

Annual
Comprehensive
**Financial
Report**

2023

Fiscal Year Ended
June 30, 2023

MILWAUKIE, OREGON



CITY OF MILWAUKIE, OREGON

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**



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CITY OF MILWAUKIE, OREGON

Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023

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SECTION I

INTRODUCTORY SECTION

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



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March 12, 2024

Mayor Lisa Batey, City Councilors and
Citizens 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, 2023, is hereby submitted.

This report presents the financial position of the city as of June 30, 2023, and the results of its operations for the prior fiscal year. The city prepared financial statements and supporting schedules in accordance with the Generally Accepted Accounting Principles (GAAP) of the United States of America and 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.

Aldrich CPAs + Advisors LLP (Aldrich), Certified Public Accountants (CPA), issued an unmodified or "clean" opinion on the city's financial statements for the fiscal year ended June 30, 2023. 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

Nestled along the banks of the Willamette River and steeped in a rich history, Milwaukie enjoys the comforts of a small-town while being near the heart of the Portland metropolitan area. The determination and optimistic outlook that have inspired Milwaukie residents for centuries are still felt by the people that call it home today.

This suburban city of over twenty-one thousand residents works to stay true to itself and the spirit of the community. Woven through the fabric of the community is the value of ingenuity. Milwaukie prizes finding innovative solutions to get things done, and residents creatively seek ways to better the community.

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, Long-Term Financial Planning and Major Initiatives

The essential economic indicators for the city were strong in 2023. At the end of fiscal year 2023, the local unemployment rate was 3.7%, similar to the state rate of 3.5% and national rate of 3.6%. The city relies heavily on property tax revenues, which increased by 4.0% in 2023; this is inclusive of the State Measures 5 and 50 limitations and new development in Milwaukie.

Much of Milwaukie's growth occurred in the 1960s when the population increased from 9,100 to 15,000 residents. Today, Milwaukie has emerged as an industrial employment center with two major industrial parks. In addition, Milwaukie's central location has attracted major businesses such as Oregon Tool, Inc. and Precision Castparts, Inc.

The City of Milwaukie prepares a Five-Year Financial Forecast (Forecast) planning for operational needs, and a Capital Improvement Plan (CIP), with the operational impact of the capital projects linking the two plans together. These dynamic documents are prepared through the budgeting process every two years with ongoing reviews at least quarterly.

The Forecast includes reserves by fund that fall within the policy guidelines set by City Council and is also reviewed by the Budget Committee during the budget process. Reserve policy guidelines are measured as a percentage of annual operating expenditures and generally range between 17% and 50% depending on the fund. The Forecast is included in the 2023-2024 biennial budget that was adopted in June 2022.

The Fee Schedule guiding the city's rates and charges is updated during the biennial budget process. The Fee Schedule includes rates for building permits, trees, copies, business registration, code violations and all other fees and rates issued by the city. Although all fees and charges are adopted by City Council, the utility rates are informed by the Citizens Utility Advisory Board and discussed with the Budget Committee. Utility rates include water, stormwater, wastewater and transportation fees.

While reviewing the long-term financial health of the city, it is important to note that the city does carry debt from several projects. This debt includes general obligation bonds of \$6.9 million for the construction of the library. Additional debt includes \$2.3 million in outstanding pension bonds and \$25.9 million full faith and credit obligations that were issued for transportation projects, a new city hall and the light-rail construction. The total debt liability for the city is \$58.4 million as of the end of fiscal year 2023.

The city maintains a credit rating of Aa2 representing a solid financial position.

Lastly, when looking at Milwaukie's Forecast, it is important to note that the city does have limitations with regards to the property tax rate. Property tax revenue is the largest source of revenue in the General Fund paying for services such as police and library. In the 1990s, Oregon voters passed Measures 5 and 50 which converted the property tax structure from a levy system to a rate system. Measure 50 replaced most tax levies with a permanent tax rate that was computed at that time from the county assessor. At that time, Milwaukie's permanent tax rate was \$6.5370 per \$1,000 of assessed value.

During the 2005 election, the Milwaukie voters passed ballot measure #3-166 authorizing CCFD to annex fire and medical services into the City of Milwaukie. In February 2006, City Council passed Ordinance No. 1958, which reduced the City tax rate by 2.4012 per one thousand dollars (\$1,000.00) of assessed valuation for any year in which property within the City is required to pay property tax to CFD1. The City may certify a high property tax rate only if the voters approve the higher rate.

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 – 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.



Milwaukie's 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.

In 2023, the City of Milwaukie cut the ribbon on its new home – a city hall located just north of historic city hall on Main Street. The new city hall includes 21,000 square feet of new office and meeting space to serve the growing needs of our growing community. The old facility is being rehabilitated by its new owners into dining spaces, which will serve as a critical hub and gathering space for Milwaukians.

The city continues to see significant redevelopment for a built-out community. In 2024 we will be introducing our new Urban Renewal Economic Development programs around our Main Street. There are also several significant housing developments under construction across the city. In several cases, projects will provide service to our communities most vulnerable. Of special note, at the end of this month, the city will help cut the ribbon on a new grocery store, New Seasons, along our major corridor, a long desired service for this area.

The Water and Wastewater Departments continue to work on the Supervisory Control and Data Acquisition (SCADA) design and construction. SCADA is a system that will enable remote monitoring and control of the water and wastewater systems while providing site security, control capabilities, data acquisition, and a simplified user interface. The total project is approximately \$2.4 million and will be substantially completed in the next fiscal year.

In 2023, the city manager directed the development of a three-year operational strategic plan. This effort identified short-term priorities, objectives, and tactics for the organization to strive for, better aligning near-term work with the city's longer-term vision. The strategic plan was finalized in February 2024 and will be used to inform the next biennial budget.

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

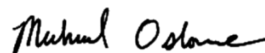
Audit Committee. In July 2012, the City Council established an audit committee to ensure that audits are completed annually in accordance with Oregon state law, provide oversight of the independent auditors, assist in the review and selection of audit firms, and ensure transparent communication back 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 Toby LaFrance during fiscal year 2023. A special thank you is given to the team of Michael Osborne, Judy Serio, Kelli Tucker, Joyce White, 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,



Ann Ober
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, 2022

Christopher P. Morill

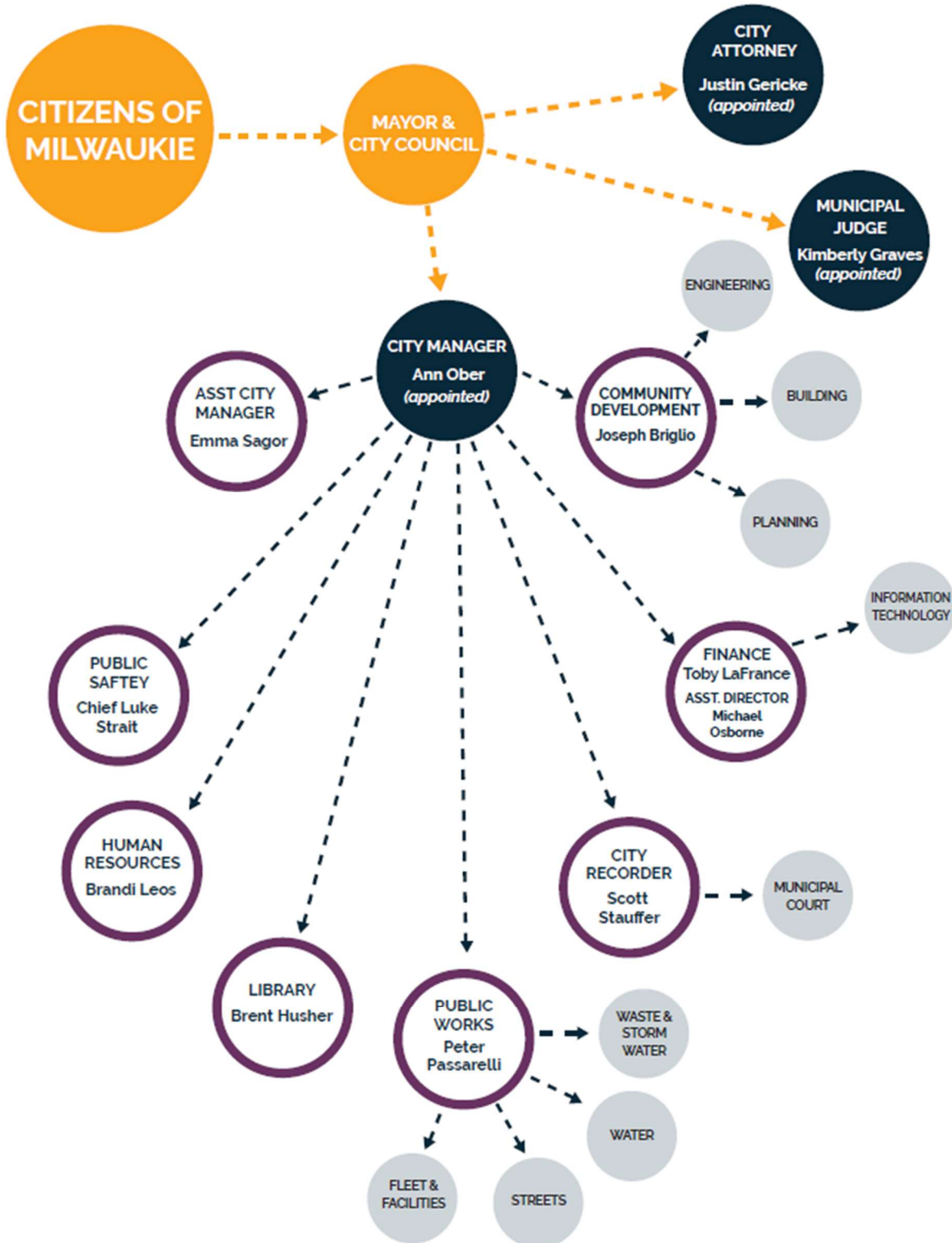
Executive Director/CEO

**CITY OF MILWAUKIE, OREGON
ELECTED AND APPOINTED OFFICIALS
AS OF JUNE 30, 2023**

Elected Officials	Term Expires
Lisa Batey, Mayor	December 31, 2026
Adam Khosroabadi, Councilor	December 31, 2024
Desi Nicodemus, Councilor	December 31, 2024
Robert Massey, Councilor	December 31, 2026
Rebecca Stavenjord, Councilor	December 31, 2026

Appointed Officials	Position
Ann Ober	City Manager
Justin D. Gericke	City Attorney
Kimberly Graves	Municipal Court Judge
 Management Team:	
Emma Sagor	Assistant City Manager
Joseph Briglio	Community Development Director
Scott Stauffer	City Recorder
Toby LaFrance	Finance Director
Brandi Leos	Human Resources Director
Brent Husher	Library Director
Luke Strait	Police Chief
Peter Passarelli, PE	Public Works Director

**CITY OF MILWAUKIE, OREGON
ORGANIZATIONAL CHART
AS OF JUNE 30, 2023**





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SECTION II

FINANCIAL SECTION

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



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Milwaukie
Milwaukie, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Milwaukie (the City) as of and for the year ended June 30, 2023, 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 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, 2023, 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 (U.S. GAAP).

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 U.S. GAAP, 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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

U.S. GAAP requires that the management's discussion and analysis, budgetary comparison information, schedule of the City's net OPEB liability and changes in net OPEB liability, schedule of the City's proportionate share, schedule of City contributions, and notes to 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 management's discussion and analysis, schedule of the City's net OPEB liability and changes in net OPEB liability, schedule of the City's proportionate share, schedule of City contributions, and notes to required supplementary information accordance with GAAS, 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 budgetary comparison schedules, 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. Such 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 GAAS. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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 individual fund schedules, the schedule of future debt service requirements, and the 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 GAAS. In our opinion, the combining statements and individual fund schedules are 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 and statistical sections 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.

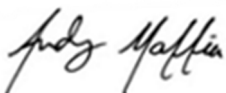
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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.

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 12, 2024, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. 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.

Aldrich CPAs + Advisors LLP

By: 

Andrew Maffia, CPA, Partner
Lake Oswego, Oregon
March 12, 2024



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CITY OF MILWAUKIE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023. 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 \$190.8 million on June 30, 2023, consisting of \$99.5 million in capital assets, \$43.3 million in unrestricted cash and investments, \$42.7 million in restricted cash and investments, and \$5 million in other assets. Total assets increased by \$24.4 million (14%) from the previous fiscal year.
- The city's liabilities totaled \$89.0 million on June 30, 2023, consisting of \$77.1 million in long-term liabilities and \$11.9 million in accounts payable and other liabilities. Total liabilities increased by \$26.8 million (42%) from the previous fiscal year.
- The assets of the city exceeded its liabilities by \$102.9 million at the close of fiscal year 2023. The city's net position invested in capital assets (\$62.7 million) and restricted for capital projects, building operations, library services, debt service, and public safety (\$45.0 million).
- The deferred outflows of resources for the city decreased to \$7.4 million, compared to \$7.7 million in fiscal year 2022. The primary decrease relates to pension and Other Postemployment Benefits (OPEB) assets as the return on investments within their respective plans was less than originally forecasted.
- The deferred inflows of resources for the city decreased to \$6.3 million, compared to \$10.9 million in fiscal year 2022. The primary decrease relates to pension and OPEB liabilities as the change in proportionate share was higher for the city in 2023.
- For its governmental activities, the city generated \$5.5 million in charges for services and received \$5.6 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$33.3 million for the year, resulting in a net expense of \$22.1 million. The governmental activities also received \$16.7 million in general revenues and \$4.4 million in transfers, resulting in a decreased net position of \$1 million.
- For its business-type activities, the city generated \$19.0 million in charges for services to fund direct expenses of \$12.3 million. Business-type activities had transfers of \$4.4 million. Business-type activities had an increase in net position of \$3.0 million.
- Fund balance in the city's governmental funds was \$58.1 million on June 30, 2023, an increase of \$21.9 million from the previous fiscal year.

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 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** – city charges fees to customers to help cover the costs of certain services it 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 exceeding liabilities. At the close of fiscal year 2023, assets exceeded liabilities by \$102.9 million.

By far the largest portion of the city's net position (61%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, infrastructure, intangible leases), less any related debt outstanding used to acquire those assets. The city uses these capital assets to provide services to citizens; 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, 2023, and 2022 was as follows:

Statement of Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Current and other assets	\$ 62,215	\$ 42,608	\$ 28,739	\$ 23,730	\$ 90,954	\$ 66,338
Capital assets	67,724	68,014	31,769	32,032	99,493	100,046
Total assets	<u>129,939</u>	<u>110,622</u>	<u>60,508</u>	<u>55,762</u>	<u>190,447</u>	<u>166,384</u>
Deferred outflows of resources	6,620	6,902	796	808	7,416	7,710
Long-term liabilities	74,326	49,412	2,737	2,333	77,063	51,745
Other liabilities	4,419	4,887	7,160	5,593	11,579	10,480
Total liabilities	<u>78,745</u>	<u>54,299</u>	<u>9,897</u>	<u>7,926</u>	<u>88,642</u>	<u>62,225</u>
Deferred inflows of resources	5,481	9,763	826	1,117	6,307	10,880
Net position:						
Net investment in capital assets	31,778	33,501	30,988	31,164	62,766	64,665
Restricted for:						
Public safety	112	217	-	-	112	217
Debt service	243	9	12	12	255	21
Construction Excise Tax	3,026	1,267	-	-	3,026	1,267
Library services	777	789	-	-	777	789
OPEB Asset	197	147	23	22	220	169
Building operations	4,561	3,469	-	-	4,561	3,469
Urban renewal	6,678	1,506	-	-	6,678	1,506
Transportation	26,867	10,318	-	-	26,867	10,318
Capital projects	2,485	2,276	-	-	2,486	2,276
Unrestricted	(24,392)	(38)	19,558	16,328	(4,833)	16,290
Total net position	<u>\$ 52,333</u>	<u>\$ 53,461</u>	<u>\$ 50,581</u>	<u>\$ 47,526</u>	<u>\$ 102,914</u>	<u>\$ 100,987</u>

Classification of Net Position

As of June 30, 2023, the city had positive balances in three categories of net position for the city. Total net position increased from the prior year by \$2 million (2%) to \$102.9 million.

A portion of the city's net position (\$45.0 million or 44%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position (\$15.3 million or 15%) may be used to meet the city's ongoing obligations to citizens and creditors.

Statement of Activities
Changes in Net Position
(in thousands)

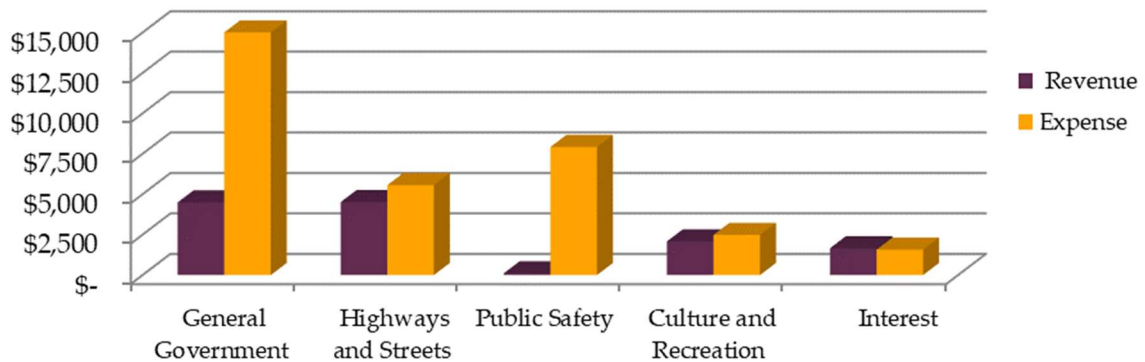
	Governmental Activities		Business-Type Activities		Total	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Revenues						
Program revenues:						
Charges for services	\$ 5,523	\$ 10,186	\$ 19,027	\$ 18,313	\$ 24,553	\$ 28,499
Operating grants and contributions	5,640	5,554	-	75	5,640	5,629
Capital grants and contributions	17	181	-	-	17	181
General revenues:						
Property taxes	11,087	10,704	-	-	11,087	10,704
Franchise taxes	3,909	3,542	-	-	3,909	3,542
Miscellaneous	1,651	386	779	60	2,430	446
Total revenues	<u>27,827</u>	<u>30,553</u>	<u>19,806</u>	<u>18,448</u>	<u>47,636</u>	<u>49,001</u>
Expenses						
Governmental activities:						
General government	15,786	14,991	-	-	15,786	14,991
Highways and streets	5,557	4,686	-	-	5,557	4,686
Public safety	7,914	6,950	-	-	7,914	6,950
Culture and recreation	2,477	2,450	-	-	2,477	2,450
Interest on long-term debt	1,569	1,210	-	-	1,569	1,210
Business-type activities:						
Water	-	-	2,918	2,929	2,918	2,929
Wastewater	-	-	6,872	6,781	6,872	6,781
Stormwater	-	-	2,509	2,457	2,509	2,457
Total expenses	<u>33,303</u>	<u>30,287</u>	<u>12,299</u>	<u>12,167</u>	<u>45,603</u>	<u>42,454</u>
Change in net position before transfers	<u>(5,476)</u>	<u>266</u>	<u>7,507</u>	<u>6,280</u>	<u>2,034</u>	<u>6,547</u>
Transfers	4,453	3,439	(4,453)	(3,439)	-	-
Change in net position	<u>(1,023)</u>	<u>3,706</u>	<u>3,054</u>	<u>2,841</u>	<u>2,034</u>	<u>6,546</u>
Net Position - beginning	53,461	49,755	47,526	44,484	100,987	94,239
Prior Period Adjustment	(105)		-	202	(105)	202
Net position - ending	<u>\$ 52,333</u>	<u>\$ 53,461</u>	<u>\$ 50,581</u>	<u>\$ 47,526</u>	<u>\$ 102,914</u>	<u>\$ 100,987</u>

Governmental Activities

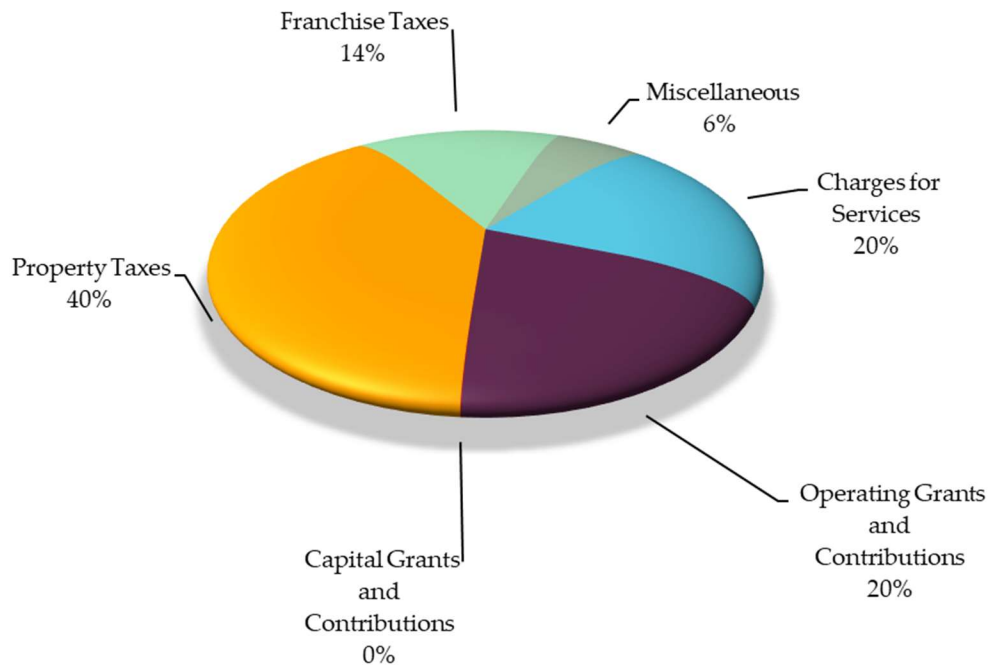
Governmental activities decreased the city's net position by \$1 million in fiscal year 2023, compared to a \$3.7 million increase in the prior fiscal year. Transfers from business to government activities were \$4.4 million. The decrease in net position was due to an increase in governmental activities expenses of \$3.2 million, part of which is due to moving library services into the general fund. Further, \$4.4 million in transfers were made to the general fund. The property tax increase is a result of additional properties coming into the tax base and prior year collections of outstanding balances.

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.

Program Revenues and Expenses - Governmental Activities
(in thousands)



Revenues by Source - Governmental Activities

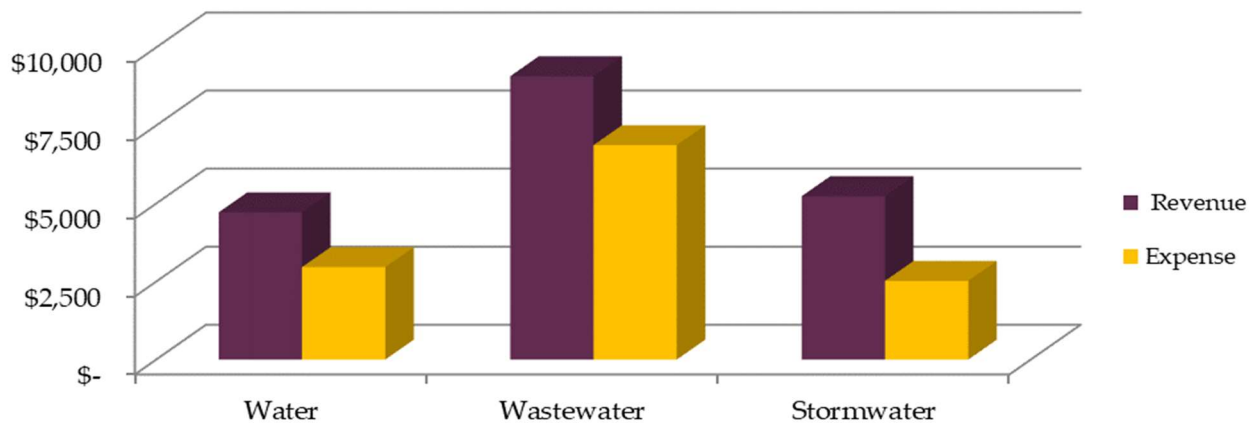


Business-type Activities

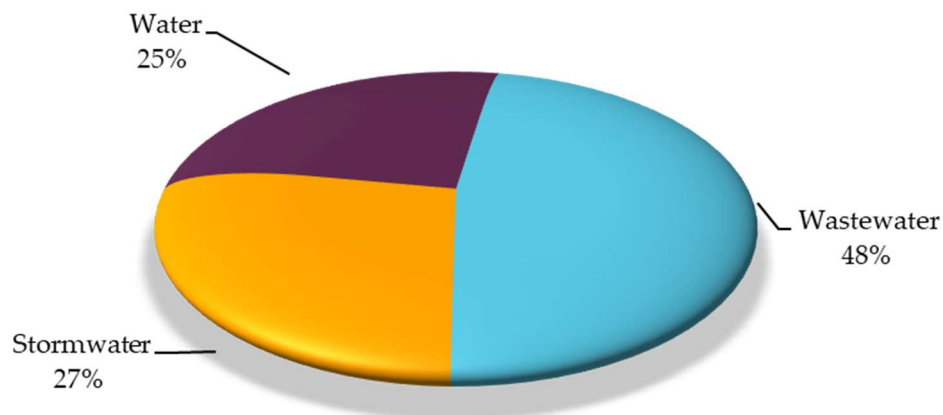
Business-type activities increased the city's net position by \$3.0 million due to a planned increase in utility rates year over year. In addition, the utility funds did not expend all the budgeted capital for improvements during the fiscal year due to project delays.

The Water, Wastewater, and Stormwater fund revenues represent approximately 25%, 48%, and 27% 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.

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



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, 2023, the city's governmental funds reported a combined ending fund balance of \$58.0 million, an increase of \$21.8 million for the year. Unassigned fund balance decreased to \$12.5 million as of June 30, 2023, 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, 2023, the total fund balance was \$13.7 million, which is a decrease of \$1.2 million for the year. The city's General Fund is funded with property taxes and franchise taxes, as well as charges for services provided to other funds. General Fund expenditures increased \$4.9 million to \$24.7 million in fiscal year 2023 primarily due to transferring the Public Library into the General Fund as well as 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 service increased by \$0.1 million to \$2.3 million. Total expenditures decreased \$2.5 million, consisting of capital projects (\$3.1 million), debt service (\$2.0 million), transfers to other funds (\$2.2 million) and personnel, materials and services (\$1.3 million). Also, the Transportation Fund issued a bond in the amount of \$18.4 million for future capital projects. As a result, the Transportation Fund had an overall increase in fund balance of \$16.6 million for the fiscal year ending June 30, 2023. At June 30, 2023, the fund balance was \$26.8 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, 2023, the fund balance was \$6,665,046.

Other Governmental Funds

The other governmental funds are considered as 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 fund balance of \$10.9 million. Further details on these funds can be found starting on page 93.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget for the 2023-2024 biennium budget period amounted to \$59.6 million. There was one supplemental budget resolution 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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the city had invested \$99.4 million in capital assets, net of depreciation as reflected in the following table, representing a net decrease (additions, deductions and depreciation) of \$.5 million in fiscal year 2023. Governmental capital assets totaled \$67.7 million while business-type capital assets totaled \$31.8 million.

	Governmental Activities		Business-type Activities		Total	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Land and easements	\$ 6,317	\$ 6,216	\$ 1,204	\$ 1,204	\$ 7,522	\$ 7,420
Buildings and improvements	19,336	21,880	4,415	4,841	23,752	26,722
Vehicles and equipment	1,709	1,625	1,493	1,626	3,201	3,251
Furniture and fixtures	411	365	-	-	411	365
Right to use assets	490	30	11	-	501	30
Infrastructure	33,411	35,168	21,405	21,244	54,816	56,412
Construction in progress	6,055	2,760	3,240	3,116	9,295	5,876
Capital assets, net	<u>\$ 67,729</u>	<u>\$ 68,044</u>	<u>\$ 31,769</u>	<u>\$ 32,032</u>	<u>\$ 99,498</u>	<u>\$ 100,076</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*.

Assets utilized in governmental activities decreased by a net \$.3 million from the prior fiscal year, while business-type activities decreased by a net \$0.2 million. The decreases include transfers of construction projects completed this fiscal year. Capital asset additions include completion of 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*, beginning on page 45.

Change in Capital Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Beginning balance	\$ 68,044	\$ 67,527	\$ 32,032	\$ 31,276	\$ 100,076	\$ 98,803
Additions	6,822	16,217	2,426	2,591	9,247	18,808
GASB 96/87 implementation	316	30	15	-	331	30
Reductions and adjustments	-	(9,306)	-	651	-	(8,654)
Depreciation	(7,453)	(6,425)	(2,704)	(2,486)	(10,156)	(8,911)
Ending balance	\$ 67,730	\$ 68,044	\$ 31,769	\$ 32,032	\$ 99,499	\$ 100,076

Debt Outstanding

As of the end of the fiscal year, the city had \$58.4 million in long-term debt obligations outstanding, an increase from the prior year by \$20.7 million due to debt issuance for Transportation bonds. More detailed information about the city's long-term debt obligations is presented in the *Notes to the Basic Financial Statements*, beginning on page 45.

Outstanding Long-term Debt Obligations as of June 30th
(in thousands)

	Fiscal Year Ending	
	2023	2022
Governmental:		
Transportation Full-Faith & Credit Obligations	\$ 39,405	\$ 17,225
Library General Obligation Bond	6,500	6,910
City Hall Full-Faith & Credit Obligation	5,845	6,135
Light Rail General Obligation Bond	2,375	2,545
Pension Bond	2,005	2,345
Milwaukie Bay Park Full-Faith & Credit Obligation	445	510
Special Public Works Fund Loan	322	353
Add in Bond Premiums	782	835
	57,679	36,858
Business-Type:		
Oregon DEQ	772	868
Total	\$ 58,451	\$ 37,726

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, 2023, the city carried \$8.8 million general obligation debt subject to this \$152.0 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 citizens, 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.

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, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 18,876,043	\$ 24,424,286	\$ 43,300,329
Restricted cash and investments	40,506,175	2,166,864	42,673,039
Property taxes receivable	302,177	-	302,177
Accounts receivable, net of allowance	2,410,667	1,962,710	4,373,377
Prepaid expenses	295,522	12,767	308,289
Lease receivable	5,824	148,893	154,717
Net OPEB Asset	196,759	23,035	219,794
Capital assets not being depreciated:			
Land and easements	6,317,494	1,204,142	7,521,636
Construction in progress	6,055,507	3,240,235	9,295,742
Capital assets net of accumulated depreciation:			
Buildings and improvements	19,330,198	4,415,494	23,745,692
Vehicles and equipment	1,709,080	1,492,876	3,201,956
Furniture and fixtures	411,010	-	411,010
Right to use assets - subscriptions	343,731	11,237	354,968
Right to use assets - leases	145,805	-	145,805
Infrastructure	33,410,689	21,405,175	54,815,864
TOTAL ASSETS	130,316,681	60,507,714	190,824,395
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources - pension	6,425,998	773,131	7,199,129
Deferred outflows of resources - OPEB	194,297	22,746	217,043
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,620,295	795,877	7,416,172

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, 2023

LIABILITIES:

Accounts payable	\$ 1,860,185	\$ 2,399,269	\$ 4,259,454
Accrued salaries and payroll taxes payable	376,566	49,576	426,142
Accrued compensated absences payable	1,342,075	135,870	1,477,945
Accrued interest payable	193,419	1,931	195,350
Deposits payable	69,483	11,250	80,733
Unearned revenue	576,993	4,561,704	5,138,697
Noncurrent liabilities:			
Lease liability	150,962	-	150,962
Long-term obligations, due within one year	2,285,859	96,458	2,382,317
Long-term obligations, due in more than one year	55,330,751	675,204	56,005,955
Net pension liability	15,621,447	1,879,463	17,500,910
SBITA Liability	282,650	9,618	292,268
Total OPEB liability	654,290	76,597	730,887
	<u>78,744,680</u>	<u>9,896,940</u>	<u>88,641,620</u>

TOTAL LIABILITIES

DEFERRED INFLOWS OF RESOURCES:

Deferred inflows of resources - leases	5,740	167,968	173,708
Deferred inflows of resources - pension	5,137,074	618,057	5,755,131
Deferred inflows of resources - OPEB	338,011	39,571	377,582
	<u>5,480,825</u>	<u>825,596</u>	<u>6,306,421</u>

TOTAL DEFERRED INFLOWS OF RESOURCES

NET POSITION:

Net investment in capital assets	31,778,292	30,987,879	62,766,171
Restricted for:		-	
Public safety supplies	112,467	-	112,467
Debt service	242,786	12,056	254,842
Construction Excise Tax	3,026,372	-	3,026,372
Library	777,169	-	777,169
OPEB Restricted	196,759	23,035	219,794
Building operations	4,560,746	-	4,560,746
Urban renewal	6,678,189	-	6,678,189
Transportation	26,866,632		26,866,632
Capital projects	2,485,177	-	2,485,177
Unrestricted	<u>(24,391,530)</u>	<u>19,558,085</u>	<u>(4,833,445)</u>
	<u>\$ 52,333,059</u>	<u>\$ 50,581,055</u>	<u>\$ 102,914,114</u>

TOTAL NET POSITION

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, 2023

FUNCTION / PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Grants and Contributions			
GOVERNMENTAL ACTIVITIES:							
General government	\$ 15,786,049	\$ 3,235,619	\$ 1,253,018	\$ -	\$ (11,297,412)	\$ -	\$ (11,297,412)
Highways and streets	5,557,171	2,287,808	2,221,167	-	(1,048,196)	-	(1,048,196)
Public safety	7,914,144	-	89,592	16,994	(7,807,558)	-	(7,807,558)
Culture and recreation	2,477,322	-	2,075,775	-	(401,547)	-	(401,547)
Interest on long-term debt	1,568,560	-	-	-	(1,568,560)	-	(1,568,560)
TOTAL GOVERNMENTAL ACTIVITIES	33,303,246	5,523,427	5,639,552	16,994	(22,123,273)	-	(22,123,273)
BUSINESS-TYPE ACTIVITIES:							
Water	2,917,699	4,715,996	-	-	-	1,798,297	1,798,297
Wastewater	6,872,318	9,076,581	-	-	-	2,204,263	2,204,263
Stormwater	2,508,577	5,234,085	-	-	-	2,725,508	2,725,508
TOTAL BUSINESS-TYPE ACTIVITIES	12,298,594	19,026,662	-	-	-	6,728,068	6,728,068
TOTAL ACTIVITIES	\$ 45,601,840	\$ 24,550,089	\$ 5,639,552	\$ 16,994	(22,123,273)	6,728,068	(15,395,205)
GENERAL REVENUES:							
Property taxes, levied for general purposes					11,087,336	-	11,087,336
Franchise taxes					3,909,158	-	3,909,158
Unrestricted investment earnings					1,651,474	779,560	2,431,034
TOTAL GENERAL REVENUES					16,647,968	779,560	17,427,528
TRANSFERS					4,453,000	(4,453,000)	-
CHANGE IN NET POSITION					(1,022,305)	3,054,628	2,032,323
NET POSITION - beginning					53,461,613	47,526,427	100,988,040
Prior period adjustment					(106,249)	-	(106,249)
NET POSITION - ending					\$ 52,333,059	\$ 50,581,055	\$ 102,914,114

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

CITY OF MILWAUKIE, OREGON

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2023

	General Fund	Transportation Fund	Milwaukie Redevelopment Commission	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and investments	\$ 9,012,981	\$ 8,910,865	\$ -	\$ 952,197	\$ 18,876,043
Restricted cash and investments	4,592,515	19,124,529	6,290,783	10,498,348	40,506,175
Property taxes receivable	288,005	-	14,172	-	302,177
Accounts receivable	1,582,635	449,620	-	-	2,032,255
Due from other funds	-	-	378,412	-	378,412
Prepaid expenditures	285,127	-	-	10,395	295,522
Lease receivable	5,824	-	-	-	5,824
TOTAL ASSETS	\$ 15,767,087	\$ 28,485,014	\$ 6,683,367	\$ 11,460,940	\$ 62,396,408
LIABILITIES:					
Accounts payable	\$ 685,639	\$ 618,579	\$ 5,178	\$ 550,789	\$ 1,860,185
Due to other funds	-	378,412	-	-	378,412
Accrued salaries and payroll taxes	351,592	15,518	-	9,456	376,566
Deposits payable	21,483	48,000	-	-	69,483
Unearned revenue	19,120	557,873	-	-	576,993
TOTAL LIABILITIES	1,077,834	1,618,382	5,178	560,245	3,261,639
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - municipal court assessments	398,446	-	-	-	398,446
Unavailable revenue - settlements	295,867	-	-	-	295,867
Unavailable revenue - property taxes	265,970	-	13,143	-	279,113
Unavailable revenue - assessment liens	65,367	-	-	-	65,367
Unavailable revenue - leases	5,740	-	-	-	5,740
TOTAL DEFERRED INFLOWS OF RESOURCES	1,031,390	-	13,143	-	1,044,533
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
	2,109,224	1,618,382	18,321	560,245	4,306,172
FUND BALANCES:					
Nonspendable	285,127	-	-	10,395	295,522
Restricted	889,636	26,866,632	6,665,046	10,304,686	44,726,000
Assigned	-	-	-	585,614	585,614
Unassigned	12,483,100	-	-	-	12,483,100
TOTAL FUND BALANCES	13,657,863	26,866,632	6,665,046	10,900,695	58,090,236
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,767,087	\$ 28,485,014	\$ 6,683,367	\$ 11,460,940	\$ 62,396,408

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, 2023

Total Fund Balances for Governmental Funds		\$ 58,090,236
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in funds.		67,723,514
Other assets are not available to pay for current-period expenditures and are therefore deferred in the funds:		
Property tax revenues	279,113	
Opioid settlement	295,867	
Municipal court assessments	398,446	
Net OPEB asset	196,759	
Deferred outflows of resources - pensions	6,425,998	
Deferred outflows of resources - OPEB	194,297	
Assessment liens	65,367	7,855,847
	<hr/>	
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	(1,342,075)	
Accrued interest payable	(193,419)	
SBITA liability	(282,650)	
Lease liability	(150,962)	
Net pension liability	(15,621,447)	
Total OPEB liability	(654,290)	
Deferred inflows of resources - pension	(5,137,074)	
Deferred inflows of resources - OPEB	(338,011)	
Long-term debt obligations	(57,616,610)	(81,336,538)
	<hr/>	
Net position of governmental activities		\$ 52,333,059
		<hr/>

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, 2023

	General Fund	Transportation Fund	Milwaukie Redevelopment Commission	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 9,708,081	\$ -	\$ 590,430	\$ 860,000	\$ 11,158,511
Franchise taxes	2,446,520	1,462,638	-	-	3,909,158
Intergovernmental	3,313,197	2,233,677	-	168,200	5,715,074
Fines and forfeitures	459,721	-	-	-	459,721
Licenses and permits	594,306	-	-	1,918,350	2,512,656
Charges for services	-	2,287,808	-	-	2,287,808
Systems development charges	-	-	-	1,186,923	1,186,923
Lease revenue	-	-	-	203,831	203,831
Investment earnings	356,389	777,775	153,859	363,451	1,651,474
Miscellaneous	230,635	23,598	1,068	44,496	299,797
TOTAL REVENUES	17,108,849	6,785,496	745,357	4,745,251	29,384,953
EXPENDITURES:					
Current:					
General government	12,540,636	-	24,867	963,890	13,529,393
Highways and streets	-	1,272,346	-	-	1,272,346
Public safety	7,700,069	-	-	-	7,700,069
Culture and recreation	2,102,929	-	-	-	2,102,929
Debt service:					
Principal	370,127	1,061,340	290,160	935,000	2,656,627
Interest	134,569	886,793	67,243	442,967	1,531,572
Capital outlay	1,875,268	3,154,761	206,478	1,586,016	6,822,523
TOTAL EXPENDITURES	24,723,598	6,375,240	588,748	3,927,873	35,615,459
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,614,749)	410,256	156,609	817,378	(6,230,506)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	6,300	-	-	-	6,300
Lease financing	141,911	-	-	-	141,911
SBITA financing	174,928	-	-	-	174,928
Issuance from borrowing	-	18,479,500	5,052,100	-	23,531,600
Transfers from other funds	7,657,156	-	-	1,860,000	9,517,156
Transfers to other funds	(1,528,000)	(2,235,000)	(35,000)	(1,266,156)	(5,064,156)
TOTAL OTHER FINANCING SOURCES (USES)	6,452,295	16,244,500	5,017,100	593,844	28,307,739
NET CHANGE IN FUND BALANCES	(1,162,454)	16,654,756	5,173,709	1,411,222	22,077,233
FUND BALANCES - beginning	14,820,317	10,318,125	1,491,337	9,489,473	36,119,252
Prior period adjustments	-	(106,249)	-	-	(106,249)
FUND BALANCES - beginning, as restated	14,820,317	10,211,876	1,491,337	9,489,473	36,013,003
FUND BALANCES - ending	\$ 13,657,863	\$ 26,866,632	\$ 6,665,046	\$ 10,900,695	\$ 58,090,236

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, 2023

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

Net change in fund balances - total governmental funds	\$	22,077,233
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		(1,557,012)
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 expense. This is the amount by which capital outlay was greater than depreciation.		
Capital outlay	6,299,206	
Depreciation expense	(7,072,844)	
Right-to-use assets - lease	141,733	
Amortization expense - lease	(26,321)	
Right-to-use assets - subscription	490,704	
Amortization expense - subscription	<u>(146,974)</u>	(314,496)
The issuance of long-term debt (e.g., bonds, capital leases) 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.		(20,874,973)
Proceeds of borrowing	(23,531,600)	
Long-term debt principal repayments	<u>2,656,627</u>	
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	11,664	
Net OPEB liability and related deferrals	23,575	
Accrued interest payable	(36,988)	
Proceeds of sale of capital asset	(6,300)	
Accrued compensated absences payable	(3,014)	
Net lease liability	(112,518)	
Net subscription liability	(282,650)	
Amortization of bond premium	<u>53,174</u>	<u>(353,057)</u>
Change in net position of governmental activities	\$	<u>(1,022,305)</u>

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, 2023

	Business-type Activities - Enterprise Funds			Total
	Water Fund	Wastewater Fund	Stormwater Fund	
ASSETS:				
Current assets:				
Cash and investments	\$ 8,743,793	\$ 6,914,710	\$ 8,765,783	\$ 24,424,286
Restricted cash and investments	1,419,536	747,328	-	2,166,864
Accounts receivable, net of allowance for doubtful accounts	526,225	967,565	468,920	1,962,710
Lease receivable	31,928	-	-	31,928
Prepaid expenses	9,617	-	3,150	12,767
Total current assets	10,731,099	8,629,603	9,237,853	28,598,555
Noncurrent assets:				
Net OPEB asset	9,957	5,583	7,495	23,035
Lease receivable	116,965	-	-	116,965
Right to use asset	-	-	11,237	11,237
Capital assets not being depreciated	1,178,527	2,029,956	1,235,894	4,444,377
Capital assets, net of accumulated depreciation	10,174,289	9,073,504	8,065,752	27,313,545
Total noncurrent assets	11,479,738	11,109,043	9,320,378	31,909,159
TOTAL ASSETS	22,210,837	19,738,646	18,558,231	60,507,714
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows of resources - pensions	322,981	196,601	253,549	773,131
Deferred outflows of resources - OPEB	9,832	5,513	7,401	22,746
TOTAL DEFERRED OUTFLOWS OF RESOURCES	332,813	202,114	260,950	795,877
LIABILITIES:				
Current liabilities:				
Accounts payable	182,080	2,090,383	126,806	2,399,269
Accrued salaries and payroll taxes payable	22,396	11,224	15,956	49,576
Accrued compensated absences payable	50,312	48,095	37,463	135,870
Accrued interest payable	-	1,931	-	1,931
SBITA Liability	-	-	9,618	9,618
Deposits payable	11,250	-	-	11,250
Unearned revenue	3,696,704	745,000	120,000	4,561,704
Current portion of long-term debt	-	96,458	-	96,458
Total current liabilities	3,962,742	2,993,091	309,843	7,265,676
Noncurrent liabilities:				
Net pension liability	785,160	477,932	616,371	1,879,463
Total OPEB liability	33,109	18,565	24,923	76,597
Long-term debt	-	675,204	-	675,204
TOTAL LIABILITIES	4,781,011	4,164,792	951,137	9,896,940
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows of resources - lease receivable	167,968	-	-	167,968
Deferred inflows of resources - pensions	258,198	157,167	202,692	618,057
Deferred inflows of resources - OPEB	17,104	9,591	12,876	39,571
TOTAL DEFERRED INFLOWS OF RESOURCES	443,270	166,758	215,568	825,596
NET POSITION:				
Net investment in capital assets	11,352,816	10,331,798	9,303,265	30,987,879
Restricted:				
Debt service	-	12,056	-	12,056
OPEB asset	9,957	5,583	7,495	23,035
Unrestricted	5,956,596	5,259,773	8,341,716	19,558,085
TOTAL NET POSITION	\$ 17,319,369	\$ 15,609,210	\$ 17,652,476	\$ 50,581,055

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, 2023

	Business-type Activities - Enterprise Funds			Total
	Water Fund	Wastewater Fund	Stormwater Fund	
OPERATING REVENUES:				
Charges for services	\$ 4,701,216	\$ 8,940,615	\$ 5,151,113	\$ 18,792,944
Intergovernmental	-	132,357	-	132,357
Miscellaneous	14,780	3,609	82,972	101,361
TOTAL OPERATING REVENUES	4,715,996	9,076,581	5,234,085	19,026,662
OPERATING EXPENSES:				
Salaries and wages	935,193	568,464	760,957	2,264,614
Materials and services	996,852	5,608,762	723,948	7,329,562
Depreciation	985,654	690,993	1,023,672	2,700,319
TOTAL OPERATING EXPENSES	2,917,699	6,868,219	2,508,577	12,294,495
OPERATING INCOME	1,798,297	2,208,362	2,725,508	6,732,167
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	278,578	238,746	262,236	779,560
Interest expense	-	(4,099)	-	(4,099)
TOTAL NONOPERATING REVENUES (EXPENSES)	278,578	234,647	262,236	775,461
Transfers to other funds	(1,573,500)	(1,455,000)	(1,424,500)	(4,453,000)
TRANSFERS	(1,573,500)	(1,455,000)	(1,424,500)	(4,453,000)
CHANGE IN NET POSITION	503,375	988,009	1,563,244	3,054,628
NET POSITION - beginning	16,815,994	14,621,201	16,089,232	47,526,427
NET POSITION - ending	\$ 17,319,369	\$ 15,609,210	\$ 17,652,476	\$ 50,581,055

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, 2023

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users of services	\$ 6,821,447	\$ 8,894,105	\$ 5,266,025	\$ 20,981,576
Payments to suppliers for goods and services	(976,468)	(6,152,802)	(826,268)	(7,955,538)
Payments to employees for services	(941,633)	(536,127)	(723,556)	(2,201,316)
NET CASH FROM OPERATING ACTIVITIES	<u>4,903,346</u>	<u>2,205,176</u>	<u>3,716,200</u>	<u>10,824,722</u>
CASH FLOWS TO NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(1,573,500)	(1,455,000)	(1,424,500)	(4,453,000)
NET CASH TO NONCAPITAL FINANCING ACTIVITIES	<u>(1,573,500)</u>	<u>(1,455,000)</u>	<u>(1,424,500)</u>	<u>(4,453,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital debt	-	(96,458)	-	(96,458)
Principal paid on subscription liabilities	-	-	(1,619)	(1,619)
Interest expense	-	(4,099)	-	(4,099)
Acquisition and construction of capital assets	(160,469)	(1,543,856)	(721,706)	(2,426,031)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(160,469)</u>	<u>(1,644,413)</u>	<u>(723,325)</u>	<u>(2,528,207)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Principal payments received on lease	19,075	-	-	19,075
Investment Income	278,578	238,746	262,236	779,560
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>297,653</u>	<u>238,746</u>	<u>262,236</u>	<u>798,635</u>
NET INCREASE IN CASH AND INVESTMENTS	3,467,030	(655,492)	1,830,611	4,642,150
CASH AND INVESTMENTS - beginning	<u>6,696,299</u>	<u>8,317,529</u>	<u>6,935,172</u>	<u>21,949,000</u>
CASH AND INVESTMENTS - ending	<u>\$ 10,163,329</u>	<u>\$ 7,662,038</u>	<u>\$ 8,765,783</u>	<u>\$ 26,591,150</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income	\$ 1,798,297	\$ 2,208,362	\$ 2,725,508	\$ 6,732,167
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation expense	985,654	690,993	1,023,672	2,700,319
(Increase) decrease in accounts receivable	(150,549)	(98,553)	31,940	(217,163)
(Increase) decrease in prepaid expenses	(2,117)	5,697	(3,150)	430
Increase (decrease) in accounts payable	24,755	(549,737)	(79,105)	(604,087)
Increase (decrease) in deposits payable	(2,254)	-	-	(2,254)
Increase (decrease) in accrued salaries and payroll taxes payable	(4,527)	(3,591)	(3,092)	(11,210)
Increase (decrease) in accrued compensated absences payable	4,287	5,123	2,328	11,738
Increase (decrease) in pension and related liabilities	(5,006)	31,474	18,998	45,466
Increase (decrease) in OPEB and related liabilities	(1,194)	(669)	(898)	(2,761)
Increase (decrease) in unearned revenue	2,256,000	(83,923)	-	2,172,077
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 4,903,346</u>	<u>\$ 2,205,176</u>	<u>\$ 3,716,200</u>	<u>\$ 10,824,722</u>

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



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CITY OF MILWAUKIE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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. The 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. The 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 and sales lease-back agreement and capital expenses related to the renovation of the building. This fund will be dissolved once the renovations are completed and city staff move in.
- *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.
- *Affordable Housing 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 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 leased assets, 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.

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 has 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, 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 less outstanding principal of related debt. 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. Additionally, the Employees Retirement Plan Pension Trust Fund invests in equity securities and mutual funds. Investments are stated at fair value.

As of June 30, 2023, the city's cash and investments were comprised of the following:

Cash on hand	\$	4,602
Deposits with financial institutions		5,148,061
Investments:		
Treasury Bill Investment		39,525,579
Oregon State Treasurer's LGIP		41,295,125
Total cash and investments	\$	<u>85,973,368</u>

	Government Activities	Business-type Activities	Total
Cash and investments	\$ 18,876,043	\$ 24,424,286	\$ 43,300,329
Restricted cash and investments	\$ 40,506,175	\$ 2,166,864	\$ 42,673,039
Total cash and investments	\$ 59,382,218	\$ 26,591,150	\$ 85,973,368

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 \$5,665,141 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, 2023, 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, 2023, were as follows:

Investment Type	Rating	Fair Value	Yield	Weighted Average
Treasury Note	Not rated	\$ 39,525,579	3.07%	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 and bonds are measured using level 2 inputs.

Note 3. Receivables

As of June 30, 2023, 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	\$ 4,418,973
Allowance for uncollectible accounts	(121,832)
Total accounts receivable	<u>\$ 4,297,141</u>
Accounts receivable - governmental activities	\$ 2,334,431
Accounts receivable - business-type activities	1,962,710
Total accounts receivable	<u>\$ 4,297,141</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	\$ 293,086	-
Municipal court collections receivable	398,446	-
Property taxes receivable	279,113	-
Assessment liens receivable	65,367	-
Bail Escrow	-	19,120
Lease rent receivable	5,740	-
Fees In lieu of construction	-	557,873
Seized cash	2,781	-
	\$ 1,044,533	\$ 576,993

Note 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance as of June 30, 2022	GASB 96 additions	Additions	Reductions and adjustments	Balance as of June 30, 2023
Governmental activities:					
Capital assets not being depreciated:					
Land and easements	\$ 6,216,125	\$ -	\$ 85,276	\$ 16,093	\$ 6,317,494
Construction in progress	2,759,690	-	5,942,934	(2,647,117)	6,055,507
Total capital assets not being depreciated	8,975,815	-	6,028,210	(2,631,024)	12,373,001
Capital assets being depreciated:					
Buildings and improvements	37,217,910	-	-	-	37,217,910
Vehicles and equipment	4,850,482	-	381,328	1,250	5,233,060
Furniture and fixtures	491,943	-	96,147	-	588,090
Infrastructure	77,930,417	-	-	2,629,774	80,560,191
Right-to-use assets - subscriptions	-	315,775	174,928	-	490,703
Right-to-use assets - leases	38,358	-	141,734	-	180,092
Total capital assets being depreciated	120,529,110	315,775	794,137	2,631,024	124,270,046
Less accumulated depreciation/amortization for:					
Buildings and improvements	(15,337,450)	-	(2,543,962)	-	(17,881,412)
Vehicles and equipment	(3,225,321)	-	(298,659)	-	(3,523,980)
Furniture and fixtures	(127,085)	-	(49,995)	-	(177,080)
Infrastructure	(42,762,794)	-	(4,386,708)	-	(47,149,502)
Right-to-use assets - subscriptions	-	-	(146,972)	-	(146,972)
Right-to-use assets - leases	(7,966)	-	(26,321)	-	(34,287)
Total accumulated depreciation	(61,460,616)	-	(7,452,617)	-	(68,913,233)
Total capital assets being depreciated, net	59,068,494	315,775	(6,658,480)	2,631,024	55,356,813
Total capital assets, net	\$ 68,044,309	\$ 315,775	\$ (630,270)	\$ -	\$ 67,729,814
Business type activities:					
Capital assets not being depreciated:					
Land and easements	\$ 1,204,142	\$ -	\$ -	\$ -	\$ 1,204,142
Construction in progress	3,116,283	-	2,252,549	(2,128,597)	3,240,235
Total capital assets not being depreciated	4,320,425	-	2,252,549	(2,128,597)	4,444,377
Capital assets being depreciated:					
Buildings and improvements	9,427,340	-	-	-	9,427,340
Vehicles and equipment	5,517,475	-	172,990	-	5,690,465
Infrastructure	44,156,531	-	-	2,128,422	46,284,953
Right-to-use assets - subscriptions	-	15,146	-	-	15,146
Total capital assets being depreciated	59,101,346	15,146	172,990	2,128,422	61,417,904
Less accumulated depreciation/amortization for:					
Buildings and improvements	(4,586,042)	-	(425,804)	-	(5,011,846)
Vehicles and equipment	(3,891,123)	-	(306,466)	-	(4,197,589)
Infrastructure	(22,912,395)	-	(1,967,383)	-	(24,879,778)
Right-to-use assets - subscriptions	-	-	(3,909)	-	(3,909)
Total accumulated depreciation	(31,389,560)	-	(2,703,562)	-	(34,093,122)
Total capital assets being depreciated, net	27,711,786	15,146	(2,530,572)	2,128,422	27,324,782
Total capital assets, net	\$ 32,032,211	\$ 15,146	\$ (278,023)	\$ (175)	\$ 31,769,159

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

	Governmental Activities	Business-type Activities	Total
General government	\$ 2,527,300	\$ -	\$ 2,527,300
Highways and streets	4,299,063	-	4,299,063
Public safety	227,518	-	227,518
Culture and recreation	398,736	-	398,736
Water	-	985,654	985,654
Wastewater	-	690,993	690,993
Stormwater	-	1,023,672	1,023,672
Depreciation expense	<u>\$ 7,452,617</u>	<u>\$ 2,700,319</u>	<u>\$ 10,152,936</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, 2023, 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
Governmental Funds:			
General	\$ 7,657,156	\$ 1,528,000	\$ 6,129,156
City Hall	500,000	252,000	248,000
Debt Service	560,000	-	560,000
Building	-	210,000	(210,000)
Construction Excise Tax	800,000	15,000	785,000
Library	-	789,156	(789,156)
Transportation	-	2,235,000	(2,235,000)
Milwaukie Redevelopment Commission	-	35,000	(35,000)
Total Governmental Funds	<u>\$ 9,517,156</u>	<u>\$ 5,064,156</u>	<u>\$ 4,453,000</u>
Proprietary Funds:			
Water	-	1,573,500	(1,573,500)
Wastewater	-	1,455,000	(1,455,000)
Stormwater	-	1,424,500	(1,424,500)
Total Proprietary Funds	<u>\$ -</u>	<u>\$ 4,453,000</u>	<u>\$ (4,453,000)</u>

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 leased the property at 11022 SE 37th Avenue. The term of the lease was one year, expiring in fiscal year 2023. Inflows of resources from this lease are recorded in the General Fund.

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.

The city leases the property at 10501 SE Main Street. The term of the lease is 2.5 years, expiring in the fiscal year 2023. Inflows of resources from this lease are recorded in the City Hall Fund.

Lease receivables on June 30, 2023, consisted of the following:

Governmental Activities	Outstanding June 30, 2022	Adjustments ¹	Additions	Reductions	Outstanding June 30, 2023
Facility lease, issued May 12, 2012, interest rate 4%, total annual principal and interest is \$3,000, due 2023	\$ 2,885	\$ (2,885)	\$ -	\$ -	\$ -
Facility lease, issued July 1, 2014, interest rate 4%, total annual principal and interest is \$6,001, due 2024	11,942	(466)	-	(5,652)	5,824
Facility lease, issued July 1, 2020, interest rate 4%, total annual principal and interest is \$504,000, due 2022	207,915	27,930	-	(235,845)	-
	\$ 222,742	\$ 24,579	\$ -	\$ (241,497)	\$ 5,824

Business Type Activities

The city leases space on the water tower on the property at 9790 SE 40th 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, 2023, consisted of the following:

Proprietary Activities	Outstanding June 30, 2022	Adjustments ¹	Additions	Reductions	Outstanding June 30, 2023
Facility lease, issued August 1, 2022, interest rate 4%, total annual principal and interest is \$36,000, due 2027	\$ -	\$ -	\$ 176,285	\$ (27,392)	\$ 148,893
	\$ -	\$ -	\$ 176,285	\$ (27,392)	\$ 148,893

¹ Adjustments were made to offset the FY2022 outstanding balance when leases were switched to a new software reporting system.

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.

Governmental Activities

The city has two leases with Quadient Leasing USA for folder inserter machines. The terms of the leases are five years each, expiring in the fiscal years 2024 and 2027. Outflows of resources for these leases are recorded in the General Fund.

The city has a lease with Quadient Leasing USA for a letter opener. The term of the lease is five years, expiring in the fiscal year 2026. Outflows of resources for this lease are recorded in the General Fund.

The city has two leases with Quadient Leasing USA for postage meter machines. The terms of the leases are five years each, expiring in the fiscal years 2027. Outflows of resources for this lease are recorded in the General Fund.

The city has a lease with Quadient Leasing USA for a postage meter machine. The term of the lease is three years, expiring in the fiscal year 2025. Outflows of resources for this lease are recorded in the General Fund.

The city has a lease with Pacific Office Automation for multi-purpose devices. The term of the lease is five years, expiring in fiscal year 2028. Outflows of resources for this lease are recorded in the General Fund.

	Outstanding June 30, 2022	Adjustments ¹	Additions	Reductions	Outstanding June 30, 2023
Folder inserter, issued June 20, 2019 interest rate 4%, total annual principal and interest is \$1,318, due 2024	\$ 5,947	\$ (3,426)	\$ -	\$ (1,235)	\$ 1,286
Letter opener, issued February 1, 2021, interest rate 4%, total annual principal and interest is \$711, due 2026	3,207	(897)	-	(627)	1,682
Folder inserter, issued August 9, 2021, interest rate 4%, total annual principal and interest is \$1,416, due 2026	6,644	(1,438)	-	(1,225)	3,982
Postage meter, issued October 27, 2021 interest rate 4%, total annual principal and interest is \$891, due 2026	4,020	(369)	-	(756)	2,895
Postage meter, issued November 2, 2021, interest rate 4%, total annual principal and interest \$2,679, due 2026	12,087	(1,109)	-	(2,272)	8,706
Postage meter, issued October 27, 2021, interest rate 4%, total annual principal and interest \$2,324, due 2024	6,539	(1,038)	-	(2,135)	3,366
Multi-purpose devices, issued November 15, 2022, interest rate 4%, total annual principal and interest \$31,776, due 2027	-	-	141,911	(12,866)	129,045
	\$ 38,443	\$ (8,276)	\$ 141,911	\$ (21,116)	\$ 150,962

¹ Adjustments were made to offset the FY2022 outstanding balance when leases were switched to a new software reporting system.

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.

Governmental Activities

The city has a subscription for body worn camera software. The term of the subscription ends in 2028. Outflow of resources for this subscription is recorded in the General Fund.

The city has a subscription for police records management software. The term of the subscription ends in 2025. Outflow of resources for this subscription is recorded in the General Fund.

The city has a subscription for budget software. The term of the subscription ends in 2025. The subscription ends in 2025. Outflow of resources for this subscription is recorded in the General Fund.

The city has a subscription for permitting and licensing software. The term of the subscription ends in 2027. Outflow of resources for this subscription is recorded in the General and Building Funds.

	Outstanding June 30, 2022	Additions	Reductions	Outstanding June 30, 2023
Body Worn Camera Software, issued January 11, 2023, interest rate 4%, total annual principal and interest \$19,236, due 2028	-	88,933	(19,236)	69,697
Police Records Management Software, issued January 1, 2023, interest rate 4%, average annual principal and interest \$29,969, due 2025	-	85,995	(27,486)	58,509
Budget Software, issued October 1, 2020, interest rate 4%, total annual principal and interest \$35,500, due 2025	100,333	-	(32,448)	67,884
Permitting & Licensing Software, issued March 17, 2022, interest rate 4%, average annual principal and interest \$29,838.41, due 2027	110,590	-	(24,030)	86,560
	\$ 210,923	\$ 174,928	\$ (103,200)	\$ 282,650

Business Type Activities

The city has a subscription for permitting and licensing software. The term of the subscription ends in 2027. Outflow of resources for this subscription is recorded in the Stormwater Fund.

	Outstanding June 30, 2022	Additions	Reductions	Outstanding June 30, 2023
Permitting & Licensing Software, issued March 17, 2022, interest rate 4%, average annual principal and interest \$3,315.38, due 2027	12,288	-	(2,670)	9,618
	\$ 12,288	\$ -	\$ (2,670)	\$ 9,618

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.

	Balance as of June 30, 2022	Additions	Reductions	Balance as of June 30, 2023	Due within one year
Government Activities					
2005 PERS Unfunded Actuarial Liability Bonds, interest rates of 4.0% to 5.5%, original amount of \$4,285,000, due 2028	\$ 2,345,000	\$ -	\$ (340,000)	\$ 2,005,000	\$ 380,000
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	352,535	-	(30,127)	322,408	30,346
2014 Full Faith and Credit Obligations for Milwaukie Bay Park enhancements, interest rate from 3-4%, original amount of \$965,000, due 2029	510,000	-	(65,000)	445,000	65,000
2020 Full Faith and Credit Obligations for Milwaukie City Hall, interest rates from 2-4%, original amount \$6,700,000 due 2040	6,135,000	-	(290,000)	5,845,000	290,000
2014 General Obligation Bonds for refinancing of Light-Rail enhancements, interest rate of 3-4%, original amount of \$3,695,000, due 2034	2,545,000	-	(170,000)	2,375,000	180,000
2016 General Obligation Bonds for Library expansion, interest rate of 2-4%, original amount of \$9,200,000, due 2036	6,910,000	-	(410,000)	6,500,000	420,000
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		23,531,600	(1,351,500)	22,180,100	804,700
Bond issuance premiums	834,916	-	(115,813)	719,103	115,813
Long-term debt obligations and premiums	36,857,451	23,531,600	(2,772,440)	57,616,611	2,285,859
Compensated absences	1,339,060	1,024,815	(1,021,800)	1,342,075	1,342,075
Governmental activities long-term liabilities	38,196,511	24,556,415	(3,794,240)	58,958,686	3,627,934
Business-Type Activities					
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	868,120	-	(96,458)	771,662	96,458
Compensated absences	124,133	201,638	(189,900)	135,871	135,871
Business-Type activities long-term liabilities	992,253	201,638	(286,358)	907,533	232,329
Total Long-Term Obligations	\$ 39,188,764	\$ 24,758,053	\$ (4,080,598)	\$ 59,866,219	\$ 3,860,263

Future maturities of principal and interest are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,285,859	\$ 2,053,271	\$ 96,458	\$ 3,250	\$ 2,382,317	\$ 2,056,521
2025	2,320,351	1,974,599	96,458	2,750	2,416,809	1,977,349
2026	2,438,693	1,887,281	96,458	2,250	2,535,151	1,889,531
2027	2,548,348	1,795,882	96,458	1,750	2,644,806	1,797,632
2028	2,334,413	1,704,112	385,830	2,250	2,720,243	1,706,362
2029-2033	11,152,525	6,225,949	-	-	11,152,525	6,225,949
2034-2038	10,371,522	5,958,997	-	-	10,371,522	5,958,997
2039-2043	9,564,900	4,191,946	-	-	9,564,900	4,191,946
2044-2048	14,600,000	2,242,188	-	-	14,600,000	2,242,188
Total	\$ 57,616,611	\$ 28,034,225	\$ 771,662	\$ 12,250	\$ 58,388,273	\$ 28,046,475

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 compliant with these terms as of the end of fiscal year 2023.

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 \$225,533 as of January 1, 2023 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 \$225,533 as of January 1, 2023 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, 2019 actuarial valuation, which became effective July 1, 2021. 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, 2023 were 23.32 percent for OPERS and 16.70 percent for OPSRP – general employees, and 21.06 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, 2023, were approximately \$2,302,163.

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, 2023, the city reported a liability of \$17,500,910 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2022, 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, 2023 and 2022, the city's proportion was 0.11429534% and 0.10893946%, respectively. For the year ended June 30, 2023, the city recognized pension expense of \$2,323,928 for the defined benefit portion of the pension plan. At June 30, 2023, 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	\$ 849,528	\$ 109,139
Changes in assumptions	2,745,987	25,087
Net difference between projected and actual earnings on pension plan investments	-	3,128,824
Changes in proportion and differences between Milwaukie contributions and proportionate share of contributions	1,301,451	-
Differences between employer contributions and proportionate share of contributions		2,492,081
City contributions subsequent to the measurement date	2,302,163	-
Total	\$ 7,199,129	\$ 5,755,131

The deferred outflow of resources of \$2,302,163 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (108,102)
2024	(499,352)
2025	(1,435,590)
2026	1,286,065
2027	(101,186)
Total	\$ (858,165)

Actuarial Assumptions. The employer contribution rates effective July 1, 2021 through June 30, 2023 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, 2020
- Measurement Date June 30, 2022
- 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

- Mortality

(1.25%/0.15%) in accordance with Moro decision; blend based on service.

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:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability (asset)	\$ 31,036,349	\$ 17,500,910	\$ 6,172,372

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 % ²
	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 ¹	0.00	5.0	0	2.5
			100%	100%

¹ Opportunity Portfolio is an investment strategy. Up to 5% of total Funds assets may be invested in it.

² The Target allocation of Debt Securities is increased by 5% and Public Equity is reduced by 2.5% from FY2022, and the allocation to Risk Parity is eliminated.

Asset Class	Target Allocation	Annual Arithmetic Return ²	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%

Payable to OPERS. At June 30, 2023, the city owed \$122,010 to OPERS for defined benefit contributions. This amount represents legally required contributions to the plan for services incurred in the current fiscal year.

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 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 our 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 \$704,017 for the year ended June 30, 2023.

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:

	Implicit Rate Subsidy	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 219,794	\$ 219,794
Deferred Outflows of Resources			
Change in Assumptions	14,613	1,721	16,334
Difference in Expected and Actual Experience	139,654	-	139,654
Contributions After MD	59,755	1,301	61,056
Net OPEB Liability	<u>(730,887)</u>	<u>-</u>	<u>(730,887)</u>
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(149,129)	(5,956)	(155,085)
Difference in Earnings	-	(16,762)	(16,762)
Change in Assumptions	(193,389)	(7,326)	(200,715)
Change in Proportionate Share	-	(5,020)	(5,020)
OPEB Expense/(Income)*	<u>\$ 52,467</u>	<u>\$ (17,751)</u>	<u>\$ 34,716</u>

*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, 2023, 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.

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.

Net OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB. The city's net OPEB liability of \$730,887 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2022.

The city recognized OPEB expense from this plan of \$52,467 for the year ended June 30, 2023. Additionally, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 139,654	\$ 149,129
Changes of assumptions	<u>14,613</u>	<u>193,389</u>
Total (prior to post-MD contributions)	154,267	342,518
Contributions subsequent to the MD	<u>59,755</u>	<u>-</u>
Total	<u>\$ 214,022</u>	<u>\$ 342,518</u>

The city's contributions subsequent to the measurement date of \$59,755 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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>	
2024	\$ (32,430)
2025	(32,430)
2026	(32,430)
2027	(20,967)
2028	(4,568)
Thereafter	<u>(65,426)</u>
Total	<u>\$ (188,251)</u>

Actuarial Assumptions and Other Inputs. The net 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 3.54%
 - 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 Net OPEB Liability:

	Increase (Decrease) Net OPEB Liability
Net OPEB liability, June 30, 2022	\$ 944,921
Service cost	63,736
Interest on net OPEB liability	21,161
Effect of economic/demographic gain/loss	(139,301)
Effect of Changes of Assumptions	(101,314)
Benefit payments	(58,316)
Net OPEB liability, June 30, 2023	\$ 730,887

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the city's net OPEB liability calculated using the discount rate of 3.54%, 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 (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB Liability	\$ 787,744	\$ 730,887	\$ 677,973

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the city's net 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
Net OPEB Liability	\$ 655,419	\$ 730,887	\$ 820,047

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, 2020 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. 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 \$1,301 for the fiscal year ended June 30, 2023.

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the city reported an asset of \$219,794 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2022. 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, 2022, the city's proportionate share was 0.06185538%, which is an increase from its proportion of 0.00025158% from prior fiscal year.

For the year ended June 30, 2023, the city recognized OPEB expense from this plan of \$17,751. At June 30, 2023, the city reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 5,956
Changes of assumptions	1,721	7,326
Net difference between projected and actual earnings on investments	-	16,762
Changes in proportionate share	-	5,020
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	1,721	35,064
Contributions subsequent to the MD	1,301	-
Total	\$ 3,022	\$ 35,064

Deferred outflows of resources to OPEB of \$1,301 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>		
2024	\$	(17,802)
2025	\$	(10,331)
2026	\$	(10,578)
2027	\$	5,368
2028	\$	-
Total	\$	(33,343)

Actuarial Methods and Assumptions

The net OPEB liability in the December 31, 2019 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	\$ (198,096)	\$ (219,794)	\$ (238,394)

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, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2022 measurement period that require disclosure.

Note 13. Fund Balance Classification

Governmental fund balances were classified as follows as of June 30, 2023:

	General Fund	Transportation Fund	Milwaukie Redevelopment Commission	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid expenditures	\$ 285,127	\$ -	\$ -	\$ 10,395	\$ 295,522
Restricted					
Public safety supplies	105,749	-	-	-	105,749
Infrastructure	-	-	-	5,511,549	5,511,549
Building services	-	-	-	4,550,351	4,550,351
Urban revitalization	-	-	6,665,046	-	6,665,046
Library services	783,887	-	-	-	783,887
Transportation	-	26,866,632	-	-	26,866,632
Debt service	-	-	-	242,786	242,786
	<u>889,636</u>	<u>26,866,632</u>	<u>6,665,046</u>	<u>10,304,686</u>	<u>44,726,000</u>
Assigned					
City Hall remodel	-	-	-	585,614	585,614
Unassigned	12,483,100	-	-	-	12,483,100
Total fund balance	<u>\$ 13,657,863</u>	<u>\$ 26,866,632</u>	<u>\$ 6,665,046</u>	<u>\$ 10,900,695</u>	<u>\$ 58,090,236</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.

Milwaukie Redevelopment Commission (MRC) – As of June 30, 2023, the city owes the MRC \$378,412 to complete the February 14, 2023 Bond issuance. These funds will be transferred in fiscal year 2024.

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, 2023	Remaining Costs	Contract Expiration
Home & Wood Avenue improvements	\$ 3,187,182	\$ 2,943,897	\$ 243,285	June 2024
Well #2 relocation and construction	586,565	557,237	29,328	July 2023
Washington Street area improvements	799,948	744,581	55,367	December 2023
Wastewater system improvements	782,272	690,831	91,441	January 2024
New city hall tenant improvements	1,663,656	1,036,547	627,109	February 2024
King Road improvements	943,210	97,649	845,561	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

The citizens 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 abatements is approximately \$56,974 for the city and \$2,594 for Urban Renewal.

The city enters into property tax abatement agreements with local businesses under the state Low Income Housing Program, authorized by ORS 307.540, administered by Oregon Housing and Community Services, authorized by ORS 456.555 and OAR 813-013. The purpose of the program is to encourage investment in low-income housing 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 (or zones) designated by local jurisdictions. For the current year, the abatement is approximately \$4,180 for the city and \$235 for Urban Renewal.

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 approximately \$2,442 the city and \$137 for Urban Renewal.

Note 18. New Pronouncements

During the fiscal year ended June 30, 2023, the city implemented the following GASB pronouncements:

- *GASB Statement No. 91, Conduit Debt Obligations.* This statement establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improves required note disclosures.
- *GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Arrangements with contracts to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or capital asset for a period.
- *GASB Statement No. 96, Subscription-based Information Technology Arrangements.* This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs; and requires note disclosures regarding a SBITA.

Note 19. Prior Period Adjustment

An adjustment of \$106,249 is to account for a common two-month lag with receiving funds from ODOT for State Gas Tax. The delay would technically not have any impact on when the revenue is recognized by the city, as the period in which the revenue is attributed is reflected from the period from which ODOT collects funds, not the period from when ODOT distributes funds. This impacts the Transportation Fund and Governmental Activities.



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REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Revenues, Expenditures and Changes in
Fund Balances – Budget and Actual

Schedule of Net OPEB Liability

Schedule of Changes in Net 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, 2023

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2022-23	Total	
REVENUES:					
Property taxes	\$ 19,507,000	\$ 19,507,000	\$ 9,708,081	\$ 9,708,081	\$ (9,798,919)
Franchise taxes	4,885,000	4,885,000	2,446,520	2,446,520	(2,438,480)
Intergovernmental	9,529,000	9,533,000	3,313,197	3,313,197	(6,219,803)
Fines and forfeitures	816,000	816,000	459,721	459,721	(356,279)
Licenses and permits	1,231,000	1,231,000	594,306	594,306	(636,694)
Investment earnings	214,000	214,000	356,389	356,389	142,389
Miscellaneous	351,000	351,000	230,635	230,635	(120,365)
TOTAL REVENUES	36,533,000	36,537,000	17,108,849	17,108,849	(19,428,151)
EXPENDITURES:					
City Council	291,000	291,000	125,315	125,315	165,685
City Manager	3,504,000	3,504,000	1,555,526	1,555,526	1,948,474
City Attorney	744,000	744,000	331,497	331,497	412,503
Community Development	2,298,000	2,001,000	733,357	733,357	1,267,643
Public Works Administration	6,485,000	6,460,000	1,494,979	1,494,979	4,965,021
Engineering Services	4,098,000	4,098,000	1,716,379	1,716,379	2,381,621
Facilities Management	4,901,000	4,901,000	2,038,297	2,038,297	2,862,703
Finance	3,111,000	3,020,000	1,387,263	1,387,263	1,632,737
Fleet Services	1,454,000	1,454,000	646,898	646,898	807,102
Human Resources	900,000	900,000	449,505	449,505	450,495
Information Technology	3,147,000	3,099,000	1,309,581	1,309,581	1,789,419
Library	4,474,000	4,478,000	2,102,929	2,102,929	2,375,071
Municipal Court	279,000	279,000	123,225	123,225	155,775
Planning	1,905,000	1,905,000	839,397	839,397	1,065,603
Code Enforcement	713,000	713,000	338,924	338,924	374,076
Public, Education and Government	206,000	206,000	137,507	137,507	68,493
City Recorder	1,085,000	1,085,000	493,998	493,998	591,002
Police	15,712,000	16,148,000	7,850,358	7,850,358	8,297,642
Nondepartmental					
General Services	2,233,000	2,303,000	1,048,663	1,048,663	1,254,337
Contingency	2,050,000	2,050,000	-	-	2,050,000
TOTAL EXPENDITURES	59,590,000	59,639,000	24,723,598	24,723,598	34,915,402
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,057,000)	(23,102,000)	(7,614,749)	(7,614,749)	(15,487,251)
OTHER FINANCING SOURCES (USES):					
Proceeds from Lease financing	-	-	141,911	141,911	141,911
Proceed from SBITA financing	-	-	174,928	174,928	174,928
Proceed from sale of capital asset	-	-	6,300	6,300	6,300
Transfers from other funds	13,740,000	13,785,000	7,657,156	7,657,156	(6,127,844)
Transfers to other funds	(1,756,000)	(1,756,000)	(1,528,000)	(1,528,000)	228,000
TOTAL OTHER FINANCING SOURCES (USES)	11,984,000	12,029,000	6,452,295	6,452,295	(5,576,705)
NET CHANGE IN FUND BALANCES	(11,073,000)	(11,073,000)	(1,162,454)	(1,162,454)	9,910,546
FUND BALANCES - beginning	16,151,000	16,151,000	14,820,317	14,820,317	(1,330,683)
FUND BALANCES - ending	\$ 5,078,000	\$ 5,078,000	\$ 13,657,863	\$ 13,657,863	\$ 8,579,863

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, 2023

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2022-23	Total	
REVENUES:					
Intergovernmental	\$ 6,118,000	\$ 6,118,000	\$ 2,233,677	\$ 2,233,677	\$ (3,884,323)
Charges for services	4,837,000	4,837,000	2,287,808	2,287,808	(2,549,192)
Franchise fees	2,927,000	2,927,000	1,462,638	1,462,638	(1,464,362)
Investment earnings	260,000	260,000	777,775	777,775	517,775
Miscellaneous	65,000	65,000	23,598	23,598	(41,402)
TOTAL REVENUES	14,207,000	14,207,000	6,785,496	6,785,496	(7,421,504)
EXPENDITURES:					
Personnel services	1,364,000	1,364,000	665,780	665,780	698,220
Materials and services	1,550,000	1,550,000	606,566	606,566	943,434
Debt service	3,394,000	3,394,000	1,948,133	1,948,133	1,445,867
Capital outlay	19,638,000	19,638,000	3,154,761	3,154,761	16,483,239
Contingency	1,210,000	1,210,000	-	-	1,210,000
TOTAL EXPENDITURES	27,156,000	27,156,000	6,375,240	6,375,240	20,780,760
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,949,000)	(12,949,000)	410,256	410,256	(28,202,264)
OTHER FINANCING SOURCES (USES):					
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)	(4,490,000)	(2,235,000)	(2,235,000)	(2,255,000)
TOTAL OTHER FINANCING SOURCES (USES)	16,510,000	16,510,000	16,244,500	16,244,500	265,500
NET CHANGE IN FUND BALANCES	3,561,000	3,561,000	16,654,756	16,654,756	13,093,756
FUND BALANCES - beginning	10,191,000	10,191,000	10,318,125	10,318,125	127,125
Prior Period Adjustment	-	-	(106,249)	(106,249)	(106,249)
FUND BALANCES - beginning	10,191,000	10,191,000	10,211,876	10,211,876	20,876
FUND BALANCES - ending	\$ 13,752,000	\$ 13,752,000	\$ 26,866,632	\$ 26,866,632	\$ 13,114,632

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, 2023

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2022-23	Total	
REVENUES:					
Property taxes	\$ 1,753,000	\$ 1,753,000	\$ 590,430	\$ 590,430	\$ (1,162,570)
Investment earnings	10,000	10,000	153,859	153,859	143,859
Miscellaneous	-	-	1,068	1,068	1,068
TOTAL REVENUES	1,763,000	1,763,000	745,357	745,357	(1,017,643)
EXPENDITURES:					
Materials and services	100,000	100,000	24,867	24,867	75,133
Debt service	1,044,000	1,044,000	357,403	357,403	686,597
Capital outlay	5,332,000	5,332,000	206,478	206,478	5,125,522
Contingency	42,000	42,000	-	-	42,000
TOTAL EXPENDITURES	6,518,000	6,518,000	588,748	588,748	5,929,252
EXCESS OF REVENUES OVER EXPENDITURES	(4,755,000)	(4,755,000)	156,609	156,609	4,911,609
OTHER FINANCING SOURCES (USES):					
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)	35,000
TOTAL OTHER FINANCING SOURCES (USES)	6,430,000	6,430,000	5,017,100	5,017,100	(1,412,900)
NET CHANGE IN FUND BALANCES	1,675,000	1,675,000	5,173,709	5,173,709	3,498,709
FUND BALANCES - beginning	1,620,000	1,620,000	1,491,337	1,491,337	(128,663)
FUND BALANCES - ending	\$ 3,295,000	\$ 3,295,000	\$ 6,665,046	\$ 6,665,046	\$ 3,370,046

CITY OF MILWAUKIE, OREGON

SCHEDULE OF THE CITY'S OPEB LIABILITY AND CHANGES IN OPEB LIABILITY

FOR THE LAST TEN YEARS

SCHEDULE OF OPEB LIABILITY (TOL)

Measurement Date	City's Total OPEB liability	City's employee covered payroll	TOL as a percentage of covered payroll
Ending June 30,			
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	8.8%
2016 ¹	-	-	-
2015 ¹	-	-	-
2014 ¹	-	-	-
2013 ¹	-	-	-

SCHEDULE OF CHANGES IN 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,							
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	843,871	59,530	25,046	(49,572)	-	(52,915)	825,960
2016 ¹	-	-	-	-	-	-	-
2015 ¹	-	-	-	-	-	-	-
2014 ¹	-	-	-	-	-	-	-
2013 ¹	-	-	-	-	-	-	-

¹ 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, 2023

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	City's proportionate share of the net OPEB liability (asset) as a percentage	Plan fiduciary net position as a percentage of the total OPEB liability
2022	-0.06185538%	\$ (219,794)	\$ 11,051,980	-1.99%	194.6%
2021	-0.06160380%	(211,548)	11,647,433	-1.82%	183.9%
2020	-0.05242193%	(106,815)	11,377,967	-0.94%	150.1%
2019	-0.09821427%	(189,175)	10,798,700	-1.75%	144.4%
2018	-0.09505729%	(106,110)	9,921,800	-1.07%	124.0%
2017	-0.00967439%	(39,733)	9,351,333	-0.42%	108.9%
2016 ¹	0.00000000%	-	-	0.00%	0.0%
2015 ¹	0.00000000%	-	-	0.00%	0.0%
2014 ¹	0.00000000%	-	-	0.00%	0.0%
2013 ¹	0.00000000%	-	-	0.00%	0.0%

**CITY'S PROPORTIONATE SHARE OF THE OREGON PUBLIC EMPLOYEE RETIREMENT
PENSION PLAN (OPERS) NET PENSION LIABILITY (ASSET)**

Measurement ¹ Date June 30,	City's ² proportion of the net pension liability (asset)	City's ² 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)
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%

¹ Actuarial information not available.

² Actuarial information provided by OPERS actuary.

CITY OF MILWAUKIE, OREGON

SCHEDULE OF THE CITY'S CONTRIBUTIONS

JUNE 30, 2023

SCHEDULE OF CITY'S OPEB RHIA PLAN CONTRIBUTIONS²

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
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 ²	45,543	45,543	-	8,793,003	0.00%
2015 ²	47,003	47,003	-	8,468,557	0.00%
2014 ¹	-	-	-	-	0.00%

**SCHEDULE OF CITY'S OREGON PUBLIC EMPLOYEE RETIREMENT PENSION PLAN (OPERS)
CONTRIBUTIONS²**

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
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%
2014	774,851	860,200	(85,349)	8,611,274	10.0%

¹ Information not available.

² Actuarial information provided by OPERS actuary.

CITY OF MILWAUKIE, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR FISCAL YEAR ENDED JUNE 30, 2023

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 citizens 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 citizens' 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.

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 will be 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.

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 net 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.

- 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 6.0% per year.
- General Inflation – general inflation decreased to 2.5%.

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, 2023

	Capital Projects		Special Revenue			Debt Service	Total Non-Major Funds
	Systems Development Charges	City Hall	Building	Library	Construction Excise Tax	Debt Service	
ASSETS:							
Cash and investments	\$ -	\$ 952,197	\$ -	\$ -	\$ -	\$ -	\$ 952,197
Restricted cash and investments	2,509,181	-	4,665,599	-	3,080,782	242,786	10,498,348
Property taxes receivable	-	-	-	-	-	-	-
Prepaid expenditures	-	-	10,395	-	-	-	10,395
TOTAL ASSETS	\$ 2,509,181	\$ 952,197	\$ 4,675,994	\$ -	\$ 3,080,782	\$ 242,786	\$ 11,460,940
LIABILITIES:							
Accounts payable	\$ 24,004	\$ 366,583	\$ 105,792	\$ -	\$ 54,410	\$ -	\$ 550,789
Accrued salaries and payroll taxes	-	-	9,456	-	-	-	9,456
TOTAL LIABILITIES	24,004	366,583	115,248	-	54,410	-	560,245
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	24,004	366,583	115,248	-	54,410	-	560,245
FUND BALANCES:							
Nonspendable	-	-	10,395	-	-	-	10,395
Restricted	2,485,177	-	4,550,351	-	3,026,372	242,786	10,304,686
Assigned	-	585,614	-	-	-	-	585,614
TOTAL FUND BALANCES	2,485,177	585,614	4,560,746	-	3,026,372	242,786	10,900,695
TOTAL LIABILITIES, DEFERRRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 2,509,181	\$ 952,197	\$ 4,675,994	\$ -	\$ 3,080,782	\$ 242,786	\$ 11,460,940

CITY OF MILWAUKIE, OREGON

NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Capital Projects		Special Revenue			Debt Service	Total Non-Major Funds
	Systems Development Charges	City Hall	Building	Library	Construction Excise Tax	Debt Service	
REVENUES:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 860,000	\$ 860,000
Intergovernmental	-	-	-	-	-	168,200	168,200
Licenses and permits	-	-	1,918,350	-	-	-	1,918,350
Lease revenue	-	203,831	-	-	-	-	203,831
Systems development charges	261,838	-	-	-	925,085	-	1,186,923
Investment earnings	68,466	90,860	120,310	-	60,070	23,745	363,451
Miscellaneous	2,986	-	2,738	-	38,772	-	44,496
TOTAL REVENUES	333,290	294,691	2,041,398	-	1,023,927	1,051,945	4,745,251
EXPENDITURES:							
Personnel services	-	163,512	417,777	-	-	-	581,289
Materials and services	10,611	-	321,990	-	50,000	-	382,601
Debt service:							
Principal	-	-	-	-	-	935,000	935,000
Interest	-	-	-	-	-	442,967	442,967
Capital outlay	113,746	1,472,270	-	-	-	-	1,586,016
TOTAL EXPENDITURES	124,357	1,635,782	739,767	-	50,000	1,377,967	3,927,873
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	208,933	(1,341,091)	1,301,631	-	973,927	(326,022)	817,378
OTHER FINANCING SOURCES (USES):							
Proceeds from debt	-	-	-	-	-	-	-
Transfers to other funds	-	(252,000)	(210,000)	(789,156)	(15,000)	-	(1,266,156)
Transfers from other funds	-	500,000	-	-	800,000	560,000	1,860,000
TOTAL OTHER FINANCING SOURCES (USES)	-	248,000	(210,000)	(789,156)	785,000	560,000	593,844
NET CHANGE IN FUND BALANCES	208,933	(1,093,091)	1,091,631	(789,156)	1,758,927	233,978	1,411,222
FUND BALANCES - beginning	2,276,244	1,678,705	3,469,115	789,156	1,267,445	8,808	9,489,473
FUND BALANCES - ending	\$ 2,485,177	\$ 585,614	4,560,746	\$ -	\$ 3,026,372	\$ 242,786	\$ 10,900,695

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, 2023

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2022-23	Total	
REVENUES:					
Systems development charges	\$ 1,396,000	\$ 1,396,000	\$ 261,838	\$ 261,838	\$ (1,134,162)
Intergovernmental	250,000	250,000	-	-	(250,000)
Investment earnings	10,000	10,000	68,466	68,466	58,466
Miscellaneous	-	-	2,986	2,986	2,986
TOTAL REVENUES	<u>1,656,000</u>	<u>1,656,000</u>	<u>333,290</u>	<u>333,290</u>	<u>(1,322,710)</u>
EXPENDITURES:					
Materials and services	550,000	550,000	10,611	10,611	539,389
Capital outlay	1,560,000	1,560,000	113,746	113,746	1,446,254
Contingency	130,000	130,000	-	-	130,000
TOTAL EXPENDITURES	<u>2,240,000</u>	<u>2,240,000</u>	<u>124,357</u>	<u>124,357</u>	<u>2,115,643</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(584,000)</u>	<u>(584,000)</u>	<u>208,933</u>	<u>208,933</u>	<u>792,933</u>
NET CHANGE IN FUND BALANCES	<u>(584,000)</u>	<u>(584,000)</u>	<u>208,933</u>	<u>208,933</u>	<u>792,933</u>
FUND BALANCES - beginning	<u>2,152,000</u>	<u>2,152,000</u>	<u>2,276,244</u>	<u>2,276,244</u>	<u>124,244</u>
FUND BALANCES - ending	<u>\$ 1,568,000</u>	<u>\$ 1,568,000</u>	<u>\$ 2,485,177</u>	<u>\$ 2,485,177</u>	<u>\$ 917,177</u>

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, 2023

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2022-23	Total	
REVENUES:					
Leases and rents	\$ 757,000	\$ 827,000	\$ 203,831	\$ 203,831	\$ (623,169)
Investment earnings	-	-	90,860	90,860	90,860
Miscellaneous revenue	-	250,000	-	-	(250,000)
TOTAL REVENUES	<u>757,000</u>	<u>1,077,000</u>	<u>294,691</u>	<u>294,691</u>	<u>(782,309)</u>
EXPENDITURES:					
Materials and services	200,000	200,000	163,512	163,512	36,488
Construction in process	2,013,000	2,304,000	1,472,270	1,472,270	831,730
TOTAL EXPENDITURES	<u>2,213,000</u>	<u>2,504,000</u>	<u>1,635,782</u>	<u>1,635,782</u>	<u>868,218</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,456,000)</u>	<u>(1,427,000)</u>	<u>(1,341,091)</u>	<u>(1,341,091)</u>	<u>85,909</u>
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	-	-	500,000	500,000	500,000
Transfers to other funds	(252,000)	(252,000)	(252,000)	(252,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(252,000)</u>	<u>(252,000)</u>	<u>248,000</u>	<u>248,000</u>	<u>500,000</u>
NET CHANGE IN FUND BALANCES	<u>(1,708,000)</u>	<u>(1,679,000)</u>	<u>(1,093,091)</u>	<u>(1,093,091)</u>	<u>585,909</u>
FUND BALANCES - beginning	<u>1,708,000</u>	<u>1,708,000</u>	<u>1,678,705</u>	<u>1,678,705</u>	<u>(29,295)</u>
FUND BALANCES - ending	<u>\$ -</u>	<u>\$ 29,000</u>	<u>\$ 585,614</u>	<u>\$ 585,614</u>	<u>\$ 556,614</u>

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, 2023

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2022-23	Total	
REVENUES:					
Fees, licenses and permits	\$ 1,667,000	\$ 1,667,000	\$ 1,918,350	\$ 1,918,350	\$ 251,350
Investment earnings	30,000	30,000	120,310	120,310	90,310
Miscellaneous	-	-	2,738	2,738	2,738
TOTAL REVENUES	<u>1,697,000</u>	<u>1,697,000</u>	<u>2,041,398</u>	<u>2,041,398</u>	<u>344,398</u>
EXPENDITURES:					
Personnel services	948,000	948,000	417,777	417,777	530,223
Materials and services	344,000	344,000	321,990	321,990	22,010
Contingency	400,000	400,000	-	-	400,000
TOTAL EXPENDITURES	<u>1,692,000</u>	<u>1,692,000</u>	<u>739,767</u>	<u>739,767</u>	<u>952,233</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>1,301,631</u>	<u>1,301,631</u>	<u>1,296,631</u>
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	<u>(420,000)</u>	<u>(420,000)</u>	<u>(210,000)</u>	<u>(210,000)</u>	<u>210,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(420,000)</u>	<u>(420,000)</u>	<u>(210,000)</u>	<u>(210,000)</u>	<u>210,000</u>
NET CHANGE IN FUND BALANCES	<u>(415,000)</u>	<u>(415,000)</u>	<u>1,091,631</u>	<u>1,091,631</u>	<u>1,506,631</u>
FUND BALANCES - beginning	<u>3,586,000</u>	<u>3,586,000</u>	<u>3,469,115</u>	<u>3,469,115</u>	<u>(116,885)</u>
FUND BALANCES - ending	<u>\$ 3,171,000</u>	<u>\$ 3,171,000</u>	<u>\$ 4,560,746</u>	<u>\$ 4,560,746</u>	<u>\$ 1,389,746</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, 2023

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2022-23	Total	
REVENUES:					
Excise tax	\$ 644,000	\$ 1,444,000	\$ 925,085	\$ 925,085	\$ (518,915)
Investment earnings	11,000	11,000	60,070	60,070	49,070
Miscellaneous	28,000	28,000	38,772	38,772	10,772
TOTAL REVENUES	683,000	1,483,000	1,023,927	1,023,927	(459,073)
EXPENDITURES:					
Materials and services	1,224,000	2,124,000	50,000	50,000	2,074,000
Contingency	122,000	22,000	-	-	22,000
TOTAL EXPENDITURES	1,346,000	2,146,000	50,000	50,000	2,096,000
EXCESS OF REVENUES OVER EXPENDITURES	(663,000)	(663,000)	973,927	973,927	1,636,927
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	800,000	800,000	800,000	800,000	-
Transfers to other funds	(30,000)	(30,000)	(15,000)	(15,000)	15,000
TOTAL OTHER FINANCING SOURCES (USES)	770,000	770,000	785,000	785,000	15,000
NET CHANGE IN FUND BALANCES	107,000	107,000	1,758,927	1,758,927	1,651,927
FUND BALANCES - beginning	950,000	950,000	1,267,445	1,267,445	317,445
FUND BALANCES - ending	\$ 1,057,000	\$ 1,057,000	\$ 3,026,372	\$ 3,026,372	\$ 1,969,372

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, 2023

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2022-23	Total	
REVENUES:					
Property taxes	\$ 1,720,000	\$ 1,720,000	\$ 860,000	\$ 860,000	\$ (860,000)
Intergovernmental	168,000	168,000	168,200	168,200	200
Investment earnings	-	-	23,745	23,745	23,745
TOTAL REVENUES	<u>1,888,000</u>	<u>1,888,000</u>	<u>1,051,945</u>	<u>1,051,945</u>	<u>(836,055)</u>
EXPENDITURES:					
Debt service:					
Principal	1,890,000	1,890,000	935,000	935,000	(955,000)
Interest	864,000	864,000	442,967	442,967	(421,033)
TOTAL EXPENDITURES	<u>2,754,000</u>	<u>2,754,000</u>	<u>1,377,967</u>	<u>1,377,967</u>	<u>(1,376,033)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(866,000)</u>	<u>(866,000)</u>	<u>(326,022)</u>	<u>(326,022)</u>	<u>539,978</u>
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	868,000	868,000	560,000	560,000	(308,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>868,000</u>	<u>868,000</u>	<u>560,000</u>	<u>560,000</u>	<u>(308,000)</u>
NET CHANGE IN FUND BALANCES	2,000	2,000	233,978	233,978	231,978
FUND BALANCES - beginning	<u>9,000</u>	<u>9,000</u>	<u>8,808</u>	<u>8,808</u>	<u>(192)</u>
FUND BALANCES - ending	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 242,786</u>	<u>\$ 242,786</u>	<u>\$ 231,786</u>

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, 2023

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2022-23	Total	
REVENUES:					
Water charges	\$ 10,209,000	\$ 10,209,000	\$ 4,690,291	\$ 4,690,291	\$ (5,518,709)
Reimbursement fees	200,000	200,000	10,925	10,925	(189,075)
Intergovernmental	2,256,000	2,279,000	-	-	(2,279,000)
Investment earnings	40,000	40,000	278,578	278,578	238,578
Miscellaneous	74,000	74,000	14,780	14,780	(59,220)
TOTAL REVENUES	12,779,000	12,802,000	4,994,574	4,994,574	(7,807,426)
EXPENDITURES:					
Personnel services	1,972,000	1,972,000	945,716	945,716	1,026,284
Materials and services	2,433,000	2,433,000	996,852	996,852	1,436,148
Capital outlay	7,371,000	7,371,000	156,150	156,150	7,214,850
Contingency	650,000	650,000	-	-	650,000
TOTAL EXPENDITURES	12,426,000	12,426,000	2,098,718	2,098,718	10,327,282
EXCESS OF REVENUES OVER EXPENDITURES	353,000	376,000	2,895,856	2,895,856	2,519,856
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(3,160,000)	(3,183,000)	(1,573,500)	(1,573,500)	1,609,500
TOTAL OTHER FINANCING SOURCES (USES)	(3,160,000)	(3,183,000)	(1,573,500)	(1,573,500)	1,609,500
NET CHANGE IN FUND BALANCES	(2,807,000)	(2,807,000)	1,322,356	1,322,356	4,129,356
FUND BALANCES - beginning	7,359,000	7,359,000	5,394,998	5,394,998	(1,964,002)
FUND BALANCES - ending	\$ 4,552,000	\$ 4,552,000	6,717,354	\$ 6,717,354	\$ 2,165,354

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
Capital assets, net of accumulated depreciation	10,174,289
Net OPEB asset accrual	9,957
Total OPEB liability accrual	(33,109)
Net pension liability accrual	(785,160)
Deferred outflows of resources (pension & OPEB)	332,813
Deferred inflows of resources (pension & OPEB)	(275,302)
NET POSITION - GAAP BASIS, ending	\$ 17,319,369

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, 2023

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2022-23	Total	
REVENUES:					
Wastewater charges	\$ 17,859,000	\$ 17,859,000	\$ 8,751,015	\$ 8,751,015	\$ (9,107,985)
Reimbursement fees	86,000	86,000	189,600	189,600	103,600
Intergovernmental	1,733,000	1,755,000	132,357	132,357	(1,622,643)
Investment Earnings	50,000	50,000	238,746	238,746	188,746
Miscellaneous	26,000	26,000	3,609	3,609	(22,391)
TOTAL REVENUES	19,754,000	19,776,000	9,315,327	9,315,327	(10,460,673)
EXPENDITURES:					
Personnel services	1,092,000	1,092,000	536,182	536,182	555,818
Materials and services	12,370,000	12,370,000	5,608,762	5,608,762	6,761,238
Debt service	202,000	202,000	100,557	100,557	101,443
Capital outlay	5,314,000	5,314,000	1,545,539	1,545,539	3,768,461
Contingency	1,030,000	1,030,000	-	-	1,030,000
TOTAL EXPENDITURES	20,008,000	20,008,000	7,791,040	7,791,040	12,216,960
EXCESS OF REVENUES OVER EXPENDITURES	(254,000)	(232,000)	1,524,287	1,524,287	1,756,287
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	-	49,000	-	-	(49,000)
Transfers to other funds	(2,920,000)	(2,942,000)	(1,455,000)	(1,455,000)	1,487,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,920,000)	(2,893,000)	(1,455,000)	(1,455,000)	1,438,000
NET CHANGE IN FUND BALANCES	(3,174,000)	(3,125,000)	69,287	69,287	3,194,287
FUND BALANCES - beginning	6,194,000	6,194,000	5,663,683	5,663,683	(530,317)
FUND BALANCES - ending	\$ 3,020,000	\$ 3,069,000	5,732,970	\$ 5,732,970	\$ 2,663,970

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
Capital assets, net of accumulated depreciation	9,073,504
Net OPEB asset accrual	5,583
Total OPEB liability accrual	(18,565)
Net pension liability accrual	(477,932)
Deferred inflows of resources (pension & OPEB)	(166,758)
Deferred outflows of resources (pension & OPEB)	202,114
Loan payable - due within one year	(96,458)
Loan payable - long-term less portion due within one year	(675,204)
NET POSITION - GAAP BASIS, ending	\$ 15,609,210

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, 2023

	Budget for the 2023-2024 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2022-23	Total	
REVENUES:					
Stormwater charges	\$ 10,611,000	\$ 10,611,000	\$ 5,151,113	\$ 5,151,113	\$ (5,459,887)
Intergovernmental	585,000	585,000	-	-	(585,000)
Investment earnings	30,000	30,000	262,236	262,236	232,236
Miscellaneous	60,000	60,000	82,972	82,972	22,972
TOTAL REVENUES	11,286,000	11,286,000	5,496,321	5,496,321	(5,789,679)
EXPENDITURES:					
Personnel services	1,703,000	1,703,000	740,892	740,892	962,108
Materials and services	1,573,000	1,573,000	723,948	723,948	849,052
Capital outlay	9,981,000	9,981,000	723,674	723,674	9,257,326
Contingency	910,000	910,000	-	-	910,000
TOTAL EXPENDITURES	14,167,000	14,167,000	2,188,514	2,188,514	11,978,486
EXCESS OF REVENUES OVER EXPENDITURES	(2,881,000)	(2,881,000)	3,307,807	3,307,807	6,188,807
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(2,810,000)	(2,810,000)	(1,424,500)	(1,424,500)	(1,385,500)
TOTAL OTHER FINANCING SOURCES (USES)	(2,810,000)	(2,810,000)	(1,424,500)	(1,424,500)	(1,385,500)
NET CHANGE IN FUND BALANCES	(5,691,000)	(5,691,000)	1,883,307	1,883,307	4,803,307
FUND BALANCES - beginning	7,278,000	7,278,000	7,055,940	7,055,940	(222,060)
FUND BALANCES - ending	\$ 1,587,000	\$ 1,587,000	8,939,247	\$ 8,939,247	\$ 4,581,247

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
Capital assets, net of accumulated depreciation	8,065,752
Net OPEB asset accrual	7,495
Total OPEB liability accrual	(24,923)
Net pension liability accrual	(616,371)
Deferred inflows of resources (pension & OPEB)	260,950
Deferred outflows of resources (pension & OPEB)	(215,568)
NET POSITION - GAAP BASIS, ending	\$ 17,652,476

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, 2023

Future Debt Service Principal

Fiscal year	2014 Full Faith & Credit Bond	2018 Full Faith & Credit Bond	2020 Full Faith & Credit Bond	2023 Full Faith & Credit Bond	GO Bonds Series 2014	GO Bonds Series 2016	SPWF Loan	PERS UAL Bonds	Oregon DEQ Loan	Total
2024	\$ 71,459	\$ 13,118	\$ 290,000	\$ 804,700	\$ 192,801	\$ 440,797	\$ 30,343	\$ 380,000	\$ 96,458	\$ 2,319,676
2025	76,459	13,118	295,000	836,600	197,801	450,797	30,575	420,000	96,458	2,416,808
2026	81,459	13,118	300,000	869,700	207,801	470,797	30,819	465,000	96,458	2,535,152
2027	81,459	13,118	305,000	904,100	212,801	485,797	36,074	510,000	96,458	2,644,807
2028	86,459	13,118	310,000	939,900	217,801	500,797	36,339	230,000	96,458	2,430,872
2029	87,535	13,118	315,000	977,200	222,801	510,797	36,617	-	96,458	2,259,526
2030	-	13,118	325,000	1,015,800	232,801	520,797	36,906	-	96,458	2,240,880
2031	-	13,118	330,000	1,056,100	242,801	530,797	42,208	-	96,456	2,311,480
2032	-	13,118	335,000	1,097,900	252,801	545,797	42,525	-	-	2,287,141
2033	-	13,118	345,000	1,141,400	262,801	555,797	-	-	-	2,318,116
2034	-	13,118	355,000	1,186,600	273,867	570,797	-	-	-	2,399,382
2035	-	13,118	365,000	1,233,600	-	585,797	-	-	-	2,197,515
2036	-	13,118	370,000	1,282,400	-	602,530	-	-	-	2,268,048
2037	-	13,118	385,000	1,333,200	-	-	-	-	-	1,731,318
2038	-	13,118	395,000	1,386,000	-	-	-	-	-	1,794,118
2039	-	13,118	405,000	1,440,900	-	-	-	-	-	1,859,018
2040	-	13,118	420,000	1,497,900	-	-	-	-	-	1,931,018
2041	-	13,118	-	1,557,200	-	-	-	-	-	1,570,318
2042	-	13,118	-	1,618,900	-	-	-	-	-	1,632,018
2043	-	2,638,118	-	-	-	-	-	-	-	2,638,118
2044	-	2,728,118	-	-	-	-	-	-	-	2,728,118
2045	-	2,823,118	-	-	-	-	-	-	-	2,823,118
2046	-	2,928,118	-	-	-	-	-	-	-	2,928,118
2047	-	3,033,118	-	-	-	-	-	-	-	3,033,118
2048	-	3,153,111	-	-	-	-	-	-	-	3,153,111
Totals	\$ 484,830	\$ 17,552,943	\$ 5,845,000	\$ 22,180,100	\$ 2,516,877	\$ 6,772,094	\$ 322,406	\$ 2,005,000	\$ 771,662	\$ 58,450,912

Future Debt Service Interest

Fiscal year	2014 Full Faith & Credit Bond	2018 Full Faith & Credit Bond	2020 Full Faith & Credit Bond	2023 Full Faith & Credit Bond	GO Bonds Series 2014	GO Bonds Series 2016	SPWF Loan	PERS UAL Bonds	Oregon DEQ Loan	Total
2024	\$ 17,800	\$ 640,832	\$ 140,814	\$ 878,332	\$ 83,375	\$ 176,030	\$ 15,758	\$ 100,330	\$ 3,250	\$ 2,056,521
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	-	640,832	108,876	667,176	42,375	94,880	5,947	-	250	1,560,336
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	\$ 64,400	\$ 14,543,596	\$ 1,494,524	\$ 9,797,428	\$ 524,300	\$ 1,235,974	\$ 83,519	\$ 290,484	\$ 12,250	\$ 28,046,475

CITY OF MILWAUKIE, OREGON

SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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.



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SECTION III

STATISTICAL SECTION

STATISTICAL SECTION

This section provides further details as a context for a better understanding of the financial statements.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	111
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, property taxes.	115
Debt Capacity 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
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	125
Operating Information 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 financial reports or annual financial statements for the relevant year, unless otherwise noted. The city implemented GASB Statement 54 in fiscal year 2011, GASB Statement 63 in fiscal year 2013, GASB Statement 65 in fiscal year 2014, GASB 68 in fiscal year 2015, and GASB 75 in fiscal year 2018.

CITY OF MILWAUKIE, OREGON

NET POSITION BY COMPONENT

for the last ten fiscal years

(accrual basis of accounting)

(in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	(restated)					(restated)				
Governmental activities										
Net investment in capital assets	\$ 41,361	\$ 42,965	\$ 43,558	\$ 40,950	\$ 43,107	\$ 48,328	\$ 48,178	\$ 47,783	\$ 33,501	\$ 31,778
Restricted	1,789	1,921	2,200	11,587	12,250	7,851	7,221	6,313	19,999	44,946
Unrestricted	1,427	5,166	866	(7,168)	(6,469)	(4,702)	(3,080)	(4,339)	(38)	(24,391)
Total governmental activities net position	<u>44,577</u>	<u>50,052</u>	<u>46,624</u>	<u>45,369</u>	<u>48,888</u>	<u>51,477</u>	<u>52,319</u>	<u>49,757</u>	<u>53,462</u>	<u>52,333</u>
Business-type activities										
Net investment in capital assets	18,041	18,903	20,506	22,410	23,102	25,228	28,106	30,312	31,164	30,988
Restricted	12	12	12	12	12	12	12	23	38	35
Unrestricted	5,302	7,659	9,102	9,744	11,975	13,265	13,742	14,148	16,324	19,558
Total business-type activities net position	<u>23,355</u>	<u>26,574</u>	<u>29,620</u>	<u>32,166</u>	<u>35,090</u>	<u>38,505</u>	<u>41,860</u>	<u>44,483</u>	<u>47,526</u>	<u>50,581</u>
Primary government										
Net investment in capital assets	59,402	61,868	64,064	63,360	66,209	73,556	76,284	78,095	64,665	62,766
Restricted	1,801	1,933	2,212	11,599	12,262	7,863	7,233	6,336	20,037	44,981
Unrestricted	6,729	12,825	9,968	2,576	5,506	8,563	10,662	9,809	16,286	(4,833)
Total primary government net position	<u>\$ 67,932</u>	<u>\$ 76,626</u>	<u>\$ 76,244</u>	<u>\$ 77,535</u>	<u>\$ 83,978</u>	<u>\$ 89,983</u>	<u>\$ 94,179</u>	<u>\$ 94,240</u>	<u>\$ 100,988</u>	<u>\$ 102,914</u>

CITY OF MILWAUKIE, OREGON

CHANGES IN NET POSITION

for the last ten fiscal years

(accrual basis of accounting)

(in thousands)

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 9,322	\$ 7,811	\$ 10,757	\$ 10,568	\$ 11,437	\$ 12,078	\$ 13,319	\$ 16,617	\$ 14,992	\$ 15,786
Highways and streets	1,028	1,851	4,026	5,548	4,324	5,686	6,116	6,253	4,686	5,557
Public safety	6,458	5,412	7,685	7,201	7,630	7,711	8,093	8,078	6,950	7,914
Culture and recreation	2,665	2,309	3,102	3,240	3,185	3,537	4,330	2,564	2,450	2,477
Interest on long-term debt	407	408	367	568	560	1,310	1,392	1,319	1,209	1,569
Total governmental activities expenses	19,880	17,791	25,937	27,125	27,136	30,322	33,250	34,831	30,287	33,303
Business-type activities:										
Water	2,610	2,573	2,840	3,183	3,169	3,450	3,432	4,090	2,929	2,918
Wastewater	6,062	6,052	6,545	6,832	7,044	7,373	7,800	7,910	6,781	6,872
Stormwater	1,578	1,776	2,132	2,387	2,701	2,981	3,187	3,660	2,457	2,509
Total business-type activities expenses	10,249	10,401	11,517	12,402	12,914	13,803	14,419	15,660	12,167	12,299
Total primary government expenses	\$30,130	\$28,192	\$37,454	\$39,527	\$40,050	\$44,125	\$47,669	\$50,491	\$42,454	\$45,602
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 5,323	\$ 5,695	\$ 6,773	\$ 7,391	\$ 9,981	\$ 11,408	\$ 9,906	\$ 9,554	\$ 7,997	\$ 3,236
Highways and streets	633	635	748	1,088	1,679	2,283	2,030	2,107	2,189	2,288
Public safety	1,609	948	307	307	447	-	772	-	-	-
Culture and recreation	60	60	60	-	-	1,782	1,794	1,874	-	-
Operating grants and contributions	4,454	4,324	2,935	4,742	4,030	3,143	3,525	3,937	5,554	5,639
Capital grants and contributions	145	1,731	1,478	312	2,139	-	219	466	181	17
Total governmental activities program revenues	12,224	13,393	12,301	13,840	18,277	18,616	18,246	17,938	15,921	11,180
Business-type activities:										
Charges for services:										
Water	3,158	3,698	3,965	3,798	4,075	4,522	4,340	4,581	4,520	4,716
Wastewater	6,627	6,894	7,290	7,668	7,935	7,964	8,042	8,146	8,546	9,077
Stormwater	2,212	2,581	2,946	3,382	3,835	4,348	4,993	5,207	5,246	5,234
Operating grants and contributions	-	-	-	-	-	-	-	-	75	-
Capital grants and contributions	-	-	-	-	-	-	83	308	-	-
Total business-type activities program revenues	11,997	13,173	14,201	14,848	15,845	16,835	17,458	18,242	18,387	19,027
Total primary government program revenues	\$ 24,220	\$ 26,566	\$ 26,502	\$ 28,688	\$ 34,122	\$ 35,451	\$ 35,704	\$ 36,180	\$ 34,308	\$ 30,207

Continued on next page

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense) Revenue										
Governmental activities	\$ (7,654)	\$ (4,399)	\$ (13,636)	\$ (13,285)	\$ (8,859)	\$ (11,706)	\$ (15,004)	\$ (16,893)	\$ (14,366)	\$ (22,123)
Business-type activities	1,747	2,772	2,684	2,446	2,932	3,032	-	2,582	6,220	6,728
Total primary government net expenses	\$ (5,907)	\$ (1,627)	\$ (10,952)	\$ (10,838)	\$ (5,928)	\$ (8,674)	\$ (15,004)	\$ (14,311)	\$ (8,146)	\$ (15,395)
General Revenues										
Governmental activities:										
Property taxes, levied for general purposes	\$ 7,014	\$ 7,590	\$ 7,925	\$ 8,927	\$ 9,292	\$ 9,430	\$ 9,839	\$ 10,391	\$ 10,704	\$ 11,087
Property taxes, levied for debt service	-	-	-	-	-	-	-	-	-	-
Franchise taxes	2,439	2,568	2,570	2,857	3,256	3,624	3,749	3,682	3,542	3,909
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Lease Financing	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	66	87	75	246	488	1,196	1,287	218	334	1,651
Gain on disposition of capital assets	-	75	-	-	39	44	471	39	52	-
Transfers	(93)	(448)	(362)	-	-	-	-	-	3,439	4,453
Total governmental activities	9,426	9,872	10,208	12,030	13,076	14,294	15,346	14,330	18,071	21,100
Business-type activities:										
Interest and investment earnings	-	-	-	99	55	377	317	41	60	780
Gain on disposition of capital assets	-	-	-	-	15	7	-	-	-	-
Transfers	93	448	362	-	-	-	-	-	(3,439)	(4,453)
Total business-type activities	93	448	362	99	70	384	317	41	(3,379)	(3,673)
Total primary government	\$ 9,519	\$ 10,320	\$ 10,570	\$ 12,129	\$ 13,145	\$ 14,678	\$ 15,663	\$ 14,372	\$ 14,692	\$ 17,427
Change in Net Position										
Governmental activities	\$ 1,770	\$ 5,474	\$ (3,428)	\$ (1,255)	\$ 4,216	\$ 2,589	\$ 342	\$ (2,563)	\$ 3,705	\$ (1,023)
Business-type activities	1,840	3,220	3,046	2,545	3,001	3,416	317	2,623	2,841	3,055
Total primary government	\$ 3,610	\$ 8,694	\$ (382)	\$ (1,291)	\$ 7,217	\$ 6,004	\$ 659	\$ 61	\$ 6,546	\$ 2,032

Continued from previous page

CITY OF MILWAUKIE, OREGON

FUND BALANCES OF GOVERNMENTAL FUNDS

for the last ten fiscal years

(modified accrual basis of accounting)

(in thousands)

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 35	\$ 65	\$ 146	\$ 130	\$ 125	\$ 110	\$ 95	\$ 312	\$ 264	\$ 285
Restricted	30	39	30	33	19	16	2,182	205	217	890
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	5,974	5,676	5,939	7,175	7,408	9,038	8,845	11,545	14,339	12,483
Total general fund	<u>\$ 6,039</u>	<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>
All other governmental funds										
Nonspendable	\$ 105	\$ 154	\$ 815	\$ 816	\$ 818	\$ 38	\$ 26	\$ 32	\$ 46	\$ 10
Restricted	1,618	1,725	1,799	11,199	11,878	7,993	5,317	6,349	19,574	43,836
Committed	1,459	1,954	1,627	2,858	3,858	21,705	20,168	15,216	-	-
Assigned	390	594	691	812	1,086	1,862	634	2,046	1,679	586
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 3,572</u>	<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>

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Property taxes	\$ 7,019	\$ 7,587	\$ 7,892	\$ 8,898	\$ 9,287	\$ 9,660	\$ 9,825	\$ 10,380	\$ 10,625	\$ 11,158
Franchise taxes	2,439	2,568	2,570	2,857	3,256	3,624	3,749	3,682	3,542	3,909
Intergovernmental	4,270	5,747	5,765	4,424	7,895	5,411	5,850	5,967	7,852	5,715
Licenses and permits	626	667	985	1,058	1,766	2,864	1,702	1,613	2,563	2,513
Rent and leases	-	-	-	-	-	-	-	-	489	204
Charges for services	5,155	5,042	5,158	6,447	7,099	8,646	8,772	9,106	2,189	2,288
Systems development charges	-	-	-	-	-	-	-	-	-	1,187
Fines and forfeitures	1,690	1,252	1,267	1,065	879	844	806	417	362	460
Miscellaneous	224	327	303	636	914	2,046	2,308	1,150	1,801	1,951
Total revenues	21,423	23,189	23,940	25,386	31,097	33,094	33,012	32,315	29,423	29,385
Expenditures:										
Current:										
General government	8,165	7,867	8,687	9,168	10,552	11,073	11,587	13,050	12,871	13,529
Highway and streets	1,753	1,712	1,708	2,117	2,072	3,264	1,010	2,979	1,265	1,272
Public safety	5,590	5,955	6,149	6,435	6,655	6,839	6,779	6,686	6,876	7,700
Culture and recreation	2,339	2,350	2,468	2,689	2,636	2,793	1,998	1,897	2,113	2,103
Debt service:										
Principal	196	3,983	379	778	792	2,039	2,089	2,475	1,235	2,657
Interest	415	557	380	564	581	1,320	1,297	1,356	1,258	1,531
Capital outlay	2,441	5,181	2,967	1,274	6,119	11,217	16,584	5,473	7,590	6,823
Total expenditures	20,899	27,607	22,738	23,025	29,407	38,547	41,344	33,916	33,208	35,615
Excess (deficiency) of revenues over (under) expenditures	524	(4,417)	1,202	2,361	1,689	(5,453)	(8,332)	(1,601)	(3,785)	(6,230)
Other financing sources (uses):										
Transfers from other funds	-	-	57	-	-	311	4,121	364	4,090	9,517
Transfers to other funds	-	-	(419)	-	-	(311)	(6,955)	(364)	-	(5,064)
Proceeds from sale of capital assets	-	-	-	-	95	44	471	39	79	6
Proceeds from bond premium	-	-	-	-	-	394	-	-	-	-
Lease financing	-	-	-	-	-	-	-	-	29	142
SBITA financing	-	-	-	-	-	-	-	-	-	175
Issuance of debt	63	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)	63	5,013	(362)	9,616	480	21,023	4,337	39	4,198	28,307
Net change in fund balances	\$ 586	\$ 595	\$ 840	\$ 11,977	\$ 2,169	\$ 15,570	\$ (3,995)	\$ (1,562)	\$ 413	\$ 22,077

CITY OF MILWAUKIE, OREGON

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

for the last ten fiscal years

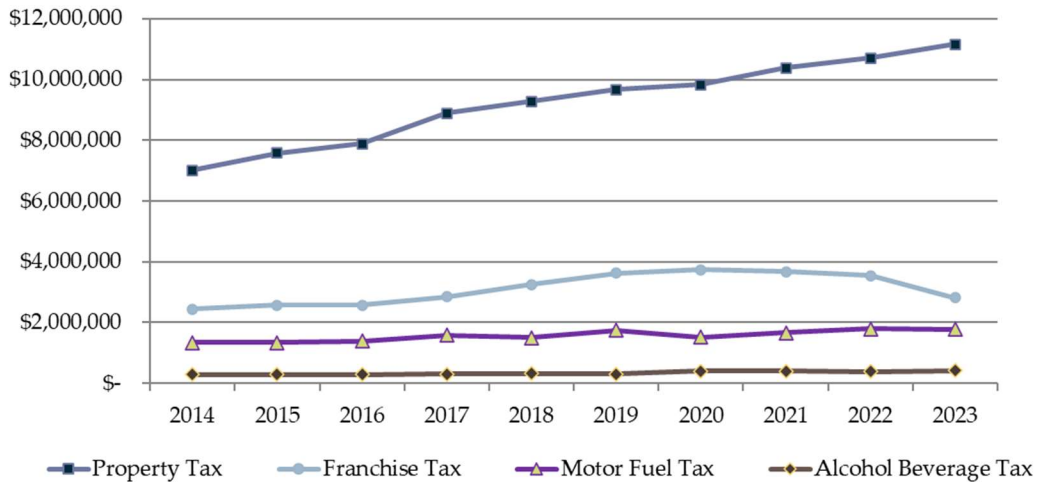
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Franchise Tax	Motor Fuel Tax¹	Alcoholic Beverage Tax¹	Total
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

Notes:

¹ 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)

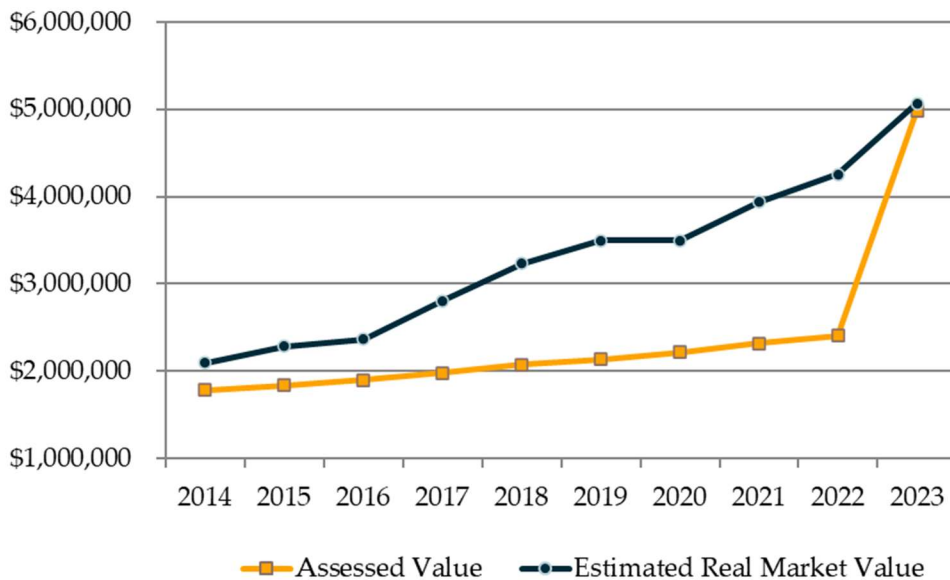
Fiscal year	Assessed Value					Total direct tax rate	RMV	Assessed value as a percentage of RMV
	Real property	Personal property	Manufactured structure	Public utility	Total assessed value (AV)		Estimated real market value (RMV)	
2014	1,655,121	65,752	1,229	62,537	1,784,639	4.0777	2,094,734	85
2015	1,705,226	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	4.3972	3,499,027	61
2020	2,063,500	84,629	1,581	65,428	2,215,138	4.3972	3,498,809	63
2021	2,162,802	94,799	1,634	62,188	2,321,424	4.3972	3,940,188	59
2022	2,245,383	99,092	1,668	62,321	2,408,464	4.4154	4,258,337	57
2023	4,904,951	9,780	2,426	71,423	4,988,580	4.3972	5,068,324	98

Notes:

Property is generally assessed as of July 1 of each fiscal year.

Source: Clackamas and Multnomah County Departments of Assessment and Taxation.

Assessed Value and Estimated Real Market Value



CITY OF MILWAUKIE, OREGON

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS

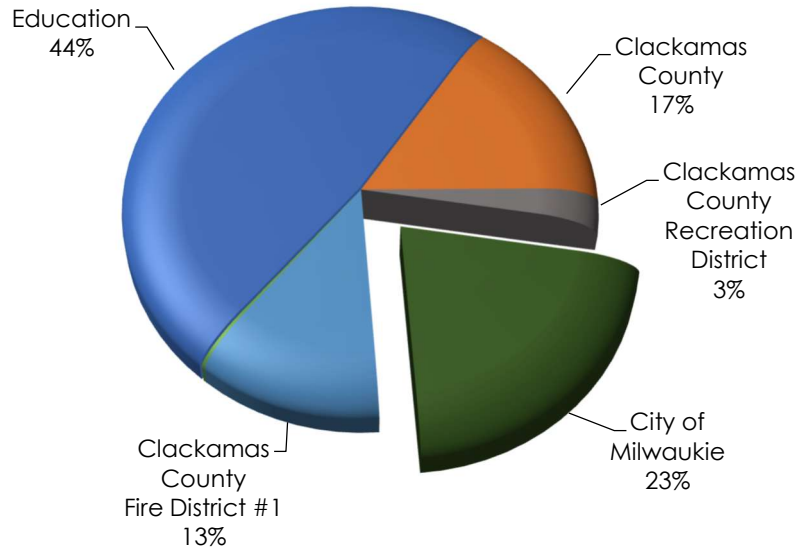
for the last ten fiscal years

(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		
2014	\$ 6.5379	\$ -	\$ (2.4012)	\$ (0.0590)	\$ 4.0777	\$ 7.0852	\$ 3.2200	\$ 2.4602	\$ 0.5382	\$ 0.7082	\$ 0.3687	\$ 0.4900	\$ 18.9482	
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	

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	2023			2014		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
PCC Structurals Inc.	\$ 119,176,758	1	5.1%	\$ 37,637,654	3	2.1%
Oregon Tool	64,224,994	2	2.8	51,783,248	1	2.9
Waverly Greens Apts	29,729,506	3	1.3	16,932,625	4	0.9
Lincoln Advisory Group LTD	21,568,717	4	0.9			
Comcast Corporation	21,044,000	5	0.9	39,654,400	2	2.2
Greg Carlston	18,867,517	6	0.8			
Portland General Electric Co.	15,622,000	7	0.7			
Kimco Realty Group	15,397,629	8	0.7			
Gramark Company LLC	13,965,098	9	0.6	9,310,425	9	0.5
Alliance Communities Inc.	13,700,491	10	0.6			
WH Portland Industrial LLC				16,095,524	5	0.9
Holland Partners				10,500,288	6	0.6
ODS Plaza				9,384,094	8	0.5
Downs Alice M. Trustee				9,447,605	7	0.5
SE International Way SPE LLC				9,167,498	10	0.5
Sub-total, top ten	333,296,710		14.4	209,913,361		11.8
All other City taxpayers	1,988,127,176		85.6	1,574,725,237		88.2
Total City taxpayers	\$ 2,321,423,886		100.0%	\$ 1,784,638,598		100.0%

Source: Clackamas County Assessor's Office.

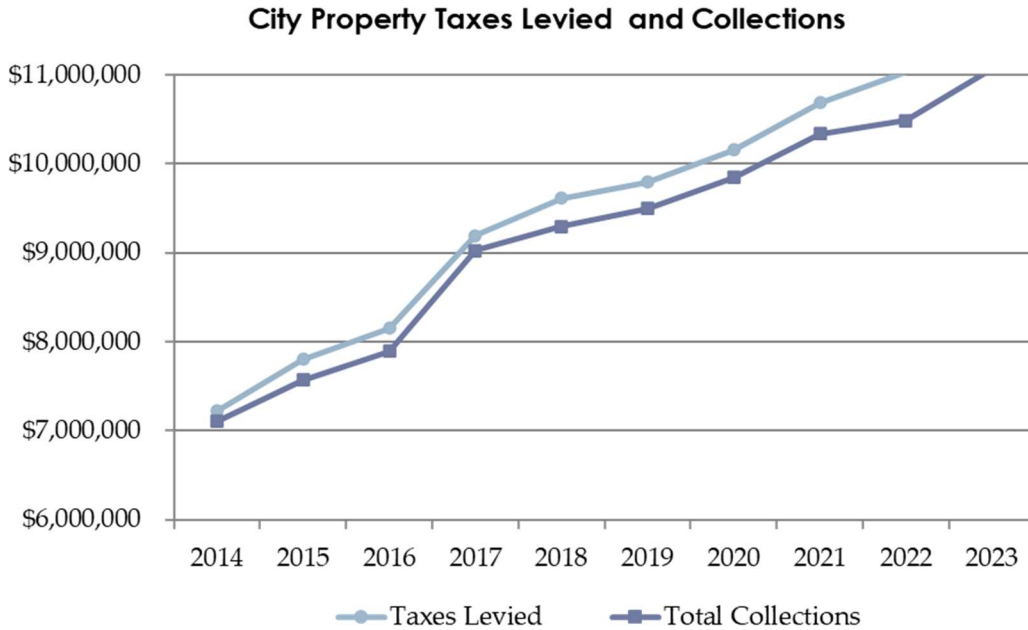
CITY OF MILWAUKIE, OREGON

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
2014	\$ 7,220,047	\$ 6,821,366	94%	\$ 282,670	\$ 7,104,036	98%
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	112,175	10,338,661	97
2022	11,028,313	10,489,826	95	132,613	10,489,826	95
2023	11,565,430	11,071,589	96	-	11,071,589	96

Source: City of Milwaukie Finance Department.



CITY OF MILWAUKIE, OREGON

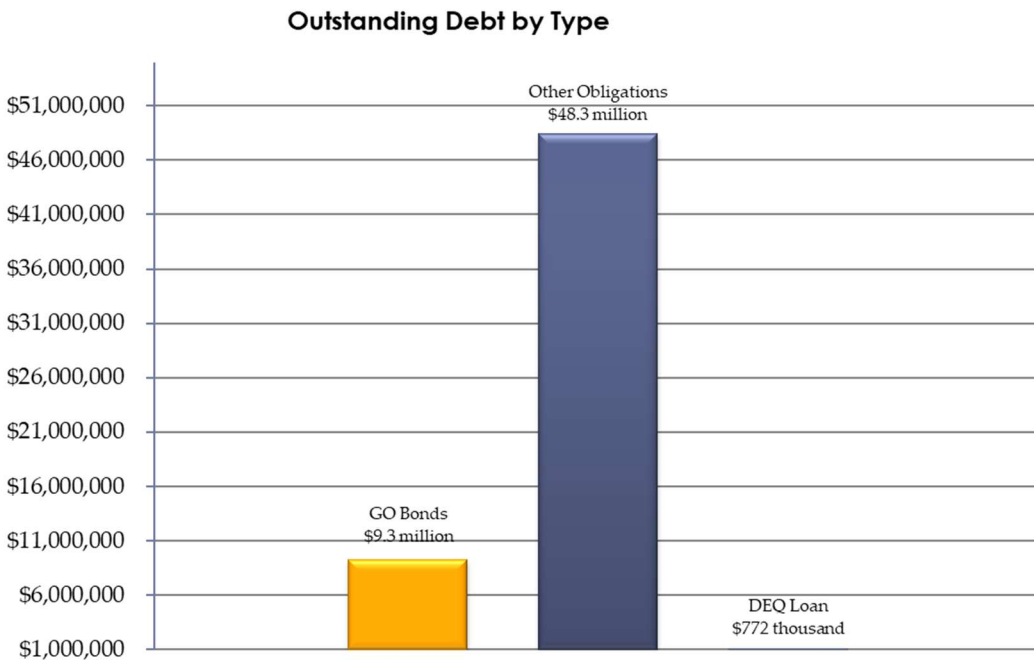
RATIOS OF OUTSTANDING DEBT BY TYPE
for the last ten fiscal years

Fiscal year	Governmental Activities			Business-type Activities	Total primary government	Percentage of Personal income	Per capita ¹
	General obligation bonds	Other Obligations	Total	Wastewater/ DEQ loan			
2014	\$ -	\$ 8,311,646	\$8,311,646	\$ 1,639,700	\$ 9,951,346	1.06	487
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	36,857,452	868,120	37,725,572	*	1,777
2023	9,288,971	48,390,275	57,679,246	771,662	58,450,908	*	2,753

* Information unavailable currently.

** Population data is found on the Demographic and Economic Statistics table in the Statistics, Section III.

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

Fiscal year	General obligation bonds	Less: amounts available in debt service fund	Net	Percentage of net over assessed value of property ¹	Per capita ²
2014	\$ -	\$ -	\$ -	-	-
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	9,288,971	(8,808)	9,280,163	0.19	437
2023	9,288,971	(242,786)	9,046,185	0.39	426

Notes:

¹ Assessed value property data is found on Assessed Value and Estimated Real Market Value of Taxable Property table in Statistics, Section III.

² 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, 2023

Governmental unit	Real Market Values of Overlapping Districts	Tax-Supported Debt Outstanding	Percentage Overlapping¹	Overlapping Debt Applicable to the City of Milwaukie
Debt repaid with property taxes:				
Clackamas Community College	\$ 69,373,064,621	\$ 143,080,045	5.39%	\$ 7,715,538
Clackamas County	94,237,569,274	105,100,000	4.47	4,697,339
Clackamas County ESD	90,610,780,251	19,855,267	4.65	922,932
Clackamas City RFPD 1	43,068,276,562	33,028,636	7.01	2,313,842
Clackamas City SD 12 (North Clackamas)	26,644,520,437	641,252,749	15.78	101,157,846
Clackamas Soil & Water Conservation	94,237,569,274	5,416,000	4.47	242,063
Metro	376,631,485,554	833,428,920	1.11	9,267,872
Multnomah County	194,030,464,733	583,000,736	0.02	92,114
Multnomah City SD 1J (Portland)	147,150,493,089	2,008,774,288	0.02	419,834
Multnomah ESD	196,523,473,889	79,158,416	0.01	9,396
Oak Lodge Water Services District	4,963,497,040	4,303,181	0.05	1,946
Port of Portland	411,207,325,192	39,375,000	0.00	-
Portland Community College	300,473,852,948	714,955,000	0.01	68,286
Subtotal, overlapping debt	2,049,152,372,864	5,210,728,238		126,909,008
Direct debt outstanding:				
City of Milwaukie	5,068,323,873	57,679,246	100.00%	57,679,246
Total direct and overlapping debt outstanding	\$ 2,054,220,696,737	\$ 5,268,407,484		\$ 184,588,254

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:

¹ 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)

	Fiscal Year Ended				
	2014	2015	2016	2017	2018
Debt maximum limitation	\$ 62,842	\$ 68,609	\$ 71,042	\$ 84,146	\$ 97,075
Debt applicable to maximum limit	-	3,585	3,450	12,125	12,654
Legal debt margin available	<u>\$ 62,842</u>	<u>\$ 65,024</u>	<u>\$ 67,592</u>	<u>\$ 72,021</u>	<u>\$ 84,421</u>
Debt applicable to the maximum limit as a percentage of debt limitation	0.00%	5.23%	4.86%	14.41%	13.04%

	2019	2020	2021	2022	2023
	Debt maximum limitation	\$ 104,971	\$ 104,964	\$ 118,206	\$ 127,750
Debt applicable to maximum limit	11,095	29,594	27,402	36,857	772
Legal debt margin available	<u>\$ 93,876</u>	<u>\$ 75,370</u>	<u>\$ 90,804</u>	<u>\$ 90,893</u>	<u>\$ 151,278</u>
Debt applicable to the maximum limit as a percentage of debt limitation	10.57%	28.19%	23.80%	28.85%	0.51%

Legal debt margin calculation for fiscal year ended June 30, 2023:

Total property real market value	\$ 5,068,323,873
	3%
Debt maximum limitation (3% of total property real market value) ¹	<u>152,049,716</u>
Amount of debt applicable to debt limit:	
Total debt	58,450,908
Less debt excluded from debt limit:	
SPWF loan	(322,408)
PERS UAL bonds	(2,005,000)
Full Faith and Credit Obligation bonds	(46,062,867)
Oregon DEQ loan	(771,662)
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	9,288,971
Legal debt margin - amount available for future indebtedness	<u>\$ 142,760,745</u>
Percentage of City's indebtedness to total allowed	6.11%

Notes:

¹ 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

Wastewater Department of Environmental Quality Loan

Fiscal year	Utility service charges	Less: operating expenses	Net available revenue	Debt service requirements		Coverage
				Principal	Interest	
2014	\$6,531,522	\$5,815,520	\$ 716,002	\$ 96,458	\$ 4,220	7.11
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

Source: Annual Comprehensive Financial Report of the City of Milwaukie.

CITY OF MILWAUKIE, OREGON

DEMOGRAPHIC AND ECONOMIC STATISTICS

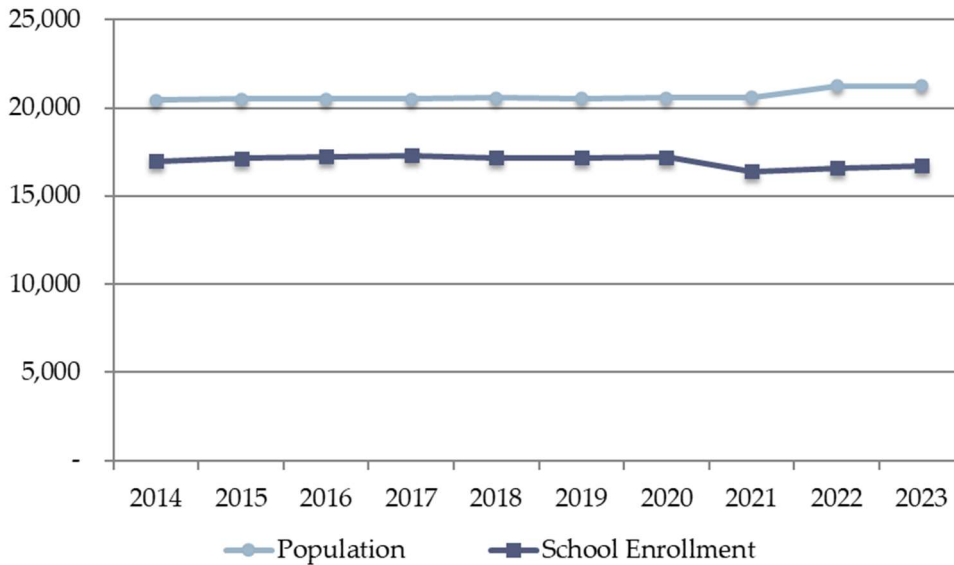
for the last ten fiscal years

Fiscal year	Population	Personal income (in thousands)	Per capita personal income	School enrollment	Unemployment rate
2014	20,435	\$ 935,800	\$ 45,794	16,993	4.6
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	*	*	16,589	3.2
2023	21,235	*	*	16,718	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

Population and School Enrollment Trends



CITY OF MILWAUKIE, OREGON

PRINCIPAL EMPLOYERS

current year and nine years ago

Employer	2023			2014		
	Employees	Rank	Percentage of total City employment	Employees	Rank	Percentage of total City employment
Providence Milwaukie Hospital	679	2	4.56%			
Oregon Tool	644	1	4.32	990	1	7.17
North Clackamas School District ¹	550	3	3.69	385	5	2.79
PCC Structural	317	4	2.13	700	2	5.07
OECO LLC	210	5	1.41	400	4	2.90
ODS Plaza	200	6	1.34	252	9	1.83
Consonus Pharmacy Services	184	7	1.23	135	16	0.98
Alpine Food Distributing	165	10	1.11			
Wendell & Wild	164	8	1.10			
City of Milwaukie	149	11	1.00	138	15	1.00
Dave's Killer Bread	144	9	0.97	270	8	1.96
Safeway				280	7	2.03
United Grocers				630	3	4.57
R M International						0.00
Bob's Red Mill Natural Foods				300	6	2.17
Warn Industries				250	10	1.81
Things From Another World				151	11	1.09
Active Telesource				150	12	1.09
Advanced Entry System				150	13	1.09
Stoner Electric Group				150	14	1.09
To Your Home from Willamette				125	17	0.91
Dark Horse Comics				125	18	0.91
Columbia Packaging				120	19	0.87
Core-Mark International Inc.				120	20	0.87
Plumbing & Mechanical Contractors				120	21	0.87
Rose Village				120	22	0.87
Marquis Home Health				50	23	0.36
Total	2,727		18.30%	6,111		44.28%

Notes:

¹ 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.

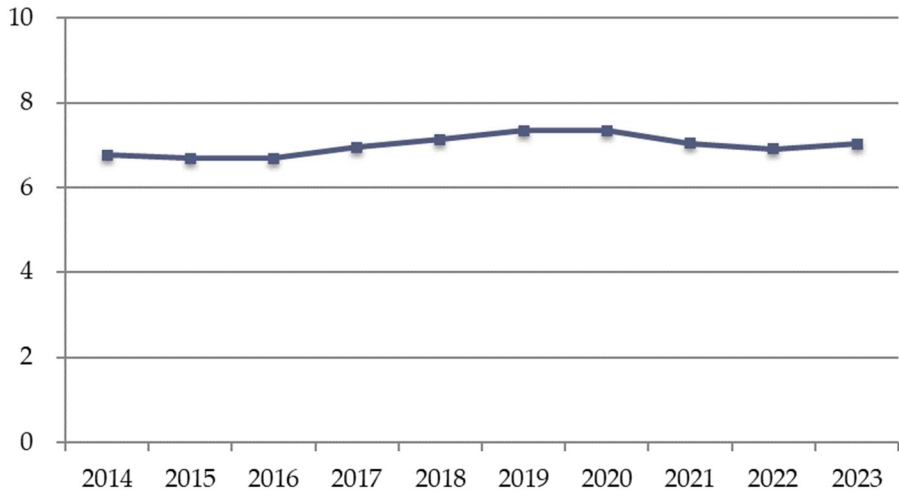
CITY OF MILWAUKIE, OREGON

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
for the last ten fiscal years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	20.50	18.90	17.70	25.00	24.00	24.50	24.50	26.00	22.00	25.00
Public safety	42.25	41.85	41.85	42.75	42.75	41.75	41.75	40.50	41.50	41.50
Community services	23.76	25.26	26.46	26.26	27.26	28.01	28.01	27.25	31.25	29.25
Community development	23.50	20.60	20.60	17.00	20.00	23.00	23.00	20.00	20.00	21.00
Facilities	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Transportation	6.00	5.50	5.50	5.00	5.00	6.00	6.00	5.50	5.50	6.00
Water	7.00	7.20	7.20	8.20	8.20	8.20	8.20	7.50	8.00	8.00
Wastewater	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50
Stormwater	5.25	7.80	7.80	8.30	8.50	8.50	8.50	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
Total FTEs	138.26	137.11	137.11	142.51	146.71	150.96	150.96	145.25	146.75	149.25
City Population	20,435	20,491	20,491	20,510	20,556	20,528	20,556	20,600	21,235	21,235
FTEs per 1,000 of population	6.77	6.69	6.69	6.95	7.14	7.35	7.34	7.05	6.91	7.03

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Public safety										
Citations:										
Traffic	12,522	9,159	9,813	7,633	4,340	4,288	4,418	558	1,138	1,811
Parking	463	243	1,629	1,261	1,459	2,238	2,324	1,838	1,485	1,500
City ordinance	92	141	93	85	96	91	54	38	52	74
Non-traffic violation	126	147	148	72	9	9	2	4	8	7
Total citations processed	13,203	9,690	11,683	9,051	5,904	6,626	6,798	2,438	2,683	3,392
Number of seat belt classes	54	27	42	58	31	29	17	0	5	15
Number of officers per 1,000 capita	1.60	1.60	1.60	1.60	1.60	1.57	1.60	1.12	1.12	1.57
Culture and recreation										
Library items in collections ¹	117,693	118,024	115,040	114,360	95,152	92,394	90,399	96,144	94,079	93,071
Circulation	725,861	711,150	685,157	660,438	635,428	512,487	397,577	324,896	570,967	619,636
Average circulation per capita	18.25	17.84	17.08	16.34	15.80	12.39	9.54	7.78	13.67	14.84
Number of library programs	611	663	627	615	623	471	380	264	257	393
Attendance at library programs	17,230	19,565	20,079	20,513	19,834	13,992	12,747	11,889	15,112	15,913
Number of library volunteers	1,473	1,607	1,547	1,470	1,386	937	756	299	896	780
Library volunteer hours	9,004	9,798	9,948	8,646	7,758	6,135	3,621	1,866	6,738	5,882
Community development										
Building:										
Building permits issued	144	185	240	218	298	261	228	246	299	288
Inspections performed	1,577	1,693	1,872	2,128	3,107	4,443	4,452	4,065	4,695	3,097
Investigations	40	48	15	26	36	42	38	34	24	23
Violations resolved	29	33	9	18	24	35	30	25	21	17
Planning:										
Land use applications processed ²	58	87	100	156	139	131	112	105	61	61
Business-type activities:										
Water										
Service connections	6,777	6,813	6,870	6,870	6,845	6,911	6,926	6,929	6,929	6,942
Number of fire hydrants maintained	788	789	404	105	6	90	146	94	330	140
Sanitary sewer (in feet)										
Sewer mainline cleaning	109,594	134,263	99,998	74,360	41,312	113,523	61,418	62,053	89,069	105,192
Mainline inspections completed	124,525	134,663	165,396	70,326	49,755	121,281	69,905	73,934	94,478	111,795

Notes:

¹ 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.

² Previous years (FY 2014 - FY 2015) have been corrected.

Source: City of Milwaukie Departments.

CITY OF MILWAUKIE, OREGON

CAPITAL ASSET STATISTICS BY FUNCTION
for the last ten fiscal years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
General government										
City-owned building facilities	5	5	5	5	5	5	6	6	6	6
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	24	24	21	21	21	21	20	20
Culture and recreation										
Library facility	1	1	1	1	1	1	1	1	1	1
Community development										
Residential Construction	\$ 2,029	\$ 2,370	\$ 2,135	\$ 6,994	\$30,685	\$ 7,849	\$19,602	\$15,737	\$12,977	\$ 6,645
Commercial Construction	1,656	610	303	5,266	41,264	69,440	12,864	14,992	62,075	64,273
Total value of new building construction (in thousands) ¹	<u>\$ 3,685</u>	<u>\$ 2,980</u>	<u>\$ 2,438</u>	<u>\$12,260</u>	<u>\$71,949</u>	<u>\$77,289</u>	<u>\$32,466</u>	<u>\$30,729</u>	<u>\$75,052</u>	<u>\$70,918</u>
Highways and streets										
Miles of streets (street lane miles)	158	160	160	160	157	159	159	160	160	160
Surface water catch basins	1,622	1,631	1,631	1,679	1,685	1,701	1,752	1,778	1,798	1,796
Business-type activities:										
Water										
Water mains (miles)	100	100	100	100	101	100	100	100	101	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	1,697	1,692	1,692	1,692	1,700	1,706	1,721	1,724	1,725	1,728

Source: City of Milwaukie Departments.



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SECTION IV

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE
REGULATIONS

CITY OF MILWAUKIE, OREGON

COMPLIANCE SECTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 Aldrich CPAs + Advisors LLP is contained in this section:

- Independent Auditor's Report Required by Oregon State Regulations

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Honorable Mayor and City Council
City of Milwaukie
Milwaukie, Oregon

We have audited the basic financial statements of the City of Milwaukie (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated March 12, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. 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:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions, and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

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 grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

- The City had multiple violations of ORS 279 and the City's procurement policies during the year which included failure to enter into a contract for a public improvement project, failure to advertise for a project, and failure to obtain appropriate approvals of contracts by the City Manager and/or City Council prior to entering into contracts and intergovernmental agreements.

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS,
CONTINUED**

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, that we consider to be material weaknesses.

Restriction on Use

This report is intended solely for the information and use of the City Council and management of the City of Milwaukie and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Aldrich CPAs + Advisors LLP

By: 

Andrew Maffia, CPA, Partner
Lake Oswego, Oregon
March 12, 2024



CITY OF MILWAUKIE

FINANCE DEPARTMENT

Finance Director Michael Osborne • OsborneM@milwaukieoregon.gov

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