



CITY OF MILWAUKIE

2021

Annual Comprehensive Financial Report

Milwaukie, Oregon • Fiscal Year Ended June 30, 2021

CITY OF MILWAUKIE, OREGON

ANNUAL COMPREHENSIVE
FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2021



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CITY OF MILWAUKIE, OREGON

Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021

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SECTION I

INTRODUCTORY SECTION

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



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CITY OF MILWAUKIE

December 23, 2021

Mayor Mark Gamba, City Councilors and
Citizens of the City of Milwaukie, Oregon

The Annual Comprehensive Financial Report (ACFR) of the City of Milwaukie, Oregon (city) for the fiscal year ended June 30, 2021 is hereby submitted.

This report presents the financial position of the city as of June 30, 2021 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.

Merina & Company LLP (Merina), Certified Public Accountants, issued an unmodified or "clean" opinion on the city's financial statements for the fiscal year ended June 30, 2021. 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

GOVERNMENT PROFILE

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 City 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 20,600 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. The City is approximately twenty-six miles from Portland International Airport.



The City 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, sewer and surface water utilities.

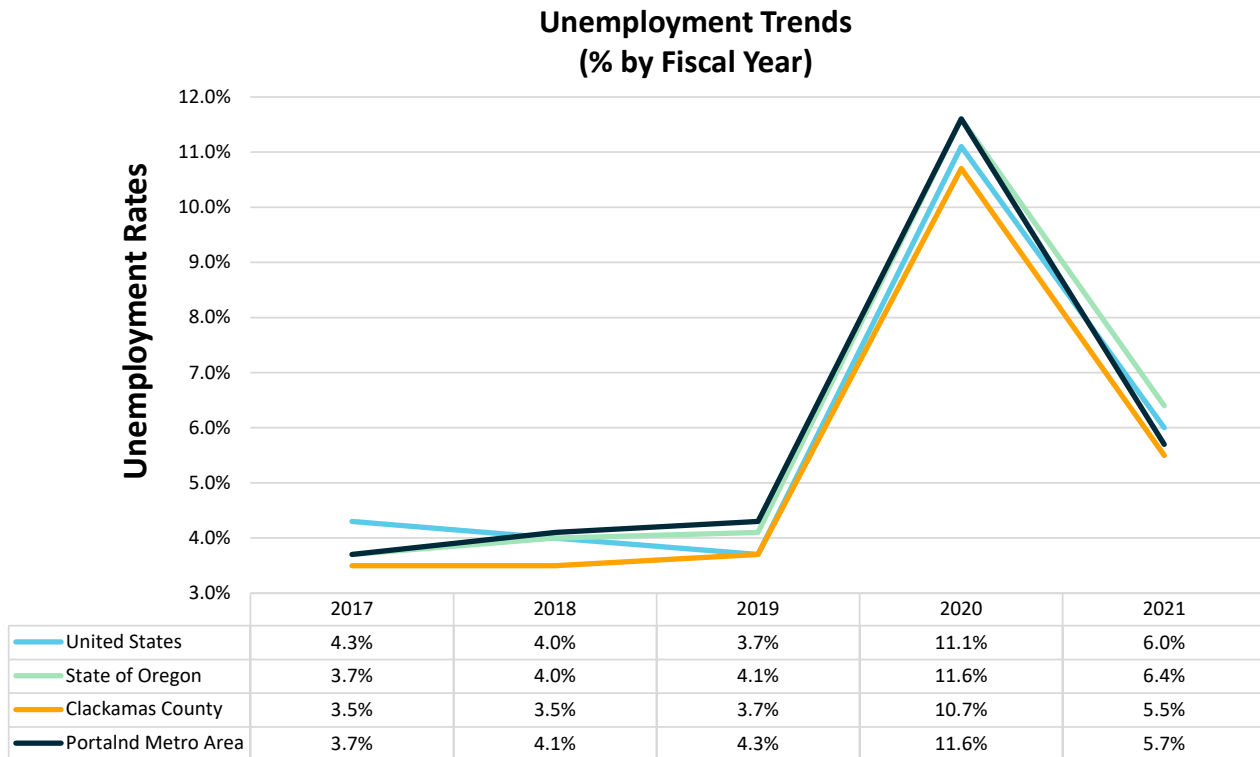
The City maintains budgetary controls to ensure compliance with legal provisions in the biannual appropriated budget adopted by the City Council. The legal level of budgetary control (the position in which expenditures cannot legally exceed the appropriated amount) is established by program within each individual Fund. The City Council must hold public hearing for budget supplementals that exceed more than 10% of the fund or a budget transfer can occur without public hearing but city council approval for less than 10%. The City Manager, Finance Director and Department Directors have the authority to transfer any unencumbered appropriation balance or portion thereof from one classification of expenditure to another within the same department in accordance with the adopted budget and corresponding resolution.

The City lies within Clackamas County, which is headed by a board of commissioners and is based in neighboring 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 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.

LOCAL ECONOMY

The City's economy is linked with that of the entire Portland Metropolitan area and has been primarily a residential community with a low ratio of heavy industry and retail-based commercial activity. Much of its growth occurred in the 1960s when population increased from 9,100 to 15,000 residents. Today, the City has emerged as an industrial employment center with two major industrial parks. In addition, Milwaukie's central location has attracted major businesses such as Blount International, Inc. and Precision Castparts, Inc.

Below is a chart showing a five-year comparison of unemployment rates for the state and local areas as well as the U.S. by fiscal year. The area's unemployment rate has steadily declined since the great recession prior to 2011. Although recent events of the pandemic have shown a significant spike in unemployment rates across the nation in 2020. As illustrated in the chart, rates have declined in 2021 nationally. Locally Milwaukie has an approximate rate of 6.1%.



LONG-TERM FINANCIAL PLANNING

Long-term financial planning is the cornerstone of any solid financial process. The City's controlling document is the *Five-Year Financial Forecast*, which includes reserves by fund that fall within the policy guidelines set by City Council and which is 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 *Five-Year Financial Forecast* is included in the 2021-2022 biennial budget that was adopted in June 2020.

The Master Fee Schedule guiding the City's rates and charges is updated with the City's biennial budget process. The utility rate increases are approved by City Council with the support of the Budget Committee and the Citizens Utility Advisory Board. Utility rates consist of the Safe Access for Everyone (SAFE) and Street Surface Maintenance Program (SSMP) fees that have a basis based on type of use. These rates are either increased or decreased dependent upon the Construction Cost Index (CCI).

The City's long-term debt consist of a \$10.0 million in general obligation bonds, \$2.6 million in outstanding PERS bond, \$1.0 million in DEQ loans, \$25.5 million in full faith and credit obligations for a total City debt of \$39.1 million. The City maintains a credit rating of Aa2 representing a solid financial position.

Property Tax Rate Limitation

City Council passed Ordinance No. 1958 in February 2006 following a 2005 ballot measure (3-166) where the voters authorized CCFD to annex fire & medical services into the City of Milwaukie. The ballot measure required that the City reduce its property tax rate certification so that the total rate levied by the City and CCFD is no more than the total rate currently levied. Therefore, the actual property tax rate levied by the City is the permanent tax rate of \$6.5379 per \$1,000 of assessed value comprised of the CCFD rate of \$2.4012 and Milwaukie's rate of \$4.1367.

MAJOR INITIATIVES

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 2021, City Council identified two primary goals for the City which can include new or existing goals. Those goals are:



Climate Change Mitigation and Resilience Action – Brings 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 – Commits the city 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.

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 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). In order 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.

These awards are prestigious national awards that recognize conformance with the highest standards for preparation of state and local government financial reports.

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 citizens of Milwaukie.

The composition of the members was recently amended in February 2021 to include one council member, one budget committee member and three citizen members with an interest in municipal government. Preference is first given to Certified Public Accountants residing within City limits and second to Certified Public Accountants with a City affiliation. Terms are for two years.

The members of the Milwaukie Audit Committee are Mack Stilson (Chair), Councilor Kathy Hyzy, Mary Rowe (Budget Committee liaison and Vice Chair), community members Mona Henry and Matthew Dake.

ACKNOWLEDGMENTS

The preparation of this report was a combined effort of the dedicated Finance staff under the direction of Bonnie Dennis. A special thank you is given to the Finance staff of Keith McClung, Judy Serio, Kelli Tucker and Joe Gardner 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



Bonnie J. Dennis, MBA
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, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF MILWAUKIE, OREGON
Elected and Appointed Officials

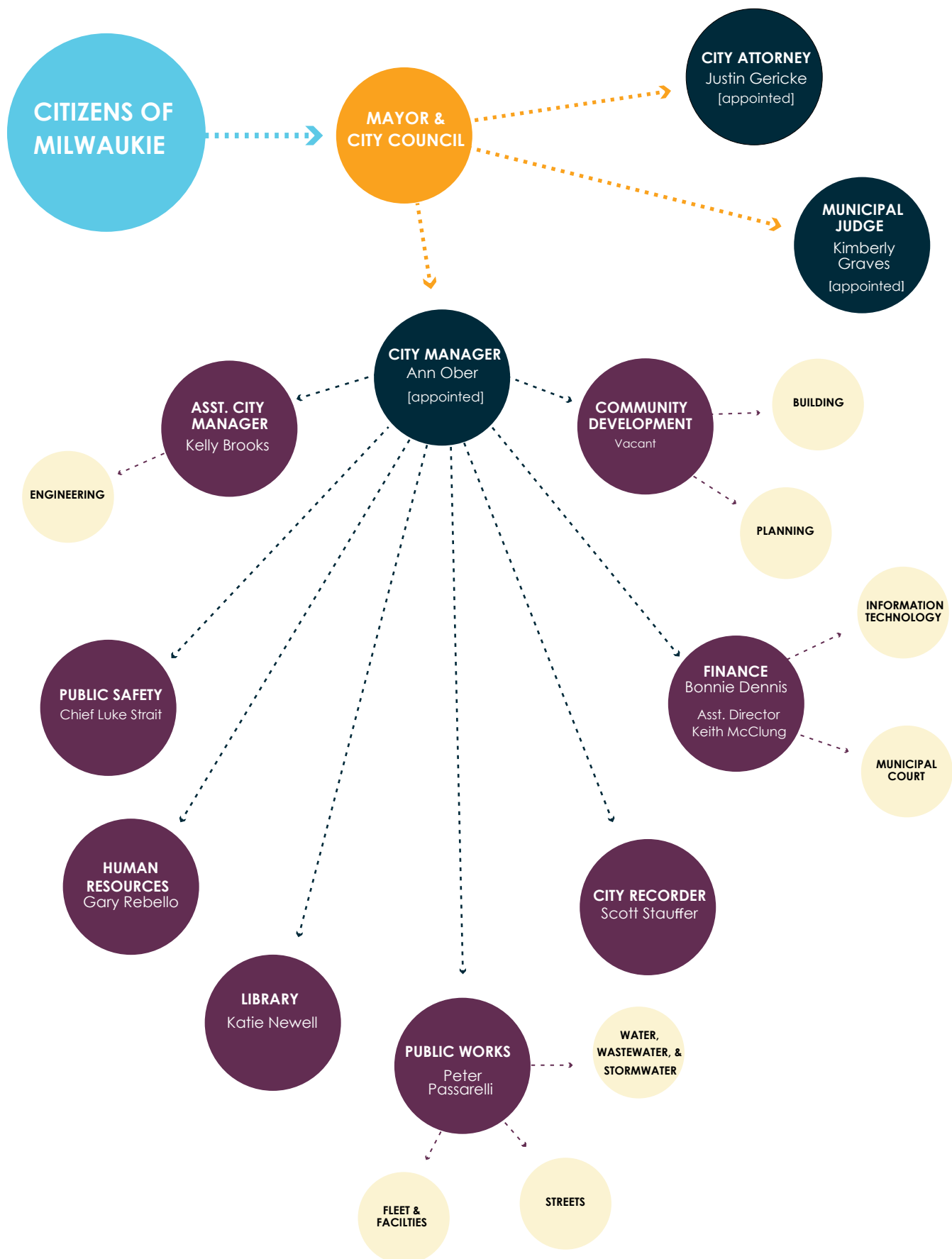
Elected Officials	Term Expires
Mark Gamba, Mayor	December 31, 2022
Angel Falconer, Councilor	December 31, 2024
Lisa Batey, Councilor	December 31, 2022
Kathy Hyzy, Councilor	December 31, 2022
Desi Nicodemus, Councilor	December 31, 2024

Appointed Officials	Position
Ann Ober	City Manager
Justin Gericke	City Attorney
Kimberly Graves	Municipal Court Judge

Management Team:

Kelly Brooks	Assistant City Manager
Vacant	Community Development Director
Scott Stauffer	City Recorder
Bonnie Dennis, MBA	Finance Director
Keith McClung, CPA	Assistant Finance Director
Gary Rebello, SPHR CCP	Human Resources Director
Katie Newell	Library Director
Luke Strait	Police Chief
Peter Passarelli, PE	Public Works Director

ORGANIZATIONAL CHART





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SECTION II

FINANCIAL SECTION

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



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Milwaukie, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Milwaukie, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Milwaukie, Oregon's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Milwaukie, Oregon, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Milwaukie, 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

City of Milwaukie, Oregon's management is responsible for the preparation and fair presentation of these 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 of Milwaukie's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Milwaukie'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 of Milwaukie'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 required supplementary information, such as management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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, and schedule of the city's contributions, as listed in the table of contents under required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relates 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Milwaukie, Oregon's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is 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 other supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 23, 2021, on our consideration of City of Milwaukie, Oregon'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.



For Merina+Co
Tualatin, Oregon
December 23, 2021



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CITY OF MILWAUKIE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR END JUNE 30, 2021

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, 2021. 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 \$157.0 million on June 30, 2021, consisting of \$98.8 million in capital assets, \$30.6 million in unrestricted cash and investments, \$22.4 million in restricted cash and investments, and \$5.2 million in other assets. Total assets increased by \$.7 million (.46%) from the previous fiscal year.
- The City's liabilities totaled \$69.2 million on June 30, 2021 consisting of \$62.7 million in long-term liabilities and \$6.5 million in accounts payable and other liabilities. Total liabilities increased by \$2.5 million (4%) from the previous fiscal year.
- The assets of the City exceeded its liabilities by \$87.8 million at the close of fiscal year 2021. Unrestricted net position totaled \$9.9 million with the remainder of the City's net position invested in capital assets (\$78.1 million) and restricted for capital projects, building operations, library services, debt service, and public safety (\$6.2 million).
- The deferred outflows of resources for the City increased to \$7.3 million, compared to \$5.6 million in fiscal year 2020. 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 decreased to \$0.9 million, compared to \$1.2 million in fiscal year 2020. The primary decrease relates to pension and OPEB liabilities as the change in proportionate share was less for the City in 2021.
- For its governmental activities, the City generated \$13.5 million in charges for services and received \$4.4 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$34.8 million for the year, resulting in a net expense of \$16.9 million. The City also received \$14.3 million of general revenues, resulting in a decreased net position of \$2.6 million.
- For its business-type activities, the City generated \$18.2 million in charges for services and capital grants and contributions to fund direct expenses of \$15.7 million. Business-type activities had an increase in net position of \$2.6 million.
- Fund balance in the City's governmental funds was \$35.7 million on June 30, 2021, a decrease of \$1.6 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 2021, assets exceeded liabilities by \$88.0 million.

By far the largest portion of the City's net position (63%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure); 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.

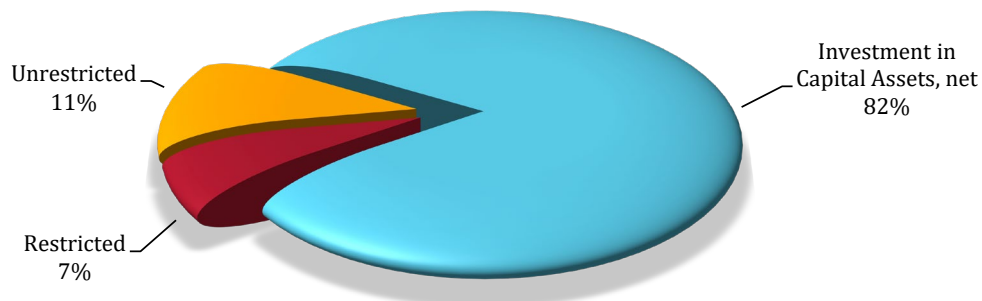
Combined net position of the City of Milwaukie on June 30, 2021 and 2020 was as follows:

Statement of Net Position

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Current and other assets	\$ 39,915	\$ 41,002	\$ 18,297	\$ 17,835	\$ 58,212	\$ 58,837
Capital assets	67,527	68,290	31,276	29,167	98,803	97,457
Total assets	107,441	109,292	49,573	47,002	157,015	156,294
Deferred outflows of resources	6,607	5,148	739	553	7,346	5,701
Long-term liabilities	59,357	57,502	3,336	2,869	62,693	60,372
Other liabilities	4,085	3,552	2,398	2,711	6,483	6,262
Total liabilities	63,442	61,054	5,734	5,580	69,176	66,634
Deferred inflows of resources	849	1,067	95	115	944	1,182
Net position:						
Net investment in capital assets	47,783	48,178	30,312	28,106	78,095	76,284
Restricted for:						
Library services	-	1	-	-	-	1
Public safety	517	2,277	-	-	517	2,277
Debt service	442	360	12	12	454	372
Building operations	2,567	2,295	-	-	2,567	2,295
Urban renewal	990	513	-	-	990	513
Capital projects	1,700	1,775	-	-	1,700	1,775
OPEB Asset	96	-	11	-	107	-
Unrestricted	(4,339)	(3,080)	14,149	13,742	9,809	10,662
Total net position	\$ 49,757	\$ 52,319	\$ 44,483	\$ 41,860	\$ 94,240	\$ 94,179

Classification of Net Position



As of June 30, 2021, the City had positive balances in five categories of net position for the City. Total net position increased from the prior year by \$.1 million (1%) to \$94.2 million.

A portion of the City's net position (\$6.2 million or 4.0%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position (\$9.9 million or 10.5%) may be used to meet the City's ongoing obligations to citizens and creditors.

Statement of Activities
Changes in Net Position
(in thousands)

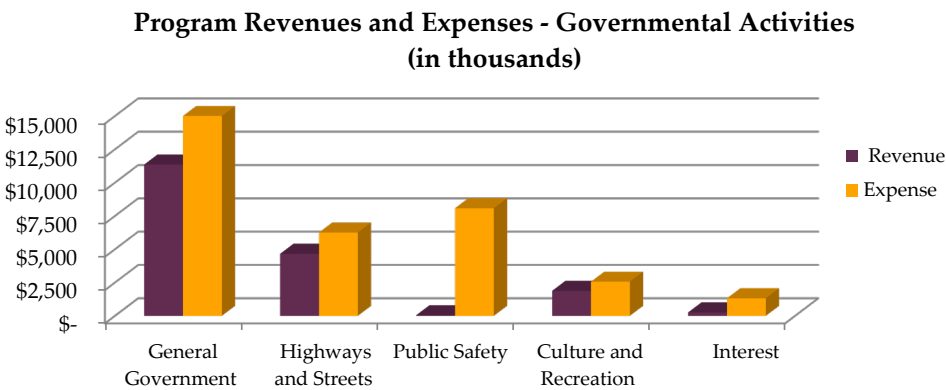
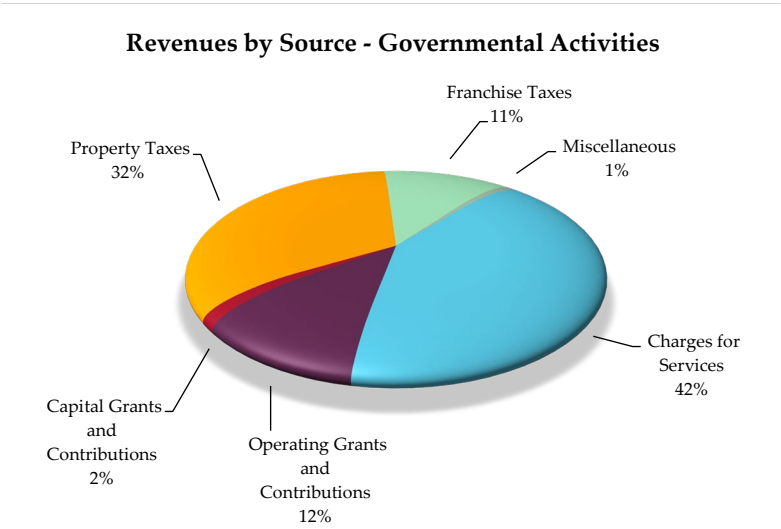
	Governmental Activities		Business-Type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Revenues						
Program revenues:						
Charges for services	\$ 13,535	\$ 14,813	\$ 17,934	\$ 17,374	\$ 31,469	\$ 32,188
Operating grants and contributions	3,937	3,525	-	-	3,937	3,525
Capital grants and contributions	466	219	308	83	774	302
General revenues:						
Property taxes	10,391	9,839	-	-	10,391	9,839
Franchise taxes	3,682	3,749	-	-	3,682	3,749
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Miscellaneous	257	1,758	41	317	299	2,076
Total revenues	32,269	33,903	18,283	17,775	50,552	51,679
Expenses						
Governmental activities:						
General government	16,618	13,319	-	-	16,618	13,319
Highways and streets	6,253	6,116	-	-	6,253	6,116
Public safety	8,078	8,093	-	-	8,078	8,093
Culture and recreation	2,564	4,641	-	-	2,564	4,641
Interest on long-term debt	1,319	1,392	-	-	1,319	1,392
Business-type activities:						
Water	-	-	4,090	3,432	4,090	3,432
Wastewater	-	-	7,911	7,800	7,911	7,800
Stormwater	-	-	3,660	3,187	3,660	3,187
Total expenses	34,832	33,560	15,660	14,419	50,491	47,980
Change in net position	(2,562)	343	2,623	3,355	61	3,700
Net Position - beginning	52,319	51,976	41,860	38,505	94,179	90,480
Net position - ending	\$ 49,757	\$ 52,319	\$ 44,483	\$ 41,860	\$ 94,240	\$ 94,179

Governmental Activities

Governmental activities decreased the City’s net position by \$2.6 million in fiscal year 2021, compared to a \$.3 million increase in the prior fiscal year. This year’s decrease is mainly attributable to an increase of \$2.8 million in the net pension liability and a decline in fines/forfeitures revenue and investment earnings of \$.4 million and \$.5 million, respectively. The net pension liability is actuarially determined and represents a proportionate share for Milwaukie. As pension costs increase, the City expects this trend to continue into the future. The decreases in fines and forfeitures are the result of decreased enforcement of traffic violations during COVID-19. Investment earnings declined due to decreasing interest rates in the LGIP, where the City maintains the majority of cash assets.

The decline in net position was offset by an increase in property taxes and lease proceeds of \$.5 million and \$.5 million, respectively. The property tax increase is a result of additional properties coming into the tax base and prior year collections of outstanding balances. Lease proceeds increased in fiscal year 2021 due to a full 12-month cycle related to rent.

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, once interfund service payments are factored out of charges for services.

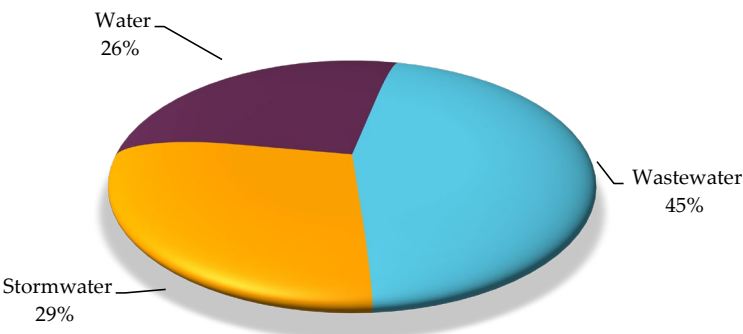


Business-type Activities

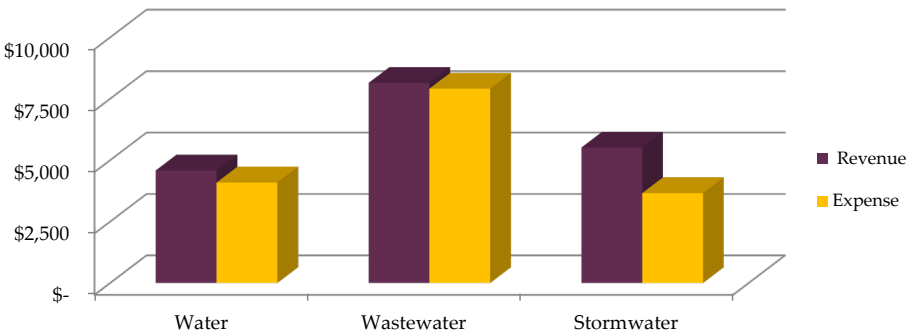
Business-type activities increased the City’s net position by \$2.6 million due to a planned increase in utility rates year over year. In addition, the utility funds did not expend all of the budgeted capital for improvements during the fiscal year due to COVID-19 and other project delays.

The Water, Wastewater, and Stormwater fund revenues represent approximately 26 percent, 45 percent, and 29 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, 2021, the City's governmental funds reported a combined ending fund balance of \$35.7 million, a decrease of \$1.6 million for the year. Unassigned fund balance increased to \$11.5 million as of June 30, 2021 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, 2021, total fund balance was \$12.1 million, which is an increase of \$1.0 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 2021, the City increased the charges for services provided to other funds by \$.5 million and reduced the amount transferred to other funds \$0.6 million. These increases were offset by a decrease in revenue tied to the CARES Act money received in 2020. General Fund expenditures increased \$0.5 million to \$18.8 million in fiscal year 2021 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 \$2.1 million. Total expenditures decreased to \$7.7 million, consisting of capital projects (\$4.7 million), debt service (\$2.0 million), transfers to other funds (\$2.0 million) and personnel, materials and services (\$0.9 million). As a result, the Transportation Fund had an overall decrease in fund balance of \$3.7 million for the fiscal year ending June 30, 2021. At June 30, 2021 the fund balance was \$15.2 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 \$8.4 million. Further details on these funds can be found starting on page 81.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original general fund budget for the 2021-2022 biennium budget period amounted to \$49.7 million. There have been several supplemental budget resolutions adopted during the biennium to reallocate departmental budget authority and allow for previously unanticipated expenditures.

During fiscal year 2021, there were two budget resolutions that included the following transfers and one supplemental adjustment related to the CARES Act funds received.

- Library fund transferred \$2,000 to appropriations related to a grant for new technology.
- City manager department added a transfer from the community development department of \$13,000 to fund programming needs related to work on diversity, equity and inclusion.
- Stormwater fund transferred \$25,000 from excess revenue to offset restoration costs associated with the Kellogg Dam.
- Cares Act Funds required a supplemental to move the intergovernmental proceeds to the departments and funds that had costs related to the COVID-19 pandemic.
- The supplemental adjustment also included a transfer from the general fund and intergovernmental grant proceeds totaling \$255,000 to the Affordable Housing Fund for Business Relief Grants.

Actual revenues (budgetary basis) were \$13.0 million for the first fiscal year of the biennium and expenditures were \$18.8 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the City had invested \$98.8 million in capital assets, net of depreciation as reflected in the following table, representing a net increase (additions, deductions and depreciation) of \$1.3 million in fiscal year 2021. Governmental capital assets totaled \$67.5 million while business-type capital assets totaled \$31.3 million.

Capital Assets, Net of Accumulated Depreciation (in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Land and easements	\$ 6,216	\$ 6,216	\$ 1,204	\$ 1,204	\$ 7,420	\$ 7,420
Buildings and improvements	24,433	26,835	5,285	5,728	29,718	32,563
Vehicles and equipment	1,664	1,736	1,961	1,526	3,624	3,261
Furniture and fixtures	414	463	-	-	414	463
Infrastructure	30,109	31,527	19,989	18,841	50,098	50,368
Construction in progress	4,691	1,513	2,837	1,868	7,528	3,381
Capital assets, net	<u>\$ 67,527</u>	<u>\$ 68,290</u>	<u>\$ 31,276</u>	<u>\$ 29,167</u>	<u>\$ 98,803</u>	<u>\$ 97,456</u>

The following table reconciles the change in capital assets for the fiscal year. Expenditures for construction projects in progress at fiscal year-end are included in additions. Reductions are for capital asset dispositions and transfers of construction projects completed during the fiscal year. When applicable, additions include capital contributions from outside developers with the revenue from these contributions reflected in program revenues on the *Statement of Activities*.

Assets utilized in governmental activities decreased by a net \$.8 million from the prior fiscal year, while business-type activities increased by a net \$2.1 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 37.

Change in Capital Assets

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Beginning balance	\$ 68,290	\$ 56,347	\$ 29,167	\$ 26,385	\$ 97,456	\$ 82,732
Additions	7,490	39,077	4,333	4,267	11,824	43,344
Reductions and adjustments	(2,045)	(23,019)	(19)	-	(2,064)	(23,019)
Depreciation	(6,209)	(4,115)	(2,205)	(1,485)	(8,414)	(5,600)
Ending balance	<u>\$ 67,527</u>	<u>\$ 68,290</u>	<u>\$ 31,276</u>	<u>\$ 29,167</u>	<u>\$ 98,803</u>	<u>\$ 97,456</u>

Debt Outstanding

As of the end of the fiscal year, the City had \$39.1 million in long-term debt obligations outstanding, a decrease from the prior year by \$2.6 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 49.

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

	Fiscal Year Ending	
	2021	2020
Governmental:		
Pension Bonds \$	2,650	\$ 2,920
Light Rail GO Bond	2,710	2,870
Library GO Bond	7,305	7,695
Milwaukie Bay Park FFCO	570	630
Transportation FFCO	17,602	18,917
City Hall FFCO	6,420	6,700
Bond Premiums	888	941
	<u>38,146</u>	<u>40,673</u>
Business-Type:		
Oregon DEQ	965	1,061
Total	<u><u>\$ 39,110</u></u>	<u><u>\$ 41,734</u></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, 2021, the City carried \$10.0 million general obligation debt subject to this \$118.0 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 local 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 Bonnie Dennis at the City of Milwaukie, 10722 SE Main Street, Milwaukie, Oregon 97222 or e-mail dennisb@milwaukieoregon.gov.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

STATEMENT OF ACTIVITIES

FUND FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS



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CITY OF MILWAUKIE, OREGON

STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 14,170,714	\$ 16,387,331	\$ 30,558,045
Restricted cash and investments	22,400,279	12,056	22,412,335
Property taxes receivable	294,683	-	294,683
Accounts receivable, net of allowance	2,608,957	1,837,417	4,446,374
Prepaid expenses	343,856	49,392	393,248
Net OPEB Asset	96,076	10,739	106,815
Capital assets not being depreciated:			
Land and easements	6,216,125	1,204,140	7,420,265
Construction in progress	4,691,090	2,837,285	7,528,375
Capital assets net of accumulated depreciation:			
Buildings and improvements	24,433,228	5,284,661	29,717,889
Vehicles and equipment	1,663,505	1,961,302	3,624,807
Furniture and fixtures	414,052	-	414,052
Infrastructure	30,108,930	19,988,834	50,097,764
TOTAL ASSETS	107,441,495	49,573,157	157,014,652
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources - pension	6,320,491	706,539	7,027,030
Deferred outflows of resources - OPEB	286,672	32,046	318,718
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,607,163	738,585	7,345,748
LIABILITIES:			
Accounts payable	1,593,654	1,825,207	3,418,861
Accrued salaries and payroll taxes payable	325,912	46,165	372,077
Accrued compensated absences payable	1,359,635	107,343	1,466,978
Accrued interest payable	142,412	1,931	144,343
Deposits payable	31,235	13,498	44,733
Unearned revenue	632,017	403,910	1,035,927
Noncurrent liabilities:			
Long-term obligations, due within one year	1,288,093	96,458	1,384,551
Long-term obligations, due in more than one year	36,857,450	868,120	37,725,570
Net pension liability	20,389,779	2,279,283	22,669,062
Total OPEB liability	822,078	91,896	913,974
TOTAL LIABILITIES	63,442,265	5,733,811	69,176,076
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources - pension	659,807	73,758	733,565
Deferred inflows of resources - OPEB	189,575	21,193	210,768
TOTAL DEFERRED INFLOWS OF RESOURCES	849,382	94,951	944,333
NET POSITION:			
Net investment in capital assets	47,783,054	30,311,644	78,094,698
Restricted for:			
Public safety supplies	517,087	-	517,087
Debt service	442,433	12,056	454,489
Building operations	2,567,039	-	2,567,039
Urban renewal	990,274	-	990,274
Capital projects	1,700,195	-	1,700,195
OPEB asset	96,076	10,739	106,815
Unrestricted	(4,339,147)	14,148,541	9,809,394
TOTAL NET POSITION	\$ 49,757,011	\$ 44,482,980	\$ 94,239,991

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, 2021

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
GOVERNMENTAL ACTIVITIES:							
General government	\$ 16,617,503	\$ 9,554,231	\$ 1,801,127	\$ -	\$ (5,262,145)	\$ -	\$ (5,262,145)
Highways and streets	6,252,845	2,106,561	2,086,130	466,427	(1,593,727)	-	(1,593,727)
Public safety	8,077,794	-	44,065	-	(8,033,729)	-	(8,033,729)
Culture and recreation	2,563,953	1,874,093	5,898	-	(683,962)	-	(683,962)
Interest on long-term debt	1,318,564	-	-	-	(1,318,564)	-	(1,318,564)
TOTAL GOVERNMENTAL ACTIVITIES	34,830,659	13,534,885	3,937,220	466,427	(16,892,127)	-	(16,892,127)
BUSINESS-TYPE ACTIVITIES:							
Water	4,089,801	4,580,981	-	-	-	491,180	491,180
Wastewater	7,910,617	8,145,889	-	-	-	235,272	235,272
Stormwater	3,659,987	5,207,399	-	307,540	-	1,854,952	1,854,952
TOTAL BUSINESS-TYPE ACTIVITIES	15,660,405	17,934,269	-	307,540	-	2,581,404	2,581,404
TOTAL ACTIVITIES	\$ 50,491,064	\$ 31,469,154	\$ 3,937,220	\$ 773,967	(16,892,127)	2,581,404	(14,310,723)
GENERAL REVENUES:							
Property taxes, levied for general purposes					10,391,227	-	10,391,227
Franchise taxes					3,681,645	-	3,681,645
Unrestricted investment earnings					218,055	41,364	259,419
Gain on sale of capital assets					39,251	-	39,251
TOTAL GENERAL REVENUES					14,330,178	41,364	14,371,542
CHANGE IN NET POSITION					(2,561,949)	2,622,768	60,819
NET POSITION - beginning					52,318,960	41,860,212	94,179,172
NET POSITION - ending					\$ 49,757,011	\$ 44,482,980	\$ 94,239,991

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

CITY OF MILWAUKIE, OREGON

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2021

	General Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and investments	\$ 11,294,232	\$ 736,797	\$ 2,139,685	\$ 14,170,714
Restricted cash and investments	205,441	15,751,667	6,443,171	22,400,279
Property taxes receivable	284,866	-	9,817	294,683
Accounts receivable	2,083,126	515,228	10,603	2,608,957
Prepaid expenditures	311,646	4,123	28,087	343,856
TOTAL ASSETS	\$ 14,179,311	\$ 17,007,815	\$ 8,631,363	\$ 39,818,489
LIABILITIES:				
Accounts payable	278,502	1,210,671	104,481	1,593,654
Accrued salaries and payroll taxes	268,109	13,970	43,833	325,912
Deposits payable	31,235	-	-	31,235
Unearned revenue	18,479	562,854	50,684	632,017
TOTAL LIABILITIES	596,325	1,787,495	198,998	2,582,818
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	261,916	-	9,089	271,005
Unavailable revenue - municipal court assessments	1,158,904	-	-	1,158,904
Unavailable revenue - assessment liens	99,883	-	-	99,883
TOTAL DEFERRED INFLOWS OF RESOURCES	1,520,703	-	9,089	1,529,792
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,117,028	1,787,495	208,087	4,112,610
FUND BALANCES:				
Nonspendable	311,646	4,123	28,087	343,856
Restricted	205,441	-	6,349,414	6,554,855
Committed	-	15,216,197	-	15,216,197
Assigned	-	-	2,045,775	2,045,775
Unassigned	11,545,196	-	-	11,545,196
TOTAL FUND BALANCES	12,062,283	15,220,320	8,423,276	35,705,879
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,179,311	\$ 17,007,815	\$ 8,631,363	

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

Capital assets used in governmental activities are not financial resources
and therefore, are not reported in funds. 67,526,930

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

Property tax revenues	(11,580)	
Municipal court assessments	86,472	
Net OPEB asset	96,076	
Deferred outflows of resources - pensions	6,320,491	
Deferred outflows of resources - OPEB	286,672	
Revenues available	1,454,900	8,233,031

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	(1,359,635)	
Accrued interest payable	(142,412)	
Net pension liability	(20,389,779)	
Total OPEB liability	(822,078)	
Deferred inflows of resources - pensions	(659,807)	
Deferred inflows of resources - OPEB	(189,575)	
Long-term debt obligations	(38,145,543)	(61,708,829)
Net position of governmental activities		<u>\$ 49,757,011</u>

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, 2021

	General Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 8,084,761	\$ -	\$ 2,294,886	\$ 10,379,647
Franchise taxes	2,452,264	1,229,381	-	3,681,645
Intergovernmental	1,395,052	2,475,290	2,097,191	5,967,533
Fines and forfeitures	413,837	-	3,334	417,171
Licenses and permits	568,682	-	1,044,624	1,613,306
Charges for services	7,000,000	2,106,561	-	9,106,561
Systems development charges	-	-	291,767	291,767
Proceeds from lease	-	-	504,000	504,000
Investment earnings	69,673	86,439	61,943	218,055
Miscellaneous	91,962	12,444	31,610	136,016
TOTAL REVENUES	20,076,231	5,910,115	6,329,355	32,315,701
EXPENDITURES:				
Current:				
General government	11,186,471	-	1,863,798	13,050,269
Highways and streets	-	2,978,960	-	2,978,960
Public safety	6,686,648	-	-	6,686,648
Culture and recreation	-	-	1,897,069	1,897,069
Debt service:				
Principal	294,720	1,290,000	890,000	2,474,720
Interest	165,750	705,332	484,568	1,355,650
Capital outlay	477,881	4,714,975	279,997	5,472,853
TOTAL EXPENDITURES	18,811,470	9,689,267	5,415,432	33,916,169
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,264,761	(3,779,152)	913,923	(1,600,468)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	39,251	-	-	39,251
Transfers from other funds	-	49,000	315,000	364,000
Transfers to other funds	(364,000)	-	-	(364,000)
TOTAL OTHER FINANCING SOURCES (USES)	(324,749)	49,000	315,000	39,251
NET CHANGE IN FUND BALANCES	940,012	(3,730,152)	1,228,923	(1,561,217)
FUND BALANCES - beginning	11,122,271	18,950,472	7,194,353	37,267,096
FUND BALANCES - ending	\$ 12,062,283	\$ 15,220,320	\$ 8,423,276	\$ 35,705,879

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

CITY OF MILWAUKIE, OREGON

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Net change in fund balances - total governmental funds	\$ (1,561,217)
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is 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	\$ 5,472,853	
Depreciation expense	<u>(6,208,984)</u>	(736,131)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and transfers) is to decrease net position.	(27,038)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(86,242)
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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.

Long-term debt principal repayments	<u>2,474,720</u>	2,474,720
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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	(2,768,032)	
Net OPEB liability and related deferrals	(13,049)	
Accrued interest payable	37,086	
Accrued compensated absences payable	64,780	
Amortization of bond premium	<u>53,174</u>	<u>(2,626,041)</u>

Change in net position of governmental activities	<u><u>\$ (2,561,949)</u></u>
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The notes to basic financial statements are an integral part of this statement.

CITY OF MILWAUKIE, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2021

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
ASSETS:				
Current assets:				
Cash and investments	\$ 4,341,877	\$ 6,006,946	\$ 6,038,508	\$ 16,387,331
Restricted cash and investments	-	12,056	-	12,056
Accounts receivable, net of allowance for doubtful accounts	481,509	848,281	501,741	1,831,531
Prepaid expenses	26,838	16,839	5,715	49,392
Total current assets	4,850,224	6,884,122	6,545,964	18,280,310
Noncurrent assets:				
Other receivable	-	5,886	-	5,886
Net OPEB asset	4,502	2,443	3,794	10,739
Capital assets not being depreciated	1,451,534	543,679	2,046,214	4,041,427
Capital assets, net of accumulated depreciation	11,000,863	9,125,255	7,108,679	27,234,797
Total noncurrent assets	12,456,899	9,677,263	9,158,687	31,292,849
TOTAL ASSETS	17,307,123	16,561,385	15,704,651	49,573,159
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows of resources - pensions	296,162	160,749	249,628	706,539
Deferred outflows of resources - OPEB	13,433	7,291	11,322	32,046
TOTAL DEFERRED OUTFLOWS OF RESOURCES	309,595	168,040	260,950	738,585
LIABILITIES:				
Current liabilities:				
Accounts payable	225,475	1,304,005	295,727	1,825,207
Accrued salaries and payroll taxes payable	19,893	10,947	15,327	46,167
Accrued compensated absences payable	45,149	37,128	25,066	107,343
Accrued interest payable	-	1,931	-	1,931
Deposits payable	13,498	-	-	13,498
Unearned revenue	-	283,910	120,000	403,910
Current portion of long-term debt	-	96,458	-	96,458
Total current liabilities	304,015	1,734,379	456,120	2,494,514
Noncurrent liabilities:				
Net pension liability	955,413	518,575	805,295	2,279,283
Total OPEB liability	38,520	20,908	32,468	91,896
Long-term debt	-	868,120	-	868,120
TOTAL LIABILITIES	1,297,948	3,141,982	1,293,883	5,733,813
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows of resources - pensions	30,918	16,781	26,059	73,758
Deferred inflows of resources - OPEB	8,883	4,823	7,487	21,193
TOTAL DEFERRED INFLOWS OF RESOURCES	39,801	21,604	33,546	94,951
NET POSITION:				
Net investment in capital assets	12,452,397	8,704,354	9,154,893	30,311,644
Restricted for debt service	-	12,056	-	12,056
Restricted for OPEB asset	4,502	2,443	3,794	10,739
Unrestricted	3,822,070	4,846,986	5,479,485	14,148,541
TOTAL NET POSITION	\$ 16,278,969	\$ 13,565,839	\$ 14,638,172	\$ 44,482,980

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, 2021

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 4,490,866	\$ 8,092,696	\$ 5,117,836	\$ 17,701,398
Capital grant	-	-	307,540	307,540
Miscellaneous	35,115	4,193	33,563	72,871
TOTAL OPERATING REVENUES	4,525,981	8,096,889	5,458,939	18,081,809
OPERATING EXPENSES:				
Salaries and wages	1,113,836	462,467	811,829	2,388,132
Materials and services	2,205,623	6,817,094	2,020,081	11,042,798
Depreciation	770,342	625,992	828,077	2,224,411
TOTAL OPERATING EXPENSES	4,089,801	7,905,553	3,659,987	15,655,341
OPERATING INCOME	436,180	191,336	1,798,952	2,426,468
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	1,870	14,722	24,772	41,364
Interest expense	-	(5,064)	-	(5,064)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,870	9,658	24,772	36,300
TRANSFERS	55,000	49,000	56,000	160,000
CHANGE IN NET POSITION	493,050	249,994	1,879,724	2,622,768
NET POSITION - beginning	15,785,919	13,315,845	12,758,448	41,860,212
NET POSITION - ending	\$ 16,278,969	\$ 13,565,839	\$ 14,638,172	\$ 44,482,980

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, 2021

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users of services	\$ 4,486,957	\$ 8,166,858	\$ 5,127,144	\$ 17,780,959
Payments to suppliers for goods and services	(2,681,449)	(6,411,975)	(2,463,582)	(11,557,006)
Payments to employees for services	(814,152)	(398,204)	(348,631)	(1,560,987)
NET CASH FROM OPERATING ACTIVITIES	991,356	1,356,679	2,314,931	4,662,966
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers from other funds	55,000	49,000	56,000	160,000
Principal paid on capital debt	-	(96,458)	-	(96,458)
Interest paid on capital debt	-	(5,064)	-	(5,064)
Acquisition and construction of capital assets	(1,587,661)	(885,528)	(1,860,262)	(4,333,451)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(1,532,661)	(938,050)	(1,804,262)	(4,274,973)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earnings received on investments	1,870	14,722	24,772	41,364
NET INCREASE IN CASH AND INVESTMENTS	(539,435)	433,351	535,441	429,357
CASH AND INVESTMENTS - beginning	4,881,312	5,585,651	5,503,067	15,970,030
CASH AND INVESTMENTS - ending	\$ 4,341,877	\$ 6,019,002	\$ 6,038,508	\$ 16,399,387
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income	\$ 436,180	\$ 191,336	\$ 1,798,952	\$ 2,426,468
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation expense	770,342	625,992	828,077	2,224,411
Pension expense (income)	234,413	19,379	110,085	363,877
OPEB expense (income)	6,002	(5,116)	554	1,440
(Increase) decrease in accounts receivable	(39,024)	69,969	(24,255)	6,690
(Increase) decrease in prepaid expenses	(24,635)	(16,839)	(5,715)	(47,189)
Increase (decrease) in accounts payable	(400,688)	470,958	(380,571)	(310,301)
Increase (decrease) in deposits payable	4,498	-	-	4,498
Increase (decrease) in accrued salaries and payroll taxes payable	1,541	(604)	(1,215)	(278)
Increase (decrease) in accrued compensated absences payable	2,727	1,604	(10,981)	(6,650)
NET CASH FROM OPERATING ACTIVITIES	\$ 991,356	\$ 1,356,679	\$ 2,314,931	\$ 4,662,966

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

CITY OF MILWAUKIE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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.

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 and sales lease-back agreement with Advantis Credit Union.
- *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 and other post-employment benefits.

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 entirely 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.

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

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 refundings, 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 Obligations

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 Obligations

For purposes of measuring the net 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.

Equity

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.

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 City 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 54 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.

Net Position Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to have been applied. It is the City's policy to deplete restricted net position first before unrestricted net position is depleted.

Fund Balance Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources. In order 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, 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.

As of June 30, 2021, the City's cash and investments were comprised of the following:

Cash on hand	\$ 5,431
Deposits with financial institutions	1,899,883
Oregon State Treasurer's LGIP	51,065,066
Total cash and investments	<u>\$ 52,970,380</u>

	Government Activities	Business-type Activities	Total
Cash and investments	\$ 14,170,714	\$ 16,387,331	\$ 30,558,045
Restricted cash and investments	22,400,279	12,056	22,412,335
Total cash and investments	<u>\$ 36,570,993</u>	<u>\$ 16,399,387</u>	<u>\$ 52,970,380</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 \$2,171,774 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 in excess of 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, 2021, 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, 2021 were as follows:

	Weighted Average	
	Maturity	Fair Value
Investments in the State Treasurer's Local		
Government Investment Pool	0.62	\$ 51,065,066
Total Cash Equivalents	0.62	\$ 51,065,066

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.

Note 3. Receivables

As of June 30, 2021, accounts receivable are 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	4,743,123
Allowance for uncollectible accounts	(296,748)
Total accounts receivable	<u>\$ 4,446,375</u>
Accounts receivable - governmental activities	2,608,958
Accounts receivable - business-type activities	1,837,417
Total accounts receivable	<u>\$ 4,446,375</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	\$ 1,158,904	\$ -
Property taxes receivable	271,005	-
Assessment liens receivable	99,883	-
Contract receivable	-	8,684
Lease receivable	-	42,000
Fees in lieu of construction	-	562,852
Bail escrow	-	15,700
Seized cash & deposits	-	2,781
	<u>\$ 1,529,792</u>	<u>\$ 632,017</u>

Note 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance as of June 30, 2020	Additions	Reductions and adjustments	Balance as of June 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land and easements	\$ 6,216,125	\$ -	\$ -	\$ 6,216,125
Construction in progress	1,512,934	5,195,700	(2,017,544)	4,691,090
Total capital assets not being depreciated	7,729,059	5,195,700	(2,017,544)	10,907,215
Capital assets being depreciated:				
Buildings and improvements	37,056,321	161,589	-	37,217,910
Vehicles and equipment	5,288,079	279,742	(286,195)	5,281,626
Furniture and fixtures	491,943	-	-	491,943
Infrastructure	67,505,381	1,853,366	-	69,358,747
Total capital assets being depreciated	110,341,724	2,294,697	(286,195)	112,350,226
Less accumulated depreciation for:				
Buildings and improvements	(10,221,276)	(2,563,406)	-	(12,784,682)
Vehicles and equipment	(3,552,547)	(324,731)	259,157	(3,618,121)
Furniture and fixtures	(28,697)	(49,194)	-	(77,891)
Infrastructure	(35,978,164)	(3,271,653)	-	(39,249,817)
Total accumulated depreciation	(49,780,684)	(6,208,984)	259,157	(55,730,511)
Total capital assets being depreciated, net	60,561,040	(3,914,287)	(27,038)	56,619,715
Total capital assets, net	\$ 68,290,099	\$ 1,281,413	\$ (2,044,582)	\$ 67,526,930
	Balance as of June 30, 2020	Additions	Reductions and adjustments	Balance as of June 30, 2021
Business type activities:				
Capital assets not being depreciated:				
Land and easements	\$ 1,204,142	\$ -	\$ -	\$ 1,204,142
Construction in progress	1,867,889	3,600,423	(2,631,027)	2,837,285
Total capital assets not being depreciated	3,072,031	3,600,423	(2,631,027)	4,041,427
Capital assets being depreciated:				
Buildings and improvements	9,427,340	-	-	9,427,340
Vehicles and equipment	4,770,348	733,027	-	5,503,375
Infrastructure	38,602,411	-	2,604,746	41,207,161
Total capital assets being depreciated	52,800,099	733,027	2,604,746	56,137,876
Less accumulated depreciation for:				
Buildings and improvements	(3,699,315)	(443,364)	-	(4,142,679)
Vehicles and equipment	(3,243,909)	(298,164)	-	(3,542,073)
Infrastructure	(19,761,721)	(1,482,883)	26,278	(21,218,326)
Total accumulated depreciation	(26,704,945)	(2,224,411)	26,278	(28,903,078)
Total capital assets being depreciated, net	26,095,154	(1,491,384)	2,631,024	27,234,798
Total capital assets, net	\$ 29,167,185	\$ 2,109,039	\$ (3)	\$ 31,276,225

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

	Governmental	Business-type	
	Activities	Activities	Total
General government	\$ 2,361,805	\$ -	\$ 2,361,805
Highways and streets	3,193,882	-	3,193,882
Public safety	254,561	-	254,561
Culture and recreation	398,736	-	398,736
Water	-	770,342	770,342
Wastewater	-	625,992	625,992
Stormwater	-	828,077	828,077
Depreciation expense	\$ 6,208,984	\$ 2,224,411	\$ 8,433,395

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, 2021, all City transfers are properly classified under charges for services for financial reporting purposes. Transfers of capital assets are also made between funds to ensure full utilization of useable assets.

The City made transfers from all funds to the General Fund for specific projects and designated needs. Total transfers of \$7,000,000 were approved by the City Council in the original 2021-22 budget. During fiscal year 2021, a \$364,000 budget adjustment transferred out of the General Fund to provide business relief grants in the Affordable Housing Fund (\$132K) and various cost relief efforts related to unforeseen events including the COVID-19 pandemic into the transportation, building and SDC funds (\$232K).

Note 7. Leases

Leases which meet certain criteria established by the GASB are classified as capital leases. When these leases are initiated, the assets and related liabilities are recorded at the lesser of the present value of minimum lease payments or the fair value of the lease. Leases which do not meet the criteria of a capital lease are classified as operating leases and related rental payments are charged to operations in their respective funds.

In prior years the City entered into lease agreements as lessee for financing the acquisition of various office equipment valued at \$221,438 related to the governmental funds only. However, future obligations under the remaining agreements are immaterial, totaling \$47,824, with \$41,322 due in the first 12 months. The remaining \$6,502 will be recognized through 2026. The City has elected not to capitalize the leases as the largest remaining individual balance of \$6,060 is below the threshold for capitalization. The equipment has between 3 and 5 year estimated useful lives.

Note 8. Long-term Liabilities

In the following tables, information regarding the City's long-term liabilities is 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.

<u>Government-type activities</u>	Balance as of June 30, 2020	Additions	Reductions	Balance as of June 30, 2021	Due within one year
2005 PERS Unfunded Actuarial Liability					
Bonds, interest rates of 4.0% to 5.5%, original amount of \$4,285,000, due 2028	\$ 2,920,000	\$ -	\$ (270,000)	\$ 2,650,000	\$ 305,000
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	402,174	-	(24,720)	377,454	24,919
2014 Full Faith and Credit Obligations for Milwaukie Bay Park enhancements, interest rate from 3-4%, original amount of \$965,000, due 2029	630,000	-	(60,000)	570,000	60,000
2020 Full Faith and Credit Obligations for Milwaukie City Hall, interest rates from 2-4%, original amount \$6,700,000 due 2040	6,700,000	-	(280,000)	6,420,000	285,000
2014 General Obligation Bonds for refinancing of Light-Rail enhancements, interest rate of 3-4%, original amount of \$3,695,000, due 2034	2,870,000	-	(160,000)	2,710,000	165,000
2016 General Obligation Bonds for Library expansion, interest rate of 2-4%, original amount of \$9,200,000, due 2036	7,695,000	-	(390,000)	7,305,000	395,000
2018 Full Faith and Credit Obligations for Transportation, interest rate of 3.5-5%, original amount of \$20,970,000, due 2048	18,515,000	-	(1,290,000)	17,225,000	-
Bond issuance premiums	941,263	-	(53,173)	888,090	53,174
Long-term debt obligations	40,673,437	-	(2,527,893)	38,145,544	1,288,093
Compensated absences for governmental activities	1,424,415	1,070,219	(1,135,000)	1,359,634	1,359,634
Total governmental activities	42,097,852	1,070,219	(3,662,893)	39,505,178	2,647,727
<u>Business-type activities</u>					
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	1,061,036	-	(96,458)	964,578	96,458
Compensated absences for business-type activities	113,993	151,050	(157,700)	107,343	107,343
Total business-type activities	1,175,029	151,050	(254,158)	1,071,921	203,801
Total long-term obligations	\$ 43,272,881	\$ 1,221,269	\$ (3,917,051)	\$ 40,577,099	\$ 2,851,528

Future maturities of principal and interest are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,288,093	\$ 1,259,314	\$ 96,458	\$ 4,250	\$ 1,384,551	\$ 1,263,564
2023	1,358,301	1,218,368	96,458	3,750	1,454,759	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
2027-2031	6,524,014	4,658,324	482,288	4,000	7,006,302	4,662,324
2032-2036	5,583,394	3,866,696	-	-	5,583,394	3,866,696
2037-2041	1,695,480	3,326,140	-	-	1,695,480	3,326,140
2042-2046	11,065,000	2,636,620	-	-	11,065,000	2,636,620
2047-2048	6,160,000	372,000	-	-	6,160,000	372,000
	<u>\$ 38,145,544</u>	<u>\$ 20,714,479</u>	<u>\$ 964,578</u>	<u>\$ 20,250</u>	<u>\$ 39,110,122</u>	<u>\$ 20,734,729</u>

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. At June 30, 2021 the City was compliant with these terms.

Note 9. 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 public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon.

Defined Benefit Plan Benefits

OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by State statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

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 \$195,000 in 2020 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 \$195,000 in 2020 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, 2017 actuarial valuation, which became effective July 1, 2019. 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, 2021 were 23.39 percent for OPERS and 13.99 percent for OPSRP – general employees, and 18.62 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, 2021, were approximately \$1,995,000.

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.

Plan Audited Financial Report. Both OPERS and OPSRP are administered by the Oregon Public Employees Retirement Board (OPERB). The annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at www.pers.state.or.us.

Pension Assets/Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources related to Pensions. At June 30, 2021, the City reported a liability of \$22,669,062 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. 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, 2021 and 2020, the City's proportion was 0.10387483 and 0.10370708 percent, respectively. For the year ended June 30, 2021, the City recognized pension expense of \$5,073,518 for the defined benefit portion of the pension plan. At June 30, 2021, 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	\$ 997,713	\$ -
Changes in assumptions	1,216,577	42,626
Net difference between projected and actual earnings on pension plan investments	2,665,587	-
Changes in proportionate share	151,507	690,939
Differences between employer contributions and proportionate share of system contributions	-	-
Subtotal	5,031,384	733,565
City contributions subsequent to the measurement date	1,995,646	-
Total	<u>\$ 7,027,030</u>	<u>\$ 733,565</u>

The deferred outflow of resources of \$1,995,646 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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:	
2022	\$ 970,053
2023	1,304,149
2024	1,189,857
2025	838,921
2026	(5,161)
Total	<u>\$ 4,297,819</u>

Actuarial Assumptions. The employer contribution rates effective July 1, 2019 through June 30, 2021 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 December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

- | | |
|-------------------------------------|---|
| • Valuation Date | December 31, 2018 |
| • Measurement Date | June 30, 2020 |
| • Experience Study Report | 2018, published July 2019 |
| • Actuarial Cost Method | Entry Age Normal |
| • Actuarial Assumptions | |
| ▪ Inflation Rate | 2.50 percent |
| ▪ Long-term Expected Rate of Return | 7.20 percent |
| ▪ Discount Rate | 7.20 percent |
| ▪ Projected Salary Increases | 3.50 percent |
| ▪ Cost of Living Adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Morongo Valley</i> decision; blend based on service. |
| ▪ Mortality | <p>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.</p> <p>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.</p> <p>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.</p> |

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 7.20 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 33,661,683	\$ 22,669,062	\$ 13,451,237

Long-term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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 % ³
	Low Range %	High Range %	Target %	
Debt Securities	15.0	25.0	20.0	20.0
Public Equity	27.5	37.5	32.5	31.8
Private Equity	9.5	15.5	12.5	11.4
Real Estate	14.0	21.0	17.5	22.9
Alternative Equity	7.50	17.5	15.0	10.5
Opportunity Portfolio ¹	0.00	3.0	0.0	2.1
Risk Parity ²	0.00	2.5	2.5	1.3
			100%	100%

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

² Risk Parity is a new investment strategy added to the asset allocation mix in 2019.

³ Based on the actual investment value at 6/30/2020.

Asset Class	Target Allocation	Annual Arithmetic Return	Compounded Annual (Geometric) Return	Standard Deviation
Core Fixed Income	9.60%	4.14%	4.07%	3.90%
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.12	6.36	5.61	13.00
Farmland	1.12	6.87	6.12	13.00
Infrastructure	2.24	7.51	6.67	13.85
Commodities	1.12	5.34	3.79	18.70
	<u>100.00%</u>			
Assumed Inflation - Mean			2.50%	1.65%

Payable to OPERS. At June 30, 2021, the City owed \$119,891 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.

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. Members of OPERS and OPSRP are required to contribute 6 percent of their salary covered under the plan which is invested in IAP. The City makes this contribution on behalf of its employees. For the fiscal year ended June 30, 2021, the City contributed \$566,570 representing the employees' 6 percent portion.

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 10. 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 Plan	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 106,815	\$ 106,815
Deferred Outflows of Resources			
Net difference between projected and actual earnings on investments	186,180	11,879	198,059
Change in Proportionate Share	-	46,694	46,694
Contributions After the Measurement Date	55,519	1,648	57,167
Changes of Assumptions or Inputs	16,798	-	16,798
Total OPEB Liability	(913,974)	-	(913,974)
Deferred Inflows of Resources			
Difference between expected and actual experience	(38,216)	(10,920)	(49,136)
Change in Proportionate Share	-	(905)	(905)
Changes of Assumptions or Inputs	(155,049)	(5,678)	(160,727)
OPEB Expense (Income)*	\$ 67,404	\$ 6,500	\$ 73,904

*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, 2021, 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 ineligible spouse of a 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 \$913,974 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020.

The City recognized OPEB expense from this plan of \$67,404 for the year ended June 30, 2021. Additionally, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,180	\$ (38,215)
Changes of assumptions	16,798	(155,049)
Total (prior to post-MD contributions)	202,978	(193,264)
Contributions subsequent to the MD	55,519	-
Total	<u>\$ 258,497</u>	<u>\$ (193,264)</u>

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>	
2022	\$ (6,961)
2023	(6,961)
2024	(6,961)
2025	(6,961)
2024	(6,961)
Thereafter	44,519
Total	<u>\$ 9,714</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	2.21 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, 2020	\$ 698,535
Service cost	48,752
Interest on net OPEB liability	25,613
Effect of Changes of Assumptions	(37,180)
Effect of Economic/Demographic gains or losses	209,482
Benefit payments	(31,228)
Net OPEB liability, June 30, 2021	\$ 913,974

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 2.21 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 (1.12%)	Discount Rate (2.21%)	1% Increase (3.12%)
Net OPEB Liability	\$ 986,401	\$ 913,974	\$ 846,335

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	\$ 816,363	\$ 913,974	\$ 1,030,270

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, 2018 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 \$1,648 for the year ended June 30, 2021.

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

At June 30, 2021, the City reported an asset of \$106,815 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2021, the City's proportionate share was 0.05242193%, which is a decrease from its proportion of 0.09821427% as of June 30, 2020.

For the year ended June 30, 2021, the City recognized OPEB expense from this plan of \$6,500. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (10,920)
Changes of assumptions	-	(5,678)
Net difference between projected and actual earnings on investments	11,879	-
Changes in proportionate share	46,694	(905)
Total (prior to post-MD contributions)	58,573	(17,503)
Contributions subsequent to the MD	1,648	-
Total	<u>\$ 60,221</u>	<u>\$ (17,503)</u>

Deferred outflows of resources to OPEB of \$1,648 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:

Year ended June 30:		
2022	\$	13,102
2023		19,830
2024		4,391
2025		3,747
Thereafter		-
Total	<u>\$</u>	<u>41,070</u>

Actuarial Methods and Assumptions

The net OPEB liability in the December 31, 2018 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 7.2%, 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 (6.20%) or 1-percentage point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Net OPEB Liability (Asset)	\$ (86,235)	\$ (106,815)	\$ (124,412)

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, 2020 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2020 measurement period that require disclosure.

Note 11. Fund Balance Classification

Governmental fund balances were classified as follows as of June 30, 2021:

	General Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid expenditures	\$ 311,647	\$ 4,123	\$ 28,087	\$ 343,857
Restricted				
Public safety supplies	205,441	-	-	205,441
Infrastructure	-	-	2,352,601	2,352,601
Building operations	-	-	2,564,106	2,564,106
Debt service	-	-	442,433	442,433
Urban revitalization	-	-	990,274	990,274
	<u>205,441</u>	<u>-</u>	<u>6,349,414</u>	<u>6,554,855</u>
Committed				
Street services	-	15,216,197	-	15,216,197
Assigned				
Library services	-	-	797,025	797,025
City Hall remodel	-	-	1,248,750	1,248,750
Unassigned	<u>11,545,195</u>	<u>-</u>	<u>-</u>	<u>11,545,195</u>
Total fund balance	<u>\$ 12,062,283</u>	<u>\$ 15,220,320</u>	<u>\$ 8,423,276</u>	<u>\$ 35,705,879</u>

Note 12. 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.

Following this paragraph are various commitments and contingencies that the City is involved with.

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 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 the City of Lake Oswego to help offset the annual contract costs summarized below. These annual monies from the State average approximately \$144,000 per fiscal year.
- The Agreement effective July 1, 2018 through June 30, 2022 estimates the annual contract cost for Fiscal Year 2022 to be \$638,000.

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, 2021	Remaining Costs	Estimated Completion
McBrod Ave Improvements	\$1,967,794	\$1,215,387	\$752,407	2021
Meek Street Pipe Installation (Construction)	\$1,393,332	\$1,248,567	\$144,765	2021
Meek Street Pipe Installation (Design)	\$701,114	\$664,386	\$36,728	2021
Linwood Ave Safe Routes to Schools (Design)	\$632,812	\$452,909	\$125,932	2022

Note 13. 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 14. 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 15. Subsequent Events

On August 30, 2021, the City received the first installment \$2.3 million from the American Rescue Plan Act (ARPA). The City is anticipating an additional \$2.1 million in FY 2023.



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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, 2021

	Budget for the 2021-2022 Biennium		Actual	Variance with
	Original	Final	1st Year FY 2020-21	Final Budget
REVENUES:				
Property taxes	\$ 15,836,000	\$ 15,836,000	\$ 8,084,761	\$ (7,751,239)
Franchise taxes	4,660,000	4,660,000	2,452,264	(2,207,736)
Intergovernmental	2,639,000	2,879,000	1,395,052	(1,483,948)
Fines and forfeitures	1,540,000	1,540,000	413,837	(1,126,163)
Licenses and permits	1,425,000	1,425,000	568,682	(856,318)
Investment earnings	150,000	150,000	69,673	(80,327)
Miscellaneous	200,000	190,000	91,962	(98,038)
TOTAL REVENUES	26,450,000	26,680,000	13,076,231	(13,603,769)
EXPENDITURES:				
City Council	289,000	289,000	121,411	(167,589)
City Manager	2,599,000	2,962,000	1,139,340	(1,822,660)
City Attorney	524,000	524,000	208,981	(315,019)
Community Development	3,296,000	3,395,000	712,633	(2,682,367)
Public Works Admin	2,182,000	2,182,000	942,231	(1,239,769)
Engineering Services	3,212,000	3,212,000	1,329,756	(1,882,244)
Facilities Management	3,282,000	3,298,000	1,325,631	(1,972,369)
Finance	3,020,000	3,029,000	1,380,586	(1,648,414)
Fleet Services	1,365,000	1,365,000	550,121	(814,879)
Human Resources	874,000	874,000	374,562	(499,438)
Information Technology	3,006,000	3,104,000	1,289,103	(1,814,897)
Municipal Court	543,000	543,000	241,368	(301,632)
Planning	1,899,000	1,899,000	820,690	(1,078,310)
Code Enforcement	531,000	531,000	209,562	(321,438)
City Recorder	878,000	878,000	362,941	(515,059)
PEG	36,000	36,000	5,123	(30,877)
Police Department	14,969,000	14,358,000	6,871,475	(7,486,525)
Nondepartmental				
General Services	1,930,000	1,833,000	925,956	(907,044)
Contingency	894,000	894,000	-	(894,000)
TOTAL EXPENDITURES	45,329,000	45,206,000	18,811,470	(26,394,530)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(18,879,000)	(18,526,000)	(5,735,239)	12,790,761
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	39,251	39,251
Transfers from other funds	14,270,000	14,270,000	7,000,000	(7,270,000)
Transfers to other funds	(23,000)	(364,000)	(364,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	14,247,000	13,906,000	6,675,251	(7,230,749)
NET CHANGE IN FUND BALANCES	(4,632,000)	(4,620,000)	940,012	5,560,012
FUND BALANCES - beginning	8,941,000	9,738,000	11,122,271	1,384,271
FUND BALANCES - ending	\$ 4,309,000	\$ 5,118,000	\$ 12,062,283	\$ 6,944,283

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, 2021

	Budget for the 2021-2022 Biennium		Actual	
	Original	Final	1st Year FY 2020-21	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 7,984,000	\$ 7,984,000	\$ 2,475,290	\$ (5,508,710)
Franchise fees	2,384,000	2,384,000	1,229,381	(1,154,619)
Charges for services	4,328,000	4,328,000	2,106,561	(2,221,439)
Investment earnings	210,000	210,000	86,439	(123,561)
Miscellaneous	179,000	179,000	12,444	(166,556)
Proceeds from Debt	21,000,000	21,000,000	-	(21,000,000)
TOTAL REVENUES	36,085,000	36,085,000	5,910,115	(30,174,885)
EXPENDITURES:				
Personnel services	1,268,000	1,317,000	563,377	753,623
Materials and services	1,542,000	1,542,000	385,583	1,156,417
Debt service	2,637,000	2,637,000	1,995,332	641,668
Capital outlay	14,247,000	14,247,000	4,714,975	9,532,025
Contingency	4,070,000	4,120,000	-	4,120,000
TOTAL EXPENDITURES	23,764,000	23,863,000	7,659,267	(16,203,733)
EXCESS OF REVENUES OVER EXPENDITURES	12,321,000	12,222,000	(1,749,152)	(15,308,090)
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	49,000	49,000	-
Transfers to other funds	(4,120,000)	(4,120,000)	(2,030,000)	1,066,697
TOTAL OTHER FINANCING SOURCES (USES)	(4,120,000)	(4,071,000)	(1,981,000)	1,066,697
NET CHANGE IN FUND BALANCES	8,201,000	8,151,000	(3,730,152)	(14,241,393)
FUND BALANCES - beginning	17,935,000	17,935,000	18,950,472	(4,269,780)
FUND BALANCES - ending	\$ 26,136,000	\$ 26,086,000	\$ 15,220,320	\$ (18,511,173)

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)

Fiscal year Ended June 30,	City's Total OPEB liability	City's covered payroll	TOL as a percentage of covered payroll
2021	\$ 913,974	\$ 11,647,433	7.8%
2020	698,535	11,377,967	6.1%
2019	668,101	10,798,700	6.2%
2018	825,960	9,921,800	8.3%
2017	843,871	9,351,333	9.0%
2016 ¹	-	-	-
2015 ¹	-	-	-
2014 ¹	-	-	-
2013 ¹	-	-	-
2012 ¹	-	-	-

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (TOL)

Fiscal year Ended 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	\$ 698,535	\$ 48,752	\$ 25,613	\$ (31,228)	\$ 209,482	\$ (37,180)	\$ 913,974
2020	668,101	43,361	26,362	(61,101)	-	21,812	698,535
2019	825,960	55,573	30,755	(45,297)	(58,326)	(140,564)	668,101
2018	843,871	59,530	25,046	(49,572)	-	(52,915)	825,960
2017	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-

¹ Actuarial information not available.

CITY OF MILWAUKIE, OREGON

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE

JUNE 30, 2021

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

Measurement Date	City's ² proportion of the net OPEB liability (asset)	City's ² proportionate share of the net OPEB liability (asset)	City's covered payroll	City's 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 / (asset)
2020	0.05242193%	\$ (106,815)	\$ 11,377,967	-0.9%	150.1%
2019	0.09821427%	(189,785)	10,798,700	-1.8%	96.8%
2018	0.09505729%	(106,110)	9,921,800	-1.1%	108.9%
2017	0.00967439%	(39,733)	9,351,333	-0.4%	94.2%
2016	-	-	-	-	-
2015	-	-	-	-	-
2014	-	-	-	-	-
2013	-	-	-	-	-
2012	-	-	-	-	-
2011	-	-	-	-	-

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

Measurement Date	City's ² proportion of the net pension liability (asset)	City's ² proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability / (asset)
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 ¹	-	-	-	-	-
2012 ¹	-	-	-	-	-
2011 ¹	-	-	-	-	-

¹ Actuarial information not available.

² Actuarial information provided by OPERS actuary.

CITY OF MILWAUKIE, OREGON

SCHEDULE OF THE CITY'S CONTRIBUTIONS

JUNE 30, 2021

SCHEDULE OF CITY'S OPEB RHIA PLAN CONTRIBUTIONS²

Fiscal year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 1,648	\$ 1,648	\$ -	\$ 11,647,433	0.01%
2020	48,729	48,729	-	11,377,967	0.43%
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	-
2016 ¹	-	-	-	-	-
2015 ¹	-	-	-	-	-
2014 ¹	-	-	-	-	-
2013 ¹	-	-	-	-	-
2012 ¹	-	-	-	-	-

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

Fiscal year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
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 ¹	-	-	-	-	0.0%
2012 ¹	-	-	-	-	0.0%

¹ Information not available.

² Actuarial information provided by OPERS actuary.

³ Restated from 2020 Annual Comprehensive Financial Report

CITY OF MILWAUKIE, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2021

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 levels of budgetary control are personnel services, materials and services, debt service, capital outlay, transfers and operating contingency. 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, 2021, one supplemental budget resolution and three budget transfers were approved through the second year of the 2018-2020 biennium.

2. Oregon Public Employee Retirement Pension Plan (PERS)

Changes in Assumptions – A summary of key changes implemented with the December 31, 2015 actuarial valuation which was used in the pension calculations and amounts reported for fiscal year ended June 30, 2021, along with additional detail and a comprehensive list of changes in methods and assumptions from the December 31, 2014 actuarial valuation can be found at: <http://www.oregon.gov/pers>.

Changes in Plan Provisions Subsequent to Measurement Date – On July 28, 2017 the PERS Board lowered the assumed investment rate of return from 7.5% to 7.2% effective on January 1, 2019. This rate will be used for the determination of contribution rates beginning July 1, 2019. The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations. An estimate of the result of this change is not readily available at this time.

3. Other Postemployment Benefits (OPEB)

Changes of Benefit Terms – OPEB (implicit rate subsidy plan) - There were no changes of benefit terms used to measure the June 30, 2021 net OPEB liability.

Changes of Assumptions – OPEB (implicit rate subsidy plan) – Below is a summary of key assumption changes implemented with the July 1, 2018 valuation utilized in the OPEB amounts reported for fiscal year ended June 30, 2021.

- *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.

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.

Special Revenue Funds

Building Fund – accounts for building activities which are restricted by statute.

City Hall Fund – accounts for activities related to the sale-leaseback of the new city hall building.

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.



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CITY OF MILWAUKIE, OREGON

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2021

	Capital Projects	Special Revenue					Debt Service	
	Systems Development Charges	Building	City Hall	Library	Affordable Housing	Milwaukie Redevelopment Commission		Total Non-Major Funds
ASSETS:								
Cash and investments	\$ -	\$ -	\$ 1,290,750	\$ 848,935	\$ -	\$ -	\$ -	\$ 2,139,685
Restricted cash and investments	1,732,938	2,606,426	-	-	671,828	989,546	442,433	6,443,171
Property taxes receivable	-	-	-	-	-	9,817	-	9,817
Accounts receivable	10,603	-	-	-	-	-	-	10,603
Prepaid expenditures	13,005	2,933	-	12,149	-	-	-	28,087
TOTAL ASSETS	1,756,546	2,609,359	1,290,750	861,084	671,828	999,363	442,433	8,631,363
LIABILITIES:								
Accounts payable	47,667	33,712	-	16,685	6,417	-	-	104,481
Accrued salaries and payroll taxes	-	8,608	-	35,225	-	-	-	43,833
Unearned revenue	8,684	-	42,000	-	-	-	-	50,684
TOTAL LIABILITIES	56,351	42,320	42,000	51,910	6,417	-	-	198,998
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue - property taxes	-	-	-	-	-	9,089	-	9,089
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	9,089	-	9,089
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	56,351	42,320	42,000	51,910	6,417	9,089	-	208,087
FUND BALANCES:								
Nonspendable	13,005	2,933	-	12,149	-	-	-	28,087
Restricted	1,687,190	2,564,106	-	-	665,411	990,274	442,433	6,349,414
Assigned	-	-	1,248,750	797,025	-	-	-	2,045,775
TOTAL FUND BALANCES	1,700,195	2,567,039	1,248,750	809,174	665,411	990,274	442,433	8,423,276
TOTAL LIABILITIES, DEFERRRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 1,756,546	\$ 2,609,359	\$ 1,290,750	\$ 861,084	\$ 671,828	\$ 999,363	\$ 442,433	\$ 8,631,363

CITY OF MILWAUKIE, OREGON

NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Capital Projects			Special Revenue			Debt Service	
	Systems					Milwaukie Redevelopment		Total
	Development		City		Affordable	Commission	Debt Service	Non-Major
	Charges	Building	Hall	Library	Housing			Funds
REVENUES:								
Property taxes	\$ -	\$ -	\$ -	\$ 963,000	\$ -	\$ 469,886	\$ 862,000	\$ 2,294,886
Intergovernmental	-	-	-	1,879,991	132,000	-	85,200	2,097,191
Licenses and permits	-	1,044,624	-	-	-	-	-	1,044,624
Proceeds from lease	-	-	504,000	-	-	-	-	504,000
Systems development charges	170,866	-	-	-	120,901	-	-	291,767
Fines and forfeitures	-	-	-	3,334	-	-	-	3,334
Investment earnings	10,160	17,945	14,536	-	5,810	7,241	6,251	61,943
Miscellaneous	1,435	1,466	17,000	5,169	6,212	328	-	31,610
TOTAL REVENUES	182,461	1,064,035	535,536	2,851,494	264,923	477,455	953,451	6,329,355
EXPENDITURES:								
Personnel services	-	403,943	-	1,667,912	-	-	-	2,071,855
Materials and services	-	117,855	-	229,157	132,000	-	-	479,012
Debt service:								
Principal	-	-	-	-	-	-	890,000	890,000
Interest	-	-	-	-	-	-	484,568	484,568
Capital outlay	279,997	-	-	-	-	-	-	279,997
TOTAL EXPENDITURES	279,997	521,798	-	1,897,069	132,000	-	1,374,568	4,205,432
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(97,536)	542,237	535,536	954,425	132,923	477,455	(421,117)	2,123,923
OTHER FINANCING SOURCES (USES):								
Transfers to other funds	-	(270,000)	(504,000)	(780,000)	-	-	-	(1,554,000)
Transfers from other funds	23,000	-	-	-	132,000	-	504,000	659,000
TOTAL OTHER FINANCING SOURCES (USES)	23,000	(270,000)	(504,000)	(780,000)	132,000	-	504,000	(895,000)
NET CHANGE IN FUND BALANCES	(74,536)	272,237	31,536	174,425	264,923	477,455	82,883	1,228,923
FUND BALANCES - beginning	1,774,731	2,294,802	1,217,214	634,749	400,488	512,819	359,550	7,194,353
FUND BALANCES - ending	\$ 1,700,195	\$ 2,567,039	\$ 1,248,750	\$ 809,174	\$ 665,411	\$ 990,274	\$ 442,433	\$ 8,423,276

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, 2021

	Budget for the 2021-2022 Biennium		Actual	Variance with Final Budget
	Original	Final	1st Year FY 2020-21	
REVENUES:				
Systems development charges	\$ 711,000	\$ 711,000	\$ 170,866	\$ (540,134)
Investment earnings	40,000	40,000	10,160	(29,840)
Miscellaneous	-	-	1,435	1,435
TOTAL REVENUES	<u>751,000</u>	<u>751,000</u>	<u>182,461</u>	<u>(568,539)</u>
EXPENDITURES:				
Capital outlay	1,939,000	1,939,000	279,997	(1,659,003)
Contingency	260,000	260,000	-	(260,000)
TOTAL EXPENDITURES	<u>2,199,000</u>	<u>2,199,000</u>	<u>279,997</u>	<u>(1,919,003)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,448,000)</u>	<u>(1,448,000)</u>	<u>(97,536)</u>	<u>1,350,464</u>
OTHER FINANCING USES:				
Transfers from other funds	23,000	23,000	23,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(1,425,000)</u>	<u>(1,425,000)</u>	<u>(74,536)</u>	<u>1,350,464</u>
FUND BALANCES - beginning	<u>2,003,000</u>	<u>2,003,000</u>	<u>1,774,731</u>	<u>(228,269)</u>
FUND BALANCES - ending	<u>\$ 578,000</u>	<u>\$ 578,000</u>	<u>\$ 1,700,195</u>	<u>\$ 1,122,195</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, 2021

	Budget for the 2021-2022 Biennium		Actual	
	Original	Final	1st Year FY 2020-21	Variance with Final Budget
REVENUES:				
Licenses and permits	\$ 912,000	\$ 912,000	\$ 1,044,624	\$ 132,624
Intergovernmental	2,000	2,000	-	(2,000)
Investment earnings	40,000	40,000	17,945	(22,055)
Miscellaneous	2,000	2,000	1,466	(534)
TOTAL REVENUES	956,000	956,000	1,064,035	108,035
EXPENDITURES:				
Personnel services	902,000	902,000	403,943	(498,057)
Materials and services	208,000	208,000	117,855	(90,145)
Contingency	420,000	420,000	-	(420,000)
TOTAL EXPENDITURES	1,530,000	1,530,000	521,798	(1,008,202)
EXCESS OF REVENUES OVER EXPENDITURES	(574,000)	(574,000)	542,237	1,116,237
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(560,000)	(560,000)	(270,000)	290,000
TOTAL OTHER FINANCING SOURCES (USES)	(560,000)	(560,000)	(270,000)	290,000
NET CHANGE IN FUND BALANCES	(1,134,000)	(1,134,000)	272,237	1,406,237
FUND BALANCES - beginning	2,104,000	2,104,000	2,294,802	463,039
FUND BALANCES - ending	\$ 970,000	\$ 970,000	\$ 2,567,039	\$ 1,869,276

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, 2021

	Budget for the 2021-2022 Biennium		Actual	Variance with Final Budget
	Original	Final	1st Year FY 2020-21	
REVENUES:				
Proceeds from lease	\$ 1,008,000	\$ 1,008,000	\$ 504,000	\$ (504,000)
Investment earnings	-	-	14,536	14,536
Miscellaneous Revenue	-	-	17,000	17,000
TOTAL REVENUES	<u>1,008,000</u>	<u>1,008,000</u>	<u>535,536</u>	<u>(472,464)</u>
EXPENDITURES:				
Construction in process	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>(120,000)</u>
TOTAL EXPENDITURES	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>(120,000)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>888,000</u>	<u>888,000</u>	<u>535,536</u>	<u>(352,464)</u>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(504,000)</u>	<u>(496,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(504,000)</u>	<u>(496,000)</u>
NET CHANGE IN FUND BALANCES	<u>(112,000)</u>	<u>(112,000)</u>	<u>31,536</u>	<u>143,536</u>
FUND BALANCES - beginning	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,217,214</u>	<u>157,214</u>
FUND BALANCES - ending	<u>\$ 948,000</u>	<u>\$ 948,000</u>	<u>\$ 1,248,750</u>	<u>\$ 300,750</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, 2021

	Budget for the 2021-2022 Biennium		Actual	Variance with Final Budget
	Original	Final	1st Year FY 2020-21	
REVENUES:				
Property taxes	\$ 1,896,000	\$ 1,896,000	\$ 963,000	\$ (933,000)
Intergovernmental	3,733,000	3,733,000	1,879,991	(1,853,009)
Fines and forfeitures	70,000	70,000	3,334	(66,666)
Investment earnings	20,000	20,000	-	(20,000)
Miscellaneous	10,000	12,000	5,169	(6,831)
TOTAL REVENUES	5,729,000	5,731,000	2,851,494	(2,879,506)
EXPENDITURES:				
Personnel services	3,739,000	3,739,000	1,667,912	(2,071,088)
Materials and services	393,000	395,000	229,157	(165,843)
Contingency	364,000	364,000	-	(364,000)
TOTAL EXPENDITURES	4,496,000	4,498,000	1,897,069	(2,600,931)
EXCESS OF REVENUES OVER EXPENDITURES	1,233,000	1,233,000	954,425	278,575
OTHER FINANCING USES:				
Transfers to other funds	(1,580,000)	(1,580,000)	(780,000)	(800,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,580,000)	(1,580,000)	174,425	(800,000)
NET CHANGE IN FUND BALANCES	(347,000)	(347,000)	174,425	(521,425)
FUND BALANCES - beginning	371,000	371,000	634,749	263,749
FUND BALANCES - ending	\$ 24,000	\$ 24,000	\$ 809,174	\$ (257,676)

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, 2021

	Budget for the 2021-2022 Biennium		Actual	
	Original	Final	1st Year FY 2020-21	Variance with Final Budget
REVENUES:				
Excise tax	\$ 194,000	\$ 194,000	\$ 120,901	\$ (73,099)
Intergovernmental	-	123,000	132,000	9,000
Investment earnings	4,000	4,000	5,810	1,810
Miscellaneous	9,000	9,000	6,212	(2,788)
TOTAL REVENUES	207,000	330,000	264,923	(65,077)
EXPENDITURES:				
Materials and services	300,000	423,000	132,000	(291,000)
Contingency	15,000	15,000	-	(15,000)
TOTAL EXPENDITURES	315,000	438,000	132,000	(306,000)
EXCESS OF REVENUES OVER EXPENDITURES	(108,000)	(108,000)	132,923	240,923
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	132,000	132,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	132,000	132,000	-
NET CHANGE IN FUND BALANCES	(108,000)	24,000	264,923	240,923
FUND BALANCES - beginning	369,000	369,000	400,488	31,488
FUND BALANCES - ending	\$ 261,000	\$ 393,000	\$ 665,411	\$ 272,411

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, 2021

	Budget for the 2021-2022 Biennium		Actual	Variance with Final Budget
	Original	Final	1st Year FY 2020-21	
REVENUES:				
Property taxes	\$ 456,000	\$ 456,000	\$ 469,886	\$ 13,886
Proceeds from debt	2,000,000	2,000,000	-	(2,000,000)
Investment earnings	2,000	2,000	7,241	5,241
Miscellaneous	-	-	328	328
TOTAL REVENUES	2,458,000	2,458,000	477,455	(1,980,545)
EXPENDITURES:				
Materials and services	170,000	170,000	-	(170,000)
Capital outlay	1,000,000	1,000,000	-	(1,000,000)
Contingency	100,000	100,000	-	(100,000)
Debt service	200,000	200,000	-	(200,000)
TOTAL EXPENDITURES	1,470,000	1,470,000	-	(1,470,000)
EXCESS OF REVENUES OVER EXPENDITURES	988,000	988,000	477,455	(510,545)
NET CHANGE IN FUND BALANCES	988,000	988,000	477,455	(510,545)
FUND BALANCES - beginning	495,000	495,000	512,819	17,819
FUND BALANCES - ending	\$ 1,483,000	\$ 1,483,000	\$ 990,274	\$ (492,726)

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, 2021

	Budget for the 2021-2022 Biennium		Actual	Variance with Final Budget
	Original	Final	1st Year FY 2020-21	
REVENUES:				
Property taxes	\$ 1,718,000	\$ 1,718,000	\$ 862,000	\$ (856,000)
Intergovernmental	170,000	170,000	85,200	(84,800)
Investment earnings	-	-	6,251	-
TOTAL REVENUES	<u>1,888,000</u>	<u>1,888,000</u>	<u>953,451</u>	<u>(934,549)</u>
EXPENDITURES:				
Debt service:				
Principal	1,810,000	1,810,000	890,000	(920,000)
Interest	1,078,000	1,078,000	484,568	(593,432)
TOTAL EXPENDITURES	<u>2,888,000</u>	<u>2,888,000</u>	<u>1,374,568</u>	<u>(1,513,432)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(421,117)</u>	<u>578,883</u>
OTHER FINANCING USES:				
Transfers from other funds	1,000,000	1,000,000	504,000	(496,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000,000</u>	<u>1,000,000</u>	<u>504,000</u>	<u>(496,000)</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>82,883</u>	<u>82,883</u>
FUND BALANCES - beginning	<u>5,000</u>	<u>5,000</u>	<u>359,550</u>	<u>354,550</u>
FUND BALANCES - ending	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 442,433</u>	<u>\$ 437,433</u>



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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, 2021

	Budget for the 2021-2022 Biennium		Actual	Variance with
	Original	Final	1st Year FY 2020-21	Final Budget
REVENUES:				
Water charges	\$ 8,259,000	\$ 8,377,700	\$ 4,470,549	\$ (3,907,151)
Reimbursement fees	16,000	16,000	20,317	4,317
Investment earnings	80,000	80,300	1,870	(78,430)
Miscellaneous	68,000	68,000	35,115	(32,885)
TOTAL REVENUES	8,423,000	8,542,000	4,527,851	(4,014,149)
EXPENDITURES:				
Personnel services	1,811,000	1,866,000	873,421	(992,579)
Materials and services	1,858,000	1,858,000	925,623	(932,377)
Capital outlay	4,655,000	4,655,000	1,587,661	(3,067,339)
Contingency	1,100,000	1,100,000	-	(1,100,000)
TOTAL EXPENDITURES	9,424,000	9,479,000	3,386,705	(6,092,295)
EXCESS OF REVENUES OVER EXPENDITURES	(1,001,000)	(937,000)	1,141,146	2,078,146
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	55,000	55,000	-
Transfers to other funds	(2,620,000)	(2,620,000)	(1,280,000)	1,340,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,620,000)	(2,565,000)	(1,225,000)	1,340,000
NET CHANGE IN FUND BALANCES	(3,621,000)	(3,502,000)	(83,854)	3,418,146
FUND BALANCES - beginning	5,188,000	5,188,000	4,630,057	(557,943)
FUND BALANCES - ending	\$ 1,567,000	\$ 1,686,000	4,546,203	\$ 2,860,203
RECONCILIATION TO NET POSITION - GAAP BASIS:				
Adjustment for capital assets not being depreciated			1,451,534	
Adjustment for capital assets, net of accumulated depreciation			11,000,863	
Adjustment for net pension liability			(955,413)	
Adjustment for Net OPEB asset			4,502	
Adjustment for total OPEB liability			(38,520)	
Adjustment for deferred outflows of resources			309,595	
Adjustment for deferred inflows of resources			(39,801)	
NET POSITION - GAAP BASIS, ending			\$ 16,278,969	

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, 2021

	Budget for the 2021-2022 Biennium		Actual	
	Original	Final	1st Year FY 2020-21	Variance with Final Budget
REVENUES:				
Wastewater charges	\$ 15,646,000	\$ 15,646,000	\$ 8,070,393	\$ (7,575,607)
Reimbursement fees	102,000	102,000	43,076	(58,924)
Investment Earnings	200,000	200,000	14,722	(185,278)
Miscellaneous	14,000	14,000	4,193	(9,807)
TOTAL REVENUES	15,962,000	15,962,000	8,132,384	(7,829,616)
EXPENDITURES:				
Personnel services	1,048,000	1,048,000	448,206	(599,794)
Materials and services	11,485,000	11,534,000	5,537,094	(5,996,906)
Debt service:				
Principal	194,000	194,000	96,458	(97,542)
Interest	10,000	10,000	5,064	(4,936)
Capital outlay	3,392,000	3,392,000	885,528	(2,506,472)
Contingency	1,880,000	1,880,000	-	(1,880,000)
TOTAL EXPENDITURES	18,009,000	18,058,000	6,972,350	(11,085,650)
EXCESS OF REVENUES OVER EXPENDITURES	(2,047,000)	(2,096,000)	1,160,034	3,256,034
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	49,000	49,000	98,000
Transfers to other funds	(2,610,000)	(2,610,000)	(1,280,000)	1,330,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,610,000)	(2,561,000)	(1,231,000)	1,428,000
NET CHANGE IN FUND BALANCES	(4,657,000)	(4,657,000)	(70,966)	4,684,034
FUND BALANCES - beginning	6,116,000	6,116,000	5,524,837	(591,163)
FUND BALANCES - ending	\$ 1,459,000	\$ 1,459,000	5,453,871	\$ 4,092,871
RECONCILIATION TO NET POSITION - GAAP BASIS:				
Adjustment for capital assets not being depreciated			543,679	
Adjustment for capital assets, net of accumulated depreciation			9,125,255	
Adjustment for net pension liability			(518,575)	
Adjustment for Net OPEB asset			2,443	
Adjustment for total OPEB liability			(20,908)	
Adjustment for deferred outflows of resources			168,040	
Adjustment for unearned revenue			(201,784)	
Adjustment for deferred inflows of resources			(21,604)	
Adjustment for loan payable - due within one year			(96,458)	
Adjustment for loan payable less portion due within one year			(868,120)	
NET POSITION - GAAP BASIS, ending			\$ 13,565,839	

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, 2021

	Budget for the 2021-2022 Biennium		Actual	Variance with Final Budget
	Original	Final	1st Year FY 2020-21	
REVENUES:				
Stormwater charges	\$ 10,102,000	\$ 10,127,000	\$ 5,117,836	\$ (5,009,164)
Investment earnings	80,000	80,000	24,772	(55,228)
Proceeds from debt	2,500,000	2,500,000	307,540	(2,192,460)
Miscellaneous	54,000	54,000	33,563	(20,437)
TOTAL REVENUES	12,736,000	12,761,000	5,483,711	(7,277,289)
EXPENDITURES:				
Personnel services	1,747,000	1,747,000	701,190	(1,045,810)
Materials and services	1,435,000	1,516,000	660,081	(855,919)
Debt service	185,000	185,000	-	(185,000)
Capital outlay	6,962,000	6,962,000	1,860,262	(5,101,738)
Contingency	920,000	920,000	-	(920,000)
TOTAL EXPENDITURES	11,249,000	11,330,000	3,221,533	(8,108,467)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,487,000	1,431,000	2,262,178	831,178
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	56,000	56,000	-
Transfers to other funds	(2,780,000)	(2,780,000)	(1,360,000)	1,420,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,780,000)	(2,724,000)	(1,304,000)	1,420,000
NET CHANGE IN FUND BALANCES	(1,293,000)	(1,293,000)	958,178	2,251,178
FUND BALANCES - beginning	4,981,000	4,981,000	5,131,666	1,108,844
FUND BALANCES - ending	\$ 3,688,000	\$ 3,688,000	6,089,844	\$ 3,360,022
RECONCILIATION TO NET POSITION - GAAP BASIS:				
Adjustment for capital assets not being depreciated			2,046,214	
Adjustment for capital assets, net of accumulated depreciation			7,108,679	
Adjustment for net pension liability			(805,295)	
Adjustment for Net OPEB asset			3,794	
Adjustment for total OPEB liability			(32,468)	
Adjustment for deferred outflows of resources			260,950	
Adjustment for deferred inflows of resources			(33,546)	
NET POSITION - GAAP BASIS, ending			\$ 14,638,172	

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, 2021

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
2022	\$ 66,459	\$ 13,118	\$ 285,000	\$ 177,801	\$ 415,797	\$ 24,919	\$ 305,000	\$ 96,458	\$ 1,384,552
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	\$ 622,748	\$ 17,579,173	\$ 6,420,000	\$ 2,877,479	\$ 7,618,688	\$ 377,454	\$ 2,650,000	\$ 964,578	\$ 39,110,120

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
2022	\$ 22,800	\$ 640,832	\$ 74,343	\$ 96,775	\$ 200,180	\$ 18,435	\$ 132,606	\$ 4,250	\$ 1,190,221
2023	20,400	640,832	72,031	90,175	188,330	17,225	117,344	3,750	1,150,087
2024	17,800	640,832	70,407	83,375	176,030	15,758	100,330	3,250	1,107,782
2025	15,200	640,832	68,451	76,175	163,430	14,278	81,316	2,750	1,062,432
2026	12,400	640,832	66,313	68,775	146,230	12,784	60,298	2,250	1,009,882
2027	9,400	640,832	63,645	62,925	128,230	11,279	37,030	1,750	955,091
2028	6,400	640,832	60,779	56,925	114,280	9,513	11,510	1,250	901,489
2029	3,200	640,832	57,712	50,775	104,680	7,736	-	750	865,685
2030	-	640,832	54,438	42,375	94,880	5,947	-	250	838,722
2031	-	640,832	50,978	33,575	84,255	4,145	-	-	813,785
2032	-	640,832	47,234	24,375	72,143	2,079	-	-	786,663
2033	-	640,832	43,266	16,575	59,018	-	-	-	759,691
2034	-	640,832	39,007	8,450	45,643	-	-	-	733,932
2035	-	640,832	34,412	-	31,205	-	-	-	706,449
2036	-	640,832	29,595	-	15,950	-	-	-	686,377
2037	-	640,832	24,051	-	-	-	-	-	664,883
2038	-	640,832	18,282	-	-	-	-	-	659,114
2039	-	640,832	12,363	-	-	-	-	-	653,195
2040	-	640,832	6,294	-	-	-	-	-	647,126
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	\$ 107,600	\$ 15,825,260	\$ 893,601	\$ 711,250	\$ 1,624,484	\$ 119,179	\$ 540,434	\$ 20,250	\$ 19,842,058

CITY OF MILWAUKIE, OREGON

SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	101
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	106
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.	111
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.	116
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.	119

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
		(restated)	(restated)					(restated)		
Governmental activities										
Net investment in capital assets	\$ 38,433	\$ 41,361	\$ 41,361	\$ 42,965	\$ 43,558	\$ 40,950	\$ 43,107	\$ 48,328	\$ 48,178	\$ 47,783
Restricted	2,235	1,788	1,789	1,921	2,200	11,587	12,250	7,851	7,221	6,313
Unrestricted	7,031	8,115	1,427	5,166	866	(7,168)	(6,469)	(4,702)	(3,080)	(4,339)
Total governmental activities net position	47,699	51,265	44,577	50,052	46,624	45,369	48,888	51,477	52,319	49,757
Business-type activities										
Net investment in capital assets	16,528	18,041	18,041	18,903	20,506	22,410	23,102	25,228	28,106	30,312
Restricted	12	12	12	12	12	12	12	12	12	23
Unrestricted	4,426	5,726	5,302	7,659	9,102	9,744	11,975	13,265	13,742	14,148
Total business-type activities net position	20,966	23,779	23,355	26,574	29,620	32,166	35,090	38,505	41,860	44,483
Primary government										
Net investment in capital assets	54,961	59,402	59,402	61,868	64,064	63,360	66,209	73,556	76,284	78,095
Restricted	2,247	1,800	1,801	1,933	2,212	11,599	12,262	7,863	7,233	6,336
Unrestricted	11,457	13,841	6,729	12,825	9,968	2,576	5,506	8,563	10,662	9,809
Total primary government net position	\$ 68,665	\$ 75,043	\$ 67,932	\$ 76,626	\$ 76,244	\$ 77,535	\$ 83,978	\$ 89,983	\$ 94,179	\$ 94,240

CITY OF MILWAUKIE, OREGON

CHANGES IN NET POSITION

for the last ten fiscal years

(accrual basis of accounting)

(in thousands)

	Fiscal Year Ended									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 9,489	\$ 9,109	\$ 9,322	\$ 7,811	\$ 10,757	\$ 10,568	\$ 11,437	\$ 12,078	\$ 13,319	\$ 16,617
Highways and streets	2,155	2,126	1,028	1,851	4,026	5,548	4,324	5,686	6,116	6,253
Public safety	6,720	6,636	6,458	5,412	7,685	7,201	7,630	7,711	8,093	8,078
Culture and recreation	1,770	2,630	2,665	2,309	3,102	3,240	3,185	3,537	4,330	2,564
Interest on long-term debt	273	487	407	408	367	568	560	1,310	1,392	1,319
Total governmental activities expenses	20,407	20,988	19,880	17,791	25,937	27,125	27,136	30,322	33,250	34,831
Business-type activities:										
Water	2,520	2,526	2,610	2,573	2,840	3,183	3,169	3,450	3,432	4,090
Wastewater	4,801	6,067	6,062	6,052	6,545	6,832	7,044	7,373	7,800	7,910
Stormwater	1,660	1,569	1,578	1,776	2,132	2,387	2,701	2,981	3,187	3,660
Total business-type activities expenses	8,981	10,162	10,249	10,401	11,517	12,402	12,914	13,803	14,419	15,660
Total primary government expenses	\$ 29,388	\$ 31,150	\$30,130	\$28,192	\$37,454	\$39,527	\$40,050	\$44,125	\$47,669	\$50,491
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 5,052	\$ 5,150	\$ 5,323	\$ 5,695	\$ 6,773	\$ 7,391	\$ 9,981	\$ 11,408	\$ 9,906	\$ 9,554
Highways and streets	609	693	633	635	748	1,088	1,679	2,283	2,030	2,107
Public safety	1,734	1,693	1,609	948	307	307	447	-	772	-
Culture and recreation	59	67	60	60	60	-	-	1,782	1,794	1,874
Operating grants and contributions	3,555	4,610	4,454	4,324	2,935	4,742	4,030	3,143	3,525	3,937
Capital grants and contributions	80	107	145	1,731	1,478	312	2,139	-	219	466
Total governmental activities program revenues	11,089	12,320	12,224	13,393	12,301	13,840	18,277	18,616	18,246	17,938
Business-type activities:										
Charges for services:										
Water	2,354	2,819	3,158	3,698	3,965	3,798	4,075	4,522	4,340	4,581
Wastewater	4,947	6,316	6,627	6,894	7,290	7,668	7,935	7,964	8,042	8,146
Stormwater	1,840	1,989	2,212	2,581	2,946	3,382	3,835	4,348	4,993	5,207
Capital grants and contributions	1,929	10	-	-	-	-	-	-	83	308
Total business-type activities program revenues	11,070	11,134	11,997	13,173	14,201	14,848	15,845	16,835	17,458	18,242
Total primary government program revenues	\$ 22,159	\$ 23,454	\$ 24,220	\$ 26,566	\$ 26,502	\$ 28,689	\$ 34,122	\$ 35,451	\$ 35,704	\$ 36,180

Continued on next page

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense) Revenue										
Governmental activities	\$ (9,318)	\$ (8,668)	\$ (7,656)	\$ (4,399)	\$ (13,636)	\$ (13,285)	\$ (8,859)	\$ (11,706)	\$ (15,004)	\$ (16,893)
Business-type activities	2,089	972	1,747	2,772	2,684	2,446	2,932	3,032	-	2,582
Total primary government net expenses	<u>\$ (7,229)</u>	<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>
General Revenues										
Governmental activities:										
Property taxes, levied for general purposes	\$ 6,487	\$ 6,565	\$ 7,014	\$ 7,590	\$ 7,925	\$ 8,927	\$ 9,292	\$ 9,430	\$ 9,839	\$ 10,391
Property taxes, levied for debt service	-	-	-	-	-	-	-	-	-	-
Franchise taxes	2,594	2,479	2,439	2,568	2,570	2,857	3,256	3,624	3,749	3,682
Intergovernmental	97	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	60	77	66	87	75	246	488	1,196	1,287	218
Gain on disposition of capital assets	-	4	-	75	-	-	39	44	471	39
Transfers	(214)	-	(93)	(448)	(362)	-	-	-	-	-
Total governmental activities	<u>9,021</u>	<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>
Business-type activities:										
Interest and investment earnings	9	-	-	-	-	99	55	377	317	41
Gain on disposition of capital assets	-	-	-	-	-	-	15	7	-	-
Transfers	214	-	93	448	362	-	-	-	-	-
Total business-type activities	<u>223</u>	<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>
Total primary government	<u>\$ 9,244</u>	<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>
Change in Net Position										
Governmental activities	\$ (297)	\$ 457	\$ 1,770	\$ 5,474	\$ (3,428)	\$ (1,255)	\$ 4,216	\$ 2,589	\$ 342	\$ (2,563)
Business-type activities	2,312	972	1,840	3,220	3,046	2,545	3,001	3,416	317	2,623
Total primary government	<u>\$ 9,170</u>	<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>

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable	\$ -	\$ 36	\$ 35	\$ 65	\$ 146	\$ 130	\$ 125	\$ 110	\$ 95	\$ 312
Restricted	23	28	30	39	30	33	19	16	2,182	205
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	5,759	5,380	5,974	5,676	5,939	7,175	7,408	9,038	8,845	11,545
Total general fund	<u>\$ 5,782</u>	<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>
All other governmental funds										
Nonspendable	\$ -	\$ 33	\$ 105	\$ 154	\$ 815	\$ 816	\$ 818	\$ 38	\$ 26	\$ 32
Restricted	2,211	1,995	1,618	1,725	1,799	11,199	11,878	7,993	5,317	6,349
Committed	1,739	1,322	1,459	1,954	1,627	2,858	3,858	21,705	20,168	15,216
Assigned	389	231	390	594	691	812	1,086	1,862	634	2,046
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,339</u>	<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>

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Property taxes	\$ 6,429	\$ 6,564	\$ 7,019	\$ 7,587	\$ 7,892	\$ 8,898	\$ 9,287	\$ 9,660	\$ 9,825	\$ 10,380
Intergovernmental	3,634	4,233	4,270	5,747	5,765	4,424	7,895	5,411	5,850	5,967
Franchise taxes	2,579	2,479	2,439	2,568	2,570	2,857	3,256	3,624	3,749	3,682
Fines and forfeitures	1,502	1,754	1,690	1,252	1,267	1,065	879	844	806	417
Licenses and permits	964	1,112	626	667	985	1,058	1,766	2,864	1,702	1,613
Charges for services	4,637	5,176	5,155	5,042	5,158	6,447	7,099	8,646	8,772	9,106
Miscellaneous	114	223	224	327	303	636	914	2,046	2,308	1,150
Total revenues	19,859	21,541	21,423	23,189	23,940	25,386	31,097	33,094	33,012	32,315
Expenditures:										
Current:										
General government	8,328	8,066	8,165	7,867	8,687	9,168	10,552	11,073	11,587	13,050
Highway and streets	1,891	1,883	1,753	1,712	1,708	2,117	2,072	3,264	1,010	2,979
Public safety	5,897	5,877	5,590	5,955	6,149	6,435	6,655	6,839	6,779	6,686
Culture and recreation	1,553	2,329	2,339	2,350	2,468	2,689	2,636	2,793	1,998	1,897
Debt service:										
Principal	144	378	196	3,983	379	778	792	2,039	2,089	2,475
Interest	273	253	415	557	380	564	581	1,320	1,297	1,356
Capital outlay	1,385	7,508	2,441	5,181	2,967	1,274	6,119	11,217	16,584	5,473
Total expenditures	19,471	26,294	20,899	27,607	22,738	23,025	29,407	38,547	41,344	33,916
Excess (deficiency) of revenues over (under) expenditures	388	(4,753)	524	(4,417)	1,202	2,361	1,689	(5,453)	(8,332)	(1,601)
Other financing sources (uses):										
Transfers from other funds	-	-	-	-	57	-	-	311	4,121	364
Transfers to other funds	-	-	-	-	(419)	-	-	(311)	(6,955)	(364)
Proceeds from sale of capital assets	-	6	-	-	-	-	95	44	471	39
Proceeds from bond premium	-	-	-	-	-	-	-	394	-	-
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
Net change in fund balances	\$ 388	\$ (1,097)	\$ 586	\$ 595	\$ 840	\$ 11,977	\$ 2,169	\$ 15,570	\$ (3,995)	\$ (1,562)
Debt service as a percentage of noncapital expenditures	2.3%	3.4%	3.3%	20.2%	3.8%	6.2%	5.9%	12.3%	13.7%	13.5%

CITY OF MILWAUKIE, OREGON

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

for the last ten fiscal years

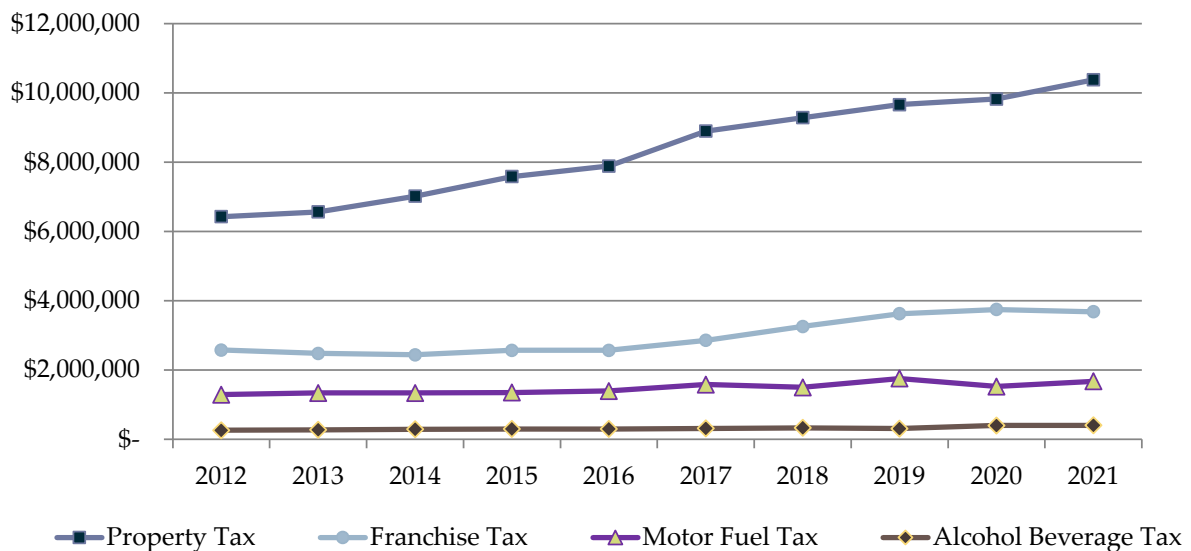
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Franchise Tax	Motor Fuel Tax ¹	Alcoholic Beverage Tax ¹	Total
2012	\$ 6,428,522	\$ 2,578,604	\$ 1,289,164	\$ 260,353	\$ 10,556,643
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

Notes:

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

Trend Lines of Tax Revenues by Source



CITY OF MILWAUKIE, OREGON

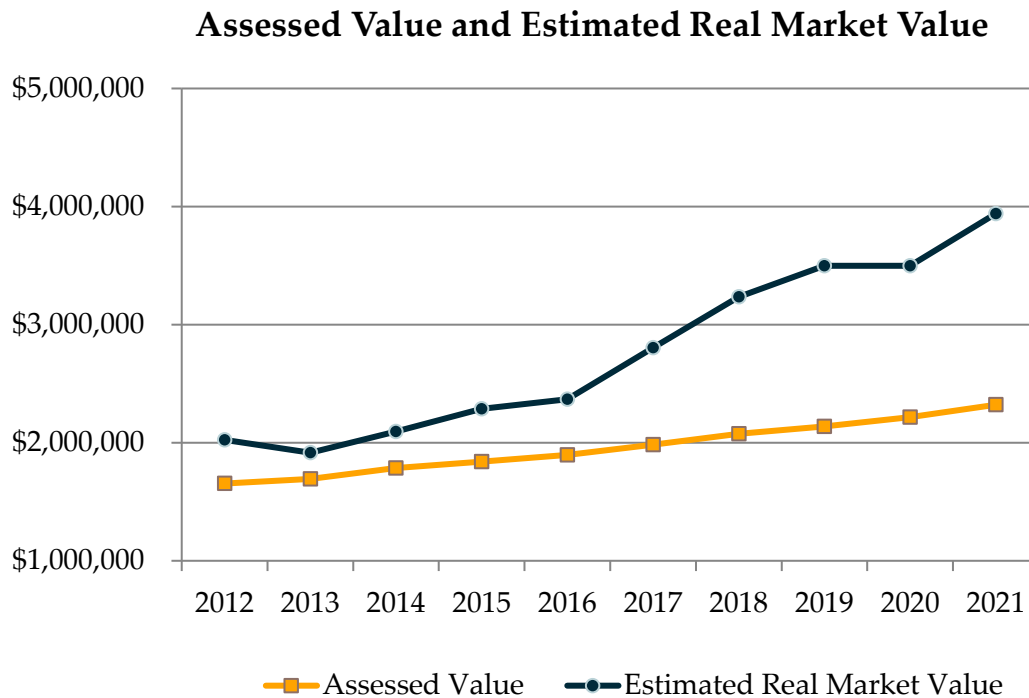
ASSESSED VALUE AND ESTIMATED REAL MARKET VALUE OF TAXABLE PROPERTY for the last ten fiscal years (in thousands)

Fiscal year	Assessed Value					Total direct tax rate	RMV	Assessed value as a percentage of RMV
	Real property	Personal property	Manufactured structure	Public utility	Total assessed value (AV)		Estimated real market value (RMV)	
2012	\$ 1,534,190	\$ 55,064	\$ 1,212	\$ 63,771	\$ 1,654,237	4.0718	\$ 2,023,966	82
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	4.4208	3,499,027	61
2020	2,063,500	84,629	1,581	65,428	2,215,138	4.4208	3,498,809	63
2021	2,162,802	94,799	1,634	62,188	2,321,424	4.4208	3,940,188	59

Notes:

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

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



CITY OF MILWAUKIE, OREGON

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS

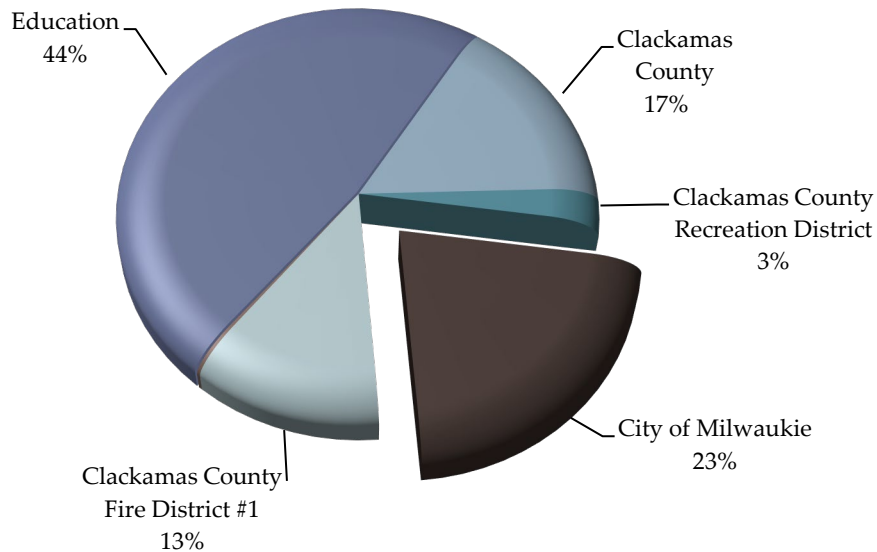
for the last ten fiscal years

(rate per \$1,000 of assessed value)

Fiscal year	City direct rates					Overlapping rates								Total direct and overlapping
	Permanent tax rate	Bonded debt tax rate	Less	Less	Total direct	North	Clackamas County	Clackamas	Clackamas	Education Service District	Other			
			CCFD#1 permanent tax rate	CCFD#1 bonded debt rate		Clackamas School District		County Fire Dist #1	County Recreation District			Clackamas Community College		
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	

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	2021			2012		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
PCC Structurals Inc.	\$ 89,703,423	1	3.9%	\$ 23,278,280	3	1.4%
Oregon Tool	62,224,122	2	2.7	47,320,155	1	2.9
Waverly Greens Apts	25,558,321	3	1.1	15,960,623	4	1.0
Lincoln Advisory Group LTD	20,330,588	4	0.9			
Comcast Corporation	22,535,000	5	1.0	35,088,400	2	
Carlston Greg	17,784,445	6	0.8			
KIMCO Realty Group	14,250,829	7	0.6			
Alliance Communities Inc.	12,914,029	8	0.6			
Portland General Electric Co	13,771,000	9	0.6	10,932,000	6	0.7
Gramark Company LLC	11,450,646	10	0.5			
SE International Way SPE LLC				8,781,476	10	0.9
Downs Alice M Trustee				8,905,274	9	0.5
Moda Plaza Inc				9,207,582	8	0.6
Holland Partners				9,873,108	7	0.6
International Airport Centers LLC				15,006,269	5	0.9
Sub-total, top ten	290,522,403		12.5	184,353,167		11.1
All other City taxpayers	2,030,901,483		87.5	1,469,883,692		88.9
Total City taxpayers	<u>\$ 2,321,423,886</u>		<u>100.0%</u>	<u>\$ 1,654,236,859</u>		<u>100.0%</u>

Source: Clackamas County Assessor's Office.

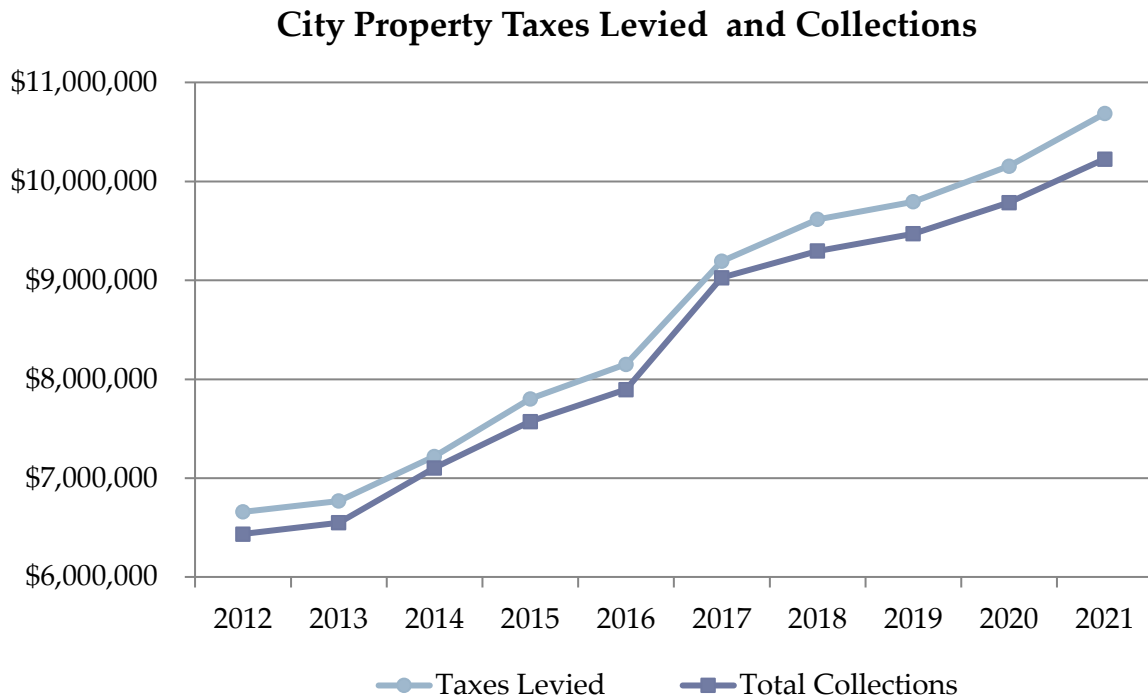
CITY OF MILWAUKIE, OREGON

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
2012	\$ 6,660,414	\$ 6,239,599	94%	\$ 195,351	\$ 6,434,950	97%
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	105,043	9,471,857	97
2020	10,154,688	9,703,887	96	81,790	9,785,677	96
2021	10,686,569	10,226,486	96	-	10,226,486	96

Source: City of Milwaukie Finance Department.



CITY OF MILWAUKIE, OREGON

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

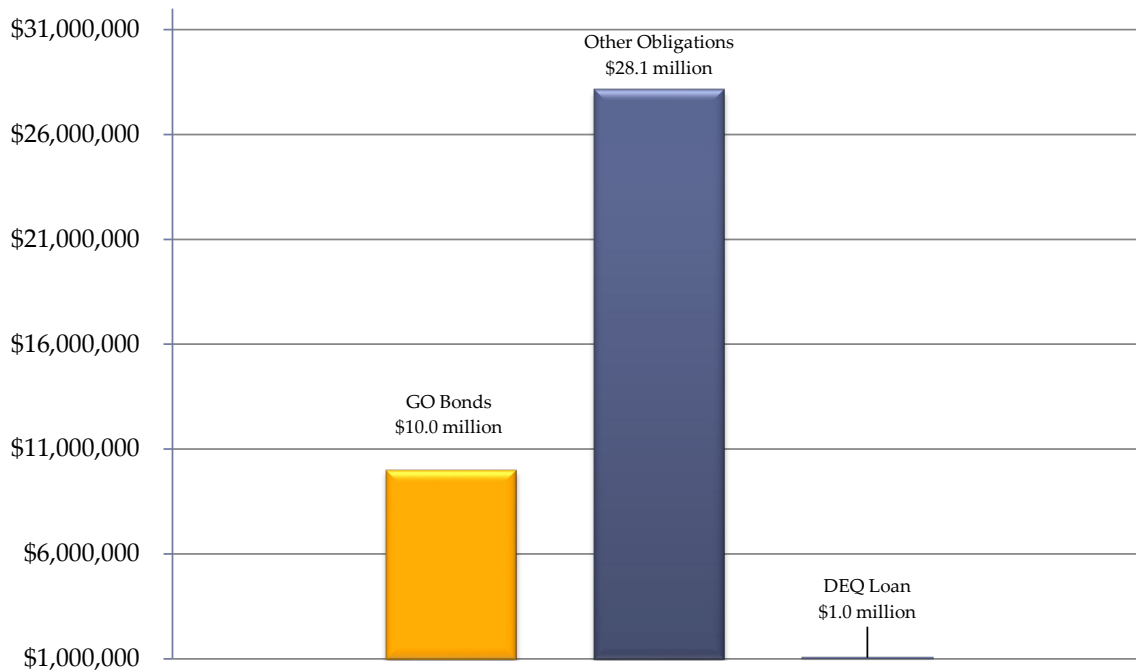
Fiscal year	Governmental Activities			Business-type Activities	Total primary government	Percentage of Personal income	Per capita **
	General obligation bonds	Other Obligations	Total	Wastewater/ DEQ loan			
2012	\$ -	\$ 5,172,425	5,172,425	\$ 1,832,700	\$ 7,005,125	0.80	343
2013	-	8,444,314	8,444,314	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	*	2,030
2021	10,015,000	28,130,544	38,145,544	964,578	39,110,122	*	1,899

* Information unavailable at this time.

**Population data can be found on page 115.

Source: Annual financial statements 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*

Fiscal year	General obligation bonds	Less: amounts available in debt service fund	Net	Percentage of net over assessed value of property ¹	Per capita ²
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	0.41	465

Notes:

¹ Assessed value property data can be found on page 106.

² Population data can be found on page 115.

CITY OF MILWAUKIE, OREGON

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

as of June 30, 2021

Governmental unit	Real Market Values of Overlapping Districts	Tax-Supported Debt Outstanding	Percentage Overlapping ¹	Overlapping Debt Applicable to the City of Milwaukie
Debt repaid with property taxes:				
Clackamas Community College	\$ 65,044,593,127	\$ 84,925,428	6.01%	\$ 5,100,112
Clackamas County	88,187,427,081	125,400,000	4.43	5,554,468
Clackamas City RFPD 1	40,336,577,772	26,735,165	9.75	2,607,267
Clackamas City SD 12 (North Clackamas)	25,604,909,209	693,051,684	15.26	105,729,193
Metro	358,995,131,497	920,585,000	1.10	10,087,770
Multnomah County	186,758,200,567	690,660,604	0.01	101,527
Multnomah City SD 1J (Portland)	142,128,385,666	1,450,005,667	0.02	281,301
Portland Community College	285,951,317,436	545,535,000	0.01	52,371
Subtotal, overlapping debt	1,193,006,542,355	4,536,898,548		129,514,009
Direct debt outstanding:				
City of Milwaukie	3,940,188,152	38,145,543	100.00%	38,145,543
Total direct and overlapping debt outstanding	\$ 1,196,946,730,507	\$ 4,575,044,091		\$ 167,659,552

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 taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Notes:

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

Source: Oregon State Treasury Department, Debt Management Division.

CITY OF MILWAUKIE, OREGON

LEGAL DEBT MARGIN INFORMATION

for the last ten fiscal years
(in thousands)

	Fiscal Year Ended				
	2012	2013	2014	2015	2016
Debt maximum limitation	\$ 60,719	\$ 57,459	\$ 62,842	\$ 68,609	\$ 71,042
Debt applicable to maximum limit	-	-	-	3,585	3,450
Legal debt margin available	<u>\$ 60,719</u>	<u>\$ 57,459</u>	<u>\$ 62,842</u>	<u>\$ 65,024</u>	<u>\$ 67,592</u>
Debt applicable to the maximum limit as a percentage of debt limitation	0.00%	0.00%	0.00%	5.23%	4.86%
	2017	2018	2019	2020	2021
Debt maximum limitation	\$ 84,146	\$ 97,075	\$ 104,971	\$ 104,964	\$ 118,206
Debt applicable to maximum limit	12,125	12,654	11,095	29,594	28,131
Legal debt margin available	<u>\$ 72,021</u>	<u>\$ 84,421</u>	<u>\$ 93,876</u>	<u>\$ 75,370</u>	<u>\$ 90,075</u>
Debt applicable to the maximum limit as a percentage of debt limitation	14.41%	13.04%	10.57%	28.19%	23.80%

Legal debt margin calculation for fiscal year ended June 30, 2021:

Total property real market value	\$ 3,940,188,152
	3%
Debt maximum limitation (3% of total property real market value) ¹	<u>118,205,645</u>
Amount of debt applicable to debt limit:	
Total debt	39,110,121
Less debt excluded from debt limit:	
SPWF loan	(377,454)
PERS UAL bonds	(2,650,000)
Full Faith and Credit Obligation bonds	(24,621,921)
Oregon DEQ loan	(964,578)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	<u>-</u>
Net amount of debt applicable to limit	<u>10,496,168</u>
Legal debt margin - amount available for future indebtedness	<u>\$ 107,709,477</u>
Percentage of City's indebtedness to total allowed	8.88%

Notes:

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

Source: Clackamas County Department of Assessment and Taxation.

CITY OF MILWAUKIE, OREGON

PLEDGED-REVENUE COVERAGE

for the last ten fiscal years

Wastewater Department of Environmental Quality Loan						
Fiscal year	Utility service charges	Less: operating expenses	Net available revenue	Debt service requirements		Coverage
				Principal	Interest	
2012	\$4,539,621	\$3,503,728	\$1,035,893	\$ 96,229	\$ 9,405	9.81
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

Source: Annual financial statements of the City of Milwaukie.

CITY OF MILWAUKIE, OREGON

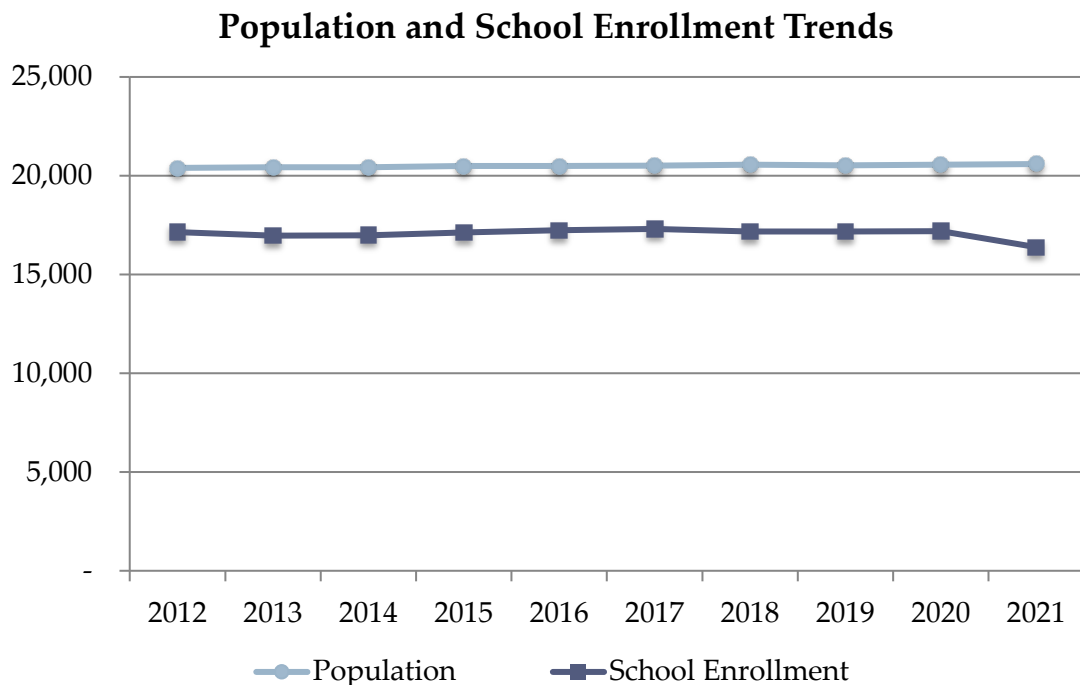
DEMOGRAPHIC AND ECONOMIC STATISTICS

for the last ten fiscal years

Fiscal year	Population	Personal income (in thousands)	Per capita personal income	School enrollment	Unemployment rate
2012	20,400	\$ 879,301	\$ 43,103	17,152	8.7
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	*	*	17,200	4.6
2021	20,600	*	*	16,384	5.9

* 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	2021			2012		
	Employees	Rank	Percentage of total City employment	Employees	Rank	Percentage of total City employment
Oregon Tool	709	1	4.89%			
North Clackamas School District ¹	486	2	3.35	385	4	2.79%
Providence Milwaukie Hospital	464	3	3.20			
OECO LLC	228	4	1.57	300	5	2.17
Consonus Pharmacy Services	184	5	1.27			
Wendell & Wild	181	6	1.25			
ODS Plaza	172	7	1.19			
Alpine Food Distributing	162	8	1.12			
Dave's Killer Bread	147	9	1.01			
City of Milwaukie	145	10	1.00			
PCC Structurals Inc.				500	2	
Bob's Red Mill Natural Foods				250	7	1.81
United Grocers				630	1	4.57
R M International				500	3	3.62
Safeway				280	6	2.03
To Your Home from Willamette				200	8	1.45
Stoner Electric Group				150	10	1.09
Marquis Home Health				200	9	1.45
Total	<u>2,878</u>		<u>19.85%</u>	<u>3,395</u>		<u>24.60%</u>

Notes:

- ¹ 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.

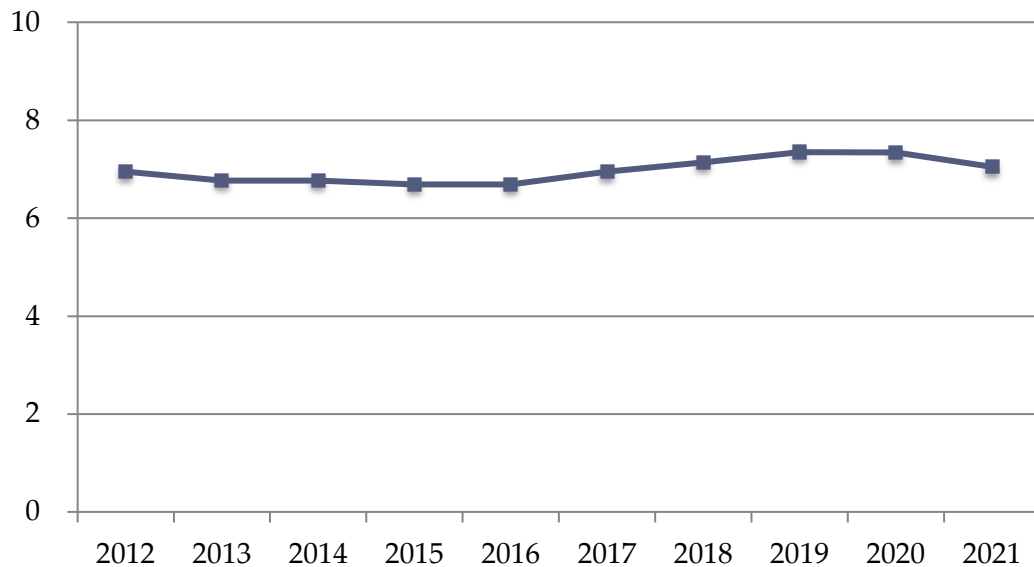
CITY OF MILWAUKIE, OREGON

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	20.50	20.50	20.50	18.90	17.70	25.00	24.00	24.50	24.50	26.00
Public safety	42.00	42.25	42.25	41.85	41.85	42.75	42.75	41.75	41.75	40.50
Community services	24.76	23.76	23.76	25.26	26.46	26.26	27.26	28.01	28.01	27.25
Community development	24.50	23.50	23.50	20.60	20.60	17.00	20.00	23.00	23.00	20.00
Facilities	2.67	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Fleet services	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Transportation	6.30	6.00	6.00	5.50	5.50	5.00	5.00	6.00	6.00	5.50
Water	7.30	7.00	7.00	7.20	7.20	8.20	8.20	8.20	8.20	7.50
Wastewater	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.50
Stormwater	5.80	5.25	5.25	7.80	7.80	8.30	8.50	8.50	8.50	8.00
Total FTEs	141.83	138.26	138.26	137.11	137.11	142.51	146.71	150.96	150.96	145.25
City Population	20,400	20,435	20,435	20,491	20,491	20,510	20,556	20,528	20,556	20,600
FTEs per 1,000 of population	6.95	6.77	6.77	6.69	6.69	6.95	7.14	7.35	7.34	7.05

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Public safety										
Citations:										
Traffic	10,306	14,959	12,522	9,159	9,813	7,633	4,340	4,288	4,418	558
Parking	721	949	463	243	1,629	1,261	1,459	2,238	2,324	1,838
City ordinance	114	137	92	141	93	85	96	91	54	38
Non-traffic violation	127	119	126	147	148	72	9	9	2	4
Total citations processed	11,268	16,164	13,203	9,690	11,683	9,051	5,904	6,626	6,798	2,438
Number of seat belt classes	34	65	54	27	42	58	31	29	17	0
Number of officers per 1,000 capita	1.90	1.60	1.60	1.60	1.60	1.60	1.60	1.57	1.60	1.12
Culture and recreation										
Library items in collections ¹	121,982	120,075	117,693	118,024	115,040	114,360	95,152	92,394	90,399	96,144
Circulation	709,618	720,951	725,861	711,150	685,157	660,438	635,428	512,487	397,577	324,896
Average circulation per capita	33.70	18.43	18.25	17.84	17.08	16.34	15.80	12.39	9.54	7.78
Number of library programs	505	539	611	663	627	615	623	471	380	264
Attendance at library programs	12,619	15,580	17,230	19,565	20,079	20,513	19,834	13,992	12,747	11,889
Number of library volunteers	1,507	1,561	1,473	1,607	1,547	1,470	1,386	937	756	299
Library volunteer hours	8,679	9,591	9,004	9,798	9,948	8,646	7,758	6,135	3,621	1,866
Community development										
Building:										
Building permits issued	587	157	144	185	240	218	298	261	228	246
Inspections performed	1,430	1,514	1,577	1,693	1,872	2,128	3,107	4,443	4,452	4,065
Investigations	55	50	40	48	15	26	36	42	38	34
Violations resolved	19	25	29	33	9	18	24	35	30	25
Planning:										
Land use applications processed ²	72	67	58	87	100	156	139	131	112	105
Business-type activities:										
Water										
Service connections	6,929	6,690	6,777	6,813	6,870	6,870	6,845	6,911	6,926	6,929
Number of fire hydrants maintained	409	792	788	789	404	105	6	90	146	94
Sanitary sewer (in feet)										
Sewer mainline cleaning	110,610	143,034	109,594	134,263	99,998	74,360	41,312	113,523	61,418	62,053
Mainline inspections completed	125,894	152,541	124,525	134,663	165,396	70,326	49,755	121,281	69,905	73,934

Notes:

- ¹ Reduction in collection due to the construction of a new library and a temporary library location in 2018 and 2019. Also, there was a reduction in 2020 and 2021 due to the COVID-19 pandemic.
- ² Previous years (FY 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government										
City-owned building facilities	5	5	5	5	5	5	5	5	6	6
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	24	24	24	24	24	21	21	21	21
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
Commercial Construction	9,822	16,804	1,656	610	303	5,266	41,264	69,440	12,864	14,992
Total value of new building construction (in thousands) ¹	\$ 9,822	\$18,147	\$ 3,685	\$ 2,980	\$ 2,438	\$12,260	\$71,949	\$77,289	\$32,466	\$30,729
Highways and streets										
Miles of streets (street lane miles)	165	158	158	160	160	160	157	159	159	160
Surface water catch basins	1,613	1,603	1,622	1,631	1,631	1,679	1,685	1,701	1,752	1,778
Business-type activities:										
Water										
Water mains (miles)	100	100	100	100	100	100	101	100	100	100
Number of pump stations	4	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)	78	79	79	79	79	79	79	79	79	79
Number of sewer manholes	1,688	1,695	1,697	1,692	1,692	1,692	1,700	1,706	1,721	1,724

Source: City of Milwaukie Departments.



SECTION IV

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS

CITY OF MILWAUKIE, OREGON
COMPLIANCE SECTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 Merina+Co. is contained in this section:

- Independent Auditor's Report on Compliance and Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with Oregon State
Regulations

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *OREGON STATE REGULATION***

Honorable Mayor and City Council
City of Milwaukie, Oregon

We have audited the basic financial statements of City of Milwaukie, Oregon, as of and for the year ended June 30, 2021 and have issued our report thereon dated December 23, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Report on Compliance

As part of obtaining reasonable assurance about whether City of Milwaukie, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- 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, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*

Internal Control Over OAR 162-10-0230

In planning and performing our audit of the financial statements, we considered City of Milwaukie, Oregon's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of

expressing an opinion on the effectiveness of City of Milwaukie, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Milwaukie, Oregon's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
December 23, 2021



CITY OF MILWAUKIE

FINANCE DEPARTMENT

Finance Director Bonnie Dennis, MBA • DennisB@milwaukieoregon.gov

Assistant Finance Director Keith McClung, CPA • McClungK@milwaukieoregon.gov

10722 SE Main St., Milwaukie, OR 97222 • 503.786.7555 • www.milwaukieoregon.gov/finance