highways and streets	1,851	4,026	5,548	4,324	5,686	6,116	6,253	4,686	5,557	5,647
Public safety	5,412	7,685	7,201	7,630	7,711	8,093	8,078	6,950	7,914	8,100
Culture and recreation	2,309	3,102	3,240	3,185	3,537	4,330	2,564	2,450	2,477	2,672
Interest on long-term debt	408	367	568	560	1,310	1,392	1,319	1,209	1,569	2,081
Total governmental activities expenses	17,791	25,937	27,125	27,136	30,322	33,250	34,831	30,287	33,303	37,278
Business-type activities:										
Water	2,573	2,840	3,183	3,169	3,450	3,432	4,090	2,929	2,918	3,233
Wastewater	6,052	6,545	6,832	7,044	7,373	7,800	7,910	6,781	6,872	7,078
Stormwater	1,776	2,132	2,387	2,701	2,981	3,187	3,660	2,457	2,509	2,628
Total business-type activities expenses	10,401	11,517	12,402	12,914	13,803	14,419	15,660	12,167	12,299	12,939
Total primary government expenses	\$28,192	\$37,454	\$39,527	\$40,050	\$44,125	\$47,669	\$50,491	\$42,454	\$45,602	\$50,217
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 5,695	\$ 6,773	\$ 7,391	\$ 9,981	\$ 11,408	\$ 9,906	\$ 9,554	\$ 7,997	\$ 3,236	\$ 2,738
Highways and streets	635	748	1,088	1,679	2,283	2,030	2,107	2,189	2,288	2,628
Public safety	948	307	307	447	-	772	-	-	-	487
Culture and recreation	60	60	-	-	1,782	1,794	1,874	-	-	21
Operating grants and contributions	4,324	2,935	4,742	4,030	3,143	3,525	3,937	5,554	5,639	5,798
Capital grants and contributions	1,731	1,478	312	2,139	-	219	466	181	17	520
Total governmental activities program revenues	13,393	12,301	13,840	18,277	18,616	18,246	17,938	15,921	11,180	12,191
Business-type activities:										
Charges for services:										
Water	3,698	3,965	3,798	4,075	4,522	4,340	4,581	4,520	4,716	4,906
Wastewater	6,894	7,290	7,668	7,935	7,964	8,042	8,146	8,546	9,077	9,115
Stormwater	2,581	2,946	3,382	3,835	4,348	4,993	5,207	5,246	5,234	5,215
Operating grants and contributions	-	-	-	-	-	-	-	75	-	210
Capital grants and contributions	-	-	-	-	-	83	308	-	-	548
Total business-type activities program revenues	13,173	14,201	14,848	15,845	16,835	17,458	18,242	18,387	19,027	19,994
Total primary government program revenues	\$ 26,566	\$ 26,502	\$ 28,688	\$ 34,122	\$ 35,451	\$ 35,704	\$ 36,180	\$ 34,308	\$ 30,207	\$ 32,186
<b>Fiscal Year Ended</b>										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (4,399)	\$ (13,636)	\$ (13,285)	\$ (8,859)	\$ (11,706)	\$ (15,004)	\$ (16,893)	\$ (14,366)	\$ (22,123)	\$ (25,087)
Business-type activities	2,772	2,684	2,446	2,932	3,032	-	2,582	6,220	6,728	7,055
Total primary government net expenses	\$ (1,627)	\$ (10,952)	\$ (10,838)	\$ (5,928)	\$ (8,674)	\$ (15,004)	\$ (14,311)	\$ (8,146)	\$ (15,395)	\$ (18,032)
<b>General Revenues</b>										
Governmental activities:										
Property taxes, levied for general purposes	\$ 7,590	\$ 7,925	\$ 8,927	\$ 9,292	\$ 9,430	\$ 9,839	\$ 10,391	\$ 10,704	\$ 11,087	\$ 11,808
Franchise taxes	2,568	2,570	2,857	3,256	3,624	3,749	3,682	3,542	3,909	3,898
Interest and investment earnings	87	75	246	488	1,196	1,287	218	334	1,651	3,514
Gain on disposition of capital assets	75	-	-	39	44	471	39	52	-	-
Transfers	(448)	(362)	-	-	-	-	-	3,439	4,453	4,453
Total governmental activities	9,872	10,208	12,030	13,076	14,294	15,346	14,330	18,071	21,100	23,674
Business-type activities:										
Interest and investment earnings	-	-	99	55	377	317	41	60	780	1,039
Gain on disposition of capital assets	-	-	-	15	7	-	-	-	-	-
Transfers	448	362	-	-	-	-	-	(3,439)	(4,453)	(4,453)
Total business-type activities	448	362	99	70	384	317	41	(3,379)	(3,673)	(3,414)
Total primary government	\$ 10,320	\$ 10,570	\$ 12,129	\$ 13,145	\$ 14,678	\$ 15,663	\$ 14,372	\$ 14,692	\$ 17,427	\$ 20,260
<b>Change in Net Position</b>										
Governmental activities	\$ 5,474	\$ (3,428)	\$ (1,255)	\$ 4,216	\$ 2,589	\$ 342	\$ (2,563)	\$ 3,705	\$ (1,023)	\$ (1,413)
Business-type activities	3,220	3,046	2,545	3,001	3,416	317	2,623	2,841	3,055	3,641
Total primary government	\$ 8,694	\$ (382)	\$ 1,291	\$ 7,217	\$ 6,004	\$ 659	\$ 61	\$ 6,546	\$ 2,032	\$ 2,228



**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%

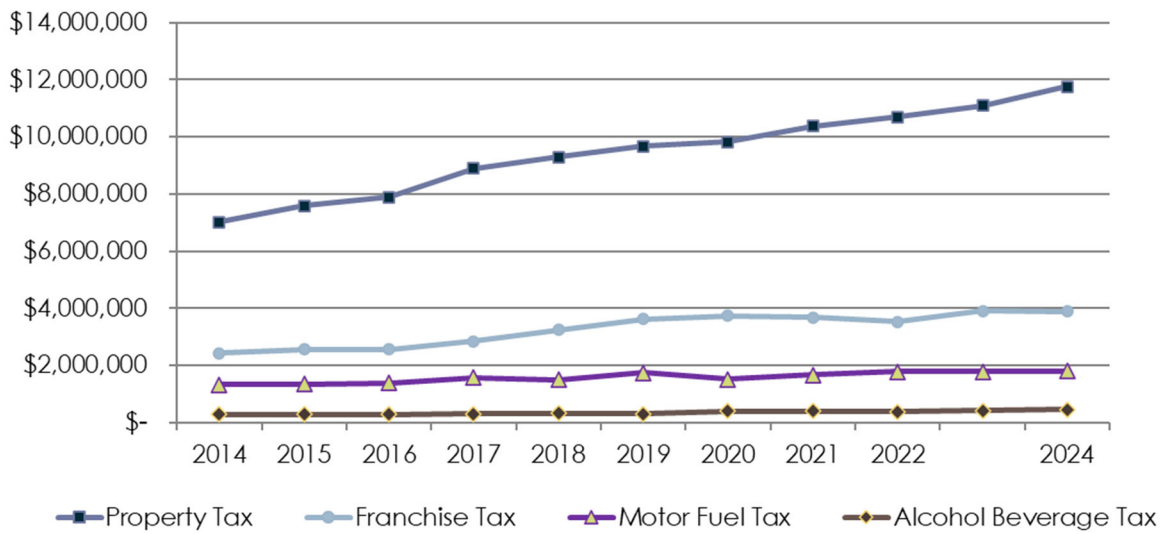
**CITY OF MILWAUKIE, OREGON**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
*for the last ten fiscal years*  
*(modified accrual basis of accounting)*

<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**



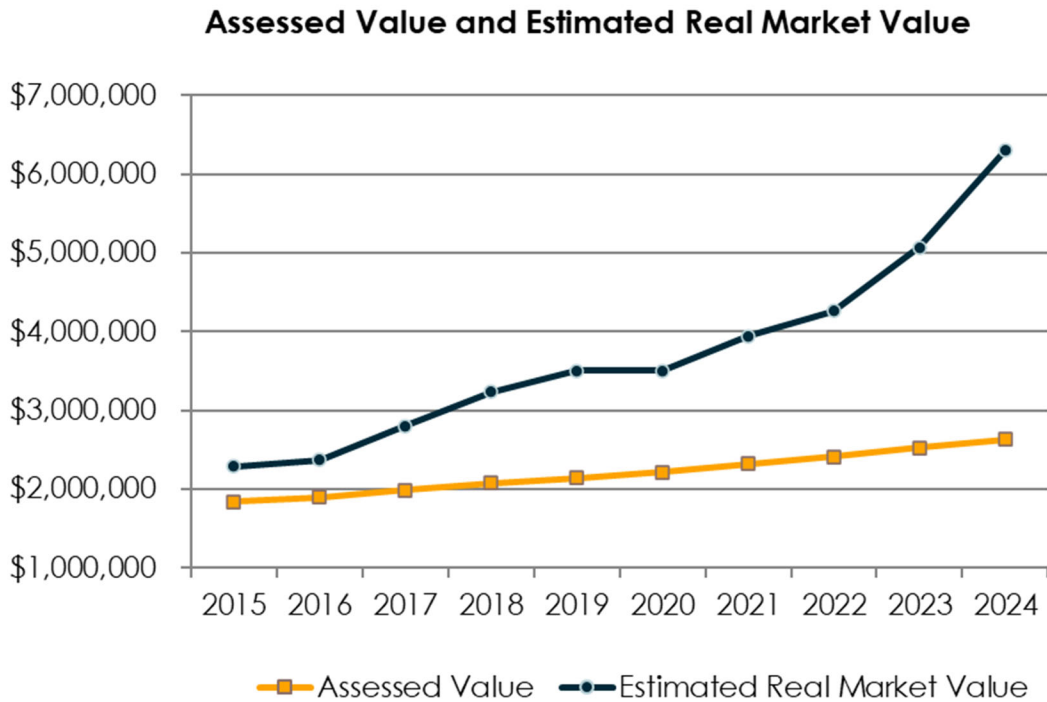
**CITY OF MILWAUKIE, OREGON**  
**ASSESSED VALUE AND ESTIMATED REAL MARKET VALUE OF TAXABLE PROPERTY**  
*for the last ten fiscal years*  
*(in thousands)*

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.

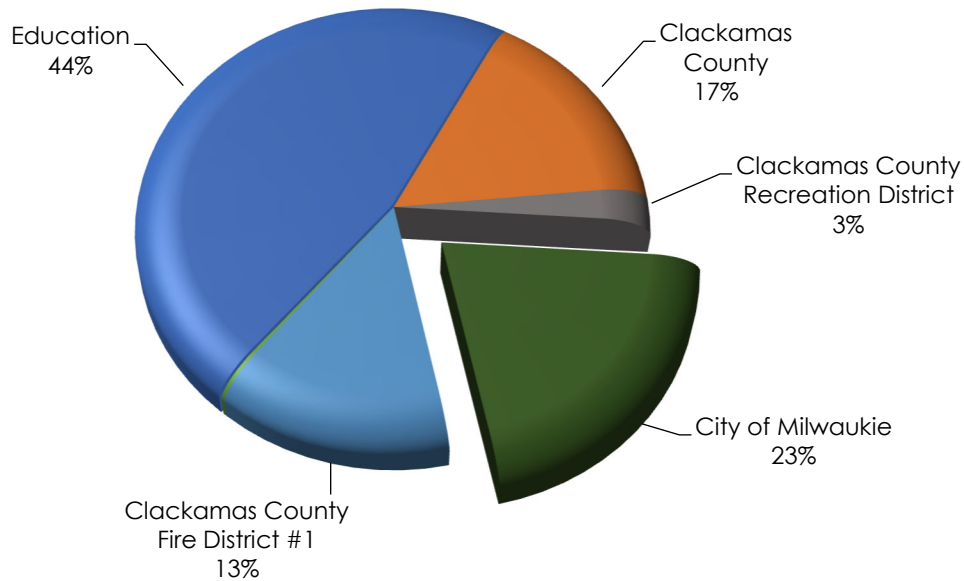


**CITY OF MILWAUKIE, OREGON**  
**PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS**  
*for the last ten fiscal years*  
*(rate per \$1,000 of assessed value)*

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*

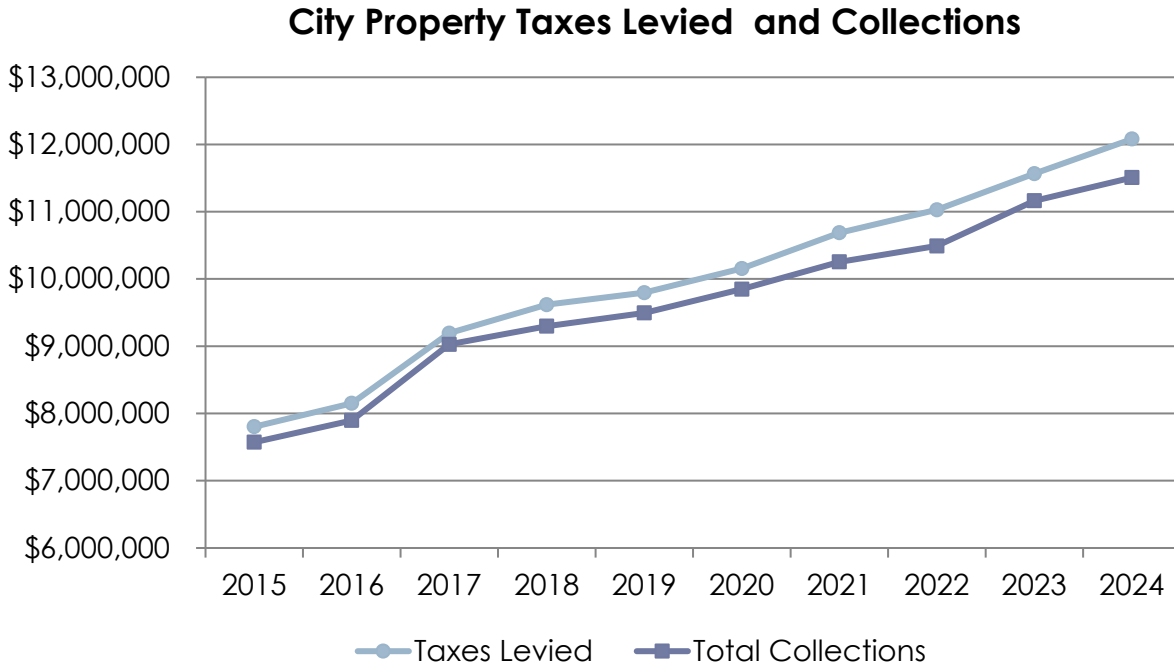
Name	2024			2015		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
PCC Structurals Inc.	\$ 120,278,705	1	4.6%	\$ 43,332,805	2	2.4%
Oregon Tool	66,610,191	2	2.5	56,342,879	1	3.1
Waverly Greens Apts	34,579,278	3	1.3	17,440,603	4	0.9
Comcast Corporation	28,389,044	4	1.1	43,330,100	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*

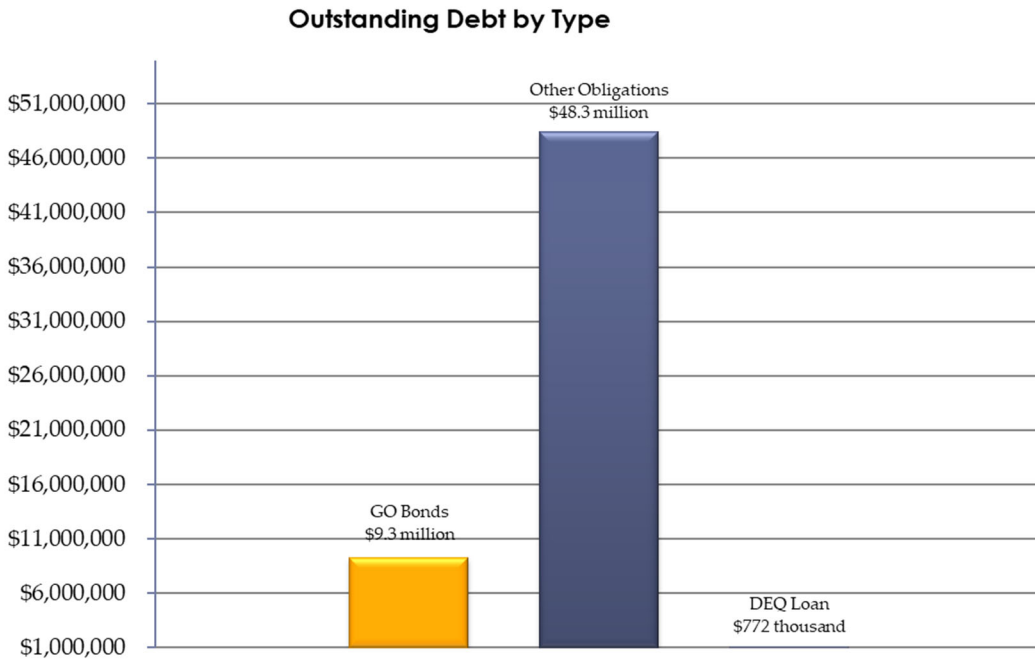
Fiscal year	Governmental Activities					Business-type Activities		Percentage of Personal income	Per capita <sup>1</sup>
	General obligation bonds	Other Obligations	Leases	SBITA's	Total	Wastewater/DEQ loan	Total primary government		
2015	\$3,829,279	\$ 5,494,629	*	*	\$9,323,908	\$ 1,543,200	\$10,867,108	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

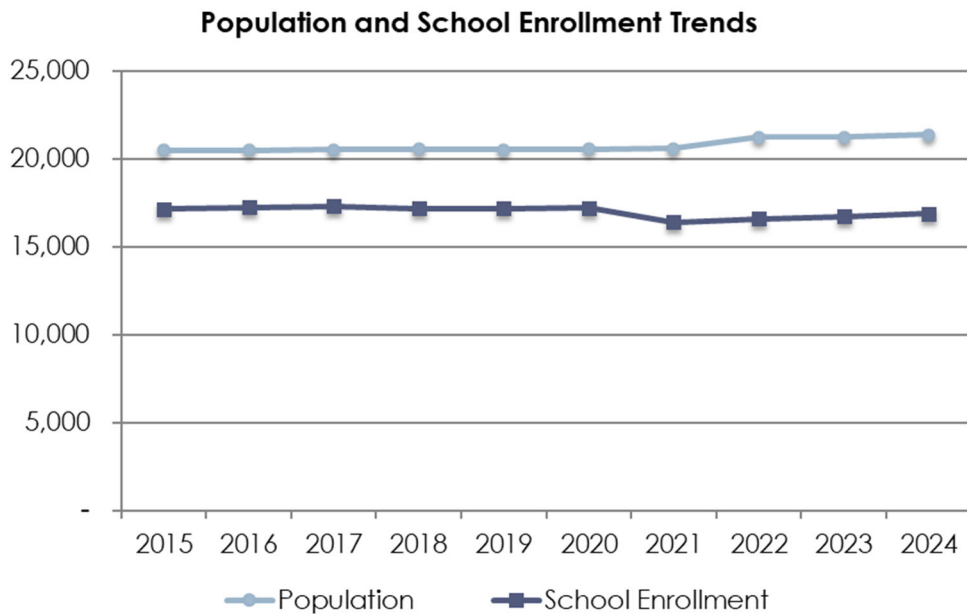
Source: City of Milwaukie's annual financial statements

**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.

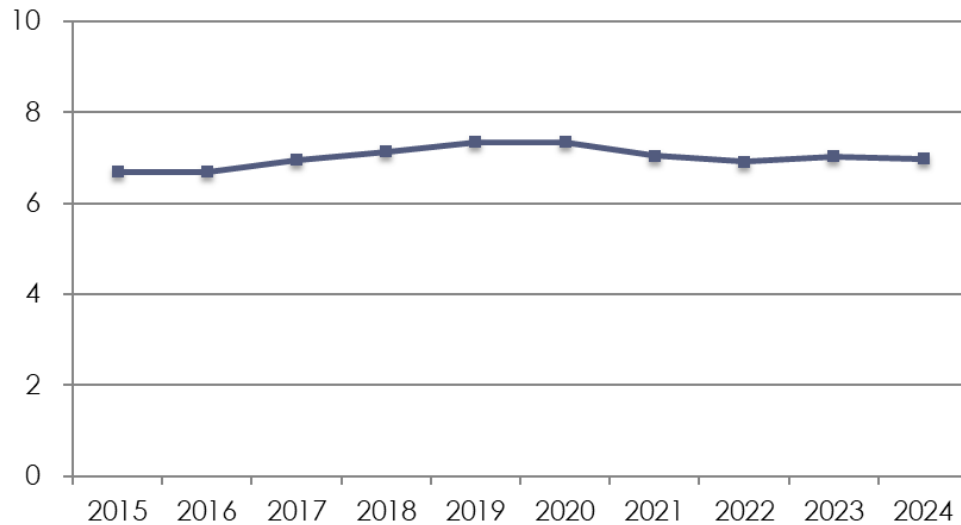
Source: City of Milwaukie Finance Department.

**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*

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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 (in thousands ) <sup>1</sup>	\$ 2,980	\$ 2,438	\$12,260	\$71,949	\$77,289	\$32,466	\$30,729	\$75,052	\$70,918	\$22,278
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

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**Assistant Finance Director:** Matt Deeds [DeedsM@milwaukieoregon.gov](mailto:DeedsM@milwaukieoregon.gov)

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