



CITY OF MILWAUKIE



2022

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

MILWAUKIE, OREGON – FISCAL YEAR ENDED JUNE 30, 2022

**CITY OF MILWAUKIE, OREGON**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**



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# CITY OF MILWAUKIE, OREGON

Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022

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Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022

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# SECTION I

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## INTRODUCTORY SECTION

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





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March 24, 2023

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, 2022, is hereby submitted.

This report presents the financial position of the city as of June 30, 2022, and the results of its operations for the fiscal year then ended. The financial statements and supporting schedules have been prepared in accordance with the generally accepted accounting principles (GAAP) of the United States of America and meet the requirements of the standards prescribed by the Oregon Secretary of State Audits Division. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various city funds.

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

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

Aldrich CPAs + Advisors LLP (Aldrich), Certified Public Accountants, issued an unmodified or "clean" opinion on the city's financial statements for the fiscal year ended June 30, 2022. The independent auditor's report is located within the Financial Section of this report.

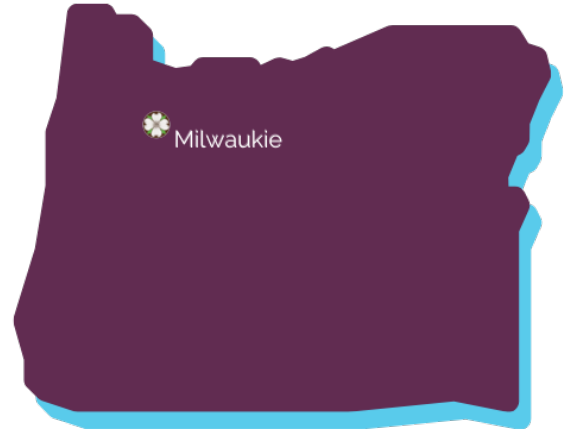
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The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

**MILWAUKIE CITY HALL**  
10722 SE Main Street  
Milwaukie, Oregon 97222  
[www.milwaukieoregon.gov](http://www.milwaukieoregon.gov)

## **Governmental Structure**

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

The City of Milwaukie is a community where citizens, civic organizations, businesses, and government work together to ensure that the community retains its hometown identity, high quality of life and its natural beauty. Today, Milwaukie serves a population of 20,946 and is close to the region's business core and urban amenities, with the City of Portland just to the north. At the same time, the city provides a small-town atmosphere and distinct neighborhoods. Milwaukie is approximately twenty-six miles from Portland International Airport.



Milwaukie is a full-service 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, 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 program 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 2022. At the end of fiscal year 2022, the local unemployment rate was 3.2%, which compares favorably to the state rate of 3.5% and national rate of 3.6%. The city relies heavily on property tax revenues, which increased by 3.1%



in 2022; this is inclusive of the State Measures 5 and 50 limitations and new development in Milwaukie.

Milwaukie's economy is part and parcel of a robust residential community and a low ratio of heavy industry and retail-based commercial activity. Much of Milwaukie's growth occurred in the 1960s when population increased from 9,100 to 15,000 residents. Today, the 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 percent depending on the fund. The Forecast is included in the 2022-2023 biennial budget that was adopted in June 2022.

The Master 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 much more as it is all encompassing document of the fees and rates issued by the city. Although all fees and charges are adopted by City Council, the utility rates are supported 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 \$37.7 million as of the end of fiscal year 2022.

The city is planning on issuing additional debt for both additional transportation projects and urban renewal initiatives. The city maintains a credit rating of Aa2 representing a solid financial position and is poised to acquire the additional debt with this strong rating.

Lastly, when looking at Milwaukie's financial 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 1990's, 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 a 2005 election, the Milwaukie voters passed a ballot measure (#3-166) authorizing CCFD to annex fire & medical services into the City of Milwaukie. In February 2006, City Council passed Ordinance No. 1958 to reduce the city's permanent tax rate certification of \$6.5370 to a rate of

\$4.1367 per \$1,000 of assessed value and the remainder of \$2.4012 per \$1,000 of assessed value would be for CCFD.

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. During this process in fiscal year 2022, City Council identified three primary goals for the City which can include new or existing goals. Those goals are:



**Climate Change Mitigation and Resilience Action** – Over the past two years, the city has seen 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 forward that will allow the city to do its part in the global efforts. City Council declared a climate emergency in January 2020, calling for an acceleration of the climate goals outlined in the plan, pushing the City to achieve net-zero carbon emissions from electricity by 2040.



**Equity, Justice and Inclusion** – On May 25, 2020, people across our community and around the world were horrified by the murder of George Floyd. In the subsequent weeks, a movement arose that marked a sea change in how governments, private companies and communities confront the history and continued impacts of systemic racism in the United States. In August 2020, 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 by making equity, inclusion, and justice as a primary goal 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. This goal establishes a steering committee, relationship-building, training for staff, and implementation of policies, procedures, and practices throughout the city.



**Housing Affordability** - For a majority of this biennium, City Council had a goal of housing affordability. This work has been memorialized and directed through the 2017 Milwaukie Housing Affordability Strategy. The goal shifted in September 2021; however, a significant amount of staff and City Council resources have continued to be allocated toward supporting those struggling most with the increasing cost of housing in Milwaukie.

Other initiatives include:

The new city hall and completing a plan for the old city hall as the city is working towards moving staff to a 21,000 square foot building just blocks from the old city hall on main street. The new city hall will include some renovation work to accommodate city council chambers and front-counter customer service areas. The old city hall will be either sold or leased as a result of this move.

The Water and Wastewater departments continue to work on the SCADA Design and construction. SCADA is a system for remote monitoring and control of the water and wastewater system while providing site security, control capabilities, data acquisition, and a simplified user interface. The total project is approximately \$1.6 million and will be substantially completed in the next fiscal year.

Expanding the urban canopy by developing a robust urban forest program. Included in this work are resources for a tree inventory that will help the community better understand and predict the future of Milwaukie's urban forest. Updates to the city Code to include tree permitting for both commercial and residential properties while lastly providing tools for staff to strategically plant trees where the community needs it most.

Lastly, the unprecedented pandemic from 2020 continues throughout 2021 and likely into 2022. The city has adjusted the working culture with several changes as a result of the pandemic. The city has moved back into city buildings after being quarantined for nearly 18 months and continue to conduct city services while maintaining social distancing.

## **National Financial and Budget Awards**

**Annual Financial Reporting Award.** Since the early nineties, the city 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 Popular or 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 2021-2022 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: as a 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**

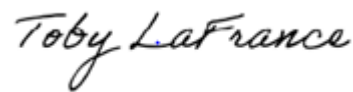
**Audit Committee.** In July 2012, the City Council established an audit committee to ensure that audits are completed annually in accordance with Oregon state law, provide oversight of the independent auditors, assist in the review and selection of audit firms, and ensure transparent communication back 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 Certified Public Accountants residing within the city limits and second to CPAs with a city affiliation. Terms are for two years. Gratitude is given to the dedicated members who not only reviewed this fiscal year's audit but also selected the new audit firm to complete the audit during fiscal year 2022. Thank you to Mack Stilson (Chair), Councilor Kathy Hyzy, Mary Rowe (Budget Committee liaison and Vice Chair), community members Mona Henry and Matthew Dake.

**City Team.** The preparation of this report was a combined effort of the dedicated finance staff under the direction of Bonnie Dennis during fiscal year 2022. A special thank you is given to the team of Michael Osborne, Judy Serio, Kelli Tucker and Tayler Bremont in 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



Toby LaFrance  
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, 2021

*Christopher P. Morill*

Executive Director/CEO

**CITY OF MILWAUKIE, OREGON**  
**ELECTED AND APPOINTED OFFICIALS**  
**AS OF JUNE 30, 2022**

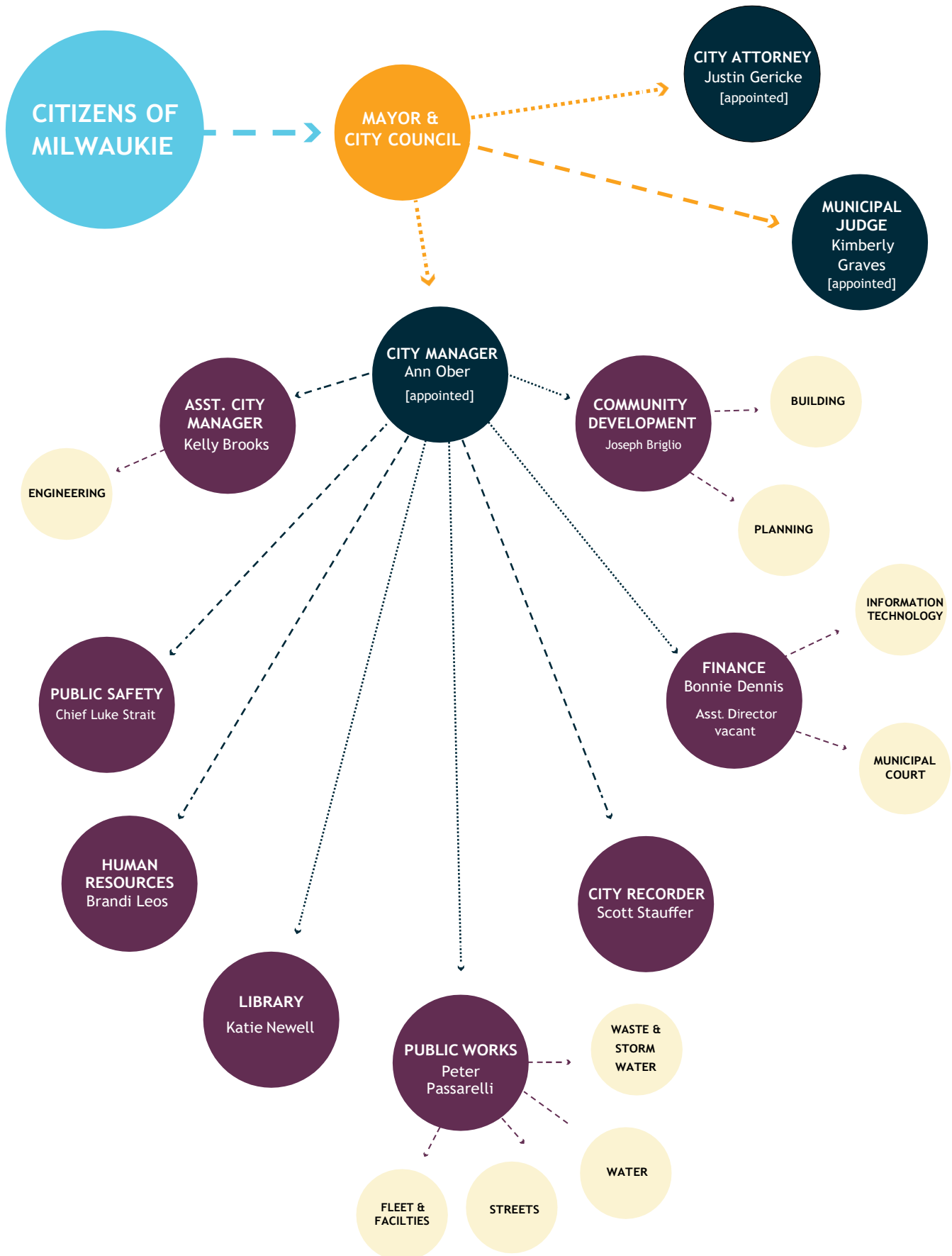
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<b>Elected Officials</b>	<b>Term Expires</b>
Mark Gamba, Mayor	December 31, 2022
Adam Khosroabadi, Councilor	December 31, 2024
Lisa Batey, Councilor	December 31, 2022
Kathy Hyzy, Councilor	December 31, 2022
Desi Nicodemus, Councilor	December 31, 2024

<b>Appointed Officials</b>	<b>Position</b>
Ann Ober	City Manager
Justin Gericke	City Attorney
Kimberly Graves	Municipal Court Judge
Management Team:	
Kelly Brooks	Assistant City Manager
Joseph Briglio	Community Development Director
Scott Stauffer	City Recorder
Bonnie Dennis, MBA	Administrative Services Director
vacant	Assistant Finance Director
Brandi Leos	Human Resources Director
Katie Newell	Library Director
Luke Strait	Police Chief
Peter Passarelli, PE	Public Works Director



CITY OF MILWAUKIE, OREGON  
ORGANIZATIONAL CHART  
AS OF JUNE 30, 2022





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# SECTION II

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## FINANCIAL SECTION

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



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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 (City) as of and for the year ended June 30, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, we:

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

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The 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 auditing standards generally accepted in the United States of America. 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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, the schedule of future debt service requirements and the schedule of accountability of independently elected officials 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.

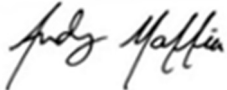
### Report on Other Legal and Regulatory Requirements

#### 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 28, 2023, 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 28, 2023



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**CITY OF MILWAUKIE, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR END JUNE 30, 2022**

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Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the City of Milwaukie (city) for the fiscal year ended June 30, 2022. 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 \$166.3 million on June 30, 2022, consisting of \$100.0 million in capital assets, \$44.3 million in unrestricted cash and investments, \$15.5 million in restricted cash and investments, and \$6.5 million in other assets. Total assets increased by \$9.3 million (6%) from the previous fiscal year.
- The city's liabilities totaled \$62.2 million on June 30, 2022, consisting of \$51.7 million in long-term liabilities and \$10.5 million in accounts payable and other liabilities. Total liabilities decreased by \$7 million (10%) from the previous fiscal year.
- The assets of the city exceeded its liabilities by \$101 million at the close of fiscal year 2022. Unrestricted net position totaled \$16.2 million with the remainder of the city's net position invested in capital assets (\$64.7 million) and restricted for capital projects, building operations, library services, debt service, and public safety (\$20.0 million).
- The deferred outflows of resources for the city increased to \$7.7 million, compared to \$7.3 million in fiscal year 2021. The primary increase relates to pension and OPEB assets as return on investments within their respective plans was higher than originally forecasted.
- The deferred inflows of resources for the city increased to \$10.9 million, compared to \$9 million in fiscal year 2021. In addition to a new deferred inflow related to GASB 87 – leases, the primary increase relates to pension and OPEB liabilities as the change in proportionate share was less for the city in 2022.
- For its governmental activities, the city generated \$10.1 million in charges for services and received \$5.7 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$30.2 million for the year, resulting in a net expense of \$14.3 million. The city also received \$14.6 million of general revenues and \$3.4 million in transfers, resulting in an increased net position of \$3.7 million.
- For its business-type activities, the city generated \$18.4 million in charges for services and capital grants and contributions to fund direct expenses of \$12.1 million. Business-type activities had transfers of \$3.4 million. Business-type activities had an increase in net position of \$2.8 million.
- Fund balance in the city's governmental funds was \$36.1 million on June 30, 2022, an increase of \$.4 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 as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes all of the city's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of 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 the majority of the city's basic services such as community development, code enforcement, police, library, highways and streets, and general administration. Property taxes, charges for services, grants and contributions fund most of these activities.
- Business-type activities – The 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 2022, assets exceeded liabilities by \$101.0 million.

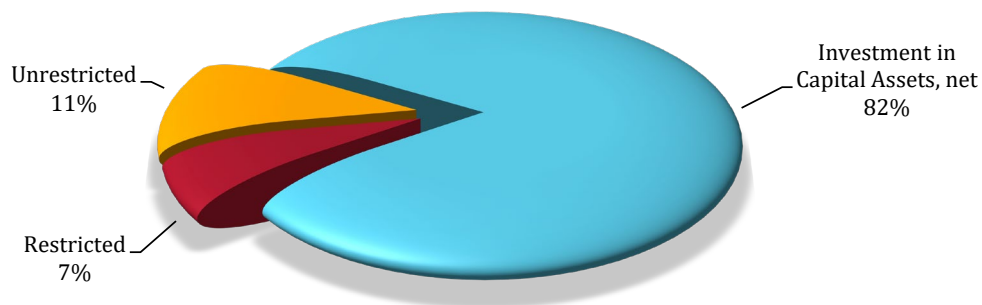
By far the largest portion of the city's net position (64.0%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, infrastructure and intangible leases); less any related debt outstanding used to acquire those assets. The city uses these capital assets to provide services 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, 2022 and 2021 was as follows:

**Statement of Net Position**  
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Current and other assets	\$ 42,608	\$ 40,112	\$ 23,730	\$ 18,297	\$ 66,338	\$ 58,409
Capital assets	68,014	67,527	32,032	31,276	100,046	98,803
Total assets	110,622	107,639	55,762	49,573	166,384	157,213
Deferred outflows of resources	6,902	6,607	808	739	7,710	7,346
Long-term liabilities	49,412	59,357	2,333	3,336	51,745	62,693
Other liabilities	4,887	6,082	5,593	2,398	10,480	8,480
Total liabilities	54,299	65,439	7,926	5,734	62,225	71,173
Deferred inflows of resources	9,763	849	1,117	95	10,880	944
Net position:						
Net investment in capital assets	33,501	47,783	31,164	30,312	64,665	78,095
Restricted for:						
Public safety	217	517	-	-	217	517
Debt service	9	442	12	12	21	454
Affordable Housing	1,267	-	-	-	1,267	-
Library services	789	-	-	-	789	-
OPEB Asset	147	96	22	11	169	107
Building operations	3,469	2,567	-	-	3,469	2,567
Urban renewal	1,506	990	-	-	1,506	990
Transportation	10,318	-	-	-	10,318	-
Capital projects	2,276	1,700	-	-	2,277	1,700
Unrestricted	(38)	(4,339)	16,328	14,149	16,290	9,810
Total net position	\$ 53,461	\$ 49,756	\$ 47,526	\$ 44,483	\$ 100,988	\$ 94,240

**Classification of Net Position**



As of June 30, 2022, the city had positive balances in five categories of net position for the city. Total net position increased from the prior year by \$6.7 million (7%) to \$100.9 million.

A portion of the city's net position (\$20 million or 20%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position (\$16.3 million or 16%) may be used to meet the city's ongoing obligations to citizens and creditors.

**Statement of Activities**  
**Changes in Net Position**  
*(in thousands)*

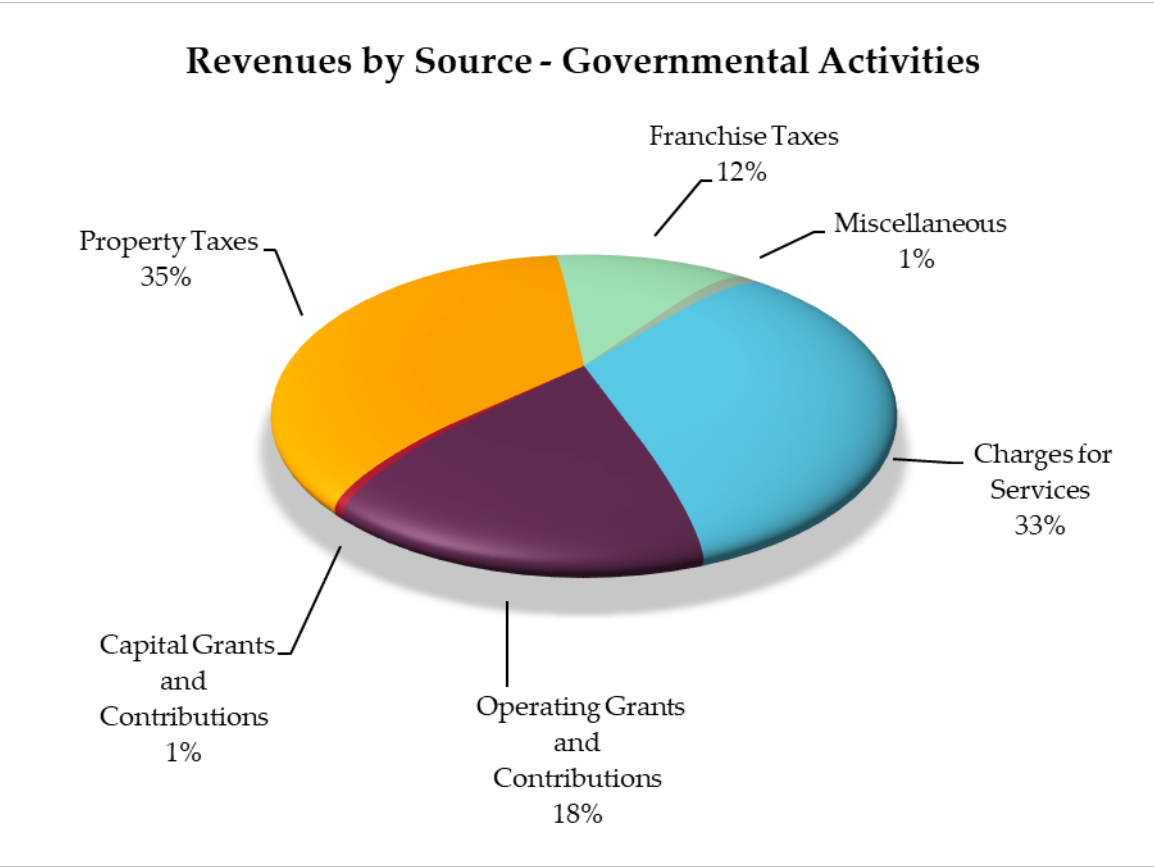
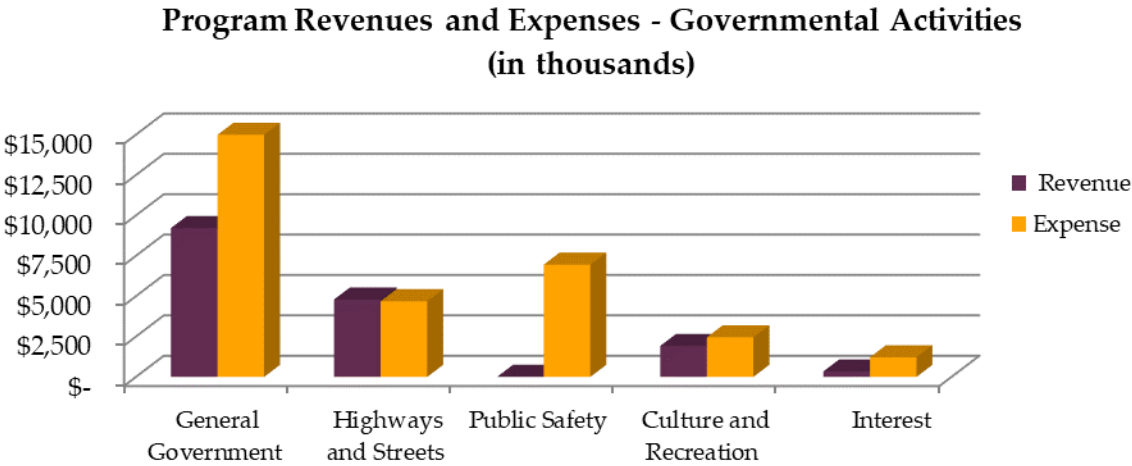
	Governmental Activities		Business-Type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Revenues						
Program revenues:						
Charges for services	\$ 10,186	\$ 13,535	\$ 18,313	\$ 17,934	\$ 28,500	\$ 31,469
Operating grants and contributions	5,554	3,937	75	-	5,629	3,937
Capital grants and contributions	181	466	-	308	181	774
General revenues:						
Property taxes	10,704	10,391	-	-	10,704	10,391
Franchise taxes	3,542	3,682	-	-	3,542	3,682
Miscellaneous	386	257	60	41	446	299
Total revenues	30,553	32,269	18,448	18,283	49,002	50,552
Expenses						
Governmental activities:						
General government	14,991	16,618	-	-	14,991	16,618
Highways and streets	4,686	6,253	-	-	4,686	6,253
Public safety	6,950	8,078	-	-	6,950	8,078
Culture and recreation	2,450	2,564	-	-	2,450	2,564
Interest on long-term debt	1,210	1,319	-	-	1,210	1,319
Business-type activities:						
Water	-	-	2,929	4,090	2,929	4,090
Wastewater	-	-	6,781	7,911	6,781	7,911
Stormwater	-	-	2,457	3,660	2,457	3,660
Total expenses	30,287	34,832	12,167	15,661	42,455	50,492
Change in net position before transfers	266	(2,563)	6,280	2,622	6,548	60
Transfers	3,439	-	(3,439)	-	-	-
Change in net position	3,705	(2,562)	2,841	2,622	6,548	60
Net Position - beginning	49,756	52,318	44,483	41,861	94,239	94,179
Prior Period Adjustment			202		202	-
Net position - ending	\$ 53,461	\$ 49,756	\$ 47,526	\$ 44,483	\$ 100,988	\$ 94,239

## Governmental Activities

Governmental activities increased the city's net position by \$3.7 million in fiscal year 2022, compared to a \$2.6 million decrease in the prior fiscal year. Transfers from business to government activities was \$3.4 million. The increase in net position was due to an increase in property taxes and lease proceeds of \$.3 million and \$.5 million, respectively. \$7.2 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.

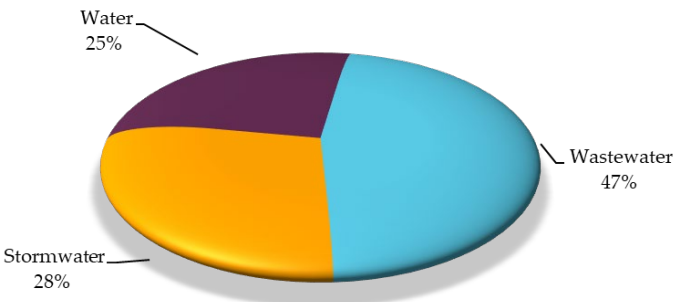


**Business-type Activities**

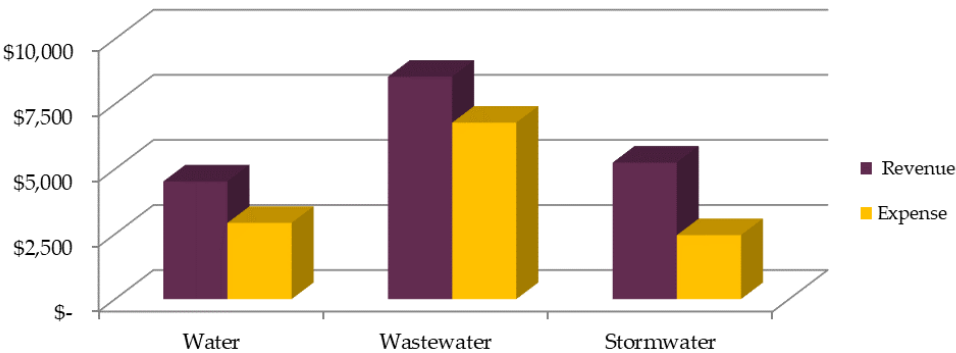
Business-type activities increased the city's net position by \$2.8 million due to a planned increase in utility rates year over year. In addition, the utility funds did not expend all the budgeted capital for improvements during the fiscal year due to COVID-19 and other project delays.

The Water, Wastewater, and Stormwater fund revenues represent approximately 25 percent, 47 percent, and 28 percent, of all utility revenue, respectively. The Water fund accounts for all services that provide clean water to residents and businesses. The Wastewater fund accounts for all sewer collection services and the Stormwater fund accounts for surface water management services.

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



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





## **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, 2022, the city's governmental funds reported a combined ending fund balance of \$36.0 million, an increase of \$.4 million for the year. Unassigned fund balance increased to \$14.3 million as of June 30, 2022 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. At June 30, 2022, total fund balance was \$14.8 million, which is an increase of \$2.7 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. For 2022, the city increased the charges for services provided to other funds by \$2 million. General Fund expenditures increased \$1.0 million to \$19.8 million in fiscal year 2022 as a result of increased personnel costs.

### **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 \$2.2 million. Total expenditures and other financing uses increased to \$11.0 million, consisting of capital projects (\$7 million), debt service (\$.6 million), transfers to other funds (\$2.0 million) and personnel, materials and services (\$1.3 million). As a result, the Transportation Fund had an overall decrease in fund balance of \$4.9 million for the fiscal year ending June 30, 2022. At June 30, 2022 the fund balance was \$10.3 million.

### **Other Governmental Funds**

The other governmental funds are considered as nonmajor funds which include the Systems Development Charges Fund, Library Fund, City Hall Fund, Building Fund, Affordable Housing Fund, Milwaukie Redevelopment Commission, 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 89.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The original general fund budget for the 2021-2022 biennium budget period amounted to \$46 million. There have been several supplemental budget resolutions adopted during the biennium to reallocate departmental budget authority and allow for previously unanticipated expenditures.

During the second year of the biennium budget, one budget transfer resolution was adopted to allocate as follows:

- General fund transfer of \$55,000 from unappropriated reserves in the Public, Educational, and Government department for a Broadband Study using ARPA dollars.
- General Fund transfer from the Community Development Department to the Public Works Department of \$195,000 to accurately reflect the administration of Parks in the correct department.

Recognition of implementation of GASB statement 87, Leases, for the Bertman House and space at the Public Safety Building, recognition of proceeds from lease obligations in the amount of \$29,031.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2022, the city had invested \$100 million in capital assets, net of depreciation as reflected in the following table, representing a net increase (additions, deductions and depreciation) of \$1.8 million in fiscal year 2022. Governmental capital assets totaled \$68.0 million while business-type capital assets totaled \$32.0 million.

### Capital Assets, Net of Accumulated Depreciation (in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Land and easements	\$ 6,216	\$ 6,216	\$ 1,204	\$ 1,204	\$ 7,420	\$ 7,420
Buildings and improvements	21,880	24,433	4,841	5,285	26,722	29,718
Vehicles and equipment	1,625	1,664	1,626	1,961	3,251	3,624
Furniture and fixtures	365	414	-	-	365	414
Infrastructure	35,168	30,109	21,244	19,989	56,412	50,098
Construction in progress	2,760	4,691	3,116	2,837	5,876	7,528
Capital assets, net	<u>\$ 68,014</u>	<u>\$ 67,527</u>	<u>\$ 32,032</u>	<u>\$ 31,276</u>	<u>\$ 100,046</u>	<u>\$ 98,802</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 increased by a net \$0.5 million from the prior fiscal year, while business-type activities increased by a net \$0.8 million. The increases include assets for infrastructure such as pipe replacements and street improvements. Capital asset additions include completion of various projects throughout the community. More detailed information about the city's capital assets is presented in the Notes to the Basic Financial Statements, beginning on page 43.

**Change in Capital Assets**  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Beginning balance	\$ 67,527	\$ 68,291	\$ 31,276	\$ 29,167	\$ 98,802	\$ 97,458
Additions	16,217	7,490	2,591	4,333	18,809	11,823
Reductions and adjustments	(9,306)	(2,045)	651	(19)	(8,654)	(2,064)
Depreciation	(6,425)	(6,209)	(2,486)	(2,205)	(8,911)	(8,414)
Ending balance	\$ 68,014	\$ 67,527	\$ 32,032	\$ 31,276	\$ 100,046	\$ 98,802

**Debt Outstanding**

As of the end of the fiscal year, the city had \$37.7 million in long-term debt obligations outstanding, a decrease from the prior year by \$1.7 million due to debt repayments. More detailed information about the city's long-term debt obligations is presented in the Notes to the Basic Financial Statements, beginning on page 43.

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

	Fiscal Year Ending	
	2022	2021
<b>Governmental:</b>		
Transportation Full-Faith & Credit Obligation	\$ 17,225	\$ 17,602
Library General Obligation Bond	6,910	7,305
City Hall Full-Faith & Credit Obligation	6,135	6,420
Light Rail General Obligation Bond	2,545	2,710
Pension Bond	2,345	2,650
Milwaukie Bay Park Full-Faith & Credit Obligation	510	570
Special Public Works Fund Loan	353	377
Add in Bond Premiums	835	888
	<u>36,857</u>	<u>38,522</u>
<b>Business-Type:</b>		
Oregon DEQ	868	965
<b>Total</b>	<u><b>\$ 37,726</b></u>	<u><b>\$ 39,487</b></u>

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

Under Oregon Revised Statutes, general obligation debt issues are limited to three percent of the real market value of all taxable property within the city's boundaries. As of June 30, 2022, the city carried \$9.5 million general obligation debt subject to this \$118.2 million limit.

## **Economic Factors**

The City of Milwaukie is predominantly residential in nature, with commercial property and industrial property representing approximately nine percent and fifteen percent 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 61 percent); therefore, overall real market values would have to decrease an additional 39 percent before the city's property tax revenue stream would be significantly impacted.

Property taxes and charges for services provided approximately 73% 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 (CUAB) 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 based on square footage and type of business; single-family residential rates are fixed at \$5.64 monthly. 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 percent in volume charges. Stormwater received an increase of 2.5 percent 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, 10722 SE Main Street, Milwaukie, Oregon 97222 or by email: [finance@milwaukieoregon.gov](mailto:finance@milwaukieoregon.gov).





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## **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, 2022

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 24,569,636	\$ 19,782,136	\$ 44,351,772
Restricted cash and investments	13,365,490	2,166,864	15,532,354
Property taxes receivable	369,048	-	369,048
Accounts receivable, net of allowance	3,552,016	1,745,547	5,297,563
Prepaid expenses	309,156	13,197	322,353
Lease receivable	222,743	-	222,743
Right to use lease asset	30,393	-	30,393
Net OPEB Asset	189,378	22,170	211,548
Capital assets not being depreciated:			
Land and easements	6,216,125	1,204,142	7,420,267
Construction in progress	2,759,690	3,116,282	5,875,972
Capital assets net of accumulated depreciation:			
Buildings and improvements	21,880,460	4,841,298	26,721,758
Vehicles and equipment	1,625,161	1,626,352	3,251,513
Furniture and fixtures	364,858	-	364,858
Infrastructure	35,167,623	21,244,136	56,411,759
<b>TOTAL ASSETS</b>	<b>110,621,777</b>	<b>55,762,124</b>	<b>166,383,901</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources - pension	6,663,370	779,918	7,443,288
Deferred outflows of resources - OPEB	238,637	27,937	266,574
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,902,007</b>	<b>807,855</b>	<b>7,709,862</b>
<b>LIABILITIES:</b>			
Accounts payable	2,279,693	3,003,356	5,283,049
Accrued salaries and payroll taxes payable	481,579	60,786	542,365
Accrued compensated absences payable	1,339,061	124,132	1,463,193
Accrued interest payable	93,790	1,931	95,721
Deposits payable	84,845	13,504	98,349
Unearned revenue	608,332	2,389,627	2,997,959
Noncurrent liabilities:			
Lease liability	38,444	-	38,444
Long-term obligations, due within one year	1,358,298	96,458	1,454,756
Long-term obligations, due in more than one year	35,499,154	771,662	36,270,816
Net pension liability	11,670,266	1,365,953	13,036,219
Total OPEB liability	845,893	99,028	944,921
<b>TOTAL LIABILITIES</b>	<b>54,299,355</b>	<b>7,926,437</b>	<b>62,225,792</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows of resources - leases	218,583	-	218,583
Deferred inflows of resources - pension	9,337,291	1,092,888	10,430,179
Deferred inflows of resources - OPEB	206,942	24,227	231,169
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>9,762,816</b>	<b>1,117,115</b>	<b>10,879,931</b>
<b>NET POSITION:</b>			
Net investment in capital assets	33,501,465	31,164,090	64,665,555
Restricted for:			
Public safety supplies	217,029	-	217,029
Debt service	8,808	12,056	20,864
Affordable Housing	1,267,445	-	1,267,445
Library	789,156	-	789,156
OPEB Restricted	146,533	22,170	168,703
Building operations	3,469,114	-	3,469,114
Urban renewal	1,505,922	-	1,505,922
Transportation	10,318,125	-	10,318,125
Capital projects	2,276,244	-	2,276,244
Unrestricted	(38,228)	16,328,111	16,289,883
<b>TOTAL NET POSITION</b>	<b>\$ 53,461,613</b>	<b>\$ 47,526,427</b>	<b>\$ 100,988,040</b>

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, 2022

FUNCTION / PROGRAM	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 14,991,622	\$ 7,996,973	\$ 1,215,367	\$ -	\$ (5,779,282)	\$ -	\$ (5,779,282)
Highways and streets	4,685,904	2,188,594	2,421,213	180,759	104,662	-	104,662
Public safety	6,949,716	-	2,567	-	(6,947,149)	-	(6,947,149)
Culture and recreation	2,450,073	-	1,915,251	-	(534,822)	-	(534,822)
Interest on long-term debt	1,209,691	-	-	-	(1,209,691)	-	(1,209,691)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>30,287,006</b>	<b>10,185,567</b>	<b>5,554,398</b>	<b>180,759</b>	<b>(14,366,282)</b>	<b>-</b>	<b>(14,366,282)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Water	2,928,627	4,519,894	9,186	-	-	1,600,453	1,600,453
Wastewater	6,781,314	8,546,417	5,022	-	-	1,770,125	1,770,125
Stormwater	2,457,430	5,246,310	60,607	-	-	2,849,487	2,849,487
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>12,167,371</b>	<b>18,312,621</b>	<b>74,815</b>	<b>-</b>	<b>-</b>	<b>6,220,065</b>	<b>6,220,065</b>
<b>TOTAL ACTIVITIES</b>	<b>\$ 42,454,377</b>	<b>\$ 28,498,188</b>	<b>\$ 5,629,213</b>	<b>\$ 180,759</b>	<b>(14,366,282)</b>	<b>6,220,065</b>	<b>(8,146,217)</b>
<b>GENERAL REVENUES:</b>							
Property taxes, levied for general purposes					10,704,347	-	10,704,347
Franchise taxes					3,541,583	-	3,541,583
Unrestricted investment earnings					334,413	60,384	394,797
Gain on sale of capital assets					51,755	-	51,755
<b>TOTAL GENERAL REVENUES</b>					<b>14,632,098</b>	<b>60,384</b>	<b>14,692,482</b>
<b>TRANSFERS</b>					<b>3,438,786</b>	<b>(3,438,786)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>					<b>3,704,602</b>	<b>2,841,663</b>	<b>6,546,265</b>
<b>NET POSITION - beginning</b>					<b>49,757,011</b>	<b>44,482,980</b>	<b>94,239,991</b>
<b>Prior period adjustment</b>					<b>-</b>	<b>201,784</b>	<b>201,784</b>
<b>NET POSITION - ending</b>					<b>\$ 53,461,613</b>	<b>\$ 47,526,427</b>	<b>\$ 100,988,040</b>

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



**CITY OF MILWAUKIE, OREGON**

**GOVERNMENTAL FUNDS BALANCE SHEET**

**JUNE 30, 2022**

	General Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and investments	\$ 12,420,106	\$ 9,565,845	\$ 2,583,685	\$ 24,569,636
Restricted cash and investments	2,365,981	2,544,382	8,455,127	13,365,490
Property taxes receivable	353,769	-	15,279	369,048
Accounts receivable	2,928,076	545,905	78,035	3,552,016
Prepaid expenditures	263,541	-	45,615	309,156
Lease receivable	14,827	-	207,916	222,743
<b>TOTAL ASSETS</b>	<b>\$ 18,346,300</b>	<b>\$ 12,656,132</b>	<b>\$ 11,385,657</b>	<b>\$ 42,388,089</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 494,850	\$ 1,707,122	\$ 77,721	\$ 2,279,693
Accrued salaries and payroll taxes	400,470	19,512	61,597	481,579
Deposits payable	25,095	59,750	-	84,845
Unearned revenue	9,595	551,623	47,114	608,332
<b>TOTAL LIABILITIES</b>	<b>930,010</b>	<b>2,338,007</b>	<b>186,432</b>	<b>3,454,449</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - municipal court assessments	1,026,339	-	-	1,026,339
Unavailable revenue - settlements	1,138,005	-	-	1,138,005
Unavailable revenue - property taxes	335,704	-	14,584	350,288
Unavailable revenue - assessment liens	81,173	-	-	81,173
Unavailable revenue - leases	14,752	-	203,831	218,583
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,595,973</b>	<b>-</b>	<b>218,415</b>	<b>2,814,388</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>3,525,983</b>	<b>2,338,007</b>	<b>404,847</b>	<b>6,268,837</b>
<b>FUND BALANCES:</b>				
Nonspendable	263,541	-	45,615	309,156
Restricted	217,029	10,318,125	9,256,490	19,791,644
Assigned	-	-	1,678,705	1,678,705
Unassigned	14,339,747	-	-	14,339,747
<b>TOTAL FUND BALANCES</b>	<b>14,820,317</b>	<b>10,318,125</b>	<b>10,980,810</b>	<b>36,119,252</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 18,346,300</b>	<b>\$ 12,656,132</b>	<b>\$ 11,385,657</b>	

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. 68,013,917

Other assets are not available to pay for current-period expenditures and are therefore deferred in the funds:

Property tax revenues	350,288	
Opioid settlement	1,138,005	
Municipal court assessments	1,026,339	
Net OPEB asset	189,378	
Right to use lease asset	30,393	
Deferred outflows of resources - pensions	6,663,370	
Deferred outflows of resources - OPEB	238,637	
Assessment liens	81,173	9,717,583

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	(1,339,061)	
Accrued interest payable	(93,790)	
Lease liability	(38,444)	
Net pension liability	(11,670,266)	
Total OPEB liability	(845,893)	
Deferred inflows of resources - pension	(9,337,291)	
Deferred inflows of resources - OPEB	(206,942)	
Long-term debt obligations	(36,857,452)	(60,389,139)
Net position of governmental activities		\$ 53,461,613

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, 2022**

	General Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property taxes	\$ 8,332,082	\$ -	\$ 2,292,982	\$ 10,625,064
Franchise taxes	2,256,691	1,284,892	-	3,541,583
Intergovernmental	3,432,761	2,421,213	1,998,051	7,852,025
Licenses and permits	646,369	-	1,916,498	2,562,867
Rents and leases	-	-	489,194	489,194
Charges for services	-	2,188,594	-	2,188,594
System development charges	-	-	651,397	651,397
Fines and forfeitures	322,999	-	39,195	362,194
Investment earnings	104,517	175,859	54,037	334,413
Miscellaneous	157,806	37,401	621,287	816,494
<b>TOTAL REVENUES</b>	<b>15,253,225</b>	<b>6,107,959</b>	<b>8,062,641</b>	<b>29,423,825</b>
<b>EXPENDITURES:</b>				
Current:				
General government	12,075,979	-	795,252	12,871,231
Highways and streets	-	1,264,704	-	1,264,704
Public safety	6,875,846	-	-	6,875,846
Culture and recreation	-	-	2,113,278	2,113,278
Debt service:				
Principal	329,919	-	905,000	1,234,919
Interest	151,041	640,831	466,441	1,258,313
Capital outlay	421,968	7,033,348	135,136	7,590,452
<b>TOTAL EXPENDITURES</b>	<b>19,854,753</b>	<b>8,938,883</b>	<b>4,415,107</b>	<b>33,208,743</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,601,528)</b>	<b>(2,830,924)</b>	<b>3,647,534</b>	<b>(3,784,918)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (to) from other funds	7,270,000	(2,090,000)	(1,090,000)	4,090,000
Proceeds from sale of capital assets	60,531	18,729	-	79,260
Lease financing	29,031	-	-	29,031
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>7,359,562</b>	<b>(2,071,271)</b>	<b>(1,090,000)</b>	<b>4,198,291</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,758,034</b>	<b>(4,902,195)</b>	<b>2,557,534</b>	<b>413,373</b>
<b>FUND BALANCES - beginning</b>	<b>12,062,283</b>	<b>15,220,320</b>	<b>8,423,276</b>	<b>35,705,879</b>
<b>FUND BALANCES - ending</b>	<b>\$ 14,820,317</b>	<b>\$ 10,318,125</b>	<b>\$ 10,980,810</b>	<b>\$ 36,119,252</b>

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

# CITY OF MILWAUKIE, OREGON

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Net change in fund balances - total governmental funds		\$	413,373
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			1,068,984
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	7,590,452		
Depreciation expense	(6,424,746)		
Amortization expense	(7,966)		
			1,157,740
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and transfers) is to decrease net position.			(660,624)
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.			1,234,919
Long-term debt principal repayments	1,234,919		
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	384,908		
Net OPEB liability and related deferrals	4,085		
Accrued interest payable	48,622		
Accrued compensated absences payable	20,574		
Lease principal paid	7,880		
Lease proceeds	(29,031)		
Amortization of bond premium	53,172		
			490,210
Change in net position of governmental activities		\$	3,704,602

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, 2022**

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 5,276,763	\$ 7,570,201	\$ 6,935,172	\$ 19,782,136
Restricted cash and investments	1,419,536	747,328	-	2,166,864
Accounts receivable, net of allowance for doubtful accounts	375,676	869,012	500,859	1,745,547
Prepaid expenses	7,500	5,697	-	13,197
Total current assets	7,079,475	9,192,238	7,436,031	23,707,744
Noncurrent assets:				
Net OPEB asset	9,583	5,373	7,214	22,170
Capital assets not being depreciated	1,728,279	1,288,111	1,304,034	4,320,424
Capital assets, net of accumulated depreciation	10,449,722	8,962,486	8,299,578	27,711,786
Total noncurrent assets	12,187,584	10,255,970	9,610,826	32,054,380
<b>TOTAL ASSETS</b>	<b>19,267,059</b>	<b>19,448,208</b>	<b>17,046,857</b>	<b>55,762,124</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflows of resources - pensions	336,966	189,077	253,875	779,918
Deferred outflows of resources - OPEB	12,076	6,771	9,090	27,937
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>349,042</b>	<b>195,848</b>	<b>262,965</b>	<b>807,855</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	157,325	2,640,120	205,911	3,003,356
Accrued salaries and payroll taxes payable	26,923	14,815	19,048	60,786
Accrued compensated absences payable	46,025	42,972	35,135	124,132
Accrued interest payable	-	1,931	-	1,931
Deposits payable	13,504	-	-	13,504
Unearned revenue	1,440,704	828,923	120,000	2,389,627
Current portion of long-term debt	-	96,458	-	96,458
Total current liabilities	1,684,481	3,625,219	380,094	5,689,794
Noncurrent liabilities:				
Net pension liability	590,164	331,150	444,639	1,365,953
Total OPEB liability	42,805	24,001	32,222	99,028
Long-term debt	-	771,662	-	771,662
<b>TOTAL LIABILITIES</b>	<b>2,317,450</b>	<b>4,752,032</b>	<b>856,955</b>	<b>7,926,437</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows of resources - pensions	472,185	264,951	355,752	1,092,888
Deferred inflows of resources - OPEB	10,472	5,872	7,883	24,227
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>482,657</b>	<b>270,823</b>	<b>363,635</b>	<b>1,117,115</b>
<b>NET POSITION:</b>				
Net investment in capital assets	12,178,001	9,382,477	9,603,612	31,164,090
Restricted:				
Debt service	-	12,056	-	12,056
OPEB asset	9,583	5,373	7,214	22,170
Unrestricted	4,628,410	5,221,295	6,478,406	16,328,111
<b>TOTAL NET POSITION</b>	<b>\$ 16,815,994</b>	<b>\$ 14,621,201</b>	<b>\$ 16,089,232</b>	<b>\$ 47,526,427</b>

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



**CITY OF MILWAUKIE, OREGON**

**PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 4,457,917	\$ 8,517,353	\$ 5,200,484	\$ 18,175,754
Intergovernmental	9,186	5,022	60,607	74,815
Miscellaneous	61,977	29,064	45,826	136,867
<b>TOTAL OPERATING REVENUES</b>	<u>4,529,080</u>	<u>8,551,439</u>	<u>5,306,917</u>	<u>18,387,436</u>
<b>OPERATING EXPENSES:</b>				
Salaries and wages	944,691	538,532	707,263	2,190,486
Materials and services	1,032,783	5,584,235	868,803	7,485,821
Depreciation	951,153	653,965	881,364	2,486,482
<b>TOTAL OPERATING EXPENSES</b>	<u>2,928,627</u>	<u>6,776,732</u>	<u>2,457,430</u>	<u>12,162,789</u>
<b>OPERATING INCOME</b>	<u>1,600,453</u>	<u>1,774,707</u>	<u>2,849,487</u>	<u>6,224,647</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment earnings	16,236	22,575	21,573	60,384
Interest expense	-	(4,582)	-	(4,582)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>16,236</u>	<u>17,993</u>	<u>21,573</u>	<u>55,802</u>
Contributions of capital assets from governmental activities	260,336	390,878	-	651,214
Transfers to other funds	(1,340,000)	(1,330,000)	(1,420,000)	(4,090,000)
<b>TRANSFERS</b>	<u>(1,079,664)</u>	<u>(939,122)</u>	<u>(1,420,000)</u>	<u>(3,438,786)</u>
<b>CHANGE IN NET POSITION</b>	<u>537,025</u>	<u>853,578</u>	<u>1,451,060</u>	<u>2,841,663</u>
<b>NET POSITION - beginning</b>	16,278,969	13,565,839	14,638,172	44,482,980
<b>Prior period adjustment</b>	<u>-</u>	<u>201,784</u>	<u>-</u>	<u>201,784</u>
<b>NET POSITION - ending</b>	<u>\$ 16,815,994</u>	<u>\$ 14,621,201</u>	<u>\$ 16,089,232</u>	<u>\$ 47,526,427</u>

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, 2022

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users of services	\$ 6,075,617	\$ 9,277,505	\$ 5,307,799	\$ 20,660,921
Payments to suppliers for goods and services	(1,006,796)	(4,229,366)	(952,904)	(6,189,066)
Payments to employees for services	(974,214)	(496,397)	(729,669)	(2,200,280)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>4,094,607</b>	<b>4,551,742</b>	<b>3,625,226</b>	<b>12,271,575</b>
<b>CASH FLOWS TO NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(1,340,000)	(1,330,000)	(1,420,000)	(4,090,000)
<b>NET CASH TO NONCAPITAL FINANCING ACTIVITIES</b>	<b>(1,340,000)</b>	<b>(1,330,000)</b>	<b>(1,420,000)</b>	<b>(4,090,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal paid on capital debt	-	(96,458)	-	(96,458)
Interest expense	-	(4,582)	-	(4,582)
Acquisition and construction of capital assets	(416,421)	(844,750)	(1,330,135)	(2,591,306)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(416,421)</b>	<b>(945,790)</b>	<b>(1,330,135)</b>	<b>(2,692,346)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment Income	16,236	22,575	21,573	60,384
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>16,236</b>	<b>22,575</b>	<b>21,573</b>	<b>60,384</b>
<b>NET INCREASE IN CASH AND INVESTMENTS</b>	<b>2,354,422</b>	<b>2,298,527</b>	<b>896,664</b>	<b>5,549,613</b>
<b>CASH AND INVESTMENTS - beginning</b>	<b>4,341,877</b>	<b>6,019,002</b>	<b>6,038,508</b>	<b>16,399,387</b>
<b>CASH AND INVESTMENTS - ending</b>	<b>\$ 6,696,299</b>	<b>\$ 8,317,529</b>	<b>\$ 6,935,172</b>	<b>\$ 21,949,000</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:</b>				
Operating income	\$ 1,600,453	\$ 1,774,707	\$ 2,849,487	\$ 6,224,647
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation expense	951,153	653,965	881,364	2,486,482
Pension expense (income)	35,214	32,417	(35,210)	32,421
OPEB expense (income)	2,150	1,732	(986)	2,896
(Increase) decrease in accounts receivable	105,833	(14,845)	882	91,870
(Increase) decrease in prepaid expenses	19,338	11,142	5,715	36,195
Increase (decrease) in accounts payable	(68,150)	1,336,115	(89,816)	1,178,149
Increase (decrease) in deposits payable	6	-	-	6
Increase (decrease) in accrued salaries and payroll taxes payable	7,030	3,868	3,721	14,619
Increase (decrease) in accrued compensated absences payable	876	5,844	10,069	16,789
Increase (decrease) in unearned revenue	1,440,704	746,797	-	2,187,501
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 4,094,607</b>	<b>\$ 4,551,742</b>	<b>\$ 3,625,226</b>	<b>\$ 12,271,575</b>
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>				
Capital assets transferred from governmental funds	\$ 260,336	\$ 390,878	\$ -	\$ 651,214

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

**CITY OF MILWAUKIE, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

The financial statements of the City of Milwaukie, Oregon (city) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP 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 Council.

The city provides a full 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 of Milwaukie's financial statements include the Milwaukie Urban Renewal Commission (MRC) as a blended component unit. The City Commission and Board of Directors of Milwaukie Urban Renewal Commission (MRC) are composed of the same individuals. Additionally, 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 (MRC) may be obtained from the Commission at 10722 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 of 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, 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, PGE privilege tax, and charges for services.

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.
- *Library Fund* - Accounts for the operation of the city's Ledding Library. Major revenue sources are intergovernmental revenues and property taxes.
- *Affordable Housing Fund* – Accounts for the collection of construction excise taxes to fund incentives for the development and construction of affordable housing.
- *Milwaukie Redevelopment Commission Fund* – Accounts for the urban renewal redevelopment. The primary revenue source is property taxes.
- *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.

## **Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position**

### **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. The LGIP 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 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

**Lease Assets**

Lease assets are assets which the City leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the City's incremental borrowing rate at the time of the lease agreement amortized over the term of the agreement.

**Leases Payable**

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. 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, as a result 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 or not 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 Oregon Public Employees Retirement Systems (OPERS) and additions to/deductions from 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) legally 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* – This is 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 position by the city that is applicable to a future reporting period. Deferred outflow of resources is a consumption of net position 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, 2022, the city's cash and investments were comprised of the following:

Cash on hand	\$ 4,731
Deposits with financial institutions	1,308,197
Investments:	
Treasury Bill Investment	14,771,351
Oregon State Treasurer's LGIP	43,799,848
Total cash and investments	<u>\$ 59,884,127</u>

	Government Activities	Business-type Activities	Total
Cash and investments	\$ 24,569,636	\$ 19,782,136	\$ 44,351,772
Restricted cash and investments	13,365,490	2,166,864	15,532,354
Total cash and investments	<u>\$ 37,935,127</u>	<u>\$ 21,949,000</u>	<u>\$ 59,884,127</u>

*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 \$1,324,186 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, 2022, all city deposits are insured or collateralized and are therefore not subject to custodial credit risk.

The city participates in an external investment pool, the State of Oregon Treasury Local Government Investment Pool (LGIP). 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 (ORS) 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 at June 30, 2022 were as follows:

Investment Type	Rating	Fair Value	Yield	Weighted Average
Treasury Note	Not rated	\$ 14,871,588	2.04%	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, 350 Winter Street NE, Salem, Oregon 97310-0840.

*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 are measured using level 1 inputs and bonds are measured using level 2 inputs.

### Note 3. Receivables

As of June 30, 2022, 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 the business-type activities, and street maintenance fees in governmental activities.

Accounts, contracts, assessments and grants	\$ 5,675,606
Allowance for uncollectible accounts	(378,043)
Total accounts receivable	<u>\$ 5,297,563</u>

Accounts receivable - governmental activities	\$ 3,552,016
Accounts receivable - business-type activities	1,745,547
Total accounts receivable	<u>\$ 5,297,563</u>

### Note 4. Unavailable and Unearned Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are considered to be 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:

	Deferred Inflows of Resources	Unearned Revenue
Municipal court collections receivable	\$ 1,026,339	\$ -
Property taxes receivable	350,288	-
Assessment liens receivable	81,173	-
Settlement	1,138,005	-
Contract receivable	-	5,114
Lease receivable	218,583	42,000
Fees in lieu of construction	-	551,623
Bail escrow	-	9,595
	<u>\$ 2,814,388</u>	<u>\$ 608,332</u>

## Note 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance as of June 30, 2021	Additions	Reductions and adjustments	Balance as of June 30, 2022
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and easements	\$ 6,216,125	\$ -	\$ -	\$ 6,216,125
Construction in progress	4,691,090	7,346,795	(9,278,195)	2,759,690
Total capital assets not being depreciated	<u>10,907,215</u>	<u>7,346,795</u>	<u>(9,278,195)</u>	<u>8,975,815</u>
Capital assets being depreciated:				
Buildings and improvements	37,217,910	-	-	37,217,910
Vehicles and equipment	5,281,626	298,966	(730,110)	4,850,482
Furniture and fixtures	491,943	-	-	491,943
Infrastructure	69,358,747	8,571,670	-	77,930,417
Total capital assets being depreciated	<u>112,350,226</u>	<u>8,870,636</u>	<u>(730,110)</u>	<u>120,490,752</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,784,682)	(2,552,768)	-	(15,337,450)
Vehicles and equipment	(3,618,121)	(309,807)	702,607	(3,225,321)
Furniture and fixtures	(77,891)	(49,194)	-	(127,085)
Infrastructure	(39,249,817)	(3,512,977)	-	(42,762,794)
Total accumulated depreciation	<u>(55,730,511)</u>	<u>(6,424,746)</u>	<u>702,607</u>	<u>(61,452,650)</u>
Total capital assets being depreciated, net	<u>56,619,715</u>	<u>2,445,890</u>	<u>(27,503)</u>	<u>59,038,102</u>
Total capital assets, net	<u>\$ 67,526,930</u>	<u>\$ 9,792,685</u>	<u>\$ (9,305,698)</u>	<u>\$ 68,013,917</u>

	Balance as of June 30, 2021	Additions	Reductions and adjustments	Balance as of June 30, 2022
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land and easements	\$ 1,204,142	\$ -	\$ -	\$ 1,204,142
Construction in progress	2,837,285	2,577,154	(2,298,156)	3,116,283
Total capital assets not being depreciated	4,041,427	2,577,154	(2,298,156)	4,320,425
Capital assets being depreciated:				
Buildings and improvements	9,427,340	-	-	9,427,340
Vehicles and equipment	5,503,375	14,100	-	5,517,475
Infrastructure	41,207,161	-	2,949,370	44,156,531
Total capital assets being depreciated	56,137,876	14,100	2,949,370	59,101,346
Less accumulated depreciation for:				
Buildings and improvements	(4,142,679)	(443,363)	-	(4,586,042)
Vehicles and equipment	(3,542,073)	(349,050)	-	(3,891,123)
Infrastructure	(21,218,326)	(1,694,069)	-	(22,912,395)
Total accumulated depreciation	(28,903,078)	(2,486,482)	-	(31,389,560)
Total capital assets being depreciated, net	27,234,798	(2,472,382)	2,949,370	27,711,786
Total capital assets, net	\$ 31,276,225	\$ 104,772	\$ 651,214	\$ 32,032,211

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

	Governmental Activities	Business-type Activities	Total
General government	\$ 2,345,958	\$ -	\$ 2,345,958
Highways and streets	3,435,076	-	3,435,076
Public safety	244,976	-	244,976
Culture and recreation	398,736	-	398,736
Water	-	951,153	951,153
Wastewater	-	653,965	653,965
Stormwater	-	881,364	881,364
Depreciation expense	\$ 6,424,746	\$ 2,486,482	\$ 8,911,228

## Lease Assets

Government Activities	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Leased assets				
Equipment	\$ 9,327	\$ 29,031	\$ -	\$ 38,358
Total Lease Assets	9,327	29,031		38,358
Accumulated amortization				
Equipment			(7,966)	(7,966)
Total accumulated amortization			(7,966)	(7,966)
Governmental lease assets, net	\$ 9,327	\$ 29,031	\$ (7,966)	\$ 30,393

## Note 6. Interfund Transfers

Transfers for services between funds are to cover administrative services, provide for 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, 2022, 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 useable assets.

	Transfer from other funds	Transfer to other funds	Net
Governmental Funds:			
General	\$ 7,270,000	\$ -	\$ 7,270,000
Building	-	290,000	(290,000)
Library	-	800,000	(800,000)
Transportation	-	2,090,000	(2,090,000)
Total Governmental Funds	\$ 7,270,000	\$ 3,180,000	\$ 4,090,000
Proprietary Funds:			
Water	-	1,340,000	(1,340,000)
Wastewater	-	1,330,000	(1,330,000)
Stormwater	-	1,420,000	(1,420,000)
Total Proprietary Funds	\$ -	\$ 4,090,000	\$ (4,090,000)



## Note 7. Lease Receivables

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

### Governmental Activities

The City leases the property at 11022 SE 37<sup>th</sup> Avenue. The term of the lease is 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 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 two years, expiring in fiscal year 2023. Inflows of resources from this lease are recorded in the City Hall Fund.

Lease receivables at June 30, 2022, consisted of the following:

<b>Government Activities</b>	Outstanding June 30, 2021	Additions	Reductions	Outstanding June 30, 2022
Facility lease, issued May 12, 2012, interest rate 4%, total annual principal and interest ranges from \$2,945 - 3,440, due 2023	\$ 5,658	\$ -	\$ (2,773)	\$ 2,885
Facility lease, issued July 1, 2014, interest rate 4%, total annual principal and interest ranges from \$5,981 - 6,089, due 2024	17,884	-	(5,941)	11,943
Facility lease, issued July 1, 2020, interest rate 4%, total annual principal and interest ranges from \$38,638 - 40,906, due 2023	249,086	-	(41,171)	207,915
	<u>\$ 272,628</u>	<u>\$ -</u>	<u>\$ (49,885)</u>	<u>\$ 222,743</u>

## Note 8. Long-term Debt – Leases 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 asset of another entity.

### Governmental Activities

The City has a lease with Quadient Leasing USA for a folder inserter machine. The term of the lease is five years, expiring in fiscal year 2025. Outflows of resources for this lease 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 fiscal year 2026. Outflows of resources for this lease are recorded in the General Fund.

The City has a lease with Quadient Leasing USA for a folder inserter machine. The term of the lease is five years, expiring in fiscal year 2027. Outflows of resources for this lease are recorded in the General Fund.

<b>Government Activities</b>	Outstanding June 30, 2021	Additions	Reductions	Outstanding June 30, 2022
Folder inserter, issued July 21, 2019 interest rate 4%, total annual principal and interest \$1,318, due 2024	\$ 5,947	\$ -		\$ 5,947
Postage meter, issued January 25, 2017, interest rate 4%, total annual principal and interest ranges from \$5,489, due 2024	2,704	-	(2,704)	-
Letter opener, issued February 1, 2021, interest rate 4%, total annual principal and interest \$711, due 2023	3,207	-		3,207
Folder inserter, issued August 9, 2021, interest rate 4%, total annual principal and interest \$1,416, due 2026		6,644		6,644
Postage meter, issued October 27, 2021, interest rate 4%, total annual principal and interest \$3,570, due 2026		16,107		16,107
Postage meter, issued October 28, 2021, interest rate 4%, total annual principal and interest \$2,324, due 2024		6,539		6,539
	\$ 11,858	\$ 29,290	\$ (2,704)	\$ 38,444

## Note 9. Long-term Liabilities

The city's long-term liabilities are presented separately with respect to governmental and business-type activities. The following table presents current year 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, 2021	Additions	Reductions	Balance as of June 30, 2022	Due within one year
<b>Government Activities</b>					
2005 PERS Unfunded Actuarial Liability Bonds, interest rates of 4.0% to 5.5%, original amount of \$4,285,000, due 2028	\$ 2,650,000	\$ -	\$ (305,000)	\$ 2,345,000	\$ 340,000
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	377,454	-	(24,919)	352,535	30,127
2014 Full Faith and Credit Obligations for Milwaukie Bay Park enhancements, interest rate from 3-4%, original amount of \$965,000, due 2029	570,000	-	(60,000)	510,000	65,000
2020 Full Faith and Credit Obligations for Milwaukie City Hall, interest rates from 2-4%, original amount \$6,700,000 due 2040	6,420,000	-	(285,000)	6,135,000	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	2,710,000	-	(165,000)	2,545,000	170,000
2016 General Obligation Bonds for Library expansion, interest rate of 2-4%, original amount of \$9,200,000, due 2036	7,305,000	-	(395,000)	6,910,000	410,000
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	-
Bond issuance premiums	888,089	-	(53,172)	834,917	53,172
Long-term debt obligations and premiums	38,145,543	-	(1,288,091)	36,857,452	1,358,299
Compensated absences	1,359,634	891,826	(912,400)	1,339,060	1,339,060
<b>Governmental activities long-term liabilities</b>	<b>39,505,177</b>	<b>891,826</b>	<b>(2,200,491)</b>	<b>38,196,512</b>	<b>2,697,359</b>
<b>Business-Type Activities</b>					
State of Oregon loan:					
2010 Oregon DEQ Loan, amortized fees in lieu of interest, interest rate of 0%, original loan draws of \$2,229,318 in 2010 and \$1,622,016 in 2011, one-half converted to grant in 2012, due 2031	964,578	-	(96,458)	868,120	96,458
Compensated absences	107,344	194,688	(177,900)	124,132	124,132
<b>Business-Type activities long-term liabilities</b>	<b>1,071,922</b>	<b>194,688</b>	<b>(274,358)</b>	<b>992,252</b>	<b>220,590</b>
<b>Total Long-Term Obligations</b>	<b>\$ 40,577,099</b>	<b>\$ 1,086,514</b>	<b>\$ (2,474,849)</b>	<b>\$ 39,188,764</b>	<b>\$ 2,917,949</b>

Future maturities of principal and interest are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	1,358,299	1,218,368	96,458	3,750	1,454,757	1,222,118
2024	1,418,520	1,174,939	96,458	3,250	1,514,978	1,178,189
2025	1,483,749	1,128,133	96,458	2,750	1,580,207	1,130,883
2026	1,568,993	1,073,945	96,458	2,250	1,665,451	1,076,195
2027	1,644,248	1,016,986	96,458	1,750	1,740,706	1,018,736
2028-2032	6,075,464	4,475,235	385,830	2,250	6,461,294	4,477,485
2033-2037	4,825,873	3,721,733	-	-	4,825,873	3,721,733
2038-2042	1,257,306	3,278,038	-	-	1,257,306	3,278,038
2043-2047	14,085,000	2,242,188	-	-	14,085,000	2,242,188
2048	3,140,000	125,600	-	-	3,140,000	125,600
<b>Total</b>	<b>\$ 36,857,452</b>	<b>\$ 19,455,165</b>	<b>\$ 868,120</b>	<b>\$ 16,000</b>	<b>\$ 37,725,572</b>	<b>\$ 19,471,165</b>

## Debt Covenants

The city pledges its net operating revenues in the wastewater fund at 135 percent of annual debt service on the Oregon Department of Environmental Quality (DEQ) loan. Additionally, the city is required to keep \$12,056 in a loan reserve account. If loan is defaulted, by failure to make required principal or interest payments, the 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 this fiscal year.

## Note 10. Employee Retirement Pension Plans

**Plan Description.** 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 Pension Program (OPSRP), 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, by calling 503-598-7377 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 thirteen 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 he or she is 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 2020. The limit will be equal to \$197,730 in 2021 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 a OPERS-covered job; or (4) member was on an official leave of absence from a 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 2020. The limit will be equal to \$197,730 in 2021 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, 2022 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, 2022, were approximately \$2,182,000.

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, 2022, the city reported a liability of \$13,036,219 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. 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, 2022 and 2021, the city's proportion was 0.10893946 and 0.10387483 percent, respectively. For the year ended June 30, 2022, the city recognized pension expense of \$1,871,048 for the defined benefit portion of the pension plan. At June 30, 2022, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,220,275	\$ -
Changes in assumptions	3,263,358	34,308
Net difference between projected and actual earnings on pension plan investments	-	9,650,611
Changes in proportionate share	777,928	-
Differences between employer contributions and proportionate share of system contributions	-	745,260
Subtotal	5,261,561	10,430,179
City contributions subsequent to the measurement date	2,181,727	-
Total	<b>\$ 7,443,288</b>	<b>\$ 10,430,179</b>

The deferred outflow of resources of \$2,181,727 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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	\$ (878,952)
2024	(998,200)
2025	(1,368,729)
2026	(2,257,602)
2027	334,864
Total	<b>\$ (5,168,619)</b>

**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 twenty 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 sixteen years.

The total pension liability in the actuarial valuation was determined using the following actuarial assumptions:

- |                                     |   |
|-------------------------------------|---|
| • Valuation Date                    | December 31, 2019   |
| • Measurement Date                  | June 30, 2021   |
| • Experience Study Report           | 2018, published July 2019   |
| • Actuarial Cost Method             | Entry Age Normal  |
| • Actuarial Assumptions             |   |
| ▪ Inflation Rate                    | 2.40 percent  |
| ▪ Long-term Expected Rate of Return | 6.90 percent  |
| ▪ Discount Rate                     | 6.90 percent  |
| ▪ Projected Salary Increases        | 3.40 percent  |
| ▪ Cost of Living Adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.   |
| ▪ Mortality                         | Health retirees and beneficiaries: Pub-2010 healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. |
|                                     | Active Members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.                           |
|                                     | Disabled retirees: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.                        |

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study that reviewed experience for the four-year period ended on December 31, 2018.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.90 percent. 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 percent, 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 percent) or 1-percentage-point higher (7.90 percent) 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)	\$ 25,600,015	\$ 13,036,219	\$ 2,524,881

**Long-term Expected Rate of Return.** To develop an analytical basis for the selection of the long-term expected rate of return assumption, in 2020 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class/Strategy	Assumed Asset Allocation			Actual Allocation % <sup>2</sup>
	Low Range %	High Range %	Target %	
Debt Securities	15.0	25.0	20.0	20.8
Public Equity	27.5	37.5	32.5	29.4
Private Equity	9.5	15.5	12.5	10.5
Real Estate	14.0	21.0	17.5	25.1
Alternative Equity	7.50	17.5	15.0	9.5
Opportunity Portfolio <sup>1</sup>	0.00	3.0	0.0	2.3
Risk Parity <sup>2</sup>	0.00	2.5	2.5	2.4
			100%	100%

<sup>1</sup> Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan net assets.

<sup>2</sup> Based on the actual investment value at 6/30/2021.

Asset Class	Target Allocation	Annual Arithmetic Return <sup>2</sup>	Compounded Annual (Geometric) Return	Standard Deviation
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	17.95
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash <sup>3</sup>	-2.50	1.77	1.76	1.20
	<u>100.00%</u>			

Assumed Inflation - Mean

2.40%

1.65%

**Payable to OPERS.** At June 30, 2022, 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 perform 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 Individual Account Program (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 Individual Account Program (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 \$663,119 for the year ended June 30, 2022.

### **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 percent 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 11. 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	\$ -	\$ 211,548	\$ 211,548
Deferred Outflows of Resources			
Change in Assumptions	17,524	4,162	21,686
Difference in Expected and Actual Experience	162,930	-	162,930
Difference in Earnings	-	-	-
Change in Proportionate Share	-	22,117	22,117
Contributions After MD	58,316	1,525	59,841
Net OPEB Liability	(944,921)	-	(944,921)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(31,511)	(5,886)	(37,397)
Difference in Earnings	-	(50,275)	(50,275)
Change in Assumptions	(129,009)	(3,147)	(132,156)
Change in Proportionate Share	-	(11,341)	(11,341)
OPEB Expense/(Income)*	\$ 76,272	\$ (17,468)	\$ 58,804

\*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, 2022, 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. 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, 2020, there were 147 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 \$944,921 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

The city recognized OPEB expense from this plan of \$76,272 for the year ended June 30, 2022. Additionally, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 162,930	\$ 31,511
Changes of assumptions	17,524	129,009
Total (prior to post-MD contributions)	180,454	160,520
Contributions subsequent to the MD	58,316	-
Total	<u>\$ 238,770</u>	<u>\$ 160,520</u>

The City's contributions subsequent to the measurement date of \$58,316 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, 2023. 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>	
2023	\$ (6,557)
2024	(6,557)
2025	(6,557)
2026	(6,557)
2027	4,906
Thereafter	41,256
Total	<u>\$ 19,934</u>

**Actuarial assumptions and other inputs.** The net OPEB liability in the July 1, 2020 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 2.50 percent
    - Discount Rate 2.16 percent
    - Projected Salary Increases 3.50 percent overall payroll growth
    - Retiree Healthcare Participation 40% 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: 3.75 percent per year increasing to 5.75 percent.  
Dental: 4.00 percent per year

**Change in the net OPEB liability:**

	Increase (Decrease) Net OPEB Liability
Net OPEB liability, June 30, 2021	\$ 913,974
Service cost	61,873
Interest on net OPEB liability	20,956
Effect of Changes of Assumptions	3,637
Benefit payments	(55,519)
Net OPEB liability, June 30, 2022	<u>\$ 944,921</u>

**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 2.16 percent, 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 (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB Liability	\$ 1,019,754	\$ 944,921	\$ 875,008

**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	\$ 843,813	\$ 944,921	\$ 1,065,412

## **PERS Retirement Health Insurance Account (RHIA)**

**Plan Description.** As a member of 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 (ORS) 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/Documents/Financials/CAFR/2020-CAFR.pdf>.

**Benefits Provided.** Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require 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 Retirement Health Insurance Account 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 a 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, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. 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 \$1,525 for the fiscal year ended June 30, 2022.

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

At June 30, 2022, the city reported an asset of \$211,548 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, 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, 2021. 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 0.06160380%, which is a increase from its proportion of 0.0918187% from prior fiscal year.



For the year ended June 30, 2022, the city recognized OPEB expense from this plan of \$17,468. At June 30, 2022, the city reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 5,886
Changes of assumptions	4,162	3,147
Net difference between projected and actual earnings on investments	-	50,275
Changes in proportionate share	22,117	11,341
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	26,279	70,649
Contributions subsequent to the MD	1,525	-
Total	<u>\$ 27,804</u>	<u>\$ 70,649</u>

Deferred outflows of resources to OPEB of \$1,525 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, 2022. 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>	
2023	\$ (2,233)
2024	(14,778)
2025	(11,478)
2026	(15,881)
2027	-
Total	<u>\$ (44,370)</u>

### 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 9 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:

	<b>1% Decrease (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>1% Increase (7.90%)</b>
Net OPEB Asset	\$ (187,083)	\$ (211,548)	\$ (232,447)

## 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, 2021 measurement period that require disclosure.

## Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2021 measurement period that require disclosure.

## Note 12. Fund Balance Classification

Governmental fund balances were classified as follows as of June 30, 2022:

	General Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid expenditures	\$ 263,541	\$ -	\$ 45,615	\$ 309,156
Restricted				
Public safety supplies	217,029	-	-	217,029
Infrastructure	-	-	3,507,975	3,507,975
Building services	-	-	3,459,213	3,459,213
Urban revitalization	-	-	1,491,338	1,491,338
Library services	-	-	789,156	789,156
Transportation	-	10,318,125	-	10,318,125
Debt service	-	-	8,808	8,808
	<u>217,029</u>	<u>10,318,125</u>	<u>9,256,490</u>	<u>19,791,644</u>
Assigned				
City Hall remodel	-	-	1,678,705	1,678,705
Unassigned	<u>14,339,747</u>	<u>-</u>	<u>-</u>	<u>14,339,747</u>
Total fund balance	<u>\$ 14,820,317</u>	<u>\$ 10,318,125</u>	<u>\$ 10,980,810</u>	<u>\$ 36,119,252</u>

## Note 13. 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 \$5.2 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 provides 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 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 \$183,000 per fiscal year.
- The Agreement effective July 1, 2022, through June 30, 2026 estimates the annual contract cost for fiscal year 2023 to be \$676,000.

**Oregon Department of Transportation** – The city entered into an intergovernmental agreement effective July 1, 2007 to have with Oregon Department of Transportation (ODOT) commence collecting \$0.02 cents per gallon motor vehicle fuel license tax (i.e., local gas tax) on fuel dealers that sell, use or distribute fuel in the city. This local gas tax is in addition to the state gas tax (which currently is at \$0.30 cents per gallon). Pertinent terms of this agreement are as follows:

- The agreement expires on September 30, 2031 unless extended.
- Ordinance No. 1970 limits the use of this local gas tax fund to the purposes associated with the administration, construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads and streets within the city.

**Other Commitments** – The city has entered into various contracts in the ordinary course of business. The most significant contracts include the following:

Project	Significant Contracts Outstanding	Costs as of June 30, 2022	Remaining Costs	Contract Expiration
Home & Wood Avenue improvements	\$ 2,998,838	\$ 382,480	\$ 2,616,358	December 2022
Washington Street area improvements	799,948	254,793	545,155	December 2023
42 <sup>nd</sup> /43 <sup>rd</sup> Avenue SAFE/SSMP improvements	2,841,595	2,669,879	171,716	January 2023
Well #2 relocation and construction	586,565	538,237	48,328	September 2022

## Note 14. 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 15. 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 of 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 3 percent per year, exclusive of new construction and annexations.

## Note 16. Tax Abatements

The City enters into property tax abatement agreements with local businesses under the state Vertical Housing Program, authorized by ORS 307.841 through ORS 307.867, administered by Oregon Housing and Community Services, authorized by ORS 456.555 and Oregon Administrative Rule (OAR) 813-013. The purpose of the Program is to encourage investment in and rehabilitation of properties in targeted areas of a city or community, to augment the availability of appropriate housing, and to revitalize communities. The program encourages mixed-use developments that contain both non-residential and residential uses in areas (zones) designated by local jurisdictions. Eligible projects receive a partial property tax exemption which varies with the number of "Equalized Floors" in a project, with a maximum property tax exemption of 80% over a 10-year term. The City has one project under this program. The exemption is 60% of the residential property taxes for 10 years. For the current year, the abatement is approximately \$53,891 for the City and \$2,174 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 Oregon Administrative Rule (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 (zones) designated by local jurisdictions. For the current year, the abatement is approximately \$41,465 for the City and \$2,076 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 \$1,349 for the City and \$68 for Urban Renewal.

## Note 17. New Pronouncements

During the fiscal year ended June 30, 2022, the City implemented the following GASB pronouncements:

*GASB Statement No. 87, Leases.* This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liability for leases that previously were classified as operating leases and recognized as inflows of resources or outflows or resources based on the payment provisions for the contract. This GASB effects both the presentation of financial statements on the current financial resource measurement focus and the economic resources measurement focus.

## Note 18. Prior Period Adjustment

A restatement of \$202K represents the wastewater deferred revenue for unconnected properties, who had contracts with the city and have already paid in full as of the end of fiscal year 2021. The reconciling amount presented on the combined statement appears to have been incorrect based on the detailed accounts receivable schedule available at the time – prior year entries did not reduce the accrual properly.

## Note 19. Subsequent Events

The city issued a transportation bond in the amount of \$23,540,100 in February 2023. These funds are to pay for transportation infrastructure upgrades for projects planned in the upcoming 3 years. The bond matures in June 2042 at an annual interest rate of 3.960%. Below is an amortization schedule of the bond.

Maturity (June 15)	Amount
2023	\$ 1,340,000
2024	822,100
2025	852,900
2026	884,900
2027	918,100
2028	952,500
2029	988,200
2030	1,025,300
2031	1,063,700
2032	1,103,600
2033	1,145,000
2034	1,188,000
2035	1,232,500
2036	1,278,700
2037	1,326,700
2038	1,376,400
2039	1,428,000
2040	1,481,600
2041	1,537,100
2042	1,594,800
	<u>\$ 23,540,100</u>





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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**

# 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, 2022

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Property taxes	\$ 15,836,000	\$ 15,836,000	\$ 8,084,761	\$ 8,332,082	\$ 16,416,843	\$ 580,843
Franchise taxes	4,660,000	4,660,000	2,452,264	2,256,691	4,708,955	48,955
Intergovernmental	2,639,000	2,869,000	1,395,052	3,432,761	4,827,813	1,958,813
Fines and forfeitures	1,540,000	1,540,000	413,837	322,999	736,836	(803,164)
Licenses and permits	1,425,000	1,425,000	568,682	646,369	1,215,051	(209,949)
Investment earnings	150,000	150,000	69,673	104,517	174,190	24,190
Miscellaneous	200,000	200,000	91,962	157,806	249,768	49,768
<b>TOTAL REVENUES</b>	<b>26,450,000</b>	<b>26,680,000</b>	<b>13,076,231</b>	<b>15,253,225</b>	<b>28,329,456</b>	<b>1,649,456</b>
<b>EXPENDITURES:</b>						
City Council	289,000	289,000	121,411	109,771	231,182	57,818
City Manager	2,599,000	2,962,000	1,139,340	1,336,979	2,476,319	485,681
City Attorney	524,000	524,000	208,981	225,432	434,413	89,587
Community Development	3,296,000	3,200,000	712,633	651,660	1,364,293	1,835,707
Public Works Administration	2,182,000	2,377,000	942,231	1,092,382	2,034,613	342,387
Engineering Services	3,212,000	3,212,000	1,329,756	1,311,603	2,641,359	570,641
Facilities Management	3,282,000	3,298,000	1,325,631	1,486,155	2,811,786	486,214
Finance	3,020,000	3,029,000	1,380,586	1,427,354	2,807,940	221,060
Fleet Services	1,365,000	1,365,000	550,121	681,416	1,231,537	133,463
Human Resources	874,000	874,000	374,562	432,689	807,251	66,749
Information Technology	3,006,000	3,104,000	1,289,103	1,513,938	2,803,041	300,959
Municipal Court	543,000	543,000	241,368	123,490	364,858	178,142
Planning	1,899,000	1,899,000	820,690	735,539	1,556,229	342,771
Code Enforcement	531,000	531,000	209,562	257,477	467,039	63,961
Public, Education and Government	36,000	91,000	5,123	14,147	19,270	71,730
City Recorder	878,000	878,000	362,941	349,758	712,699	165,301
Police	14,969,000	15,070,000	6,871,475	6,934,682	13,806,157	1,263,843
Nondepartmental						
General Services	1,907,000	1,907,000	925,956	1,170,281	2,096,237	(189,237)
Contingency	894,000	894,000	-	-	-	894,000
<b>TOTAL EXPENDITURES</b>	<b>45,306,000</b>	<b>46,047,000</b>	<b>18,811,470</b>	<b>19,854,753</b>	<b>38,666,223</b>	<b>7,380,777</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(18,856,000)</b>	<b>(19,367,000)</b>	<b>(5,735,239)</b>	<b>(4,601,528)</b>	<b>(10,336,767)</b>	<b>(9,030,233)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of capital assets	-	-	39,251	60,531	99,782	99,782
Lease financing	-	-	-	29,031	29,031	29,031
Transfers from other funds	14,270,000	14,270,000	7,000,000	7,270,000	14,270,000	-
Transfers to other funds	(23,000)	(364,000)	(364,000)	-	(364,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>14,247,000</b>	<b>13,906,000</b>	<b>6,675,251</b>	<b>7,359,562</b>	<b>14,034,813</b>	<b>128,813</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,609,000)</b>	<b>(5,461,000)</b>	<b>940,012</b>	<b>2,758,034</b>	<b>3,698,046</b>	<b>9,159,046</b>
<b>FUND BALANCES - beginning</b>	<b>8,941,000</b>	<b>9,738,000</b>	<b>11,122,271</b>	<b>12,062,283</b>	<b>11,122,271</b>	<b>1,384,271</b>
<b>FUND BALANCES - ending</b>	<b>\$ 4,332,000</b>	<b>\$ 4,277,000</b>	<b>\$ 12,062,283</b>	<b>\$ 14,820,317</b>	<b>\$ 14,820,317</b>	<b>\$ 10,543,317</b>

# CITY OF MILWAUKIE, OREGON

## TRANSPORTATION FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Intergovernmental	\$ 7,984,000	\$ 7,984,000	\$ 2,475,290	\$ 2,421,213	\$ 4,896,503	\$ (3,087,497)
Charges for services	4,328,000	4,328,000	2,106,561	2,188,594	4,295,155	(32,845)
Franchise fees	2,384,000	2,384,000	1,229,381	1,284,892	2,514,273	130,273
Investment earnings	210,000	210,000	86,439	175,859	262,298	52,298
Miscellaneous	179,000	179,000	12,444	37,401	49,845	(129,155)
Proceeds from Debt	21,000,000	21,000,000	-	-	-	(21,000,000)
<b>TOTAL REVENUES</b>	<b>36,085,000</b>	<b>36,085,000</b>	<b>5,910,115</b>	<b>6,107,959</b>	<b>12,018,074</b>	<b>(24,066,926)</b>
<b>EXPENDITURES:</b>						
Personnel services	1,268,000	1,317,000	563,377	648,853	1,212,230	104,770
Materials and services	1,542,000	1,542,000	385,583	615,851	1,001,434	540,566
Debt service	2,637,000	2,637,000	1,995,332	640,831	2,636,163	837
Capital outlay	14,247,000	14,247,000	4,714,975	7,033,348	11,748,323	2,498,677
Contingency	4,070,000	4,070,000	-	-	-	4,070,000
<b>TOTAL EXPENDITURES</b>	<b>23,764,000</b>	<b>23,813,000</b>	<b>7,659,267</b>	<b>8,938,883</b>	<b>16,598,150</b>	<b>7,214,850</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,321,000</b>	<b>12,272,000</b>	<b>(1,749,152)</b>	<b>(2,830,924)</b>	<b>(4,580,076)</b>	<b>(31,281,776)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	49,000	49,000	-	49,000	-
Proceeds from sale of capital assets	-	-	-	18,729	18,729	18,729
Transfers to other funds	(4,120,000)	(4,120,000)	(2,030,000)	(2,090,000)	(4,120,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,120,000)</b>	<b>(4,071,000)</b>	<b>(1,981,000)</b>	<b>(2,071,271)</b>	<b>(4,052,271)</b>	<b>(18,729)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>8,201,000</b>	<b>8,201,000</b>	<b>(3,730,152)</b>	<b>(4,902,195)</b>	<b>(8,632,347)</b>	<b>(16,833,347)</b>
<b>FUND BALANCES - beginning</b>	<b>17,935,000</b>	<b>17,935,000</b>	<b>18,950,472</b>	<b>15,220,320</b>	<b>18,950,472</b>	<b>1,015,472</b>
<b>FUND BALANCES - ending</b>	<b>\$ 26,136,000</b>	<b>\$ 26,136,000</b>	<b>\$ 15,220,320</b>	<b>\$ 10,318,125</b>	<b>\$ 10,318,125</b>	<b>\$ (15,817,875)</b>

**CITY OF MILWAUKIE, OREGON**

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

**For the Last Ten Years**

**SCHEDULE OF NET OPEB LIABILITY (TOL)**

Measurement Date Ending June 30,	City's Total OPEB liability	City's covered payroll	TOL as a percentage of covered payroll
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 <sup>1</sup>	-	-	-
2015 <sup>1</sup>	-	-	-
2014 <sup>1</sup>	-	-	-
2013 <sup>1</sup>	-	-	-

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY (TOL)**

Measurement Date Ending June 30,	TOL beginning balance	Service Costs	Interest on the TOL	Benefit payments	Economic or Demographic gains/losses	Changes of assumptions	TOL ending balance
2021	\$ 913,974	\$ 61,873	\$ 20,956	\$ (55,519)	\$ -	\$ 3,637	\$ 944,921
2020	698,535	48,752	25,613	(31,228)	209,482	(37,180)	913,974
2019	668,101	43,361	26,362	(61,101)	-	21,812	698,535
2018	825,960	55,573	30,755	(45,297)	(58,326)	(140,564)	668,101
2017 <sup>1</sup>	843,871	59,530	25,046	(49,572)	-	(52,915)	825,960
2016 <sup>1</sup>	-	-	-	-	-	-	-
2015 <sup>1</sup>	-	-	-	-	-	-	-
2014 <sup>1</sup>	-	-	-	-	-	-	-
2013 <sup>1</sup>	-	-	-	-	-	-	-

<sup>1</sup> Actuarial information not available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.



**CITY OF MILWAUKIE, OREGON**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE**

**JUNE 30, 2022**

**CITY'S PROPORTIONATE SHARE OF THE NET RHIA OPEB LIABILITY (ASSET)**

Measurement Date June 30,	City's <sup>2</sup> proportion of the net OPEB liability (asset)	City's <sup>2</sup> proportionate share of the net OPEB liability (asset)	City's Covered payroll	City proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.00616038%	\$ (211,548)	\$ 11,647,433	-1.8%	183.9%
2020	0.05242193%	(106,815)	11,377,967	-0.9%	150.1%
2019	0.09821427%	(189,785)	10,798,700	-1.8%	144.4%
2018	0.09505729%	(106,110)	9,921,800	-1.1%	124.0%
2017	0.00967439%	(39,733)	9,351,333	-0.4%	108.9%
2016 <sup>1</sup>	-	-	-	-	-
2015 <sup>1</sup>	-	-	-	-	-
2014 <sup>1</sup>	-	-	-	-	-
2013 <sup>1</sup>	-	-	-	-	-
2012 <sup>1</sup>	-	-	-	-	-

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

Measurement <sup>1</sup> Date June 30,	City's <sup>2</sup> proportion of the net pension liability (asset)	City's <sup>2</sup> proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability / (asset)
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%
2013 <sup>3</sup>	-	-	-	-	-
2012 <sup>3</sup>	-	-	-	-	-

<sup>1</sup> Actuarial information not available.

<sup>2</sup> Actuarial information provided by OPERS actuary.

**CITY OF MILWAUKIE, OREGON**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**JUNE 30, 2022**

**SCHEDULE OF CITY'S OPEB RHIA PLAN CONTRIBUTIONS<sup>2</sup>**

Fiscal year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll <sup>3</sup>	Contributions as a percentage of covered payroll
2022	\$ 1,545	1,545	-	11,051,980	0.01%
2021	1,648	1,648	-	11,647,433	0.01%
2020	3,744	3,744	-	11,377,967	0.03%
2019	48,677	48,677	-	10,798,700	0.45%
2018	46,027	46,027	-	9,921,800	0.46%
2017	47,590	47,590	-	9,351,333	0.51%
2016 <sup>1</sup>	45,543	45,543	-	8,793,003	0.00%
2015 <sup>1</sup>	47,003	47,003	-	8,468,557	0.00%
2014 <sup>1</sup>	-	-	-	-	0.00%
2013 <sup>1</sup>	-	-	-	-	0.00%

**SCHEDULE OF CITY'S OREGON PUBLIC EMPLOYEE RETIREMENT PENSION PLAN (OPERS)  
CONTRIBUTIONS<sup>2</sup>**

Fiscal year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll <sup>3</sup>	Contributions as a percentage of covered payroll
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%
2013 <sup>1</sup>	-	-	-	-	0.0%

<sup>1</sup> Information not available.

<sup>2</sup> Actuarial information provided by OPERS actuary.

<sup>3</sup> Restated from 2020 Annual Comprehensive Financial Report

## CITY OF MILWAUKIE, OREGON

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### FOR FISCAL YEAR ENDED JUNE 30, 2022

Required Supplementary Information includes budgetary comparisons for the general, city hall, transportation, and library funds. The budgetary comparison information for all other funds can be found in Other Supplementary Information which follows this section. Budgets are prepared on a biennium term using the modified accrual basis of accounting.

#### **1. Budgetary Information**

Municipal budgets are adopted on a basis consistent with Oregon Revised Statutes (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 percent 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 by 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 through the use of 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 by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. For the fiscal year ended June 30, 2022, two supplemental budget resolution and one budget transfers were approved through the second year of the 2021-2022 biennium.

The over expenditure for the General Fund is due the Oregon Short Term fund rate falling to 98.9% on June 30<sup>th</sup> 2022. A loss was recorded for the fund falling below 100%. The loss of \$193,730 was recorded to Non Departmental in the General Fund.

## **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, 2022 net OPEB liability.

*Changes of Assumptions – OPEB (implicit rate subsidy plan)* – Below is a summary of key assumption changes implemented with the July 1, 2019 valuation utilized in the OPEB amounts reported for fiscal year ended June 30, 2022.

- *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 percent.



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# 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.

**Library Fund** - accounts for the operation of the city's Ledding Library. Major revenue sources are intergovernmental revenues.

**Affordable Housing Fund** – accounts for the collection of construction excise taxes to fund incentives for the development and construction of affordable housing.

**Milwaukie Redevelopment Commission Fund** – accounts for economic development which generates redevelopment in specific areas.

### 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, 2022**

	<b>Capital Projects</b>		<b>Special Revenue</b>			<b>Debt Service</b>		<b>Total Non-Major Funds</b>
	Systems Development Charges	City Hall	Building	Library	Affordable Housing	Milwaukie Redevelopment Commission	Debt Service	
<b>ASSETS:</b>								
Cash and investments	\$ -	\$ 1,729,273	\$ -	\$ 854,412	\$ -	\$ -	\$ -	\$ 2,583,685
Restricted cash and investments	2,259,942	-	3,495,041	-	1,272,093	1,490,643	(62,592)	8,455,127
Property taxes receivable	-	-	-	-	-	15,279	-	15,279
Accounts receivable	6,635	-	-	-	-	-	71,400	78,035
Prepaid expenditures	35,714	-	9,901	-	-	-	-	45,615
Lease receivable	-	207,916	-	-	-	-	-	207,916
<b>TOTAL ASSETS</b>	<b>\$ 2,302,291</b>	<b>\$ 1,937,189</b>	<b>\$ 3,504,942</b>	<b>\$ 854,412</b>	<b>\$ 1,272,093</b>	<b>\$ 1,505,922</b>	<b>\$ 8,808</b>	<b>\$ 11,385,657</b>
<b>LIABILITIES:</b>								
Accounts payable	\$ 20,933	\$ 12,653	\$ 23,387	\$ 16,100	\$ 4,648	\$ -	\$ -	\$ 77,721
Accrued salaries and payroll taxes	-	-	12,441	49,156	-	-	-	61,597
Unearned revenue	5,114	42,000	-	-	-	-	-	47,114
<b>TOTAL LIABILITIES</b>	<b>26,047</b>	<b>54,653</b>	<b>35,828</b>	<b>65,256</b>	<b>4,648</b>	<b>-</b>	<b>-</b>	<b>186,432</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Unavailable revenue - property taxes	-	-	-	-	-	14,584	-	14,584
Unavailable revenue - leases	-	203,831	-	-	-	-	-	203,831
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>203,831</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,584</b>	<b>-</b>	<b>218,415</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>26,047</b>	<b>258,484</b>	<b>35,828</b>	<b>65,256</b>	<b>4,648</b>	<b>14,584</b>	<b>-</b>	<b>404,847</b>
<b>FUND BALANCES:</b>								
Nonspendable	35,714	-	9,901	-	-	-	-	45,615
Restricted	2,240,530	-	3,459,213	789,156	1,267,445	1,491,338	8,808	9,256,490
Assigned	-	1,678,705	-	-	-	-	-	1,678,705
<b>TOTAL FUND BALANCES</b>	<b>2,276,244</b>	<b>1,678,705</b>	<b>3,469,114</b>	<b>789,156</b>	<b>1,267,445</b>	<b>1,491,338</b>	<b>8,808</b>	<b>10,980,810</b>
<b>TOTAL LIABILITIES, DEFERRRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,302,291</b>	<b>\$ 1,937,189</b>	<b>\$ 3,504,942</b>	<b>\$ 854,412</b>	<b>\$ 1,272,093</b>	<b>\$ 1,505,922</b>	<b>\$ 8,808</b>	<b>\$ 11,385,657</b>

# CITY OF MILWAUKIE, OREGON

## NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Capital Projects		Special Revenue				Debt Service	Total Non-Major Funds
	Systems Development Charges	City Hall	Building	Library	Affordable Housing	Milwaukie Redevelopment Commission	Debt Service	
<b>REVENUES:</b>								
Property taxes	\$ -	\$ -	\$ -	\$ 933,000	\$ -	\$ 503,982	\$ 856,000	\$ 2,292,982
Intergovernmental	-	-	-	1,915,251	-	-	82,800	1,998,051
Licenses and permits	-	-	1,916,498	-	-	-	-	1,916,498
Rents and leases	-	489,194	-	-	-	-	-	489,194
Systems development charges	651,397	-	-	-	-	-	-	651,397
Fines and forfeitures	-	-	-	39,195	-	-	-	39,195
Investment earnings	7,018	23,399	10,499	2,618	3,418	4,654	2,431	54,037
Miscellaneous	11,137	-	2,854	3,196	603,379	721	-	621,287
<b>TOTAL REVENUES</b>	<b>669,552</b>	<b>512,593</b>	<b>1,929,851</b>	<b>2,893,260</b>	<b>606,797</b>	<b>509,357</b>	<b>941,231</b>	<b>8,062,641</b>
<b>EXPENDITURES:</b>								
General government	14,133	26,872	737,776	-	4,763	8,293	3,415	795,252
Culture and recreation	-	-	-	2,113,278	-	-	-	2,113,278
Debt service:								
Principal	-	-	-	-	-	-	905,000	905,000
Interest	-	-	-	-	-	-	466,441	466,441
Capital outlay	79,370	55,766	-	-	-	-	-	135,136
<b>TOTAL EXPENDITURES</b>	<b>93,503</b>	<b>82,638</b>	<b>737,776</b>	<b>2,113,278</b>	<b>4,763</b>	<b>8,293</b>	<b>1,374,856</b>	<b>4,415,107</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>576,049</b>	<b>429,955</b>	<b>1,192,075</b>	<b>779,982</b>	<b>602,034</b>	<b>501,064</b>	<b>(433,625)</b>	<b>3,647,534</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers to other funds	-	-	(290,000)	(800,000)	-	-	-	(1,090,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(290,000)</b>	<b>(800,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,090,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>576,049</b>	<b>429,955</b>	<b>902,075</b>	<b>(20,018)</b>	<b>602,034</b>	<b>501,064</b>	<b>(433,625)</b>	<b>2,557,534</b>
<b>FUND BALANCES - beginning</b>	<b>1,700,195</b>	<b>1,248,750</b>	<b>2,567,039</b>	<b>809,174</b>	<b>665,411</b>	<b>990,274</b>	<b>442,433</b>	<b>8,423,276</b>
<b>FUND BALANCES - ending</b>	<b>\$ 2,276,244</b>	<b>\$ 1,678,705</b>	<b>\$ 3,469,114</b>	<b>\$ 789,156</b>	<b>\$ 1,267,445</b>	<b>\$ 1,491,338</b>	<b>\$ 8,808</b>	<b>\$ 10,980,810</b>

# CITY OF MILWAUKIE, OREGON

## SYSTEMS DEVELOPMENT CHARGES FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Systems development charges	\$ 711,000	\$ 711,000	\$ 170,866	\$ 651,397	\$ 822,263	\$ 111,263
Investment earnings	40,000	40,000	10,160	7,018	17,178	(22,822)
Miscellaneous	-	-	1,435	11,137	12,572	12,572
<b>TOTAL REVENUES</b>	<u>751,000</u>	<u>751,000</u>	<u>182,461</u>	<u>669,552</u>	<u>852,013</u>	<u>101,013</u>
<b>EXPENDITURES:</b>						
Materials and services	-	-	-	14,133	14,133	(14,133)
Capital outlay	1,939,000	1,939,000	279,997	79,370	359,367	1,579,633
Contingency	260,000	260,000	-	-	-	260,000
<b>TOTAL EXPENDITURES</b>	<u>2,199,000</u>	<u>2,199,000</u>	<u>279,997</u>	<u>93,503</u>	<u>373,500</u>	<u>1,825,500</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,448,000)</u>	<u>(1,448,000)</u>	<u>(97,536)</u>	<u>576,049</u>	<u>478,513</u>	<u>1,926,513</u>
<b>OTHER FINANCING USES:</b>						
Transfers from other funds	23,000	23,000	23,000	-	23,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>	<u>-</u>	<u>23,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,425,000)</u>	<u>(1,425,000)</u>	<u>(74,536)</u>	<u>576,049</u>	<u>501,513</u>	<u>1,926,513</u>
<b>FUND BALANCES - beginning</b>	<u>2,003,000</u>	<u>2,003,000</u>	<u>1,774,731</u>	<u>1,700,195</u>	<u>1,700,195</u>	<u>(228,269)</u>
<b>FUND BALANCES - ending</b>	<u>\$ 578,000</u>	<u>\$ 578,000</u>	<u>\$ 1,700,195</u>	<u>\$ 2,276,244</u>	<u>\$ 2,276,244</u>	<u>\$ 1,698,244</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, 2022**

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Leases and Rents	\$ 1,008,000	\$ 1,008,000	\$ 504,000	\$ 489,194	\$ 993,194	\$ (14,806)
Investment earnings	-	-	14,536	23,399	37,935	37,935
Miscellaneous Revenue	-	-	17,000	-	17,000	17,000
<b>TOTAL REVENUES</b>	<u>1,008,000</u>	<u>1,008,000</u>	<u>535,536</u>	<u>512,593</u>	<u>1,048,129</u>	<u>40,129</u>
<b>EXPENDITURES:</b>						
Materials and services	-	-	-	26,872	26,872	(26,872)
Construction in process	1,120,000	1,120,000	-	55,766	55,766	1,064,234
<b>TOTAL EXPENDITURES</b>	<u>1,120,000</u>	<u>1,120,000</u>	<u>-</u>	<u>82,638</u>	<u>82,638</u>	<u>1,037,362</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(112,000)</u>	<u>(112,000)</u>	<u>535,536</u>	<u>429,955</u>	<u>965,491</u>	<u>1,077,491</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers to other funds	-	-	(504,000)	-	(504,000)	504,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(504,000)</u>	<u>-</u>	<u>(504,000)</u>	<u>504,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(112,000)</u>	<u>(112,000)</u>	<u>31,536</u>	<u>429,955</u>	<u>461,491</u>	<u>573,491</u>
<b>FUND BALANCES - beginning</b>	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,217,214</u>	<u>1,248,750</u>	<u>1,217,214</u>	<u>157,214</u>
<b>FUND BALANCES - ending</b>	<u>\$ 948,000</u>	<u>\$ 948,000</u>	<u>\$ 1,248,750</u>	<u>\$ 1,678,705</u>	<u>\$ 1,678,705</u>	<u>\$ 730,705</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, 2022

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Fees, licenses and permits	\$ 912,000	\$ 1,194,000	\$ 1,044,624	\$ 1,916,498	\$ 2,961,122	\$ 1,767,122
Investment earnings	40,000	40,000	17,945	10,499	28,444	(11,556)
Miscellaneous	4,000	4,000	1,466	2,854	4,320	320
<b>TOTAL REVENUES</b>	<u>956,000</u>	<u>1,238,000</u>	<u>1,064,035</u>	<u>1,929,851</u>	<u>2,993,886</u>	<u>1,755,886</u>
<b>EXPENDITURES:</b>						
Personnel services	902,000	902,000	403,943	434,001	837,944	64,056
Materials and services	208,000	490,000	117,855	303,775	421,630	68,370
Contingency	420,000	420,000	-	-	-	420,000
<b>TOTAL EXPENDITURES</b>	<u>1,530,000</u>	<u>1,812,000</u>	<u>521,798</u>	<u>737,776</u>	<u>1,259,574</u>	<u>552,426</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(574,000)</u>	<u>(574,000)</u>	<u>542,237</u>	<u>1,192,075</u>	<u>1,734,312</u>	<u>2,308,312</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers to other funds	<u>(560,000)</u>	<u>(560,000)</u>	<u>(270,000)</u>	<u>(290,000)</u>	<u>(560,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(560,000)</u>	<u>(560,000)</u>	<u>(270,000)</u>	<u>(290,000)</u>	<u>(560,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,134,000)</u>	<u>(1,134,000)</u>	<u>272,237</u>	<u>902,075</u>	<u>1,174,312</u>	<u>2,308,312</u>
<b>FUND BALANCES - beginning</b>	<u>2,104,000</u>	<u>2,104,000</u>	<u>2,294,802</u>	<u>2,567,039</u>	<u>2,294,802</u>	<u>190,802</u>
<b>FUND BALANCES - ending</b>	<u>\$ 970,000</u>	<u>\$ 970,000</u>	<u>\$ 2,567,039</u>	<u>\$ 3,469,114</u>	<u>\$ 3,469,114</u>	<u>\$ 2,499,114</u>

**CITY OF MILWAUKIE, OREGON**

**LIBRARY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Property taxes	\$ 1,896,000	\$ 1,896,000	\$ 963,000	\$ 933,000	\$ 1,896,000	\$ -
Intergovernmental	3,733,000	3,733,000	1,879,991	1,915,251	3,795,242	62,242
Fines and forfeitures	70,000	70,000	3,334	39,195	42,529	(27,471)
Investment earnings	20,000	20,000	-	2,618	2,618	(17,382)
Miscellaneous	10,000	12,000	5,169	3,196	8,365	(3,635)
<b>TOTAL REVENUES</b>	<b>5,729,000</b>	<b>5,731,000</b>	<b>2,851,494</b>	<b>2,893,260</b>	<b>5,744,754</b>	<b>13,754</b>
<b>EXPENDITURES:</b>						
Personnel services	3,739,000	3,739,000	1,667,912	1,889,601	3,557,513	181,487
Materials and services	417,000	419,000	229,157	223,677	452,834	(33,834)
Interest expense	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Contingency	364,000	364,000	-	-	-	364,000
<b>TOTAL EXPENDITURES</b>	<b>4,520,000</b>	<b>4,522,000</b>	<b>1,897,069</b>	<b>2,113,278</b>	<b>4,010,347</b>	<b>511,653</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,209,000</b>	<b>1,209,000</b>	<b>954,425</b>	<b>779,982</b>	<b>1,734,407</b>	<b>525,407</b>
<b>OTHER FINANCING USES:</b>						
Transfers to other funds	(1,580,000)	(1,580,000)	(780,000)	(800,000)	(1,580,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,580,000)</b>	<b>(1,580,000)</b>	<b>174,425</b>	<b>(800,000)</b>	<b>154,407</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(371,000)</b>	<b>(371,000)</b>	<b>174,425</b>	<b>(20,018)</b>	<b>154,407</b>	<b>525,407</b>
<b>FUND BALANCES - beginning</b>	<b>371,000</b>	<b>371,000</b>	<b>634,749</b>	<b>809,174</b>	<b>634,749</b>	<b>263,749</b>
<b>FUND BALANCES - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 809,174</b>	<b>\$ 789,156</b>	<b>\$ 789,156</b>	<b>\$ 789,156</b>



## CITY OF MILWAUKIE, OREGON

## AFFORDABLE HOUSING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Excise tax	\$ 194,000	\$ 194,000	\$ 120,901	\$ -	\$ 120,901	\$ (73,099)
Intergovernmental	-	123,000	132,000	-	132,000	9,000
Investment earnings	4,000	4,000	5,810	3,418	9,228	5,228
Miscellaneous	9,000	9,000	6,212	603,379	609,591	600,591
<b>TOTAL REVENUES</b>	<b>207,000</b>	<b>330,000</b>	<b>264,923</b>	<b>606,797</b>	<b>871,720</b>	<b>541,720</b>
<b>EXPENDITURES:</b>						
Materials and services	300,000	555,000	132,000	4,763	136,763	418,237
Contingency	15,000	15,000	-	-	-	15,000
<b>TOTAL EXPENDITURES</b>	<b>315,000</b>	<b>570,000</b>	<b>132,000</b>	<b>4,763</b>	<b>136,763</b>	<b>433,237</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(108,000)</b>	<b>(240,000)</b>	<b>132,923</b>	<b>602,034</b>	<b>734,957</b>	<b>974,957</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	132,000	132,000	-	132,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>132,000</b>	<b>132,000</b>	<b>-</b>	<b>132,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(108,000)</b>	<b>(108,000)</b>	<b>264,923</b>	<b>602,034</b>	<b>866,957</b>	<b>974,957</b>
<b>FUND BALANCES - beginning</b>	<b>369,000</b>	<b>369,000</b>	<b>400,488</b>	<b>665,411</b>	<b>400,488</b>	<b>31,488</b>
<b>FUND BALANCES - ending</b>	<b>\$ 261,000</b>	<b>\$ 261,000</b>	<b>\$ 665,411</b>	<b>\$ 1,267,445</b>	<b>\$ 1,267,445</b>	<b>\$ 1,006,445</b>

**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, 2022**

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Property taxes	\$ 456,000	\$ 456,000	\$ 469,886	\$ 503,982	\$ 973,868	\$ 517,868
Proceeds from debt	2,000,000	2,000,000	-	-	-	(2,000,000)
Investment earnings	2,000	2,000	7,241	4,654	11,895	9,895
Miscellaneous	-	-	328	721	1,049	1,049
					-	
<b>TOTAL REVENUES</b>	<u>2,458,000</u>	<u>2,458,000</u>	<u>477,455</u>	<u>509,357</u>	<u>986,812</u>	<u>(1,980,545)</u>
<b>EXPENDITURES:</b>						
Materials and services	170,000	170,000	-	8,293	8,293	161,707
Debt service	200,000	200,000	-	-	-	200,000
Capital outlay	1,000,000	1,000,000	-	-	-	1,000,000
Contingency	100,000	100,000	-	-	-	100,000
<b>TOTAL EXPENDITURES</b>	<u>1,470,000</u>	<u>1,470,000</u>	<u>-</u>	<u>8,293</u>	<u>8,293</u>	<u>1,461,707</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>988,000</u>	<u>988,000</u>	<u>477,455</u>	<u>501,064</u>	<u>978,519</u>	<u>(9,481)</u>
<b>NET CHANGE IN FUND BALANCES</b>	988,000	988,000	477,455	501,064	978,519	(9,481)
<b>FUND BALANCES - beginning</b>	<u>495,000</u>	<u>495,000</u>	<u>512,819</u>	<u>990,274</u>	<u>512,819</u>	<u>17,819</u>
<b>FUND BALANCES - ending</b>	<u>\$ 1,483,000</u>	<u>\$ 1,483,000</u>	<u>\$ 990,274</u>	<u>\$ 1,491,338</u>	<u>\$ 1,491,338</u>	<u>\$ 8,338</u>

# 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, 2022

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Property taxes	\$ 1,718,000	\$ 1,718,000	\$ 862,000	\$ 856,000	\$ 1,718,000	\$ -
Intergovernmental	170,000	170,000	85,200	82,800	168,000	(2,000)
Investment earnings	-	-	6,251	2,431	8,682	8,682
<b>TOTAL REVENUES</b>	<u>1,888,000</u>	<u>1,888,000</u>	<u>953,451</u>	<u>941,231</u>	<u>1,894,682</u>	<u>(934,549)</u>
<b>EXPENDITURES:</b>						
Materials and services	-	-	-	3,415	3,415	(3,415)
Debt service:						
Principal	1,810,000	1,810,000	890,000	905,000	1,795,000	(15,000)
Interest	1,078,000	1,078,000	484,568	466,441	951,009	(126,991)
<b>TOTAL EXPENDITURES</b>	<u>2,888,000</u>	<u>2,888,000</u>	<u>1,374,568</u>	<u>1,374,856</u>	<u>2,749,424</u>	<u>(145,406)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(421,117)</u>	<u>(433,625)</u>	<u>(854,742)</u>	<u>145,258</u>
<b>OTHER FINANCING USES:</b>						
Transfers from other funds	1,000,000	1,000,000	504,000	-	504,000	(496,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,000,000</u>	<u>1,000,000</u>	<u>504,000</u>	<u>-</u>	<u>504,000</u>	<u>(496,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>82,883</u>	<u>(433,625)</u>	<u>(350,742)</u>	<u>(350,742)</u>
<b>FUND BALANCES - beginning</b>	<u>5,000</u>	<u>5,000</u>	<u>359,550</u>	<u>442,433</u>	<u>359,550</u>	<u>354,550</u>
<b>FUND BALANCES - ending</b>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 442,433</u>	<u>\$ 8,808</u>	<u>\$ 8,808</u>	<u>\$ 3,808</u>

# PROPRIETARY FUNDS

## *Individual Fund Financial Statements*

### **Proprietary Funds**

These funds account for 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, OTHER FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Water charges	\$ 8,259,000	\$ 8,259,000	\$ 4,470,549	\$ 4,366,520	\$ 8,837,069	\$ 578,069
Reimbursement fees	16,000	16,000	20,317	91,397	111,714	95,714
Intergovernmental	-	-	-	9,186	9,186	9,186
Investment earnings	80,000	80,000	1,870	16,236	18,106	(61,894)
Miscellaneous	187,000	187,000	35,115	61,977	97,092	(89,908)
<b>TOTAL REVENUES</b>	<b>8,542,000</b>	<b>8,542,000</b>	<b>4,527,851</b>	<b>4,545,316</b>	<b>9,073,167</b>	<b>531,167</b>
<b>EXPENDITURES:</b>						
Personnel services	1,811,000	1,866,000	873,421	907,331	1,780,752	85,248
Materials and services	1,858,000	1,858,000	925,623	1,032,783	1,958,406	(100,406)
Capital outlay	4,655,000	4,655,000	1,587,661	416,411	2,004,072	2,650,928
Contingency	1,100,000	1,100,000	-	-	-	1,100,000
<b>TOTAL EXPENDITURES</b>	<b>9,424,000</b>	<b>9,479,000</b>	<b>3,386,705</b>	<b>2,356,525</b>	<b>5,743,230</b>	<b>3,735,770</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(882,000)</b>	<b>(937,000)</b>	<b>1,141,146</b>	<b>2,188,791</b>	<b>3,329,937</b>	<b>4,266,937</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	55,000	55,000	-	55,000	-
Transfers to other funds	(2,620,000)	(2,620,000)	(1,280,000)	(1,340,000)	(2,620,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,620,000)</b>	<b>(2,565,000)</b>	<b>(1,225,000)</b>	<b>(1,340,000)</b>	<b>(2,565,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(3,502,000)</b>	<b>(3,502,000)</b>	<b>(83,854)</b>	<b>848,791</b>	<b>764,937</b>	<b>4,266,937</b>
<b>FUND BALANCES - beginning</b>	<b>5,188,000</b>	<b>5,188,000</b>	<b>4,630,057</b>	<b>4,546,203</b>	<b>4,630,057</b>	<b>(557,943)</b>
<b>FUND BALANCES - ending</b>	<b>\$ 1,686,000</b>	<b>\$ 1,686,000</b>	<b>4,546,203</b>	<b>5,394,994</b>	<b>\$ 5,394,994</b>	<b>\$ 3,708,994</b>

#### RECONCILIATION OF NET CHANGE IN FUND BALANCE (BUDGETARY BASIS) TO NET CHANGE IN NET POSITION (GAAP BASIS)

Adjustments:		
Capital assets not being depreciated	1,451,534	1,728,279
Capital assets, net of accumulated depreciation	11,000,863	10,449,722
Net OPEB asset accrual	4,502	9,583
Total OPEB liability accrual	(38,520)	(42,805)
Net pension liability accrual	(955,413)	(590,164)
Deferred inflows of resources (pension & OPEB)	309,595	349,042
Deferred outflows of resources (pension & OPEB)	(39,795)	(482,657)
<b>NET POSITION - GAAP BASIS, ending</b>	<b>\$ 16,278,969</b>	<b>\$ 16,815,994</b>

# CITY OF MILWAUKIE, OREGON

## WASTEWATER FUND

### SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Wastewater charges	\$ 15,646,000	\$ 15,646,000	\$ 8,070,393	\$ 8,351,763	\$ 16,422,156	\$ 776,156
Reimbursement fees	102,000	102,000	43,076	165,590	208,666	106,666
Intergovernmental	-	-	-	5,022	5,022	5,022
Investment Earnings	200,000	200,000	14,722	22,575	37,297	(162,703)
Miscellaneous	14,000	14,000	4,193	29,064	33,257	19,257
<b>TOTAL REVENUES</b>	<b>15,962,000</b>	<b>15,962,000</b>	<b>8,132,384</b>	<b>8,574,014</b>	<b>16,706,398</b>	<b>744,398</b>
<b>EXPENDITURES:</b>						
Personnel services	1,048,000	1,097,000	448,206	506,148	954,354	142,646
Materials and services	11,485,000	11,485,000	5,537,094	5,584,235	11,121,329	363,671
Debt service:		-				
Principal	194,000	194,000	96,458	96,458	192,916	1,084
Interest	10,000	10,000	5,064	4,582	9,646	354
Capital outlay	3,392,000	3,392,000	885,528	842,781	1,728,309	1,663,691
Contingency	1,880,000	1,880,000	-	-	-	1,880,000
<b>TOTAL EXPENDITURES</b>	<b>18,009,000</b>	<b>18,058,000</b>	<b>6,972,350</b>	<b>7,034,204</b>	<b>14,006,554</b>	<b>4,051,446</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(2,047,000)</b>	<b>(2,096,000)</b>	<b>1,160,034</b>	<b>1,539,810</b>	<b>2,699,844</b>	<b>4,795,844</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	49,000	49,000	-	49,000	-
Transfers to other funds	(2,610,000)	(2,610,000)	(1,280,000)	(1,330,000)	(2,610,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,610,000)</b>	<b>(2,561,000)</b>	<b>(1,231,000)</b>	<b>(1,330,000)</b>	<b>(2,561,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,657,000)</b>	<b>(4,657,000)</b>	<b>(70,966)</b>	<b>209,810</b>	<b>138,844</b>	<b>4,795,844</b>
<b>FUND BALANCES - beginning</b>	<b>6,116,000</b>	<b>6,116,000</b>	<b>5,524,837</b>	<b>5,453,871</b>	<b>5,524,837</b>	<b>(591,163)</b>
<b>FUND BALANCES - ending</b>	<b>\$ 1,459,000</b>	<b>\$ 1,459,000</b>	<b>5,453,871</b>	<b>5,663,681</b>	<b>\$ 5,663,681</b>	<b>\$ 4,204,681</b>

#### RECONCILIATION OF NET CHANGE IN FUND BALANCE (BUDGETARY BASIS) TO NET CHANGE IN NET POSITION (GAAP BASIS)

Adjustments:

Capital assets not being depreciated	543,679	1,288,111
Capital assets, net of accumulated depreciation	9,043,129	8,962,282
Net OPEB asset accrual	2,443	6,272
Total OPEB liability accrual	(20,908)	(24,001)
Net pension liability accrual	(518,575)	(331,150)
Deferred inflows of resources (pension & OPEB)	(21,604)	(271,722)
Deferred outflows of resources (pension & OPEB)	168,040	195,848
Loan payable - due within one year	(96,458)	(96,458)
Loan payable - long-term less portion due within one year	(868,120)	(771,662)
<b>NET POSITION - GAAP BASIS, ending</b>	<b>\$ 13,685,497</b>	<b>\$14,621,201</b>

# CITY OF MILWAUKIE, OREGON

## STORMWATER FUND

### SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget for the 2021-2022 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2020-21	2nd Year FY 2021-22	Total	
<b>REVENUES:</b>						
Stormwater charges	\$ 10,102,000	\$ 10,127,000	\$ 5,117,836	\$ 5,200,484	\$ 10,318,320	\$ 191,320
Intergovernmental	-	-	307,540	60,607	368,147	368,147
Investment earnings	80,000	80,000	24,772	21,573	46,345	(33,655)
Proceeds from debt	2,500,000	2,500,000	-	-	-	(2,500,000)
Miscellaneous	54,000	54,000	33,563	45,826	79,389	25,389
<b>TOTAL REVENUES</b>	<b>12,736,000</b>	<b>12,761,000</b>	<b>5,483,711</b>	<b>5,328,490</b>	<b>10,812,201</b>	<b>(7,277,289)</b>
<b>EXPENDITURES:</b>						
Personnel services	1,747,000	1,747,000	701,190	743,511	1,444,701	302,299
Materials and services	1,435,000	1,516,000	660,081	868,803	1,528,884	(12,884)
Debt service	185,000	185,000	-	-	-	185,000
Capital outlay	6,962,000	6,962,000	1,860,262	1,330,083	3,190,345	3,771,655
Contingency	920,000	920,000	-	-	-	920,000
<b>TOTAL EXPENDITURES</b>	<b>11,249,000</b>	<b>11,330,000</b>	<b>3,221,533</b>	<b>2,942,397</b>	<b>6,163,930</b>	<b>5,166,070</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,487,000</b>	<b>1,431,000</b>	<b>2,262,178</b>	<b>2,386,093</b>	<b>4,648,271</b>	<b>3,217,271</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	56,000	56,000	-	56,000	-
Transfers to other funds	(2,780,000)	(2,780,000)	(1,360,000)	(1,420,000)	(2,780,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,780,000)</b>	<b>(2,724,000)</b>	<b>(1,304,000)</b>	<b>(1,420,000)</b>	<b>(2,724,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,293,000)</b>	<b>(1,293,000)</b>	<b>958,178</b>	<b>966,093</b>	<b>1,924,271</b>	<b>3,217,271</b>
<b>FUND BALANCES - beginning</b>	<b>4,981,000</b>	<b>4,981,000</b>	<b>5,131,666</b>	<b>6,089,844</b>	<b>5,131,666</b>	<b>150,666</b>
<b>FUND BALANCES - ending</b>	<b>\$ 3,688,000</b>	<b>\$ 3,688,000</b>	<b>6,089,844</b>	<b>7,055,937</b>	<b>\$ 7,055,937</b>	<b>\$ 3,367,937</b>
<b>RECONCILIATION OF NET CHANGE IN FUND BALANCE (BUDGETARY BASIS) TO NET CHANGE IN NET POSITION (GAAP BASIS)</b>						
Adjustments:						
Capital assets not being depreciated			2,046,214	1,304,034		
Capital assets, net of accumulated depreciation			7,108,679	8,299,578		
Net OPEB asset accrual			3,794	7,214		
Total OPEB liability accrual			(32,468)	(32,222)		
Net pension liability accrual			(805,295)	(444,639)		
Deferred inflows of resources (pension & OPEB)			260,950	262,965		
Deferred outflows of resources (pension & OPEB)			(33,546)	(363,635)		
<b>NET POSITION - GAAP BASIS, ending</b>			<b>\$ 14,638,172</b>	<b>\$ 16,089,232</b>		



## OTHER FINANCIAL SCHEDULES

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS

SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY  
ELECTED OFFICIALS

# CITY OF MILWAUKIE, OREGON

## SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS

**JUNE 30, 2022**

Future Debt Service Principal

Fiscal year	2014 Full Faith & Credit Bond	2018 Full Faith & Credit Bond	2020 Full Faith & Credit Bond	GO Bonds Series 2014	GO Bonds Series 2016	SPWF Loan	PERS UAL Bonds	Oregon DEQ Loan	Total
2023	\$ 71,459	\$ 13,118	\$ 290,000	\$ 182,801	\$ 430,797	\$ 30,127	\$ 340,000	\$ 96,458	\$ 1,454,760
2024	71,459	13,118	290,000	192,801	440,797	30,346	380,000	96,458	1,514,979
2025	76,459	13,118	295,000	197,801	450,797	30,575	420,000	96,458	1,580,208
2026	81,459	13,118	300,000	207,801	470,797	30,819	465,000	96,458	1,665,452
2027	81,459	13,118	305,000	212,801	485,797	36,074	510,000	96,458	1,740,707
2028	86,459	13,118	310,000	217,801	500,797	36,339	230,000	96,458	1,490,972
2029	87,535	13,118	315,000	222,801	510,797	36,617	-	96,458	1,282,326
2030	-	13,118	325,000	232,801	520,797	36,906	-	96,458	1,225,080
2031	-	13,118	330,000	242,801	530,797	42,208	-	96,456	1,255,380
2032	-	13,118	335,000	252,801	545,797	42,524	-	-	1,189,240
2033	-	13,118	345,000	262,801	555,797	-	-	-	1,176,716
2034	-	13,118	355,000	273,867	570,797	-	-	-	1,212,782
2035	-	13,118	365,000	-	585,797	-	-	-	963,915
2036	-	13,118	370,000	-	602,530	-	-	-	985,648
2037	-	13,118	385,000	-	-	-	-	-	398,118
2038	-	13,118	395,000	-	-	-	-	-	408,118
2039	-	13,118	405,000	-	-	-	-	-	418,118
2040	-	13,118	420,000	-	-	-	-	-	433,118
2041	-	13,118	-	-	-	-	-	-	13,118
2042	-	13,118	-	-	-	-	-	-	13,118
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	-	3,153,105	-	-	-	-	-	-	3,153,105
Totals	\$ 556,289	\$ 17,566,055	\$ 6,135,000	\$ 2,699,678	\$ 7,202,891	\$ 352,535	\$ 2,345,000	\$ 868,120	\$ 37,725,572

### Future Debt Service Interest

Fiscal year	2014 Full Faith & Credit Bond	2018 Full Faith & Credit Bond	2020 Full Faith & Credit Bond	GO Bonds Series 2014	GO Bonds Series 2016	SPWF Loan	PERS UAL Bonds	Oregon DEQ Loan	Total
2023	\$ 20,400	\$ 640,832	\$ 144,062	\$ 90,175	\$ 188,330	\$ 17,225	\$ 117,344	\$ 3,750	\$ 1,222,118
2024	17,800	640,832	140,814	83,375	176,030	15,758	100,330	3,250	1,178,189
2025	15,200	640,832	136,902	76,175	163,430	14,278	81,316	2,750	1,130,883
2026	12,400	640,832	132,626	68,775	146,230	12,784	60,298	2,250	1,076,195
2027	9,400	640,832	127,290	62,925	128,230	11,279	37,030	1,750	1,018,736
2028	6,400	640,832	121,558	56,925	114,280	9,513	11,510	1,250	962,268
2029	3,200	640,832	115,424	50,775	104,680	7,736	-	750	923,397
2030	-	640,832	108,876	42,375	94,880	5,947	-	250	893,160
2031	-	640,832	101,956	33,575	84,255	4,145	-	-	864,763
2032	-	640,832	94,468	24,375	72,143	2,079	-	-	833,897
2033	-	640,832	86,532	16,575	59,018	-	-	-	802,957
2034	-	640,832	78,084	8,450	45,643	-	-	-	773,009
2035	-	640,832	68,824	-	31,205	-	-	-	740,861
2036	-	640,832	59,190	-	15,950	-	-	-	715,972
2037	-	640,832	48,102	-	-	-	-	-	688,934
2038	-	640,832	36,564	-	-	-	-	-	677,396
2039	-	640,832	24,726	-	-	-	-	-	665,558
2040	-	640,832	12,588	-	-	-	-	-	653,420
2041	-	640,832	-	-	-	-	-	-	640,832
2042	-	640,832	-	-	-	-	-	-	640,832
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	\$ 84,800	\$ 15,184,428	\$ 1,638,586	\$ 614,475	\$ 1,424,304	\$ 100,744	\$ 407,828	\$ 16,000	\$ 19,471,165

**CITY OF MILWAUKIE, OREGON**

**SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Oregon Revised Statutes (ORS) Section 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.





statistics



# SECTION III

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## STATISTICAL SECTION

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	107
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, property taxes.	112
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.	117
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.	122
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.	125

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)

	Fiscal Year Ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	(restated)	(restated)					(restated)			
Governmental activities										
Net investment in capital assets	\$ 41,361	\$ 41,361	\$ 42,965	\$ 43,558	\$ 40,950	\$ 43,107	\$ 48,328	\$ 48,178	\$ 47,783	\$ 33,501
Restricted	1,788	1,789	1,921	2,200	11,587	12,250	7,851	7,221	6,313	19,999
Unrestricted	8,115	1,427	5,166	866	(7,168)	(6,469)	(4,702)	(3,080)	(4,339)	(38)
Total governmental activities net position	51,265	44,577	50,052	46,624	45,369	48,888	51,477	52,319	49,757	53,462
Business-type activities										
Net investment in capital assets	18,041	18,041	18,903	20,506	22,410	23,102	25,228	28,106	30,312	31,164
Restricted	12	12	12	12	12	12	12	12	23	38
Unrestricted	5,726	5,302	7,659	9,102	9,744	11,975	13,265	13,742	14,148	16,324
Total business-type activities net position	23,779	23,355	26,574	29,620	32,166	35,090	38,505	41,860	44,483	47,526
Primary government										
Net investment in capital assets	59,402	59,402	61,868	64,064	63,360	66,209	73,556	76,284	78,095	64,665
Restricted	1,800	1,801	1,933	2,212	11,599	12,262	7,863	7,233	6,336	20,037
Unrestricted	13,841	6,729	12,825	9,968	2,576	5,506	8,563	10,662	9,809	16,286
Total primary government net position	\$ 75,043	\$ 67,932	\$ 76,626	\$ 76,244	\$ 77,535	\$ 83,978	\$ 89,983	\$ 94,179	\$ 94,240	\$ 100,988



# CITY OF MILWAUKIE, OREGON

## CHANGES IN NET POSITION for the last ten fiscal years (accrual basis of accounting) (in thousands)

	Fiscal Year Ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 9,109	\$ 9,322	\$ 7,811	\$ 10,757	\$ 10,568	\$ 11,437	\$ 12,078	\$ 13,319	\$ 16,617	\$ 14,992
Highways and streets	2,126	1,028	1,851	4,026	5,548	4,324	5,686	6,116	6,253	4,686
Public safety	6,636	6,458	5,412	7,685	7,201	7,630	7,711	8,093	8,078	6,950
Culture and recreation	2,630	2,665	2,309	3,102	3,240	3,185	3,537	4,330	2,564	2,450
Interest on long-term debt	487	407	408	367	568	560	1,310	1,392	1,319	1,209
Total governmental activities expenses	20,988	19,880	17,791	25,937	27,125	27,136	30,322	33,250	34,831	30,287
Business-type activities:										
Water	2,526	2,610	2,573	2,840	3,183	3,169	3,450	3,432	4,090	2,929
Wastewater	6,067	6,062	6,052	6,545	6,832	7,044	7,373	7,800	7,910	6,781
Stormwater	1,569	1,578	1,776	2,132	2,387	2,701	2,981	3,187	3,660	2,457
Total business-type activities expenses	10,162	10,249	10,401	11,517	12,402	12,914	13,803	14,419	15,660	12,167
Total primary government expenses	\$ 31,150	\$30,130	\$28,192	\$37,454	\$39,527	\$40,050	\$44,125	\$47,669	\$50,491	\$42,454
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 5,150	\$ 5,323	\$ 5,695	\$ 6,773	\$ 7,391	\$ 9,981	\$ 11,408	\$ 9,906	\$ 9,554	\$ 7,997
Highways and streets	693	633	635	748	1,088	1,679	2,283	2,030	2,107	2,189
Public safety	1,693	1,609	948	307	307	447	-	772	-	-
Culture and recreation	67	60	60	60	-	-	1,782	1,794	1,874	-
Operating grants and contributions	4,610	4,454	4,324	2,935	4,742	4,030	3,143	3,525	3,937	5,554
Capital grants and contributions	107	145	1,731	1,478	312	2,139	-	219	466	181
Total governmental activities program revenues	12,320	12,224	13,393	12,301	13,840	18,277	18,616	18,246	17,938	15,921
Business-type activities:										
Charges for services:										
Water	2,819	3,158	3,698	3,965	3,798	4,075	4,522	4,340	4,581	4,520
Wastewater	6,316	6,627	6,894	7,290	7,668	7,935	7,964	8,042	8,146	8,546
Stormwater	1,989	2,212	2,581	2,946	3,382	3,835	4,348	4,993	5,207	5,246
Operating grants and contributions	-	-	-	-	-	-	-	-	-	75
Capital grants and contributions	10	-	-	-	-	-	-	83	308	-
Total business-type activities program revenues	11,134	11,997	13,173	14,201	14,848	15,845	16,835	17,458	18,242	18,387
Total primary government program revenues	\$ 23,454	\$ 24,220	\$ 26,566	\$ 26,502	\$ 28,689	\$ 34,122	\$ 35,451	\$ 35,704	\$ 36,180	\$ 34,308

Continued on next page

	Fiscal Year Ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (8,668)	\$ (7,656)	\$ (4,399)	\$ (13,636)	\$ (13,285)	\$ (8,859)	\$ (11,706)	\$ (15,004)	\$ (16,893)	\$ (14,366)
Business-type activities	972	1,747	2,772	2,684	2,446	2,932	3,032	-	2,582	6,220
Total primary government net expenses	<u>\$ (7,696)</u>	<u>\$ (5,909)</u>	<u>\$ (1,627)</u>	<u>\$ (10,952)</u>	<u>\$ (10,838)</u>	<u>\$ (5,928)</u>	<u>\$ (8,674)</u>	<u>\$ (15,004)</u>	<u>\$ (14,311)</u>	<u>\$ (8,146)</u>
<b>General Revenues</b>										
Governmental activities:										
Property taxes, levied for general purposes	\$ 6,565	\$ 7,014	\$ 7,590	\$ 7,925	\$ 8,927	\$ 9,292	\$ 9,430	\$ 9,839	\$ 10,391	\$ 10,704
Property taxes, levied for debt service	-	-	-	-	-	-	-	-	-	-
Franchise taxes	2,479	2,439	2,568	2,570	2,857	3,256	3,624	3,749	3,682	3,542
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	77	66	87	75	246	488	1,196	1,287	218	334
Gain on disposition of capital assets	4	-	75	-	-	39	44	471	39	52
Transfers	-	(93)	(448)	(362)	-	-	-	-	-	3,439
Total governmental activities	<u>9,125</u>	<u>9,426</u>	<u>9,872</u>	<u>10,208</u>	<u>12,030</u>	<u>13,076</u>	<u>14,294</u>	<u>15,346</u>	<u>14,330</u>	<u>18,071</u>
Business-type activities:										
Interest and investment earnings	-	-	-	-	99	55	377	317	41	60
Gain on disposition of capital assets	-	-	-	-	-	15	7	-	-	-
Transfers	-	93	448	362	-	-	-	-	-	(3,439)
Total business-type activities	<u>-</u>	<u>93</u>	<u>448</u>	<u>362</u>	<u>99</u>	<u>70</u>	<u>384</u>	<u>317</u>	<u>41</u>	<u>(3,379)</u>
Total primary government	<u>\$ 9,125</u>	<u>\$ 9,519</u>	<u>\$ 10,320</u>	<u>\$ 10,570</u>	<u>\$ 12,129</u>	<u>\$ 13,145</u>	<u>\$ 14,678</u>	<u>\$ 15,663</u>	<u>\$ 14,372</u>	<u>\$ 14,692</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 457	\$ 1,770	\$ 5,474	\$ (3,428)	\$ (1,255)	\$ 4,216	\$ 2,589	\$ 342	\$ (2,563)	\$ 3,705
Business-type activities	972	1,840	3,220	3,046	2,545	3,001	3,416	317	2,623	2,841
Total primary government	<u>\$ 1,429</u>	<u>\$ 3,610</u>	<u>\$ 8,694</u>	<u>\$ (382)</u>	<u>\$ 1,291</u>	<u>\$ 7,217</u>	<u>\$ 6,004</u>	<u>\$ 659</u>	<u>\$ 61</u>	<u>\$ 6,546</u>

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 36	\$ 35	\$ 65	\$ 146	\$ 130	\$ 125	\$ 110	\$ 95	\$ 312	\$ 264
Restricted	28	30	39	30	33	19	16	2,182	205	217
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	5,380	5,974	5,676	5,939	7,175	7,408	9,038	8,845	11,545	14,339
Total general fund	<u>\$ 5,444</u>	<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>
All other governmental funds										
Nonspendable	\$ 33	\$ 105	\$ 154	\$ 815	\$ 816	\$ 818	\$ 38	\$ 26	\$ 32	\$ 46
Restricted	1,995	1,618	1,725	1,799	11,199	11,878	7,993	5,317	6,349	19,574
Committed	1,322	1,459	1,954	1,627	2,858	3,858	21,705	20,168	15,216	-
Assigned	231	390	594	691	812	1,086	1,862	634	2,046	1,679
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 3,581</u>	<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>

# 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Property taxes	\$ 6,564	\$ 7,019	\$ 7,587	\$ 7,892	\$ 8,898	\$ 9,287	\$ 9,660	\$ 9,825	\$ 10,380	\$ 10,625
Franchise taxes	2,479	2,439	2,568	2,570	2,857	3,256	3,624	3,749	3,682	3,542
Intergovernmental	4,233	4,270	5,747	5,765	4,424	7,895	5,411	5,850	5,967	7,852
Licenses and permits	1,112	626	667	985	1,058	1,766	2,864	1,702	1,613	2,563
Rent and leases										489
Charges for services	5,176	5,155	5,042	5,158	6,447	7,099	8,646	8,772	9,106	2,189
Fines and forfeitures	1,754	1,690	1,252	1,267	1,065	879	844	806	417	362
Miscellaneous	223	224	327	303	636	914	2,046	2,308	1,150	1,801
Total revenues	21,541	21,423	23,189	23,940	25,386	31,097	33,094	33,012	32,315	29,423
<b>Expenditures:</b>										
Current:										
General government	8,066	8,165	7,867	8,687	9,168	10,552	11,073	11,587	13,050	12,871
Highway and streets	1,883	1,753	1,712	1,708	2,117	2,072	3,264	1,010	2,979	1,265
Public safety	5,877	5,590	5,955	6,149	6,435	6,655	6,839	6,779	6,686	6,876
Culture and recreation	2,329	2,339	2,350	2,468	2,689	2,636	2,793	1,998	1,897	2,113
Debt service:										
Principal	378	196	3,983	379	778	792	2,039	2,089	2,475	1,235
Interest	253	415	557	380	564	581	1,320	1,297	1,356	1,258
Capital outlay	7,508	2,441	5,181	2,967	1,274	6,119	11,217	16,584	5,473	7,590
Total expenditures	26,294	20,899	27,607	22,738	23,025	29,407	38,547	41,344	33,916	33,208
Excess (deficiency) of revenues over (under) expenditures	(4,753)	524	(4,417)	1,202	2,361	1,689	(5,453)	(8,332)	(1,601)	(3,785)
<b>Other financing sources (uses):</b>										
Transfers from other funds	-	-	-	57	-	-	311	4,121	364	4,090
Transfers to other funds	-	-	-	(419)	-	-	(311)	(6,955)	(364)	-
Proceeds from sale of capital assets	6	-	-	-	-	95	44	471	39	79
Proceeds from bond premium	-	-	-	-	-	-	394	-	-	-
Lease financing	-	-	-	-	-	-	-	-	-	29
Issuance of debt	3,650	63	4,660	-	9,200	-	-	6,700	-	-
Proceeds from borrowing	-	-	-	-	-	385	20,585	-	-	-
Bond premium on issuance of debt	-	-	353	-	416	-	-	-	-	-
Total other financing sources (uses)	3,656	63	5,013	(362)	9,616	480	21,023	4,337	39	4,198
Net change in fund balances	<u>\$ (1,097)</u>	<u>\$ 586</u>	<u>\$ 595</u>	<u>\$ 840</u>	<u>\$ 11,977</u>	<u>\$ 2,169</u>	<u>\$ 15,570</u>	<u>\$ (3,995)</u>	<u>\$ (1,562)</u>	<u>\$ 413</u>

# CITY OF MILWAUKIE, OREGON

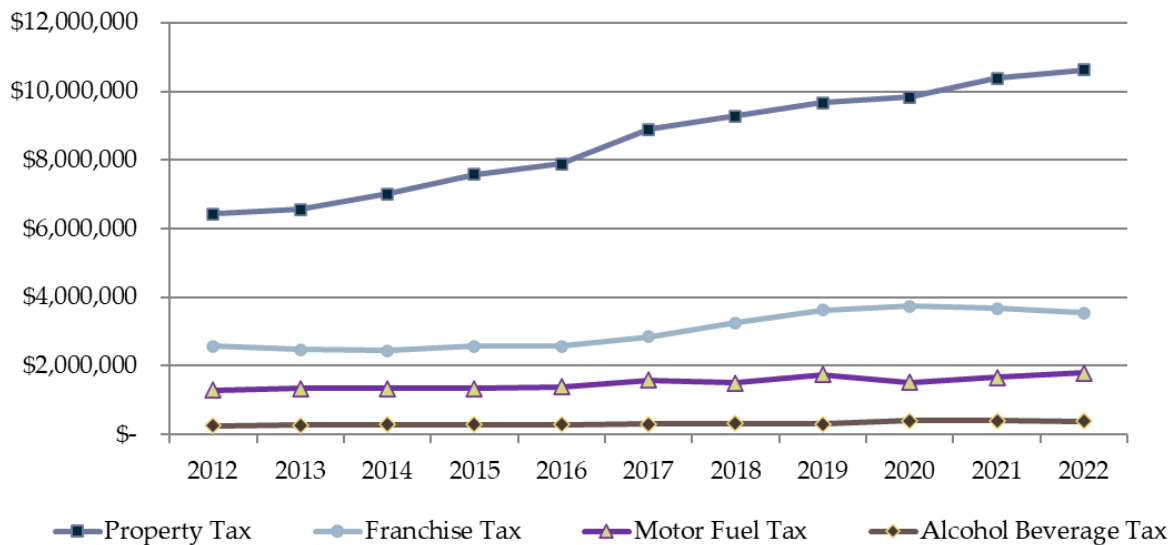
## GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE for the last ten fiscal years (modified accrual basis of accounting)

Fiscal Year	Property Tax	Franchise Tax	Motor Fuel Tax <sup>1</sup>	Alcoholic Beverage Tax <sup>1</sup>	Total
2013	6,563,755	2,478,784	1,336,694	272,331	10,651,564
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

### Notes:

<sup>1</sup> Motor fuel and alcoholic beverage taxes are assessed by the State of Oregon, including the City of Milwaukie's Local Gas Tax, with the City's portion allocated back to the City.

### Trend Lines of Tax Revenues by Source



## CITY OF MILWAUKIE, OREGON

### ASSESSED VALUE AND ESTIMATED REAL MARKET VALUE OF TAXABLE PROPERTY for the last ten fiscal years (in thousands)

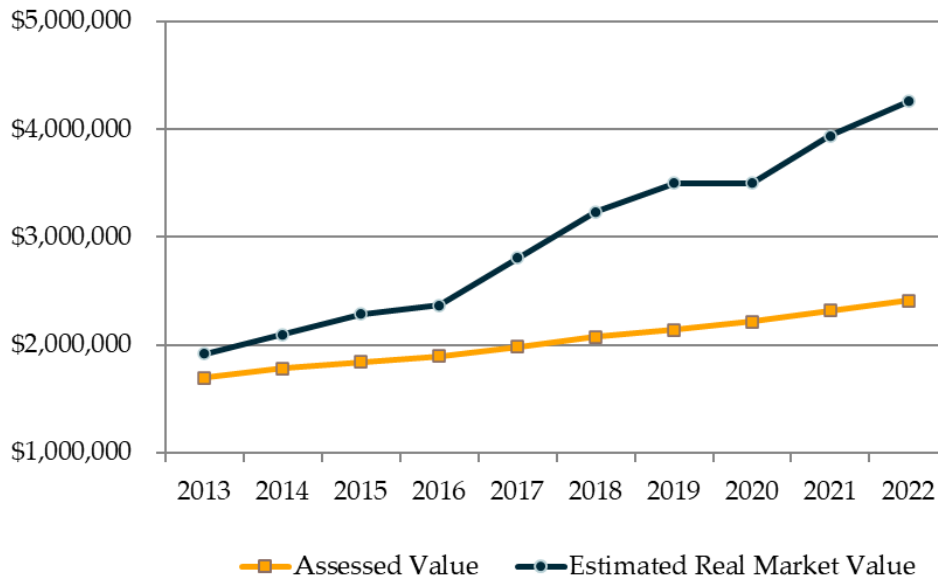
Fiscal year	Assessed Value					Total direct tax rate	RMV	Assessed value as a percentage of RMV
	Real property	Personal property	Manufactured structure	Public utility	Total assessed value (AV)		Estimated real market value (RMV)	
2013	1,573,358	57,836	1,265	61,501	1,693,960	4.0731	1,915,291	88
2014	1,655,121	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	4.4154	3,499,027	61
2020	2,063,500	84,629	1,581	65,428	2,215,138	4.4154	3,498,809	63
2021	2,162,802	94,799	1,634	62,188	2,321,424	4.4154	3,940,188	59
2022	2,245,383	99,092	1,668	62,321	2,408,464	4.4154	4,258,337	57

#### Notes:

Property is generally assessed as of July 1<sup>st</sup> of each fiscal year.

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

#### Assessed Value and Estimated Real Market Value





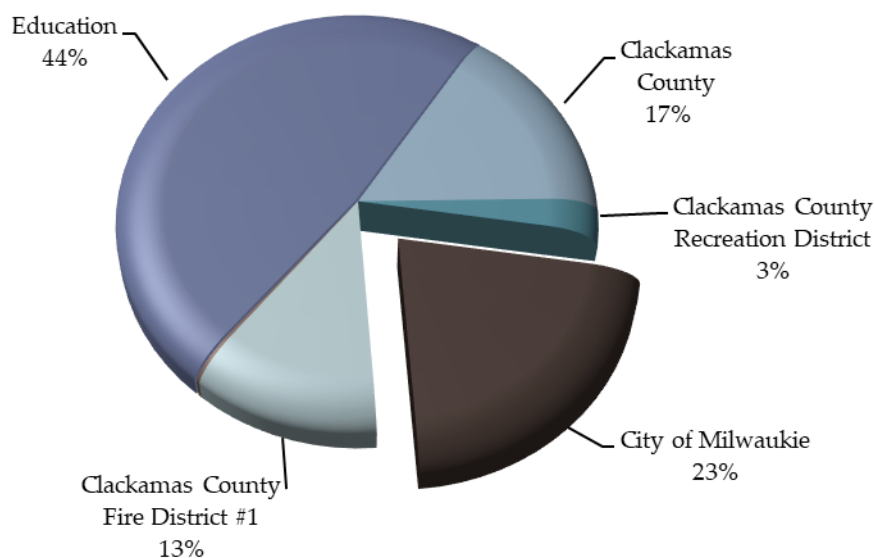
## CITY OF MILWAUKIE, OREGON

### 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 Community College	Education Service District	Other	
2011	\$ 6.5379	\$ -	\$ (2.4012)	\$ (0.0686)	\$ 4.0681	\$ 6.58	\$ 3.29	\$ 2.47	\$ 0.50	\$ 0.70	\$ 0.36	\$ 0.99	\$ 18.97
2012	6.5379	-	(2.4012)	(0.0649)	4.0718	7.22	3.77	2.47	0.51	0.68	0.36	0.36	19.44
2013	6.5379	-	(2.4012)	(0.0636)	4.0731	6.78	3.77	2.36	0.51	0.70	0.36	0.49	19.04
2014	6.5379	-	(2.4012)	(0.0590)	4.0777	7.09	3.22	2.46	0.54	0.71	0.37	0.49	18.95
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

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	2022			2013		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
North Clackamas School District	\$ 213,987,171	1	9.2%			
PCC Structurals Inc.	102,172,223	2	4.4	\$ 24,325,443	3	1.4%
Oregon Tool	54,531,523	3	2.3	46,300,729	1	2.7
Providence Health & Services	50,318,097	4	2.2			
City of Milwaukie	44,251,198	5	1.9			
Water Environment Services	39,488,124	6	1.7			
Clackamas Community College	27,471,024	7	1.2			
Waverly Greens Apts	26,325,068	8	1.1	16,439,442	4	1.0
Lincoln Advisory Group LTD	20,940,503	9	0.9			
Comcast Corporation	20,770,000	10	0.9	36,596,500	2	2.2
WH Portland Industrial LLC				15,484,685	5	.9
Portland General Electric Co.				11,685,000	6	.7
Holland Partners				10,186,426	7	.6
ODS Plaza				9,207,582	8	.5
Downs Alice M. Trustee				9,172,432	9	.5
Gramark Company LLC				9,039,247	10	.5
Sub-total, top ten	600,254,931		25.9	188,437,486		11.1
All other City taxpayers	1,721,168,955		74.1	1,505,522,516		88.9
Total City taxpayers	\$ 2,321,423,886		100.0%	\$ 1,693,960,002		100.0%

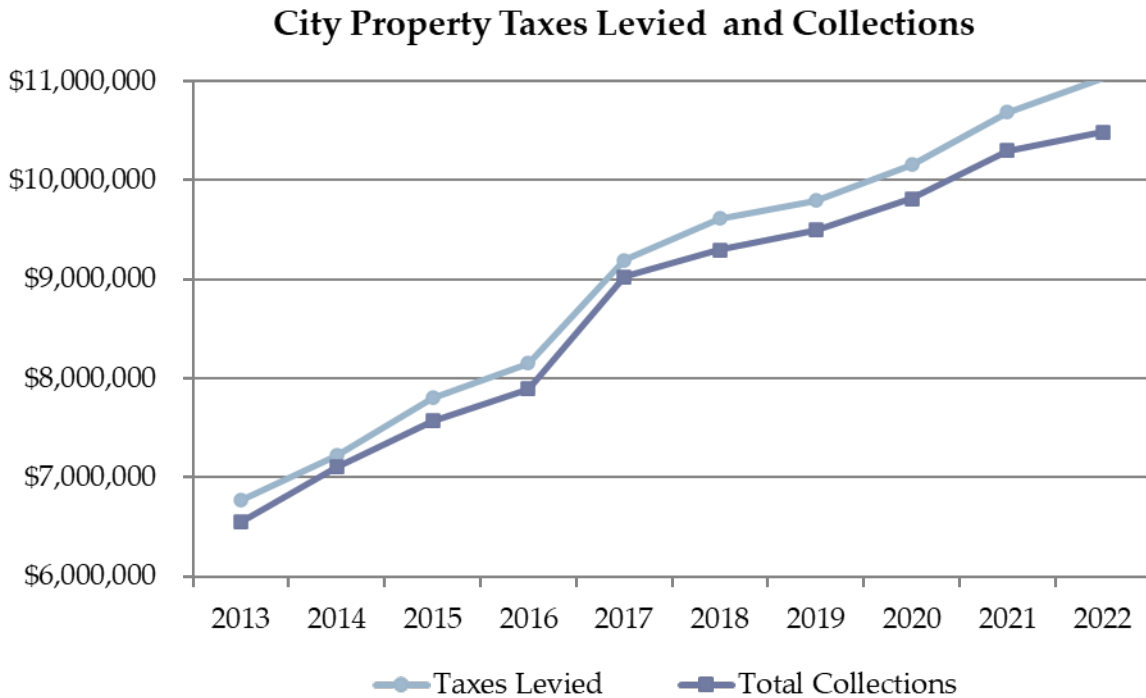
Source: Clackamas County Assessor's Office.

## 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
2013	\$ 6,769,000	\$ 6,362,993	94%	\$ 186,454	\$ 6,549,447	97%
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	108,492	9,812,379	97
2021	10,686,569	10,226,486	96	73,230	10,299,716	96
2022	11,028,313	10,489,826	95	-	10,489,826	95

Source: City of Milwaukie Finance Department.



# CITY OF MILWAUKIE, OREGON

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

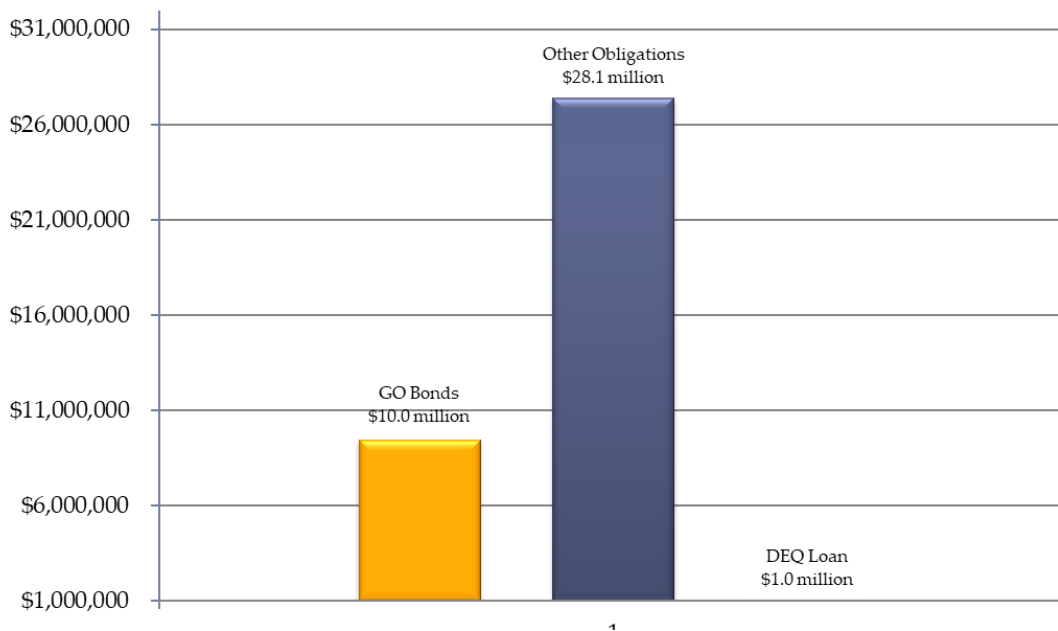
Fiscal year	Governmental Activities			Business-type Activities	Total primary government	Percentage of Personal income	Per capita **
	General obligation bonds	Other Obligations	Total	Wastewater/ DEQ loan			
2012	\$ -	\$ 5,172,425	5,172,425	\$ 1,832,700	\$ 7,005,125	0.80	343
2013	-	8,444,314	8,444,314	1,736,200	10,180,514	1.14	498
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	*	1,899
2022	9,455,000	27,402,452	36,857,452	868,120	37,725,572	*	1,777

\* Information unavailable at this time.

\*\*Population data can be found on page 122.

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

### Outstanding Debt by Type



**CITY OF MILWAUKIE, OREGON**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
*for the last ten fiscal years*

<b>Fiscal year</b>	<b>General obligation bonds</b>	<b>Less: amounts available in debt service fund</b>	<b>Net</b>	<b>Percentage of net over assessed value of property <sup>1</sup></b>	<b>Per capita <sup>2</sup></b>
2012	\$ -	\$ -	\$ -	-	-
2013	-	-	-	-	-
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	9,455,000	(8,808)	9,446,192	0.41	445

**Notes:**

<sup>1</sup> Assessed value property data can be found on page 113.

<sup>2</sup> Population data can be found on page 122.

# CITY OF MILWAUKIE, OREGON

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT as of June 30, 2022

Governmental unit	Real Market Values of Overlapping Districts	Tax-Supported Debt Outstanding	Percentage Overlapping <sup>1</sup>	Overlapping Debt Applicable to the City of Milwaukie
Debt repaid with property taxes:				
Clackamas Community College	\$ 65,044,593,127	\$ 152,578,536	5.29%	\$ 8,077,776
Clackamas County	88,187,427,081	115,525,000	4.43	5,117,064
Clackamas County ESD	84,173,150,583	21,902,000	4.64	1,016,406
Clackamas City RFPD 1	40,336,577,772	36,339,520	6.76	2,456,045
Clackamas City SD 12 (North Clackamas)	25,604,909,209	669,254,829	15.22	101,853,167
Clackamas Soil & Water Conservation	88,187,443,151	5,785,000	4.43	256,241
Metro	358,995,131,497	897,955,000	1.07	9,571,484
Multnomah County	186,758,200,567	627,742,035	0.01	92,278
Multnomah City SD 1J (Portland)	142,128,385,666	1,732,229,650	0.02	336,053
Multnomah ESD	189,445,330,222	81,533,416	0.01	8,734
Oak Lodge Water Services District	4,516,296,522	4,892,130	0.06	2,750
Port of Portland	390,565,299,889	45,725,000	0.00	-
Portland Community College	285,951,317,436	550,500,000	0.01	47,627
Subtotal, overlapping debt	1,949,894,062,722	4,941,962,116		128,835,625
Direct debt outstanding:				
City of Milwaukie	4,258,336,785	36,857,452	100.00%	36,857,452
Total direct and overlapping debt outstanding	\$ 1,954,152,399,507	\$ 4,978,819,568		\$ 165,693,077

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be considered. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

### Notes:

- <sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

Source: Oregon State Treasury Department, Debt Management Division.



# CITY OF MILWAUKIE, OREGON

## LEGAL DEBT MARGIN INFORMATION for the last ten fiscal years (in thousands)

	Fiscal Year Ended				
	2013	2014	2015	2016	2017
Debt maximum limitation	\$ 57,459	\$ 62,842	\$ 68,609	\$ 71,042	\$ 84,146
Debt applicable to maximum limit	-	-	3,585	3,450	12,125
Legal debt margin available	\$ 57,459	\$ 62,842	\$ 65,024	\$ 67,592	\$ 72,021
Debt applicable to the maximum limit as a percentage of debt limitation	0.00%	0.00%	5.23%	4.86%	14.41%
	2018	2019	2020	2021	2022
Debt maximum limitation	\$ 97,075	\$ 104,971	\$ 104,964	\$ 118,206	\$ 127,750
Debt applicable to maximum limit	12,654	11,095	29,594	27,402	36,857
Legal debt margin available	\$ 84,421	\$ 93,876	\$ 75,370	\$ 90,804	\$ 90,893
Debt applicable to the maximum limit as a percentage of debt limitation	13.04%	10.57%	28.19%	23.80%	28.85%

### Legal debt margin calculation for fiscal year ended June 30, 2022:

Total property real market value	\$ 4,258,336,785
	3%
Debt maximum limitation (3% of total property real market value) <sup>1</sup>	127,750,104
Amount of debt applicable to debt limit:	
Total debt	37,725,572
Less debt excluded from debt limit:	
SPWF loan	(352,535)
PERS UAL bonds	(2,345,000)
Full Faith and Credit Obligation bonds	(24,257,344)
Oregon DEQ loan	(868,120)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	-
Net amount of debt applicable to limit	9,902,573
Legal debt margin - amount available for future indebtedness	\$ 117,847,531
Percentage of City's indebtedness to total allowed	7.75%

### Notes:

<sup>1</sup> Pursuant to Oregon Revised Statutes 287.004, outstanding general obligation debt is limited to three percent of real market value.

Source: Clackamas County Department of Assessment and Taxation.

**CITY OF MILWAUKIE, OREGON**

**PLEDGED-REVENUE COVERAGE**  
*for the last ten fiscal years*

**Wastewater Department of Environmental Quality Loan**

<b>Fiscal year</b>	<b>Utility service charges</b>	<b>Less: operating expenses</b>	<b>Net available revenue</b>	<b>Debt service requirements</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
2013	\$6,323,714	\$4,802,943	\$1,520,771	\$ 96,458	\$ 4,461	15.07
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

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

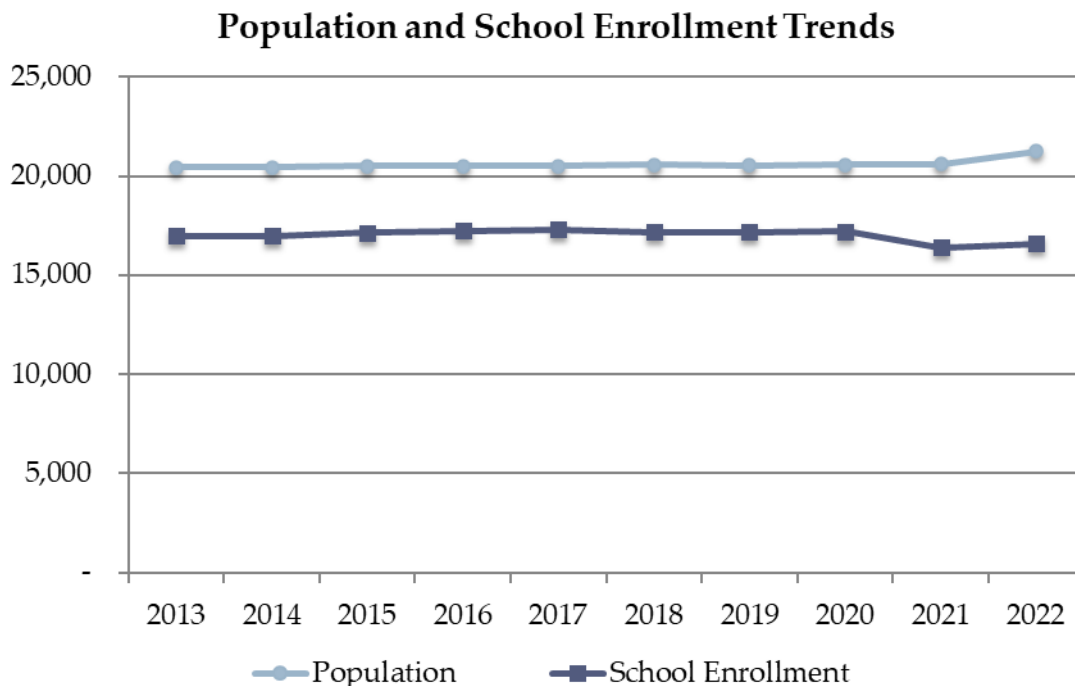
## CITY OF MILWAUKIE, OREGON

### 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
2013	20,435	\$ 893,582	\$ 43,728	16,976	7.8
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	*	*	16,384	5.9
2022	21,235	*	*	16,589	3.2

\* Information unavailable at this time.

Sources: Center for Population Research and Census,  
Portland State University Bureau of Economic Analysis,  
State of Oregon Employment Department, and  
Oregon Department of Education.



## CITY OF MILWAUKIE, OREGON

### PRINCIPAL EMPLOYERS current year and nine years ago

Employer	2022			2013		
	Employees	Rank	Percentage of total City employment	Employees	Rank	Percentage of total City employment
Oregon Tool	810	1	5.74%			
Providence Milwaukie Hospital	642	2	4.55			
North Clackamas School District <sup>1</sup>	486	3	3.45	385	4	2.79
PCC Structurals	431	4	3.06	500	2	3.62
OECO LLC	227	5	1.61	300	5	2.17
ODS Plaza	200	6	1.42			
Consonus Pharmacy Services	176	7	1.25			
Wendell & Wild	164	8	1.16			
Dave's Killer Bread	163	9	1.16			
Alpine Food Distributing	156	10	1.11			
City of Milwaukie	141	11	1.00	138	18	
Safeway				280	6	2.03
United Grocers				630	1	4.57
R M International				500	3	3.62
Bob's Red Mill Natural Foods				250	7	1.81
Warn Industries				250	8	1.81
Marquis Home Health				200	9	1.45
To Your Home from Willamette				200	10	1.45
Total	3,596		25.50%	3,633		26.33%

#### Notes:

<sup>1</sup> North Clackamas School District has approximately 2,189 employees. There are 486 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.

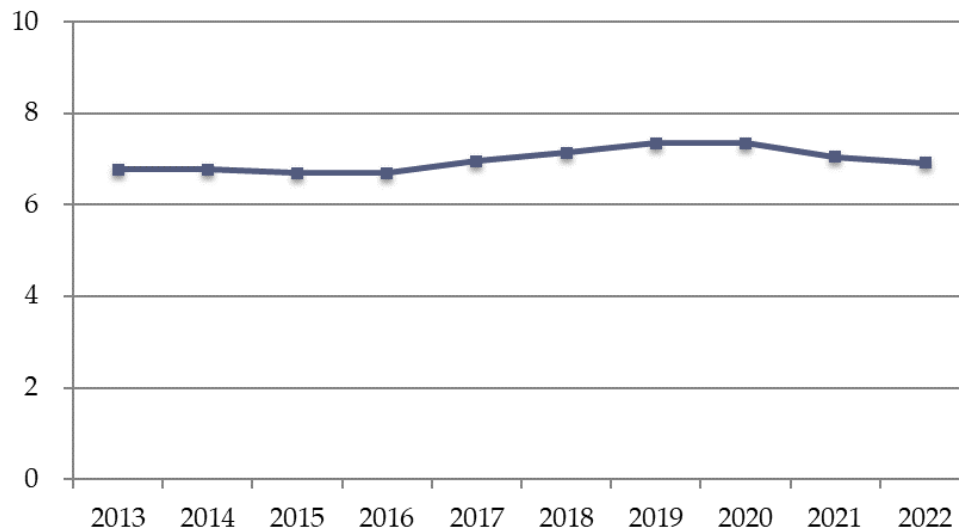
## CITY OF MILWAUKIE, OREGON

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	20.50	20.50	18.90	17.70	25.00	24.00	24.50	24.50	26.00	22.00
Public safety	42.25	42.25	41.85	41.85	42.75	42.75	41.75	41.75	40.50	41.50
Community services	23.76	23.76	25.26	26.46	26.26	27.26	28.01	28.01	27.25	31.25
Community development	23.50	23.50	20.60	20.60	17.00	20.00	23.00	23.00	20.00	20.00
Facilities	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Transportation	6.00	6.00	5.50	5.50	5.00	5.00	6.00	6.00	5.50	5.50
Water	7.00	7.00	7.20	7.20	8.20	8.20	8.20	8.20	7.50	8.00
Wastewater	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.50	4.50
Stormwater	5.25	5.25	7.80	7.80	8.30	8.50	8.50	8.50	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	138.26	137.11	137.11	142.51	146.71	150.96	150.96	145.25	146.75
City Population	20,435	20,435	20,491	20,491	20,510	20,556	20,528	20,556	20,600	21,235
FTEs per 1,000 of population	6.77	6.77	6.69	6.69	6.95	7.14	7.35	7.34	7.05	6.91

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Public safety										
Citations:										
Traffic	14,959	12,522	9,159	9,813	7,633	4,340	4,288	4,418	558	1,138
Parking	949	463	243	1,629	1,261	1,459	2,238	2,324	1,838	1,485
City ordinance	137	92	141	93	85	96	91	54	38	52
Non-traffic violation	119	126	147	148	72	9	9	2	4	8
Total citations processed	16,164	13,203	9,690	11,683	9,051	5,904	6,626	6,798	2,438	2,683
Number of seat belt classes	65	54	27	42	58	31	29	17	0	5
Number of officers per 1,000 capita	1.60	1.60	1.60	1.60	1.60	1.60	1.57	1.60	1.12	1.12
Culture and recreation										
Library items in collections <sup>1</sup>	120,075	117,693	118,024	115,040	114,360	95,152	92,394	90,399	96,144	94,079
Circulation	720,951	725,861	711,150	685,157	660,438	635,428	512,487	397,577	324,896	570,967
Average circulation per capita	18.43	18.25	17.84	17.08	16.34	15.80	12.39	9.54	7.78	13.67
Number of library programs	539	611	663	627	615	623	471	380	264	257
Attendance at library programs	15,580	17,230	19,565	20,079	20,513	19,834	13,992	12,747	11,889	15,112
Number of library volunteers	1,561	1,473	1,607	1,547	1,470	1,386	937	756	299	896
Library volunteer hours	9,591	9,004	9,798	9,948	8,646	7,758	6,135	3,621	1,866	6,738
Community development										
Building:										
Building permits issued	157	144	185	240	218	298	261	228	246	299
Inspections performed	1,514	1,577	1,693	1,872	2,128	3,107	4,443	4,452	4,065	4,695
Investigations	50	40	48	15	26	36	42	38	34	24
Violations resolved	25	29	33	9	18	24	35	30	25	21
Planning:										
Land use applications processed <sup>2</sup>	67	58	87	100	156	139	131	112	105	61
Business-type activities:										
Water										
Service connections	6,690	6,777	6,813	6,870	6,870	6,845	6,911	6,926	6,929	6,929
Number of fire hydrants maintained	792	788	789	404	105	6	90	146	94	330
Sanitary sewer (in feet)										
Sewer mainline cleaning	143,034	109,594	134,263	99,998	74,360	41,312	113,523	61,418	62,053	89,069
Mainline inspections completed	152,541	124,525	134,663	165,396	70,326	49,755	121,281	69,905	73,934	94,478

### Notes:

- <sup>1</sup> Reduction in collection due to the construction of a new library and a temporary library location in 2018 and 2019. Also, there was a reduction in 2020 and 2021 due to the COVID-19 pandemic.
- <sup>2</sup> Previous years (FY 2013 - 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government										
City-owned building facilities	5	5	5	5	5	5	5	6	6	6
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	24	24	24	21	21	21	21	20
Culture and recreation										
Library facility	1	1	1	1	1	1	1	1	1	1
Community development										
Residential Construction	\$ 1,343	\$ 2,029	\$ 2,370	\$ 2,135	\$ 6,994	\$30,685	\$ 7,849	\$19,602	\$15,737	\$12,977
Commercial Construction	16,804	1,656	610	303	5,266	41,264	69,440	12,864	14,992	62,075
Total value of new building construction (in thousands) <sup>1</sup>	\$18,147	\$ 3,685	\$ 2,980	\$ 2,438	\$12,260	\$71,949	\$77,289	\$32,466	\$30,729	\$75,052
Highways and streets										
Miles of streets (street lane miles)	158	158	160	160	160	157	159	159	160	160
Surface water catch basins	1,603	1,622	1,631	1,631	1,679	1,685	1,701	1,752	1,778	1,798
Business-type activities:										
Water										
Water mains (miles)	100	100	100	100	100	101	100	100	100	101
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	1,695	1,697	1,692	1,692	1,692	1,700	1,706	1,721	1,724	1,725

Source: City of Milwaukie Departments.





# SECTION IV

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## COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

**CITY OF MILWAUKIE, OREGON**  
**COMPLIANCE SECTION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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Oregon Administrative Rules 162-10-050 through 162-10-320, incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report.

The following report from Aldrich 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 (City) as of and for the year ended June 30, 2022, and have issued our report thereon dated March 28, 2023. 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:

- Expenditures in the following funds exceeded appropriations for the year ended June 30, 2022:

<u>Fund</u>	<u>Budget Category</u>	<u>Budget</u>	<u>Actual</u>	<u>Overexpenditure</u>
General	Nondepartmental	\$1,907,000	\$2,096,237	\$(189,237)

## 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.

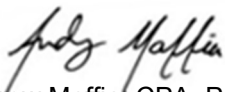
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **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 28, 2023



# CITY OF MILWAUKIE

## FINANCE DEPARTMENT

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