



PEOPLE'S ANNUAL FINANCIAL REPORT

MILWAUKIE, OREGON

20 24

Fiscal Year Ended
June 30, 2024

The information in this report is drawn from the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024.

Please review the Annual Comprehensive Financial Report online, or contact Finance Director Michael Osborne at osbornem@milwaukieoregon.gov to request a copy or ask questions about this report.



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Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Milwaukie
Oregon**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Milwaukie Residents,

One of the primary roles of government is to use taxpayer dollars to provide the high-quality programs and services the community expects and deserves, and to do so in a thoughtful, transparent manner. This includes providing regular reports on the City's finances. We are proud to present the People's Annual Financial Report (PAFR) for the fiscal year ended June 30, 2023.



The PAFR is designed to provide a summary view of the financial activities of the City. It is a high-level report for citizens who wish to learn more about Milwaukie finances. Within this report you will find a condensed and simplified format of the Annual Comprehensive Financial Report (ACFR). It is important to note that this report is unaudited and is presented on a non-Generally Accepted Accounting Principles (GAAP) basis. It contains condensed financial information and does not provide all the necessary financial statements and note disclosures required by GAAP. The ACFR is a more detailed and complete financial presentation, which is prepared in conformity with GAAP and is audited by the City's independent auditors.

The City of Milwaukie is proud that it has received all three of the Government Finance Officers Association (GFOA) awards for local government finance:

- Distinguished Budget Presentation Award
- Certificate of Achievement for Excellence in Financial Reporting
- Award for Outstanding Achievement in Popular Annual Financial Reporting

It is our belief that participating in GFOA award programs enhances the community with an understanding of Milwaukie finances. Attaining these awards demonstrates our belief that sharing financial information in formats consistent with the highest standards in governmental financial reporting is the best way to achieve financial transparency.

Throughout the year, the Finance Department works on budgets, audits, financial policies, financial forecasts, and financial management. We would like to thank the hard-working staff of the Finance department that is responsible for producing this report and the ACFR. Their commitment to accountability and integrity provides a great service to the Milwaukie community. We invite you to seek more in-depth information online. The ACFR, Biennial Budget, and other detailed reporting are available online at www.milwaukieoregon.gov/finance. The website also includes information about department operations, capital projects, job and volunteer opportunities, City Council agenda, meetings and much more.

If you have any questions about this document, please email Finance Director Michael Osborne (osbornem@milwaukieoregon.gov).

Sincerely,

Emma Sagor
City Manager

FORM OF GOVERNMENT

ELECTED OFFICIALS (as of June 30, 2024)



Lisa Batey
MAYOR



Adam Khosroabadi
COUNCILOR #1



Robert Massey
COUNCILOR #2
Council President



Will Anderson
COUNCILOR #3



Rebecca Stavenjord
COUNCILOR #4

CURRENT APPOINTED OFFICIALS

Emma Sagor
CITY MANAGER

Justin Gericke
CITY ATTORNEY

Kimberly Graves
MUNICIPAL COURT JUDGE



Milwaukie operates under a Council-Manager form of government. The Mayor and City Councilors are responsible for establishing policy and providing direction to the City Manager. The Mayor and City Councilors are elected at-large and serve staggered four-year terms. The Mayor presides at official meetings and work sessions.

The city's administration is committed to professionalism and efficiency. It continues to provide this *People's Annual Financial Report*, which is published as part of the Finance Department's ongoing mission to provide the utmost transparency and understanding about Milwaukie's finances.

CITY COUNCIL GOALS & PRIORITIES

The city has continued to establish and work toward clearly defined goals, objectives, and performance measures. During the budget review process, measures continued to be updated and reconsidered. The process is a continuing cycle of setting goals and objectives, reviewing short- and long-term goals, evaluating results, and reassessing the goals and their priority. These performance measures are included in the budget document and offer a historical perspective on operating trends for city departments. The use of performance measures is an important tool to ensure that resources are being used efficiently and effectively in pursuit of Council's goals.

The city continues to strive towards embracing transparency, accountability and continuous improvement to the community. City Council convene annually to discuss goals and objectives for the city. On April 18, 2023, the City Council identified three primary goals for the city in Resolution 21-2023. Those goals are:

CLIMATE CHANGE MITIGATION AND RESILIENCE ACTION

The city continues to experience the unprecedented signs of climate change. These regular emergencies have tested our systems and community. To mitigate the consequences and adapt to a new world, City Council and staff have worked tirelessly to change the world's trajectory. Implementation of our Climate Action Plan has allowed the city to do its part in the global efforts. City Council declared a climate emergency in January 2020, calling for an acceleration of the climate goals outlined in the plan, pushing the city to achieve net-zero carbon emissions from electricity by 2040.

EQUITY, JUSTICE AND INCLUSION

On May 25, 2020, people across our community and around the world were horrified by the murder of George Floyd. In the subsequent weeks, a movement arose that marked a sea change in how governments, private companies and communities confront the history and continued impacts of systemic racism in the United States. In August 2020, and again in 2023, City Council adopted equity, justice, and inclusion as a goal. Since then, the city has worked to take intentional, concrete steps to make Milwaukie a safe and equitable community for all. The city commits to the pursuit of an entirely equitable Milwaukie, recognizing that Black, Indigenous, and other People of Color (BIPOC) have suffered horrific inequities and crimes against humanity in addition to restrictions from generational wealth building in this country. In 2023, the City completed a comprehensive equity assessment of city policies and services and used these findings to develop an equity plan of actions to be implemented over the next three years.

IMPROVING PARKS SYSTEM AND SERVICES

With this goal, the City Council committed to the difficult work of determining its relationship with the North Clackamas Parks and Recreation District (NCPRD). Whatever decision is reached will have a long-term impact on how Milwaukie residents engage with and influence their local park amenities. Simultaneously, the goal has allowed staff time to apply for and administer several grants to create three new neighborhood parks Balfour, Scott and Bowman Brae Parks. The steps the city is taking today to invest in better neighborhood parks for Milwaukie are a long-term down payment on better health, public space, and community building.

ABOUT MILWAUKIE

Nestled along the banks of the Willamette River, Milwaukie enjoys the comforts of a small town, as well as the benefits of its close location to Portland. Milwaukie strives to stay true to itself and the spirit of the community, even if that's unconventional at times, while upholding a strong sense of optimism that keeps everyone persistent in their pursuit for shared successes. Woven through the fabric of the community is the value placed on ingenuity, equity and community connection. These strengths have contributed to the recently-completed visioning process that received an outpouring of support from the community, and led Milwaukie to receive the 2017 Award for Public Involvement and Participation from the Oregon chapter of the American Planning Association. They can also be found in the city's robust and thriving business community. With more than 1,500 companies, including Oregon Tool, Providence Milwaukie Hospital, North Clackamas School District and Precision Castparts Corporation, Milwaukie is home to several of Oregon's largest and most iconic employers.

The city's administration is committed to professionalism, efficiency, and customer service. The city operates its own police department, municipal court, water, wastewater and stormwater utilities, and provides street operations, planning, building inspections, engineering, community development and library services.

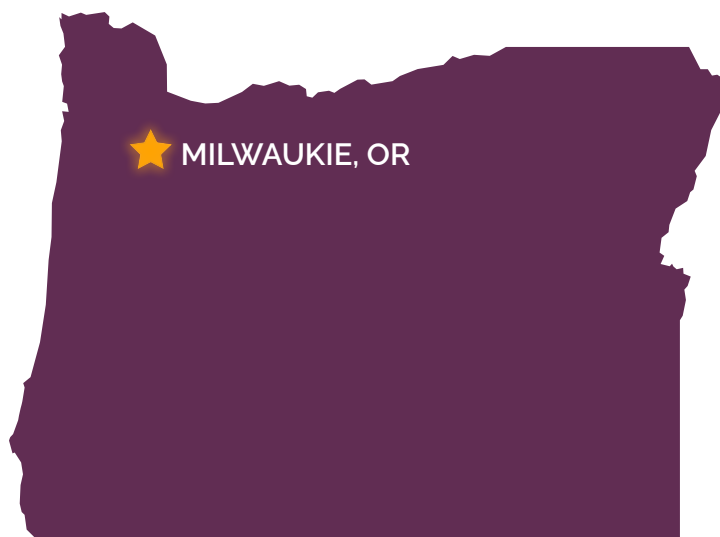
Clackamas Fire District #1 provides fire and emergency services and North Clackamas Parks & Recreation District provides parks and recreation services. Milwaukie lies within Clackamas County, which is headed by five commissioners and is based in Oregon City. Milwaukie is also part of Metro, the tri-county urban services district based in Portland.

RANK	PRINCIPAL EMPLOYERS	EMPLOYEES
1	Providence Milwaukie Hospital	679
2	Oregon Tool	644
3	North Clackamas School District	550
4	PCC Structurals Inc.	317
5	Oeco LLC	210
6	ODS Plaza	200
7	Consonus Pharmacy Services	184
8	Alpine Food Distributing	165
9	Wendell & Wild	164
10	City of Milwaukie	149

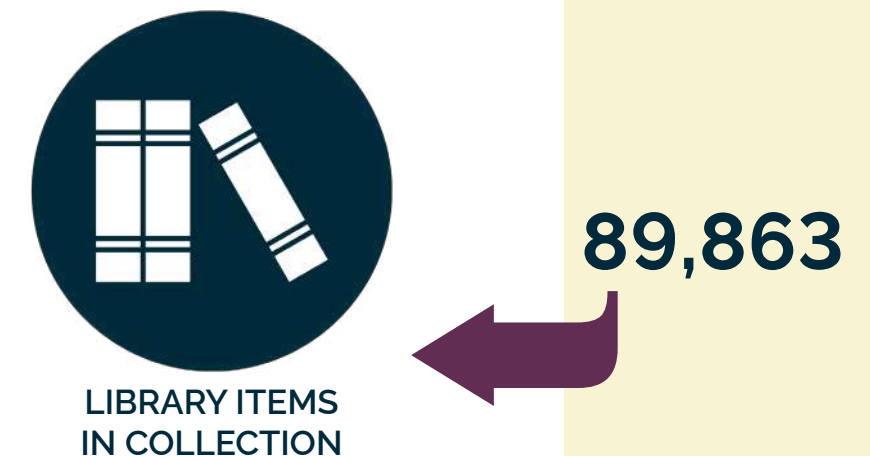
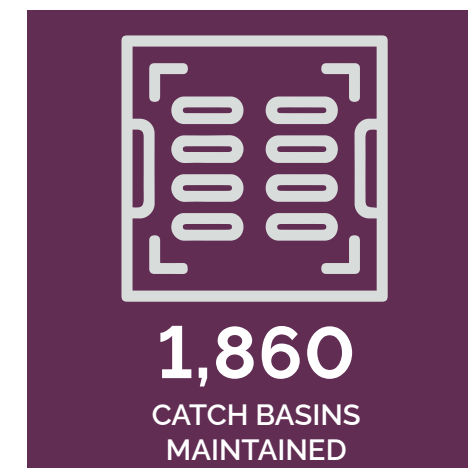
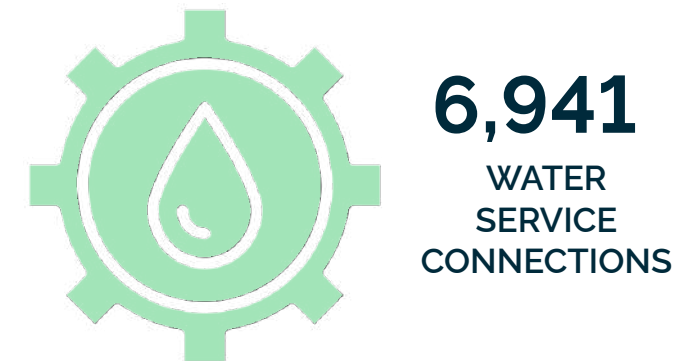
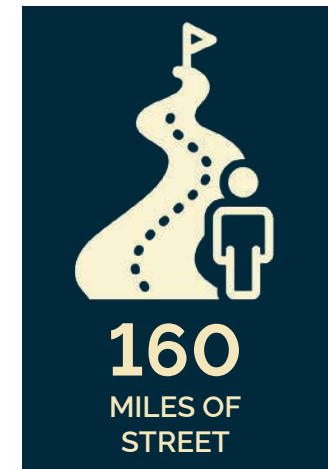
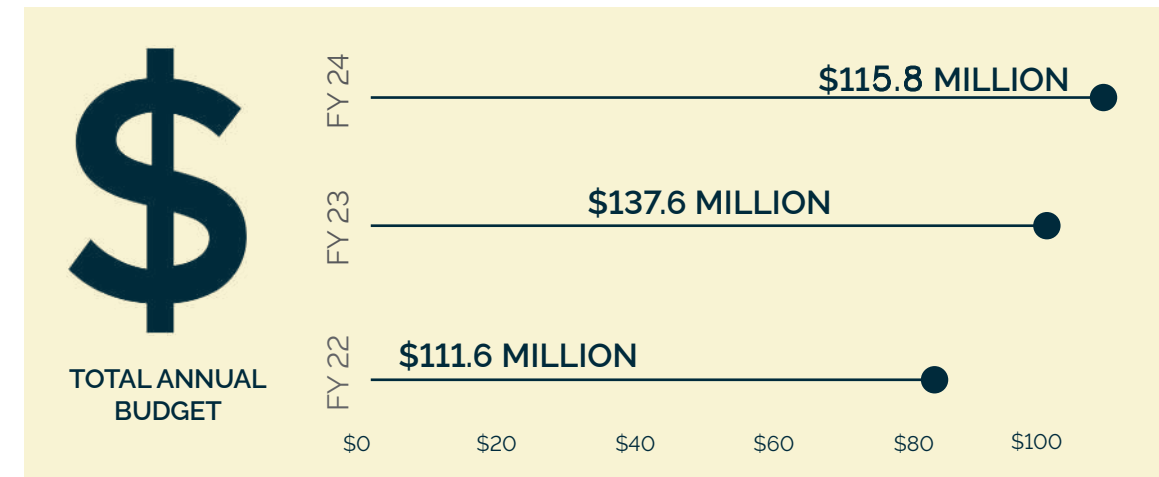
FACTS & FIGURES FOR FISCAL YEAR 2024

City Property Tax Rate	\$4.4247/\$1,000 TAV
City Bonded Debt Tax Rate	\$0.3177/\$1,000 TAV
Total Property Tax Rate:	\$4.7424/\$1,000 TAV
City Share of Total:	22%
Total Annual Budget	\$115.8 million
Population	21,375
Employees	149 FTE
Outstanding Debt	\$56.4 million
Bond Rating*	Aa2 *
City-Maintained Roads	160 lane miles
Building Permits	308
Sewer Miles	79
Water Lines Maintained	99
Number of Traffic Citations	3,782
Average Library Circulation Per Capita	13.14
Unemployment Rate	3.7%

* Investment Grade - Rated as high quality and very low credit risk.



CITY OPERATION NUMBERS

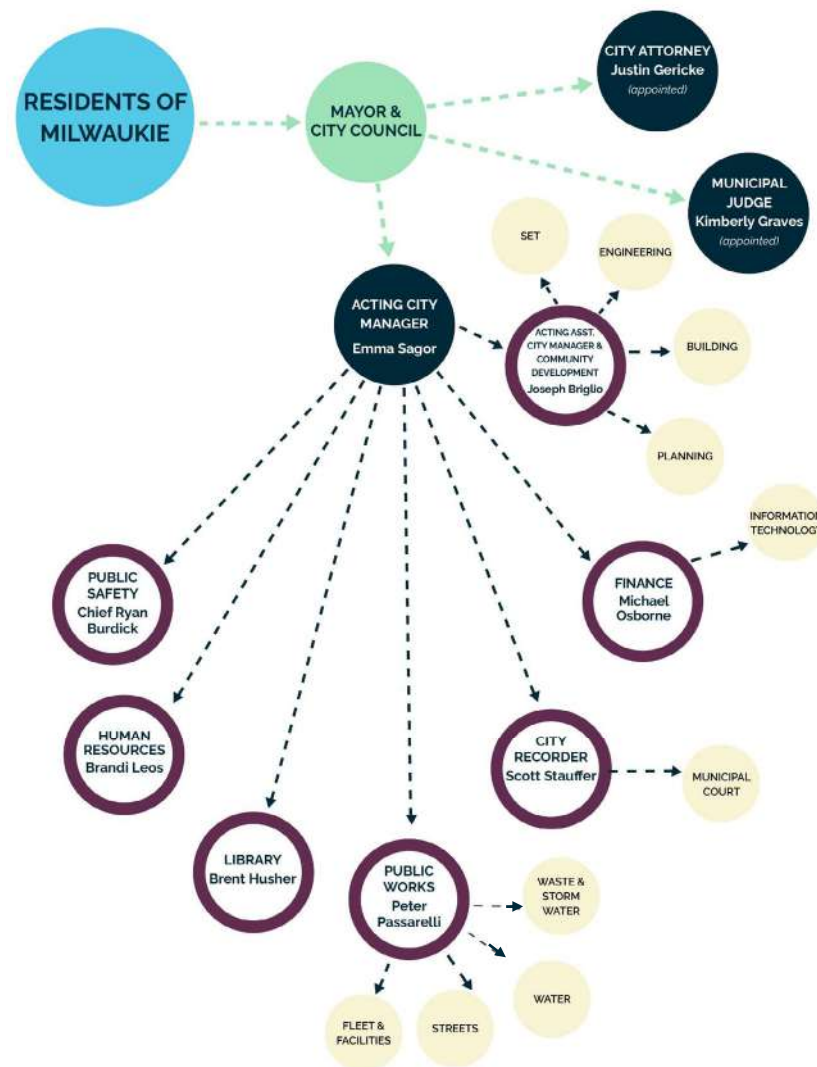


BOARDS, COMMITTEES & ORG CHART

The City of Milwaukie has 13 appointed boards, commissions and committees. Qualified applicants are appointed by City Council following an application and interview process. Terms for membership are two years for all, but the Budget Committee and Planning Commission. For more information or to apply, visit www.milwaukieoregon.gov/bc.

AUDIT COMMITTEE

The Audit Committee ensures audits of the financial statements are completed annually, that oversight of the City's independent auditors is a shared responsibility between City management and the City Council, and that the City Council has the opportunity to assist City management in the review and selection of the City's independent auditor to ensure transparency in the management of city audits.



BUDGET COMMITTEE

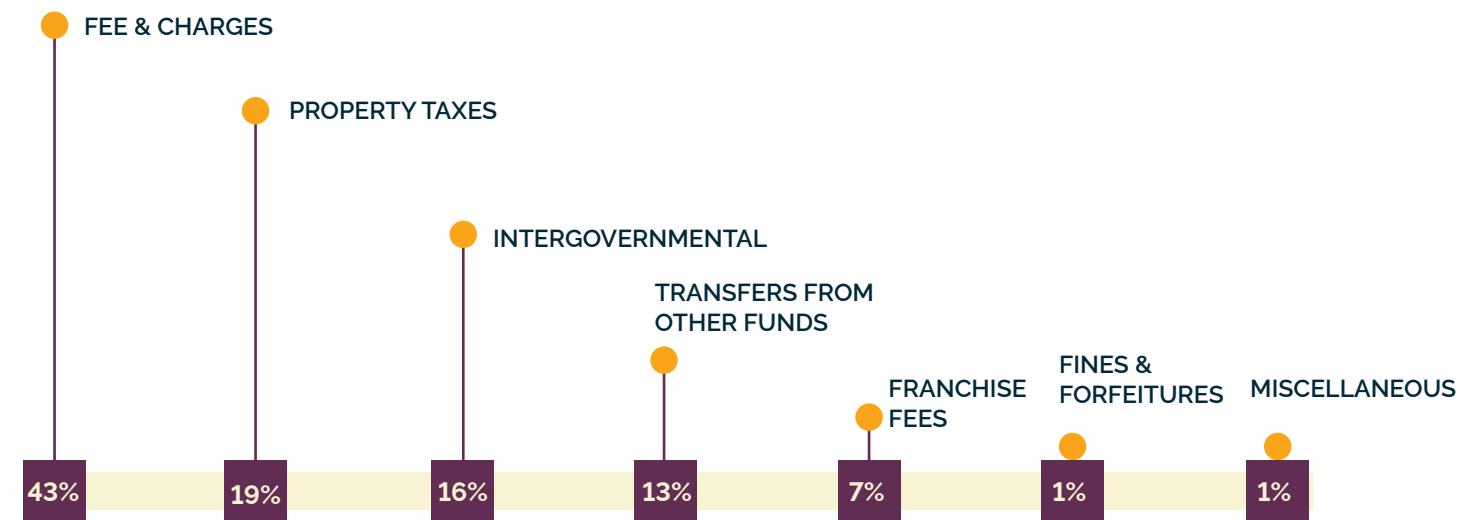
This committee works in accordance with the provisions of ORS 294.336 to review the annual city budget document, as prepared by the city budget officer, and recommend an approved budget to City Council for adoption.

CITIZENS UTILITY ADVISORY BOARD

This board was established for the purpose of advising City Council about the methods and manner in which city utility rates and capital improvements are both scheduled and carried out.

WHERE THE CITY'S MONEY COMES FROM

The City of Milwaukie plans for expenditures using several short and long-range planning tools. Five-year financial forecasts, prior to the development of the budget, guide short-term spending. The five-year forecasting model anticipates projected increases and decreases in revenues and expenditures. Fifty-five percent of total expenditures are represented by Personnel Services and Materials & Services. These requirements relate to the people who provide city services and the materials they need to complete their job requirements. Citywide, budgeted requirements are expected to increase for inflation going forward.



MAJOR REVENUE TYPES

Fees & Charges (43%)

Charges for water, wastewater, stormwater, and street maintenance are charged to all users in Milwaukie. The fees for water, sewer, wastewater, stormwater, and street maintenance are established through the City fees and charges resolution; this resolution is updated each year. City Council approves utility rates based on costs to provide services.

Property Taxes (19%)

Milwaukie's permanent tax rate is applied to the projected taxable assessed value of property to generate revenues to support core city operations. The city assumes a 94% collection rate for property tax revenue, so the budgeted total amount of property taxes is approximately 94% of the total calculated property tax revenue. Taxable assessed values of existing property are limited to an increase of three percent per year; value added to a community via new construction increases; the assessed value more than the three percent growth rate limited by Measure 50.

The city passed Ordinance No. 1958 in February 2008 following the annexation Ballot Measure 3-166 where the voters authorized the annexation of fire services into Clackamas Fire District No. 1 (CFD). 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. Accordingly, the actual property tax rate levied by the city is

its permanent tax rate of \$6.5379 less CFD's permanent rate of \$2.4012 or \$4.1367.

Transfers from Other Funds (13%)

Transfers from other funds occur when revenues are transferred between funds; revenue is received by a fund providing an internal service from a fund receiving the service, where the cost of the service is shown as an expense. All city services that receive reimbursement charge revenue are consolidated into the General Fund. The amount that other funds are charged for reimbursement costs is based on individual metrics identified for each city service. The city calculates inter-fund reimbursement charges when services are provided to another fund. The cost of these services is based on a cost allocation methodology, which assumes that the services provided have value, and that value is shown as a reimbursement amount.

Intergovernmental (16%)

State revenues are distributed to cities based on state statute, which defines formulas incorporating population and per capita income. The League of Oregon Cities provides the source data for State Revenue Sharing projections. Pursuant to ORS 221.770, the City of Milwaukie must elect to receive its proportionate share of the revenues to be apportioned to the cities by the State of Oregon for the fiscal year.

Further, ORS 221.760 provides that cities located in a county having more than 100,000 inhabitants, according to the most recent federal decennial census, can disburse state shared revenue funds only if the city provides four or more of the following services: police protection; fire protection; street construction, maintenance, and lighting; sanitary sewer; storm sewers; planning, zoning, and subdivision control; one or more utility services.

Franchise Fees (7%)

The city receives franchise fees for the use of public rights of way within Milwaukie for utility, solid waste and recycling collection, and similar services. Fees are paid for the right to this access.

Fines & Forfeitures (1%)

Proceeds from fines and forfeitures are collected from traffic, parking and other city-issued citations.

Miscellaneous (1%)

This revenue includes investment interest, recovery of prior period expenses and the sale of assets.

Proceeds from Debt Issuance (0%)

Proceeds from debt include issuing bonds and receiving loans to finance the major initiatives approved by the city. Initiatives include transportation upgrades, purchasing a new city hall, and building a new library. The city is able to achieve lower finance costs for these initiatives based on a strong credit rating of Aa2.

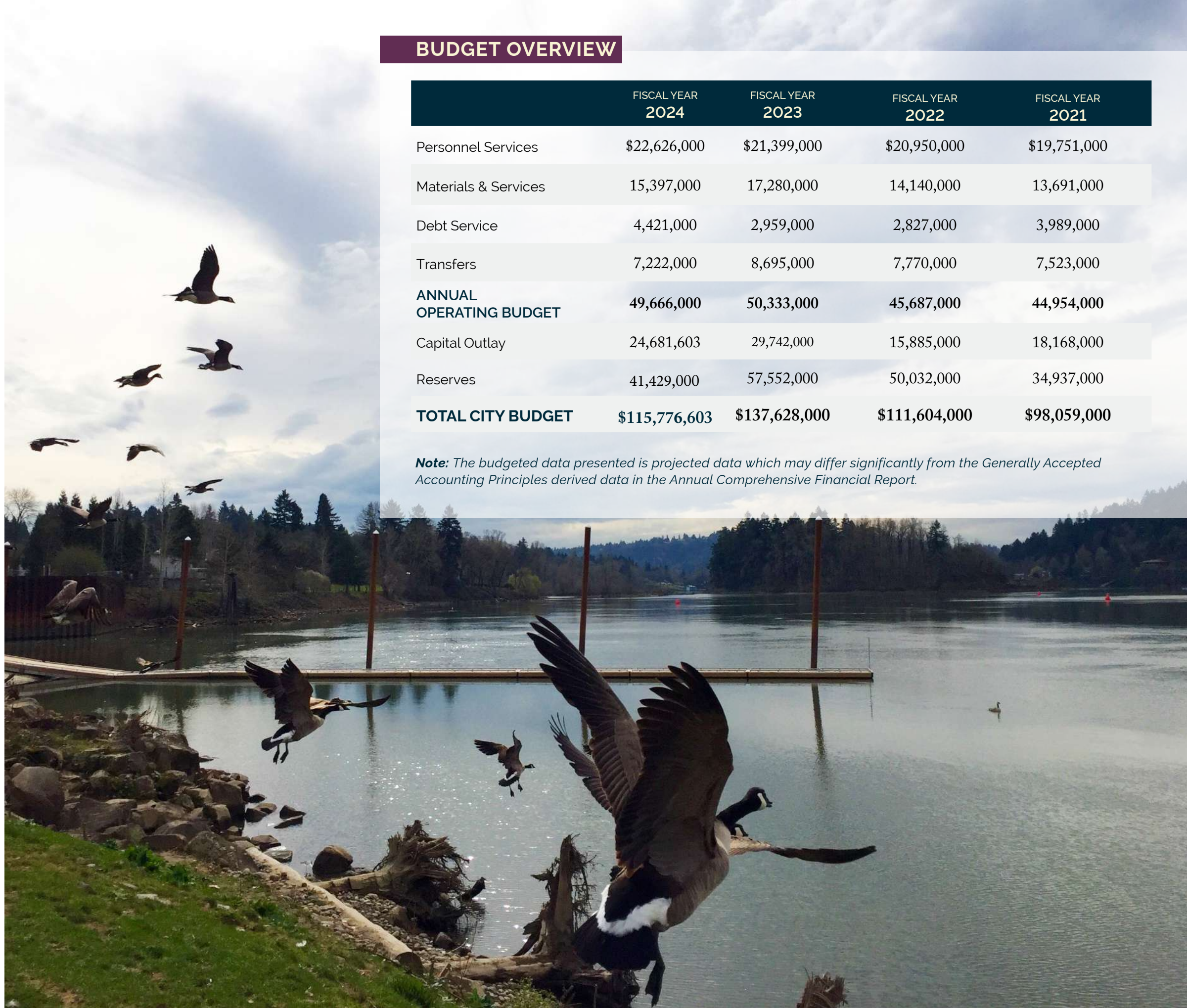
MAJOR REVENUE TYPES BREAKDOWN

TYPE	BUDGET <i>(in thousands)</i>	%
Fees & Charges	\$23,807	43%
Intergovernmental	8,973	16%
Property Taxes	10,765	19%
Transfers from Other Funds	7,143	13%
Franchise Fees	3,924	7%
Fines & Forfeitures	409	1%
Miscellaneous	577	1%
TOTAL	\$55,598	100%

BUDGET OVERVIEW

	FISCAL YEAR 2024	FISCAL YEAR 2023	FISCAL YEAR 2022	FISCAL YEAR 2021
Personnel Services	\$22,626,000	\$21,399,000	\$20,950,000	\$19,751,000
Materials & Services	15,397,000	17,280,000	14,140,000	13,691,000
Debt Service	4,421,000	2,959,000	2,827,000	3,989,000
Transfers	7,222,000	8,695,000	7,770,000	7,523,000
ANNUAL OPERATING BUDGET	49,666,000	50,333,000	45,687,000	44,954,000
Capital Outlay	24,681,603	29,742,000	15,885,000	18,168,000
Reserves	41,429,000	57,552,000	50,032,000	34,937,000
TOTAL CITY BUDGET	\$115,776,603	\$137,628,000	\$111,604,000	\$98,059,000

Note: The budgeted data presented is projected data which may differ significantly from the Generally Accepted Accounting Principles derived data in the Annual Comprehensive Financial Report.

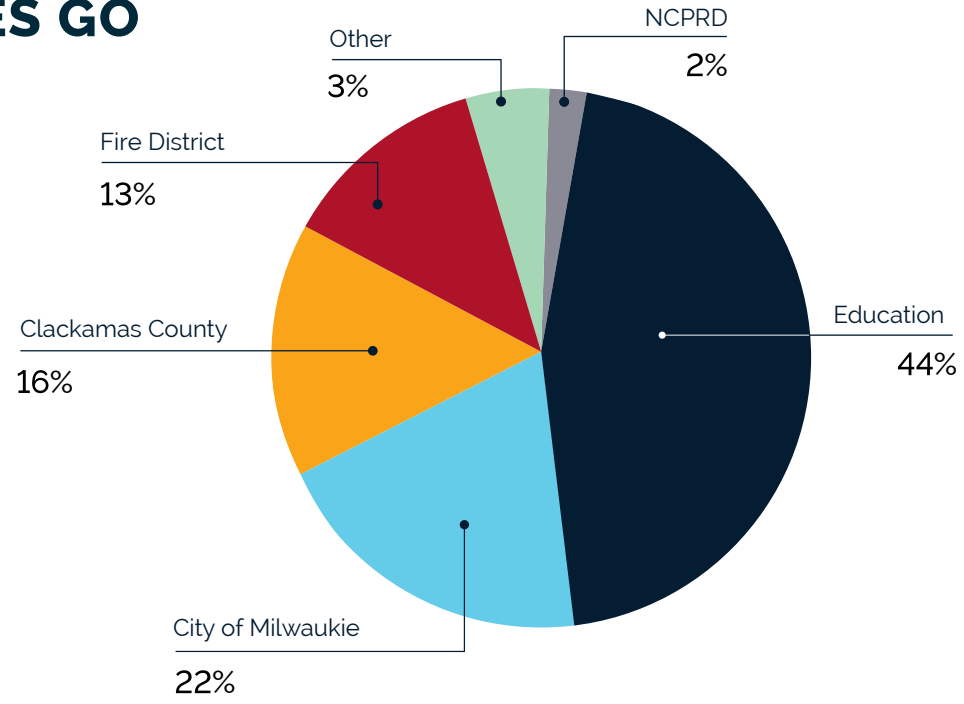


WHERE YOUR TAXES GO

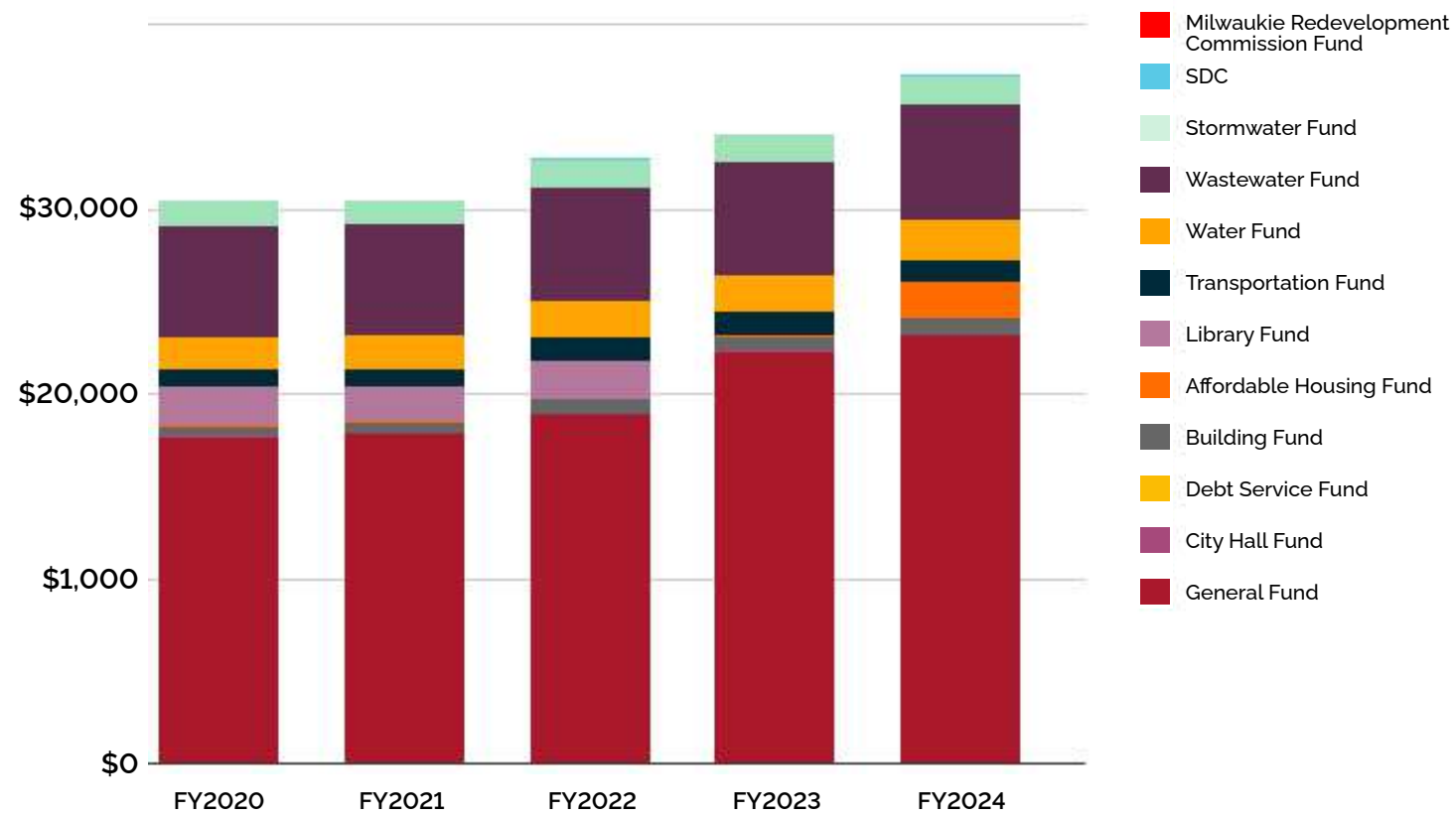
MILWAUKIE PROPERTY TAX DOLLARS

Clackamas County assesses property taxes on behalf of the county, schools, special districts, and the City of Milwaukie on a consolidated property tax bill. Of this tax bill, 22%* of the total is allocated to the City of Milwaukie. Of every dollar paid, \$0.22 goes to the city. For a complete breakdown of how property taxes are distributed throughout the county, review the pie chart to the right.

* Source: Clackamas County Rate Book



MATERIALS & SERVICES AND PERSONNEL SERVICES BY FUND (in thousands)



HOW THE CITY SPENDS MONEY

The City of Milwaukie plans for expenditures using several short and long-range planning tools. Five-year financial forecasts, prior to the development of the budget, guide short-term spending. The five-year forecasting model anticipates projected increases and decreases in revenues and expenditures. Fifty-five percent of total expenditures are represented by Personnel Services and Materials & Services. These requirements relate to the people who provide city services and the materials they need to complete their job requirements. Citywide, budgeted requirements are expected to increase for inflation going forward.

PERSONNEL SERVICES (32%)

Citywide, personnel services requirements increased by 3.4% from the prior year in accordance with budgeted projections due primarily to cost of living increases through collective bargaining agreements and increases in health insurance costs.

CAPITAL OUTLAY (26%)

The Capital Outlay requirements increased 79% from the prior year due to timing and planning of infrastructure projects over the 2023-2024 biennium.

MATERIALS & SERVICES (23%)

Citywide, Materials & Services requirements increased by 6% due to inflation.

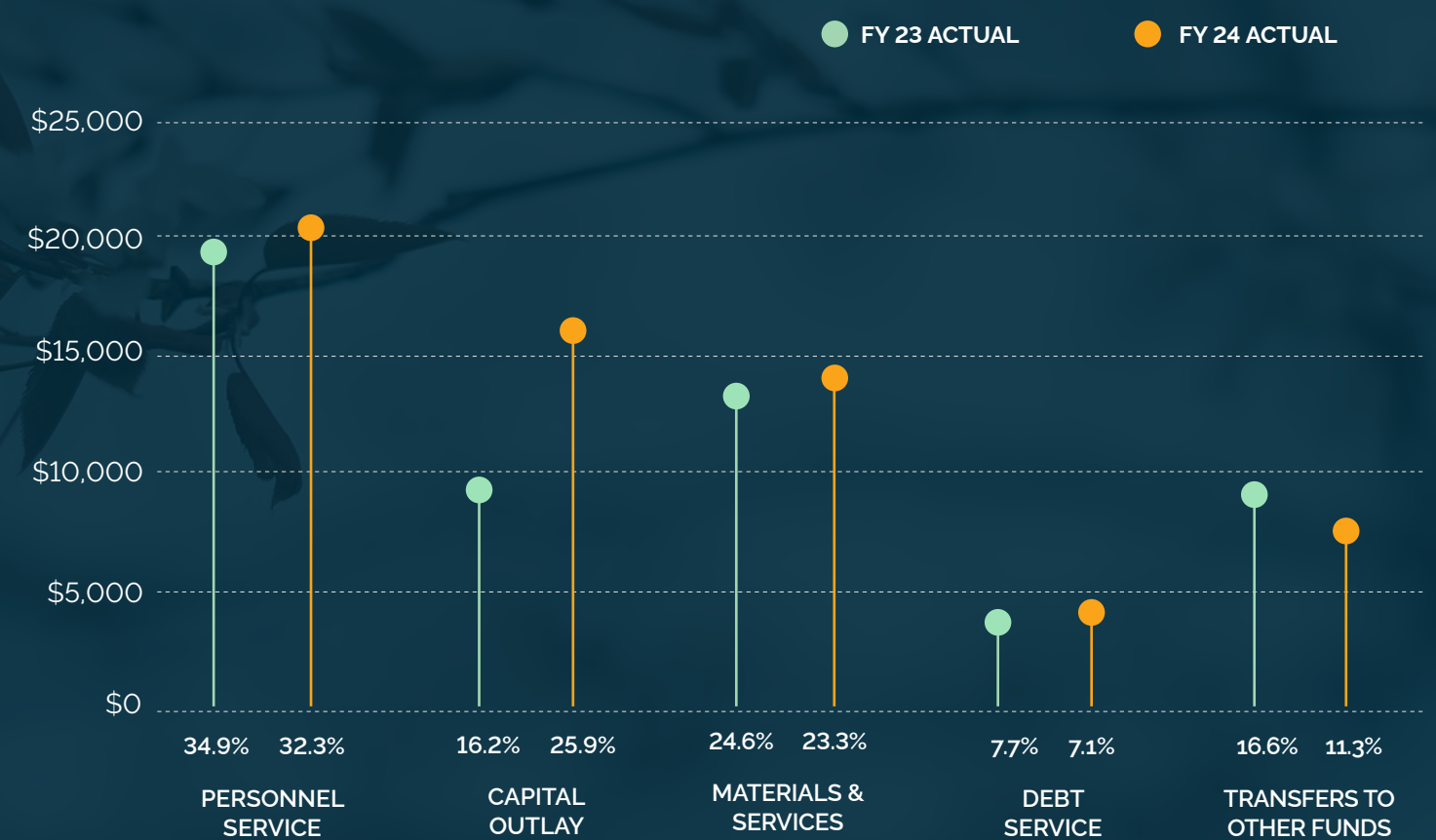
DEBT SERVICE (7%)

Biennial debt service requirements increased by 2.7% based on amortization schedules of debt issuances.

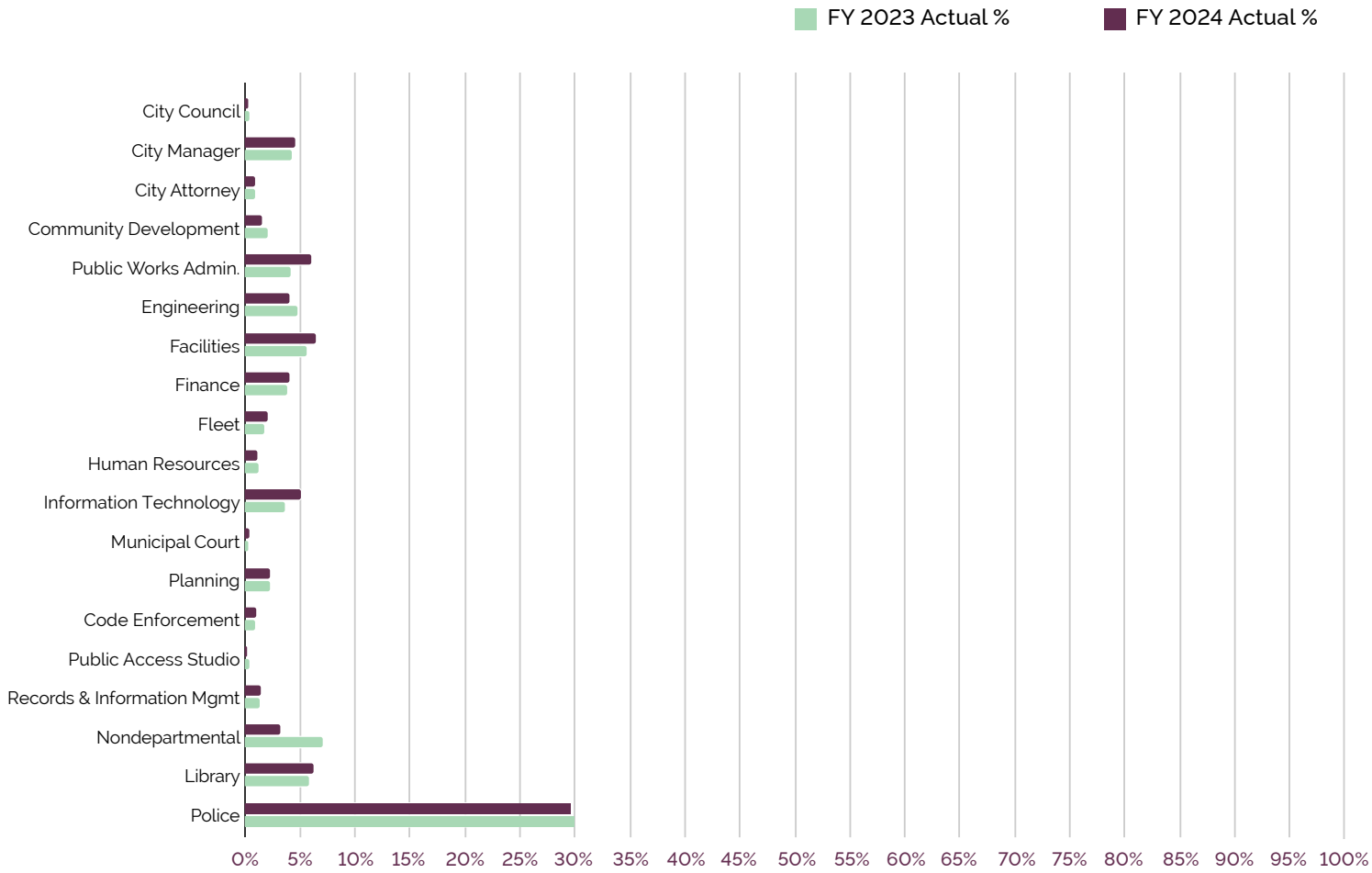
TRANSFERS TO OTHER FUNDS (12%)

Transfers represent movement of funds to account for the support services costs of General Fund departments. Transfers were made in accordance with budget.

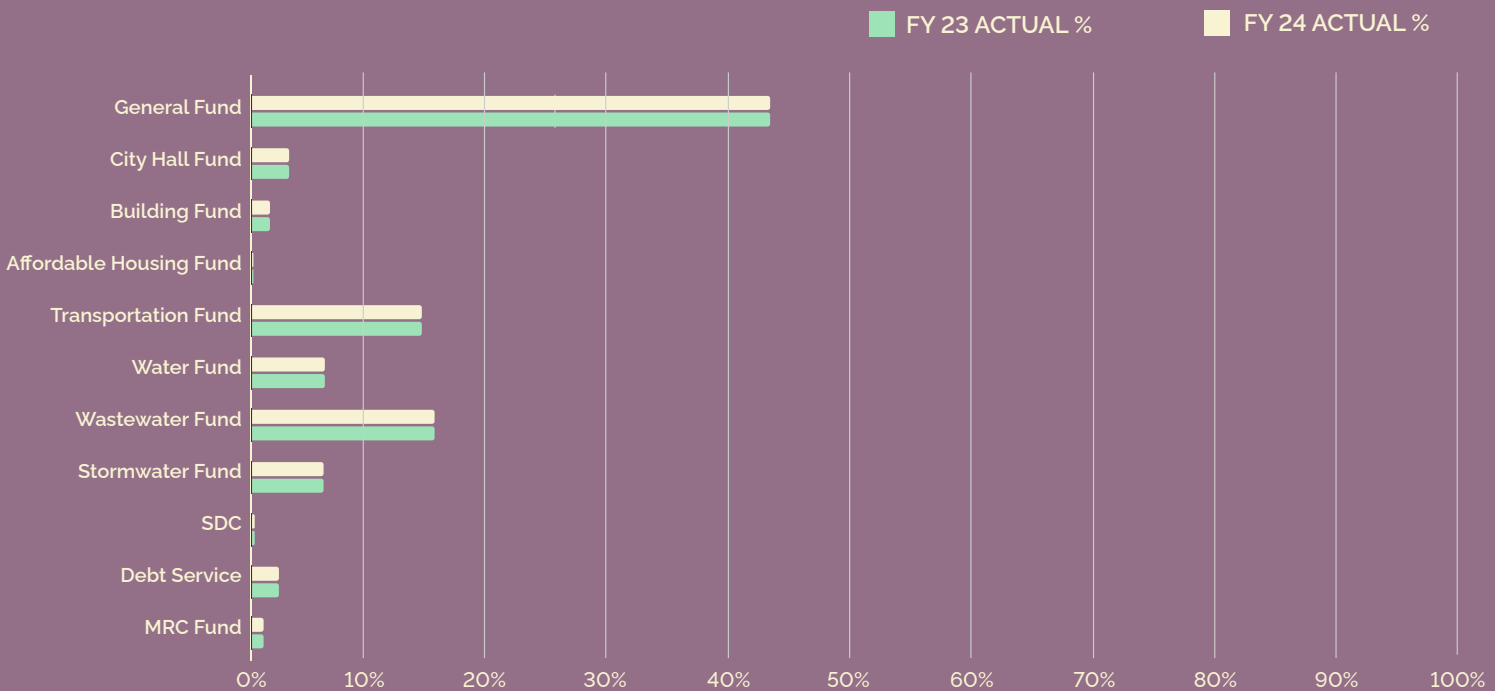
TOTAL ACTUAL FY23 & FY24 EXPENDITURES (in thousands)



EXPENDITURES BY FUNCTION/DEPARTMENT - GENERAL FUND



EXPENDITURES BY FUND



STATEMENT OF NET POSITION

The financial data below is intended to provide a big picture overview of key financial metrics over the past three years. For ease of reading, this data is summarized in ways that are not in accordance with Generally Accepted Accounting Principles (GAAP) and the notes to the financial statements are not provided. The City of Milwaukie is audited annually and prepares a full GAAP-based Annual Comprehensive Financial Report. The latest report is available on the City's web site at <https://www.milwaukieoregon.gov/finance/audits/FY 2024 Annual Comprehensive Financial Report>

	AS OF JUNE 30, 2024	AS OF JUNE 30, 2023	AS OF JUNE 30, 2022
ASSETS			
Current assets & other assets	\$87,931,771	\$90,953,250	\$66,341,484
Capital assets	103,530,948	99,499,033	100,046,127
TOTAL ASSETS	191,462,719	190,452,283	166,387,611
DEFERRED OUTFLOWS OF RESOURCES			
Pension • OPEB	6,770,071	7,416,172	7,709,862
LIABILITIES			
Current liabilities	14,880,053	11,515,680	10,480,636
Long-term liabilities	75,049,069	77,125,941	51,745,156
TOTAL LIABILITIES	89,929,122	88,641,621	62,225,792
DEFERRED INFLOWS OF RESOURCES			
Pension • OPEB • Leases	3,161,345	6,306,421	10,883,641
NET POSITION	\$ 105,142,323	\$102,914,113	\$100,988,040

The City's overall net position increased by \$2.2 million in fiscal year 2024. While the city's governmental activities decreased net position by \$1.4 million, the city's business-type activities increased net position by \$3.6 million for a net increase of \$2.2 million. Governmental activities decreased primarily because the city spent construction excise tax funds that were collected in prior years by passing funds through to community partners for affordable housing projects. Business-type activities increased primarily due to a planned increase in utility rates per the city's consolidated fee schedule increasing revenues, and planned construction activity that's still in progress, and therefore, hasn't yet begun being recognized as depreciation expense.

STATEMENT OF ACTIVITIES

	FISCAL YEAR 2024	FISCAL YEAR 2023	FISCAL YEAR 2022
Revenues	\$52,445,710	\$47,634,163	\$49,000,642
Expenses	(50,217,501)	(45,601,840)	(42,454,377)
Increase (decrease) in net position	2,228,209	2,032,323	6,546,265
Net position, beginning of year	\$102,914,114	\$100,988,040	\$94,239,991
Net position Adjustment	-	(106,249)	201,784
Net position, end of year	\$ 105,142,323	\$ 102,914,114	\$ 100,988,040

CATEGORIES OF NET POSITION

	FISCAL YEAR 2024	FISCAL YEAR 2023	FISCAL YEAR 2022
Net Investment in Capitol Assets	\$69,941,095	\$62,766,171	\$64,665,555
Restricted	45,023,668	44,981,388	20,032,602
Unrestricted	(9,822,440)	(4,833,445)	16,289,883
	\$105,142,323	\$102,914,114	\$100,988,040

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.

The largest portion of the city's net position (67%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, infrastructure, intangible leases and software 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.

A large portion of the city's net position (43%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position is the remaining amount of net position that doesn't fit into the other two categories. Unrestricted net position is needed to balance the Statement of Net Position and is negative primarily because the majority of the city's net position is tied up in capital assets.

GLOSSARY

BUSINESS-TYPE ACTIVITIES

Activities financed in whole or in part by fees charged to external parties for goods or services.

CAPITAL ASSETS

Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and all other tangible or intangible assets that are used in operations, that have initial useful lives extending beyond one year with an initial cost of more than \$10,000.

GOVERNMENTAL ACTIVITIES

Activities generally financed through taxes, intergovernmental revenues, and other nonexchange revenues.

GOVERNMENTAL FUNDS

Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.



DEFERRED INFLOWS OF RESOURCES

Refers to an acquisition of an asset that is applicable to a future reporting period.

DEFERRED OUTFLOWS OF RESOURCES

Refers to a consumption of an asset that is applicable to a future reporting period.

FUND BALANCE

The net ending balance of a fund's financial resources that are spendable or available for appropriation.

NET INVESTMENT IN CAPITAL ASSETS

Component of net position consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction or improvement of those assets.

RESTRICTED NET POSITION

Component of net position calculated by reducing the carrying value of restricted assets by amounts repayable from those assets, excluding capital-related debt.

UNRESTRICTED NET POSITION

The portion of net position that is neither restricted nor invested in capital assets.



CITY OF MILWAUKIE

FINANCE DEPARTMENT

Finance Director Michael Osborne • OsborneM@milwaukieoregon.gov

Assistant Finance Director Matthew Deeds • DeedsM@milwaukieoregon.gov

10501 SE Main Street Milwaukie, OR 97222 • 503.786.7555 • www.milwaukieoregon.gov/finance