

Regular Session

RS

Milwaukie City Council

COUNCIL REGULAR SESSION

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

AGENDA

FEBRUARY 3, 2026

Council will hold this meeting in-person and by video conference. The public may come to City Hall, join the Zoom webinar, or watch on the [city's YouTube channel](#) or Comcast Cable channel 30 in city limits. For Zoom login find the meeting event on the city calendar at www.milwaukieoregon.gov.
Written comments may be delivered to City Hall or emailed to ocr@milwaukieoregon.gov.

Note: agenda item times are estimates and are subject to change.

Page #

1. **CALL TO ORDER** (6:30 p.m.)
 - A. **Pledge of Allegiance**
 - B. **Native Lands Acknowledgment**

2. **ANNOUNCEMENTS** (6:31 p.m.) 1

3. **PROCLAMATIONS AND AWARDS**
 - A. **Vietnamese Lunar New Year – Proclamation** (6:35 p.m.) 9
Presenter: The Vietnamese Community of Oregon

4. **SPECIAL REPORTS** (none scheduled)

5. **COMMUNITY COMMENTS** (6:40 p.m.)

To speak to Council, please submit a comment card to staff. Comments must be limited to city business topics that are not on the agenda. A topic may not be discussed if the topic record has been closed. All remarks should be directed at the whole Council. The presiding officer may refuse to recognize speakers, limit the time permitted for comments, and ask groups to select a spokesperson. **Comments may also be submitted in writing before the meeting, by mail, e-mail (to ocr@milwaukieoregon.gov), or in person to city staff.**

6. **CONSENT AGENDA** (6:45 p.m.)

Consent items are not discussed during the meeting; they are approved in one motion and any Council member may remove an item for separate consideration.

 - A. **Approval of Council Meeting Minutes of:** 11
 1. **January 6, 2026, work session,**
 2. **January 6, 2026, regular session, and**
 3. **January 13, 2026, site visit.**

7. **BUSINESS ITEMS**
 - A. **Annual Audit – Report** (6:50 p.m.) 19
Staff: Michael Osborne, Finance Director

 - B. **Proposed Utility Code Updates – Discussion** (7:20 p.m.) 166
Staff: Michael Osborne, Finance Director, and
Peter Passarelli, Public Works Director

8. PUBLIC HEARINGS

A. Adoption of Tree Code Amendments and Fee Schedule Revisions – 172 Ordinance 2nd Reading and Resolution (7:50 p.m.)

Staff: Katie Gavares, Climate & Natural Resources Manager, and
Alfred Moussalli, Urban Forester

9. COUNCIL REPORTS

A. Legislative Update – Discussion (8:00 p.m.)

Staff: Scott Stauffer, City Recorder

B. Council Reports – Discussion (8:15 p.m.)

191

Staff: Scott Stauffer, City Recorder

10. ADJOURNMENT (8:30 p.m.)

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice

The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at ocr@milwaukieoregon.gov or phone at 503-786-7502. To request Spanish language translation services email espanol@milwaukieoregon.gov at least 48 hours before the meeting. Staff will do their best to respond in a timely manner and to accommodate requests. Most Council meetings are broadcast live on the [city's YouTube channel](#) and Comcast Channel 30 in city limits.

Servicios de Accesibilidad para Reuniones y Aviso de la Ley de Estadounidenses con Discapacidades (ADA)

La ciudad se compromete a proporcionar igualdad de acceso para reuniones públicas. Para solicitar servicios de asistencia auditiva y de movilidad, favor de comunicarse a la Oficina del Registro de la Ciudad con un mínimo de 48 horas antes de la reunión por correo electrónico a ocr@milwaukieoregon.gov o llame al 503-786-7502. Para solicitar servicios de traducción al español, envíe un correo electrónico a espanol@milwaukieoregon.gov al menos 48 horas antes de la reunión. El personal hará todo lo posible para responder de manera oportuna y atender las solicitudes. La mayoría de las reuniones del Consejo de la Ciudad se transmiten en vivo en el [canal de YouTube de la ciudad](#) y el Canal 30 de Comcast dentro de los límites de la ciudad.

Executive Sessions

The City Council may meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660(2); all discussions are confidential; news media representatives may attend but may not disclose any information discussed. Final decisions and actions may not be taken in executive sessions.



COUNCIL REGULAR SESSION

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

2442nd Meeting

MINUTES

FEBRUARY 3, 2026

Council Present: Councilors Adam Khosroabadi, Robert Massey, Rebecca Stavenjord, and Council President Will Anderson, and Mayor Lisa Batey

Staff Present: Joseph Briglio, Acting City Manager
Katie Gavares, Climate & Natural Resources Manager
Justin Gericke, City Attorney
Michael Osborne, Finance Director

Peter Passarelli, Public Works Director
Gabriela Santoyo Gutierrez, Equity & Inclusion Coordinator
Scott Stauffer, City Recorder

Mayor Batey called the meeting to order at 6:38 p.m.

1. CALL TO ORDER

A. Pledge of Allegiance.

B. Native Lands Acknowledgment.

2. ANNOUNCEMENTS

Mayor Batey announced upcoming activities including the 2025 Volunteer of the Year award nomination process, volunteer events at local parks and the Ledding Library, a floating sauna festival, and the reopening of the Milwaukie Historical Society.

Councilor Massey congratulated the Planning Commission's new chair and vice chair.

Stauffer announced that the annual board and committee application period was open.

Mayor Batey read a sun-themed haiku poem.

3. PROCLAMATIONS AND AWARDS

A. Vietnamese Lunar New Year – Proclamation

Thao Tu, President of the Vietnamese Community of Oregon (VCO), explained the importance of marking the new year and noted VCO's plans to celebrate. **Mayor Batey** proclaimed February 14, 2026, to be the Lunar New Year in Milwaukie.

4. SPECIAL REPORTS (none scheduled)

5. COMMUNITY COMMENTS

Mayor Batey reviewed the comment procedures. **Briglio** noted that correspondence had been received regarding repaving Lava Drive, the recently implemented 3% fee on card payments, and concerns expressed at the last community comments about wintertime street safety. No audience member wished to address Council.

6. CONSENT AGENDA

It was moved by Councilor Massey and seconded by Council President Anderson to approve the Consent Agenda as presented.

A. City Council Meeting Minutes:

- 1. January 6, 2026, work session,
- 2. January 6, 2026, regular session, and
- 3. January 13, 2026, site visit.

Motion passed with the following vote: Councilors Anderson, Khosroabadi, Massey, and Stavenjord and Mayor Batey voting “aye.” [5:0]

7. BUSINESS ITEMS

A. Annual Audit – Report

Osborne introduced the audit process and **Ashley Osten**, auditor with Baker Tilly, provided an overview of municipal audits and state law. **Mayor Batey** and **Osten** noted how long the auditors were present at city hall to conduct the audit.

Osten reported on the city’s audit for Fiscal Year (FY) 2025, noting that city staff had identified a material weakness in the depreciation of city assets which had been addressed and the city remained in compliance with state law. **Council President Anderson** and **Osten** remarked on the impacts of the weakness on the city’s reporting.

Osten reported that the audit had found no irregularities and there were no major corrections to propose. **Mayor Batey** and **Osten** noted that the weakness had been ongoing over many years and the correction accounted for a \$22 million adjustment.

Osborne explained how staff had corrected the weakness. **Councilor Massey** thanked staff and Baker Tilly for working to address the weakness. **Mayor Batey** observed that there had been turnover in the finance team when the weakness started in 2015.

Osten confirmed the city had to submit an annual audit even with a biennial budget.

B. Proposed Utility Code Updates – Discussion

Osborne reviewed previous Council discussions about utility code changes and provided an overview of new utility code change proposals which included a new property owner definition, a different process for how the city applied a lien on a property when the owner, and not a tenant, fails to pay water charges, and a streamlined utility assistance application process.

Osborne asked for feedback on the proposal to tie utility fees to the property owner and not tenants. The group remarked on how tenants get property owners to pay the utility bill when the property owner fails to pay their bills and whether the owner or renter should be responsible for paying for utilities. **Councilor Khosroabadi** expressed concern about burdening property owners and **Council President Anderson** was worried the new rules would conflict with statewide Measure 5 requirements.

Councilor Massey observed that the issue and proposed changes seemed messy and supported letting staff resolve billing issues. The group remarked on who does and should be able to resolve utility account issues.

Passarelli noted that the current utility owner change process resulted in a loss of revenue for the city’s stormwater fund. **Mayor Batey** noted that other cities had dealt with the same issue of seasonal bills causing a loss of revenue due to rental properties.

Councilor Khosroabadi and **Osborne** commented on whether the proposed changes would cause owners to be more selective in who rents their properties. **Briglio** noted there were renter protection laws that prevent owners from excluding certain renters.

Mayor Batey and **Osborne** discussed why the city had passed the three-percent credit card fee on to customers who use payment cards to pay bills or fines, noting how much the city had paid to cover the fee and how customers could pay without incurring the fee. The group noted that a bill pay process through a bank was a way to avoid the fee for utility payments.

8. PUBLIC HEARING

A. Adoption of Tree Code Amendments and Fee Schedule Revisions – Ordinance 2nd Reading and Resolution

Call to Order: **Mayor Batey** called the continued public hearing on the proposed tree code amendments and fee schedule revisions, to order at 8:17 p.m.

Purpose: **Mayor Batey** explained that the continued hearing was to hear the second reading of the ordinance title and conduct the final roll call vote on the ordinance and to hold the vote on a resolution revising the fee schedule. **Batey** would preside over the final reading but would not vote on the ordinance or resolution due to being absent during the January 20, 2026, hearing.

Briglio read the ordinance once by title only.

Stauffer polled the Council with Councilors Anderson, Massey, and Stavenjord voting “aye,” Councilor Khosroabadi voting “no,” and Mayor Batey abstaining. [3:1:1]

Ordinance 2261:

AN ORDINANCE OF THE CITY OF MILWAUKIE, OREGON, AMENDING MUNICIPAL CODE (MMC) CHAPTER 16.32 TREE CODE FOR THE PURPOSE OF STRENGTHENING TREE PRESERVATION DURING DEVELOPMENT, AND DECLARING AN EMERGENCY.

It was moved by Councilor Massey and seconded by Council President Anderson to approve the resolution revising fees and charges and updating the Consolidated Fee Schedule for Fiscal Year 2026. Motion passed with the following vote: Councilors Anderson, Massey, and Stavenjord voting “aye,” Councilor Khosroabadi voting “no,” and Mayor Batey abstaining. [3:1:1]

Resolution 7-2026:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, REVISING FEES AND CHARGES AND UPDATING THE CONSOLIDATED FEE SCHEDULE FOR FISCAL YEAR 2026.

9. COUNCIL REPORTS

A. Legislative Update – Discussion

Stauffer provided an update on the short session of the state legislature, and the group discussed bills addressing transportation funding, public meeting laws, and annexations. It was noted that Council would discuss bills during the February 10, 2026, study session.

B. Council Reports

Councilor Khosroabadi reported on the Clackamas County Community Action Board (CAB) which had been recruiting new members and addressing food insecurity.

Councilor Massey reported on North Clackamas Watersheds Council (NCWC) work including monitoring a proposed aquatic organisms act, the state's legal settlement with Monsanto, and potential federal funding for Elk Rock Island and other park projects.

Mayor Batey reported on the reopening of the Youth Era drop-in site on 21st Avenue in Milwaukie and expressed concern about the safety of Portland & Western Railroad line trestles, one of which are near Milwaukie. **Briglio** agreed the city could ask the Oregon Department of Transportation (ODOT) to inspect rail trestles.

Mayor Batey discussed possible parks and law enforcement funding levies that the North Clackamas Parks and Recreation District (NCPRD) and Clackamas Board of County Commissioners (BCC) may refer to voters at the November 2026 election.

10. ADJOURNMENT

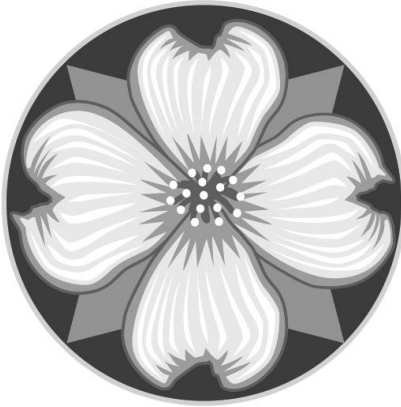
It was moved by Councilor Massey and seconded by Council President Anderson to adjourn the Regular Session. Motion passed with the following vote: Councilors Anderson, Khosroabadi, Massey, and Stavenjord and Mayor Batey voting "aye." [5:0]

Mayor Batey adjourned the meeting at 8:48 p.m.

Respectfully submitted,



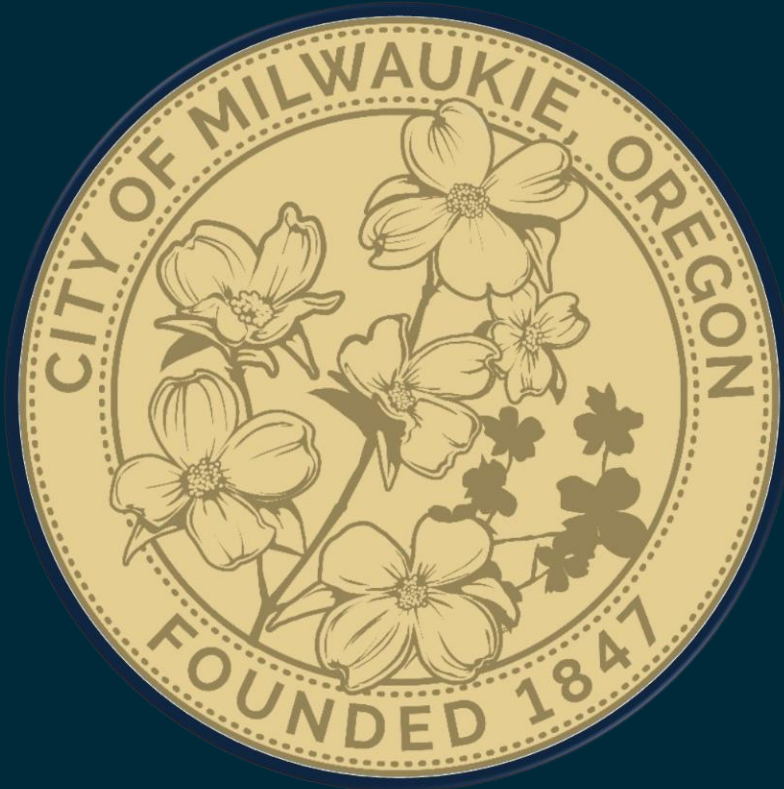
Scott Stauffer, City Recorder



RS Agenda Item

2

Announcements



REGULAR SESSION

February 3, 2026

6:30 p.m.

Translation Services Available

Spanish translation services are available upon request. The public is asked to request translation and other meeting accessibility services at least 48 hours before the meeting. For more information, contact the City Recorder at (503) 786-7502.

Servicios de traducción en español esta disponible cuando sea solicitado. Se pide al público que solicite servicios de traducción y otros servicios de accesibilidad por lo menos Cuarenta y Ocho horas antes de la reunion. Para obtener más información, llama a el secretario de la ciudad a (Cinco-Cero-Tres) Siete-Ocho-Seis, Siete-Cinco-Cero-Dos.

Translation services are also available in other languages.

Pledge of Allegiance



Native Lands Acknowledgment

The City of Milwaukie respectfully acknowledges that our community is located on the ancestral homeland of the Clackamas people. In 1855, the surviving members of the Clackamas signed the Willamette Valley Treaty also known as the Kalapuya etc. Treaty with the federal government in good faith. We offer our respect and gratitude to the indigenous people of this land.

WEDNESDAY, FEB. 11 · DEADLINE TO SUBMIT NOMINATIONS

engage.milwaukieoregon.gov

2025 Volunteer of the Year – Nominate a community member who has gone above and beyond in 2025!

SATURDAY, FEB 7 · 9 AM – 12 PM

Tideman Johnson Park, SE 17th Ave. & SE Tenino St.

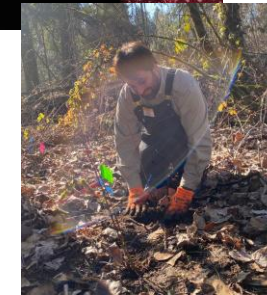
Volunteer Land Tending at Tideman Johnson Park -
Register at jcwc.org/events-calendar.

SUNDAY, FEB 8 · 1 PM – 3 PM

Ledding Library, 10660 SE 21st Ave.

Cards for a Cause – Make a Valentine's Day card for a Meals on Wheels recipient and one for yourself! All ages are welcome!

More information at milwaukieoregon.gov or call 503.786.7555
RS6



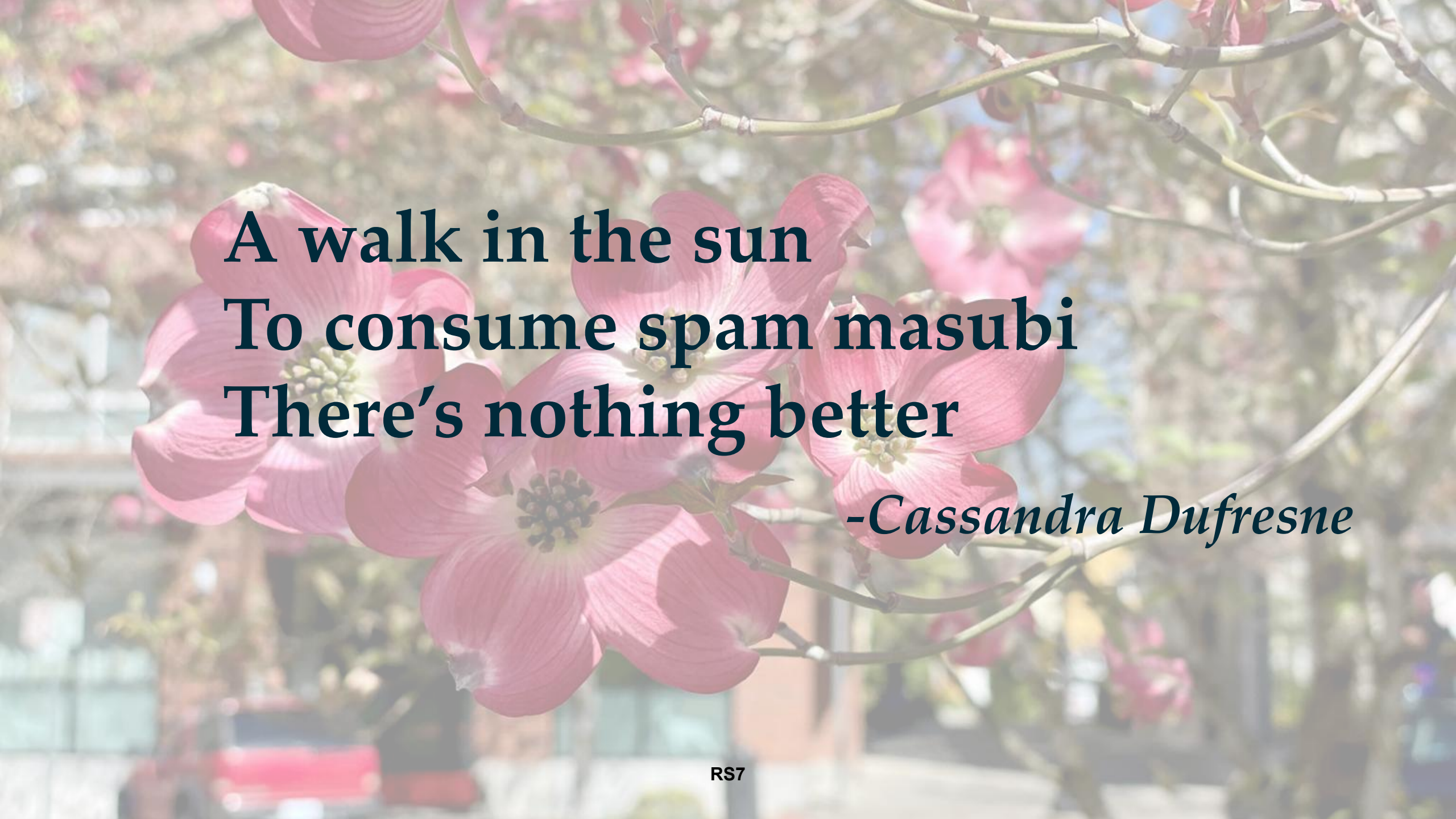
**Land Tending at
Tideman Johnson**

February 7, 2026
9:00am - 12:00pm



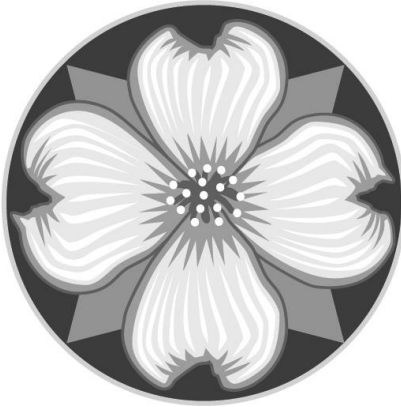
**Johnson Creek
Watershed Council**





**A walk in the sun
To consume spam masubi
There's nothing better**

-Cassandra Dufresne



RS Agenda Item

3

Proclamations & Awards

PROCLAMATION

WHEREAS the Vietnamese Community of Oregon (VNCO) is an organization, whose mission is to unite, support, and foster pride in all members of the Vietnamese community, in the City of Milwaukie and throughout Oregon. They act to ensure all Vietnamese Americans understand that they have a voice and a place in society; and

WHEREAS the Vietnamese Community of Oregon achieves this by passing down Vietnamese culture and traditions from generation to the next generation, while striving to strengthen relationships with other ethnic communities throughout Oregon and Southern Washington; and

WHEREAS the most important of these traditions is that of the Lunar New Year Celebration, a celebration of joy, history, and culture for all Vietnamese, wherever they are in the world; and

WHEREAS this important tradition has been celebrated and organized by the Vietnamese Community of Oregon, in the City of Milwaukie and neighboring cities across Oregon for the last 50 years; and

WHEREAS we continue that tradition today, by showing our support to the Vietnamese American communities, not only in Oregon, but across America, to be an example of unity for future generations.

NOW, THEREFORE, I, Lisa Batey, Mayor of the City of Milwaukie, a municipal corporation in the County of Clackamas, in the State of Oregon, do hereby proclaim **February 14, 2026**, to be **Vietnamese Lunar New Year Celebration Day** in Milwaukie and encourage all residents to observe this day.

IN WITNESS, WHEREOF, and with the consent of the City Council of the City of Milwaukie, I have hereunto set my hand on this 3rd day of February 2026.

Lisa M. Batey, Mayor

ATTEST:

Scott S. Stauffer, City Recorder

RS 3. A. 2/3/26
Presentation

Lunar New Year Proclamation *2026*

February 3, 2026



Lunar New Year 2026



Lunar New Year 2026

PROCLAMATION

WHEREAS the Vietnamese Community of Oregon (VNCO) is an organization, whose mission is to unite, support, and foster pride in all members of the Vietnamese community, in the City of Milwaukie and throughout Oregon. They act to ensure all Vietnamese Americans understand that they have a voice and a place in society; and

WHEREAS the Vietnamese Community of Oregon achieves this by passing down Vietnamese culture and traditions from generation to the next generation, while striving to strengthen relationships with other ethnic communities throughout Oregon and Southern Washington; and

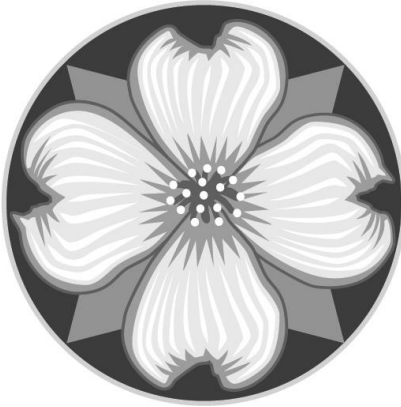
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RS Agenda Item

5

Community Comments

From: [Jo Anne Bird](#)
To: [City Council](#)
Subject: Utility Payment
Date: Tuesday, February 3, 2026 10:53:25 AM

To Anyone at City Hall who will Listen:

So, It's time to pay the utility water bill again. I still can't pay monthly from my checking account - only if I set up autopay. If I put it on a DEBIT card there's a 3% markup.

Website says:

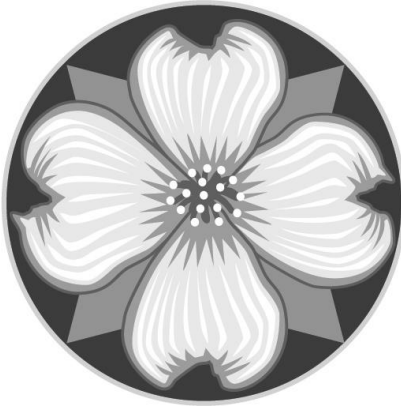
- Pay by cash or check
- Use your bank's online bill pay service.
- Enroll in ACH Auto Pay at milwaukieoregon.gov/utilitybilling/auto-pay-your-utility-bill

I pay ALL the other utilities on their websites using the checking account. Now I have to go to the bank account and have OnPoint send them a check. I really don't see the difference between my paying from my checking account online, delivering a check to City Hall, or having my bank mail you a check from my account.

This seems an unnecessary hassle. Once again City Staff go to extra lengths to annoy the residents who live with their decisions. I'm REALLY grumpy about this.

Thanks.

Jo Anne Bird
evenstar@hevanet.com



RS Agenda Item

6

Consent Agenda

COUNCIL WORK SESSION

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

MINUTES

JANUARY 6, 2026

Council Present: Councilors Adam Khosroabadi, Robert Massey, Rebecca Stavenjord, and
Council President Will Anderson, and Mayor Lisa Batey

Staff Present: Joseph Briglio, Acting City Manager Justin Gericke, City Attorney
Mandy Byrd, Development Project Manager Scott Stauffer, City Recorder

Mayor Batey called the meeting to order at 4:02 p.m.

1. State Legislative Update – Discussion

Mark Gamba, State Representative, provided an update on federal and state issues and a preview of the upcoming 2026 short session of the state legislature. The group discussed legislation related to tax law and government revenue constraints, funding for the Oregon Department of Transportation (ODOT), prioritizing transportation projects, inflation and affordability challenges, virtual power plants (VPPs) and electrical grid transmission issues, and the possibility of implementing a sales tax.

Council asked about the state's middle income revolving loan (MIRL) program and **Gamba** suggested the program needed to be revised by the legislature before cities looked at implementing it. The group remarked on how the MIRL program had been designed, what affordable housing development issues it was intended to address, and how it might be amended to function better in practice.

The group discussed proposals to amend state public meeting laws, the state's response to ongoing federal immigration enforcement actions, and the city's ongoing negotiations with the North Clackamas Parks and Recreation District (NCPRD) regarding Milwaukie Bay Park Phase III construction and general parks maintenance.

Briglio and **Gamba** remarked on the process for the city and representative's office to track legislation during the short session of the legislature.

2. Land Banking Strategy – Discussion, continued

Briglio and **Byrd** provided an update on the city's Housing Production Strategy (HPS) and land banking strategy, including partnerships with nonprofit and community groups, maintaining an inventory of properties, and creating policies and agreements.

Mayor Batey, **Briglio**, and **Councilor Massey** remarked on how the city had historically purchased property to land bank and on best practices and tools the city could use to buy land in the future. The group commented on the involvement of the city's urban renewal agency (URA), the Milwaukie Redevelopment Commission (MRC), in funding land banking projects, and what tools the city had used to respond to opportunities to purchase properties to date.

Council discussed areas of Milwaukie that lacked parks and affordable housing properties, focusing on neighborhood hub areas. It was Council consensus to support the staff recommendation related to the land banking strategy and proposing a budget request to fund the land banking framework.

Councilor Stavenjord and **Briglio** noted that staff would refine a funding package to support the land banking strategy to propose to Council at a future meeting. **Stavenjord** and **Councilor Massey** discussed creating a subcommittee of Council members to inform staff's land banking work and **Mayor Batey** believed the entire Council needed to be aware of land banking work.

3. Council Committee Assignments – Review

The group reviewed the assignments, discussed various changes, and remarked on whether a Council member should be a liaison to the Downtown Alliance of Milwaukie (DAM). **Briglio** confirmed that the revised matrix would be brought for Council adoption at the January 20, 2025, regular session.

4. Adjourn

Mayor Batey adjourned the meeting at 6:06 p.m.

Respectfully submitted,

Scott Stauffer, City Recorder

COUNCIL REGULAR SESSION

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

MINUTES

JANUARY 6, 2026

Council Present: Councilors Adam Khosroabadi, Robert Massey, Rebecca Stavenjord, and
Council President Will Anderson, and Mayor Lisa Batey

Staff Present: Joseph Briglio, Acting City Manager Adam Moore, Parks & Greenspace Development Manager
Justin Gericke, City Attorney Gabriela Santoyo Gutierrez, Equity & Inclusion Coordinator
Brent Husher, Library Director Scott Stauffer, City Recorder

Mayor Batey called the meeting to order at 6:33 p.m.

1. CALL TO ORDER

A. Pledge of Allegiance.

B. Native Lands Acknowledgment.

2. ANNOUNCEMENTS

Mayor Batey announced upcoming activities, including a work part at the Minthorn Springs Natural Area, the North Clackamas Watersheds Council (NCWC) Christmas Tree collection event, a panel discussion on housing and homelessness at the Ledding Library, and the 2025 volunteer of the year nomination process.

Mayor Batey read a home-themed haiku poem.

3. PROCLAMATIONS AND AWARDS

A. None Scheduled.

4. SPECIAL REPORTS

A. None Scheduled.

5. COMMUNITY COMMENTS

Mayor Batey reviewed the comment procedures. **Briglio** reported there was no follow-up from the December 16 comments and remarked on correspondence received since the last meeting that addressed electric vehicle (EV) charging stations in downtown Milwaukie and the impact of state housing policy on the city's policies.

Chris Scott, Milwaukie resident, expressed frustration with the city's decision to pass the credit card usage fee on to utility customers and asked why the city had made that decision. **Mayor Batey** remarked on the expense of rising credit card fees and noted that the acting city manager would provide additional information at the next meeting.

Lisa McCally-Sprague, Milwaukie resident, commented on current and coming housing projects in the Linwood Neighborhood and hoped the city could continue to work on providing commercial hubs in that area.

6. CONSENT AGENDA

It was moved by Councilor Khosroabadi and seconded by Councilor Stavenjord to approve the Consent Agenda as presented.

A. City Council Meeting Minutes:

1. November 4, 2025, work session,
2. November 4, 2025, regular session,
3. November 13, 2025, special session,
4. November 18, work session, and
5. November 18, regular session.

B. Resolution 1-2026: A resolution of the City Council of the City of Milwaukie, Oregon, establishing the 2026 City Council meeting schedule.

C. Resolution 2-2026: A resolution of the City Council of the City of Milwaukie, Oregon, designating the 2026 papers of record.

D. Resolution 3-2026: A resolution of the City Council of the City of Milwaukie, Oregon, removing and appointing members of the Public Safety Advisory Committee (PSAC).

E. Resolution 4-2026: A resolution of the City Council of the City of Milwaukie, Oregon, authorizing a contract with Pace, Inc. and Emerio Design, LLC for on-call surveying services (RFPQ-2025-046).

F. Approval of an Oregon Liquor and Cannabis Commission (OLCC) Application for 1847 Food Park, 1915 SE Scott Street – Retail

Motion passed with the following vote: Councilors Anderson, Khosroabadi, Massey, and Stavenjord and Mayor Batey voting “aye.” [5:0]

7. BUSINESS ITEMS

A. Naming and Memorial Policies Adoption – Resolution

Santoyo-Gutierrez and **Moore** reviewed the process to draft a naming policy, explaining that the proposed policy was based on policies in place in other jurisdictions and feedback from the city’s Equity Steering Committee (ESC), community groups, and city partners. They noted key elements of the proposed policy, including the process for proposed facility or asset names to be proposed, reviewed, and considered by Council.

Mayor Batey, **Moore**, and **Santoyo-Gutierrez** confirmed that a name proposed as part of a financial donation to the city would go through the naming review process. They discussed the community engagement work done to solicit feedback on the proposed naming policy, including online surveys and meetings with representatives of the Confederated Tribes of the Grand Ronde (CTGR), community groups, and the North Clackamas Parks and Recreation District (NCPRD).

Santoyo-Gutierrez and **Moore** presented and discussed the results of an online community survey on the proposed naming policy, review process sub-committee, naming streets, and honoring outstanding individuals. They asked for Council feedback on the proposed policy. **Council President Anderson**, **Councilor Stavenjord**, and **Mayor Batey** expressed support for the policy.

Mayor Batey worried that the policy may limit the number of large donations and **Santoyo-Gutierrez** observed that the policy could be revised in the future. **Councilor Khosroabadi** suggested the policy could encourage more donations.

It was moved by **Councilor Stavenjord** and seconded by **Councilor Khosroabadi** to approve the resolution adopting policy and procedures for naming assets and facilities. Motion passed with the following vote: **Councilors Anderson, Khosroabadi, Massey, and Stavenjord** and **Mayor Batey** voting “aye.” [5:0]

Resolution 5-2026:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ADOPTING POLICY AND PROCEDURES FOR NAMING ASSETS AND FACILITIES.

Moore reviewed next steps to form a Naming Subcommittee. **Mayor Batey** and **Moore** remarked on possible park renaming proposals that may come up soon.

8. PUBLIC HEARING

A. None Scheduled.

9. COUNCIL REPORTS

Council remarked on the arrival of City Manager Emma Sagor’s newest child.

Councilor Khosroabadi commented on recent Clackamas County Community Action Board (CAB) meetings and projects and discussed a property development project on Stanley Avenue involving the removal of a large tree. **Khosroabadi** proposed an amendment to the city’s tree code that would further protect large trees from being taken down for housing development. **Briglio** remarked on the tension between housing projects and tree protections and **Mayor Batey** noted what Council had done to protect trees and the upcoming package of amendments to the tree code.

Mayor Batey reported on proposed cuts to TriMet’s service lines in Milwaukie. **Councilor Khosroabadi** and **Council President Anderson** noted plans to attend TriMet’s upcoming open house on the proposed cuts and how the city might encourage residents to use public transit services.

Mayor Batey proposed bringing back monthly Council pizza nights at meetings. The group discussed Council meals, and it was Council consensus for staff to provide pizza at one meeting a month.

Mayor Batey reported on recent work around Metro’s proposed Supportive Housing Services (SHS) funding.

Stauffer noted Council was scheduled to visit the Clackamas Service Center (CSC) on January 13. The group discussed plans to share rides to CSC from city hall and noted that after the site visit, Council would meet in executive session at city hall.

10. ADJOURNMENT

It was moved by **Councilor Stavenjord** and seconded by **Councilor Khosroabadi** to adjourn the Regular Session. Motion passed with the following vote: **Councilors Anderson, Khosroabadi, Massey, and Stavenjord** and **Mayor Batey** voting “aye.” [5:0]

Mayor Batey adjourned the meeting at 7:37 p.m.

Respectfully submitted,

Scott Stauffer, City Recorder

COUNCIL SITE VISIT

Clackamas Service Center, 8800 SE 80th Avenue
Clackamas, OR (www.milwaukieoregon.gov)

MINUTES

JANUARY 13, 2026

Council Present: Councilors Adam Khosroabadi, Robert Massey, Rebecca Stavenjord, and Mayor Lisa Batey

Council Absent: Council President Will Anderson

Staff Present: Joseph Briglio, Acting City Manager Brent Husher, Library Director

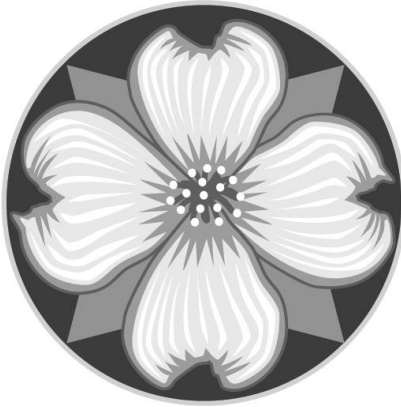
Members of Council and staff participated in a site visit starting at 2:00 p.m.

The group toured the Clackamas Service Center (CSC) and the CSC's Warehouse Food Hub located at 8937 SE Janssen Road, Building D, Clackamas, Oregon, 97015.

The tour ended at 4:15 p.m.

Respectfully submitted,

Joseph Briglio, Acting City Manager



RS Agenda Item

7

Business Items

COUNCIL STAFF REPORT

To: Mayor and City Council
Joseph Briglio, Acting City Manager

Reviewed: Matthew Deeds, Assistant Finance Director

From: Michael Osborne, Finance Director

Subject: **Fiscal Year (FY) 2025 Audit Presentation**

Date Written: Jan. 26, 2026

ACTION REQUESTED

Informational only.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[September 8, 2025](#): The Audit Committee met to discuss the risk assessment, audit scope and plan for the FY 2025 audit.

November 2025: Baker Tilly (formally Moss Adams) performed onsite field work and reviewed city's processes and financial statements and workpapers.

December 2025: Baker Tilly issued a "clean" opinion on the city's Annual Comprehensive Financial Report (ACFR) for the FY ending June 30, 2025.

January 28, 2026: Ashley Osten and Kelly Jones from Baker Tilly are scheduled to meet with the Audit Committee to review the results of the financial statements for FY ending June 30, 2025.

ANALYSIS

The ACFR for the FY ending June 30, 2025, was audited by the city's independent audit firm, Baker Tilly. The city was issued a "clean" opinion and Baker Tilly will provide the details and highlights in their presentation to council.

BUDGET IMPACT

The annual financial audit validates the city's fund balances and makes sure the city is staying within its biannual budget.

CLIMATE & EQUITY IMPACTS

None.

WORKLOAD IMPACT

Preparation of the ACFR is a significant work accomplishment for the finance department every year. Receiving a "clean" opinion is important to maintaining the city's Aa2 credit rating, which keeps the cost of borrowing down. In addition, staff prepares the People's Annual Financial Report (PAFR), which incorporates information from the ACFR with other information about the city to create a readily.

COORDINATION, CONCURRENCE, OR DISSENT

The ACFR has been submitted to the Oregon Secretary of State for legal compliance, posted on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) database service, and submitted to the Government Finance Officers Association (GFOA) for

compliance with best practice.

STAFF RECOMMENDATION

No action needed.

ALTERNATIVES

None.

ATTACHMENTS

1. ACFR for FY 2025

FISCAL YEAR



CITY OF MILWAUKIE

2025



— ANNUAL COMPREHENSIVE FINANCIAL REPORT —

Milwaukie, Oregon

CITY OF MILWAUKIE, OREGON

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**



This report was printed on recycled paper

RS23

CITY OF MILWAUKIE, OREGON

Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025

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SECTION I

INTRODUCTORY SECTION

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





December 24, 2025

Mayor Lisa Batey, City Councilors and
Residents of the City of Milwaukie, Oregon

The Annual Comprehensive Financial Report (Annual Report) of the City of Milwaukie, Oregon (city) for the fiscal year ending June 30, 2025, is hereby submitted.

This report presents the financial position of the city as of June 30, 2025, 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.

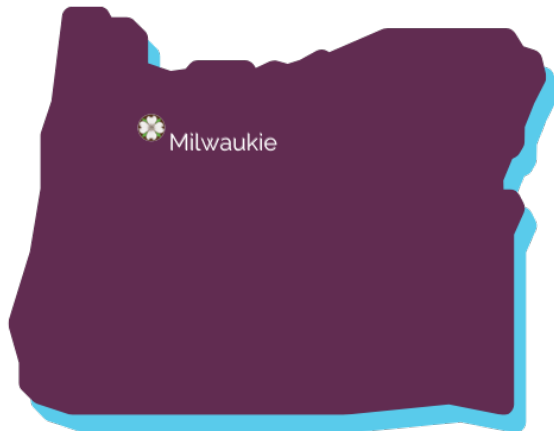
The accuracy of the city's financial statements and the completeness and fairness of their presentation is the responsibility of city management. The city maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized 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.

Baker Tilly US, LLP, Certified Public Accountants (CPA's), issued an **unmodified or "clean" opinion** on the city's financial statements for the fiscal year ended June 30, 2025. The independent auditor's report is located within the Financial Section of this Annual Report.

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

Governmental Structure



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

The City of Milwaukie is a community where residents, civic organizations, businesses, and government work together to ensure that the community retains its hometown identity, high quality of life and its natural beauty. Today, Milwaukie serves a population of 21,594 and is close to the region's business core and urban amenities, with the City of Portland just to the north. At the same time, the city provides a small-town atmosphere and distinct neighborhoods. Milwaukie is approximately 26 miles from the Portland International Airport.

Milwaukie is a municipality that operates under a council/city manager form of government. The elected city council consists of the mayor and four councilors who act as the board of directors. The city council sets policies for city government, enacts ordinances, and hires, directs and evaluates the city manager. In turn, the city manager is the city's chief executive officer, responsible for overall management and administration.

Municipal services are provided by city employees and headed by the city manager. The city operates its own police department, a municipal court, a library and provides services for street operations, building permits, planning and engineering, water, wastewater, and surface water utilities.

Milwaukie maintains budgetary controls to ensure compliance with legal provisions in the biannual appropriated budget adopted by the city council. The level of budgetary control (the position in which expenditures cannot legally exceed the appropriated amount) is established by department within each individual Fund.

Milwaukie lies within Clackamas County, which is headed by a board of commissioners and is based in the neighboring City of Oregon City. Clackamas Fire District No. 1 (CCFD) provides fire and emergency services to the community. Parks and recreation are maintained and operated by North Clackamas Parks and Recreation District, which was formed in 1990 with Milwaukie as an original member. The City of Milwaukie is also part of Metro, the tri-county urban services district based in Portland, and receives light rail and bus services from TriMet, the Portland metropolitan area transit provider.

Financial Condition: A year focused on stabilization and revitalization

When the 2025-26 Biennial Budget was adopted, Milwaukie was at an inflection point, coming off five years of considerable change. This included the fall out of the global Covid-19 pandemic, adapting to more frequent and volatile weather emergencies due to our changing climate, navigating growing houselessness and behavioral health challenges throughout the region, and changing leadership in key city positions, including city manager and police chief. The city also sold its historic city hall, moved the municipal headquarters to a newly renovated building, and continued delivering an ambitious Capital Improvement Plan of infrastructure projects.

This period of volatility and change was reflected in our financial picture. On the one hand, the city had received an influx of financial support from pandemic relief programs following 2020, which were coming to a close. On the other, inflationary pressures meant the cost of providing city services was outpacing municipal revenues. Milwaukie adopted a balanced biennial budget in June 2024, as required by the statutory limits of Oregon budget law, but the city's forecast indicated a need to identify more sustainable revenue streams over the biennium to avoid significant cuts to general funded services like public safety, facilities maintenance and accessibility, customer support, events and public engagement, and more beginning in fiscal year (FY) 2027.

Alongside its newly adopted budget, the city undertook a “financial stability strategy” focused on three efforts: stabilizing costs, maximizing existing revenue streams, and identifying new revenue sources to sustain growing demand for city services. During FY 2025, city leadership took concerted steps in each area, including:

- **Stabilizing costs**
 - Adopting a “hold the line” budget message for FY 2025 and 2026, meaning departments did not increase expenditures wherever possible
 - Making smarter decisions about technology subscriptions and procurement to ensure strategic financial investments over longer terms
 - Changing our philosophy on capital budgeting to focus on a more realistic infrastructure delivery list and invest more in operations and maintenance
- **Maximizing existing revenue streams**
 - Increasing vital revenue streams to support core services, including right-of-way license fees from 5% to 8%
 - Ensuring all eligible expenses for city investments and services in the Urban Renewal Area are appropriately charged to that fund
- **Identifying new revenue opportunities**
 - Garnering public and council support for new revenue streams, including a public safety fee on the utility bill and a future red light/speed on green camera program

In addition to these actions, the city council adopted new, three-year policy goals that will move Milwaukie toward the realization of its 2040 Community Vision. These new goals for 2025-2027 include the following:

- **Economic development**
 - Revitalizing downtown Milwaukie through business investment, placemaking, infrastructure improvements, and public-private partnership

- Supporting commercial activity in neighborhood hubs around Milwaukie
- **Parks and greenspace**
 - Delivering priority, long-awaited parks projects, including Milwaukie Bay Park and the Kellogg Creek Restoration Project
 - Developing a comprehensive greenspace management plan for the city
- **Affordability**
 - Ensuring the city's utility systems are maximally efficient and responsive to reduce costs on ratepayers to the extent possible
 - Incentivizing the development of affordable, income-restricted housing within city limits

As shown in this ACFR, the city is proud of the combined impact these strategic steps have taken to stabilize the city's financial picture. Milwaukie continues to be able to balance its budgets, although margins are growing thinner. New revenue streams, like the public safety fee passed in 2025, more strategic capital budgeting, and smarter use of the city's Urban Renewal Area have helped smooth the five-year general fund forecast. While other cities in the region are facing staff layoffs and significant service cuts, Milwaukie has been able to sustain its workforce and services for the time being.

This cautious, conservative, and strategic approach will continue into the next fiscal year and next biennium. Staff leadership are actively discussing the financial forecast with city council and the potential need for larger revenue moves in future years. But for now, we are proud of how we have managed smart, meaningful investments in areas that matter most to our constituents while keeping financial stewardship and sustainability at the forefront.

National Financial and Budget Awards

Annual Financial Reporting Award. Since the early nineties, the city has received the *Certificate of Achievement for Excellence in Financial Reporting* award from the Government Finance Officers Association (GFOA). To receive this award, a government unit must publish an easily readable and efficiently organized Annual Report whose contents conform to program standards and satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

People's Annual Financial Reporting Award. The city has consecutively received the *Award for Outstanding Achievement in Popular Annual Financial Reporting* from the GFOA. In order to receive this award, a government unit must publish a People's Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

Distinguished Budget Presentation Award. Additionally, the city received the *Distinguished Budget Presentation Award* for its biennium 2025-2026 budget document from the GFOA. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a governmental entity, its financial staff, and its management. This international award program was established in 1984 to encourage exemplary budgetary practices and to provide peer recognition for government finance officers who prepare budget documents. A budget's proficiency is rated in four major categories: policy document, an operations guide, a financial plan, and a communications device.


Triple Crown Award. GFOA recognizes governments who have received all three of the above awards. Milwaukie has received these awards since the 2021-2022 biennium budget, which is the inaugural year of this award from GFOA. These awards are prestigious national awards that recognize conformance with the highest standards for preparation of state and local government financial reports.

Acknowledgments

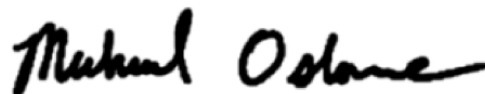
Audit Committee. In July 2012, the City Council established an audit committee to ensure that audits are completed annually in accordance with Oregon state law, provide oversight of the independent auditors, assist in the review and selection of audit firms, and ensure transparent communication back to the City Council and the Milwaukie residents. The committee members are comprised of one council member, one budget committee member and three community members. Preference is first given to CPAs residing within the city limits and second to CPAs with a city affiliation; committee terms are for two years. Gratitude is given to the dedicated members who reviewed this fiscal year's audit. Thank you to Matthew Dake (Chair), Councilor Robert Massey, Mary Rowe (Budget Committee liaison and Vice Chair), and community members Mona Henry and Mack Golos.

City Team. The preparation of this report was a combined effort of the dedicated finance staff under the direction of Michael Osborne during fiscal year 2025. A special thank you is given to the team of Matthew Deeds, Judy Serio, Kelli Tucker, Tayler Bremont, and Mattie Dulka on the completion of this year's audit and report. We wish to express our appreciation to everyone who contributed to the preparation of this report. We also express gratitude to the Mayor and Councilors for their dedication and support in maintaining the highest standards of professionalism in the management of the city's finances.

Respectfully submitted,



Emma Sagor
City Manager



Michael Osborne
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Milwaukie
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

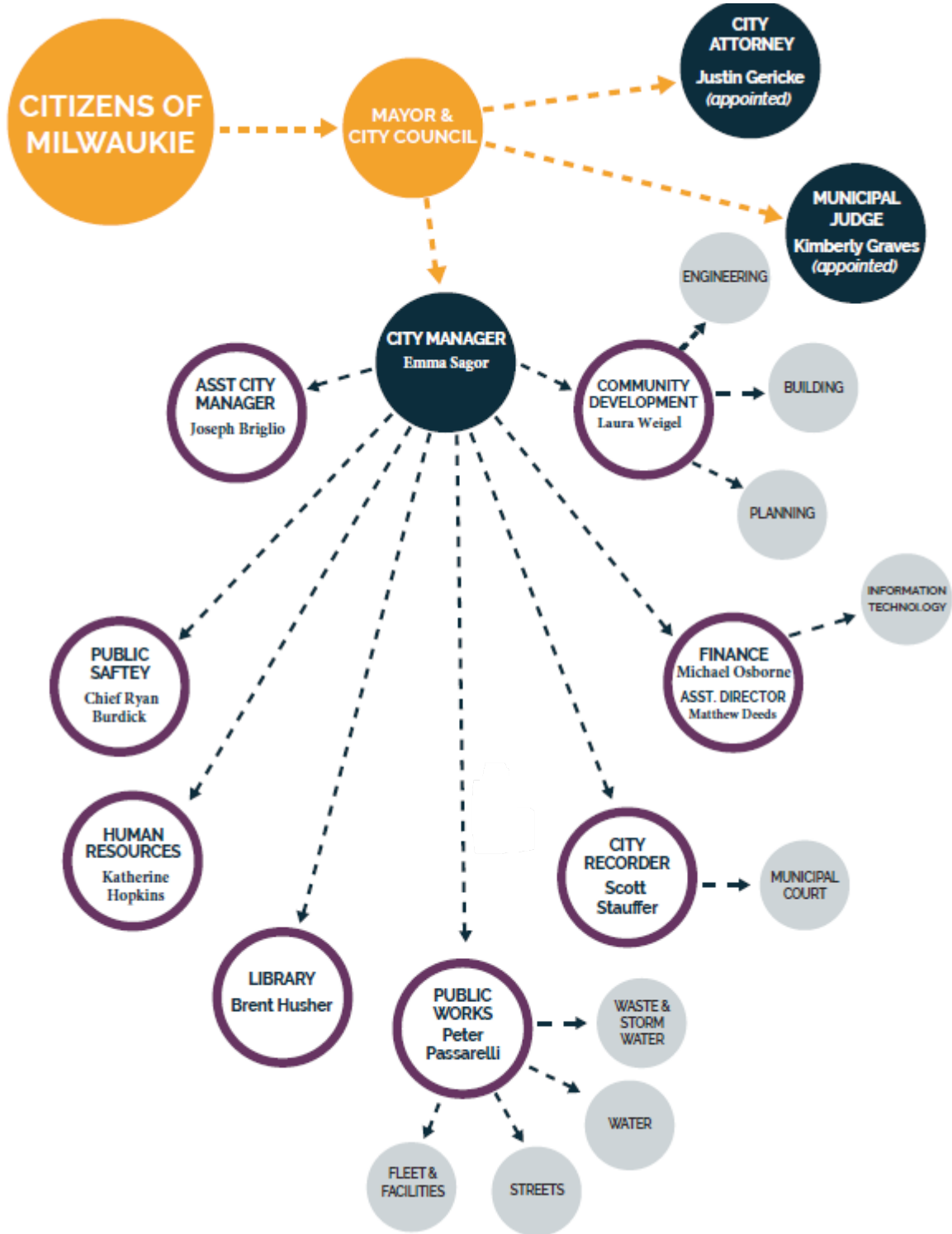
Executive Director/CEO

**CITY OF MILWAUKIE, OREGON
ELECTED AND APPOINTED OFFICIALS
AS OF JUNE 30, 2025**

Elected Officials	Term Expires
Lisa Batey, Mayor	December 31, 2026
Adam Khosroabadi, Councilor	December 31, 2028
William Anderson, Councilor	December 31, 2028
Robert Massey, Councilor	December 31, 2026
Rebecca Stavenjord, Councilor	December 31, 2026

Appointed Officials	Position
Emma Sagor	City Manager
Justin D. Gericke	City Attorney
Kimberly Graves	Municipal Court Judge
 Management Team:	
Joseph Briglio	Assistant City Manager
Scott Stauffer	City Recorder
Michael Osborne	Finance Director
Katherine Hopkins	Human Resources Director
Brent Husher	Library Director
Ryan Burdick	Police Chief
Peter Passarelli, PE	Public Works Director

CITY OF MILWAUKIE, OREGON ORGANIZATIONAL CHART AS OF JUNE 30, 2025





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



Report of Independent Auditors

The Honorable Mayor and City Council
City of Milwaukie, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Milwaukie, Oregon (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Milwaukie, Oregon as of June 30, 2025, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Restatement of Previously Issued Financial Statements

As discussed in Note 20 to the financial statements, the City of Milwaukie, Oregon has restated their previously issued financial statements to correct for misstatements related to depreciation of the City's capital assets. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures, and changes in fund balances – budget and actual for the General Fund, Transportation Fund, and Milwaukie Redevelopment commission Fund, schedule of the City's total OPEB liability and changes in total OPEB liability, schedule of the City's proportionate share, schedule of the City's contributions, and notes to required supplementary information 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 total OPEB liability and changes in total OPEB liability, schedule of the City's proportionate share, schedule of the City's contributions, and notes to required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedules of revenues, expenditures, and changes in fund balances – budget and actual for the General Fund, Transportation Fund, and Milwaukie Redevelopment Commission Fund, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milwaukie, Oregon's basic financial statements. The combining statements and the budgetary comparison schedules as listed in the table of contents under other supplementary information, the schedule of future debt service requirements, and schedule of accountability of independently elected officials are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2025, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 24, 2025, on our consideration of the City’s compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of *the Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Ashley Osten, Principal, for
Baker Tilly US, LLP
Portland, Oregon
December 24, 2025



CITY OF MILWAUKIE, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the city for the fiscal year ended June 30, 2025. 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 \$221.1 million on June 30, 2025, consisting of \$80.5 million in current and other assets and \$140.6 million in capital assets. Total assets increased by \$7.2 million (3.4%) from the previous fiscal year.
- The city's liabilities totaled \$85.9 million on June 30, 2025, consisting of \$73.4 million in long-term liabilities and \$12.5 million in other liabilities. Total liabilities decreased by \$4.0 million (4.5%) from the previous fiscal year.
- The assets and deferred outflows of resources of the city exceeded its liabilities and deferred inflows of resources by \$139.4 million at the close of fiscal year 2025. The city's net position invested in capital assets was \$104.9 million and restricted for capital projects, building operations, library services, debt service, public safety and other purposes was \$43.8 million.
- The deferred outflows of resources for the city increased to \$8.3 million, compared to \$6.8 million in fiscal year 2024. The deferred inflows of resources for the city increased to \$4.2 million, compared to \$3.2 million in fiscal year 2024. These deferrals increased because of the increase in pension deferrals as determined by actuaries.
- For its governmental activities, the city generated \$6.9 million in charges for services and received \$7.7 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 \$20.2 million. The governmental activities also received \$19.7 million in general revenues and \$4.5 million in transfers, resulting in an increase in net position of \$4.0 million.
- For its business-type activities, the city generated \$19.4 million in charges for services and received \$3.8 million in operating and capital grants and contributions to fund direct expenses of \$12.0 million. Business-type activities had transfers out of \$4.5 million. Business-type activities had an increase in net position of \$7.8 million.
- Fund balance in the city's governmental funds was \$54.2 million on June 30, 2025, a decrease of \$2.0 million from the previous fiscal year. This decrease is mostly due to inflation and rising payroll costs, per collective bargaining agreements, exceeding revenues in the General Fund, and spending 2023 bond proceeds in the Transportation Fund.
- The City has an error correction of \$22.4 million related to capital asset depreciation. This is discussed in more detail at note 20 in the Notes to Basic Financial Statements. For accurate comparison between fiscal years, the 2024 financials have been restated in the tables below to account for this error.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of this annual report contains the *basic financial statements, required supplementary information, and other supplementary information*. The basic financial statements include *notes* that explain the information in the financial statements and provide additional details.

Government-wide Statements

The government-wide statements report information about the city using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes all the city's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two government-wide statements report the city's net position and how it has changed over the preceding year. Net position—the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the city's financial health or position.

Increases or decreases in the city's net position are one indicator of whether its *financial health* is improving or deteriorating. To assess the overall health of the city, additional nonfinancial factors such as changes in the city's property tax base, and the condition of the city's infrastructure must be considered.

The government-wide financial statements of the city are divided into two categories:

- **Governmental Activities** – includes most of the city's basic services such as community development, code enforcement, police, library, highways and streets, and general administration. Property taxes, charges for services, grants, and contributions fund most of these activities.
- **Business-type Activities** – includes fees charged to customers to help cover the costs of certain services the city provides. The city's water, wastewater, and stormwater services are included here.

Statement of Net Position

Net position serves as a useful indicator of a government's financial position. The city has continued to see assets and deferred outflows exceeding liabilities and deferred inflows. At the close of fiscal year 2025, assets and deferred outflows exceeded liabilities and deferred inflows by \$139.4 million.

By far the largest portion of the city's net position (75.3%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, infrastructure, intangible leases and subscriptions), less any related debt outstanding and any unspent proceeds used to acquire those assets. The city uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the city's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided

from other sources, since the capital assets themselves either cannot or are not expected to be used or liquidated to repay these liabilities.

Combined net position of the City of Milwaukie on June 30, 2025 and 2024 was as follows:

STATEMENT OF NET POSITION
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2025	FY 2024 (Restated)	FY 2025	FY 2024 (Restated)	FY 2025	FY 2024 (Restated)
Current and other assets	\$ 58,183	\$ 61,085	\$ 22,359	\$ 26,846	\$ 80,542	\$ 87,932
Capital assets (FY 2024 Restated)	86,525	82,309	54,000	43,576	140,525	125,885
Total assets	144,707	143,394	76,359	70,423	221,066	213,817
Deferred outflows of resources	7,439	6,052	886	718	8,324	6,770
Long-term liabilities	70,519	72,221	2,838	2,828	73,357	75,049
Other liabilities	7,130	7,680	5,397	7,200	12,527	14,880
Total liabilities	77,650	79,901	8,235	10,029	85,884	89,929
Deferred inflows of resources	3,652	2,730	500	432	4,153	3,161
Net position:						
Net investment in capital assets (FY 2024 Restated)	51,474	49,394	53,421	42,901	104,895	92,295
Restricted for:						
Public safety	8	79	-	-	8	79
Parks	66	1,094	-	-	66	1,094
PEG	97	-	-	-	97	-
Debt service	10	10	12	12	22	22
Construction Excise Tax	1,477	1,272	-	-	1,477	1,272
Library services	507	623	-	-	507	623
OPEB Asset	308	216	37	26	345	242
Building operations	5,356	4,953	-	-	5,356	4,953
Urban renewal	7,840	7,467	-	-	7,840	7,467
Transportation	24,700	26,603	-	-	24,700	26,603
Capital projects	3,353	2,669	-	-	3,353	2,669
Unrestricted	(24,350)	(27,564)	15,039	17,742	(9,311)	(9,822)
Total net position	\$ 70,844	\$ 66,816	\$ 68,509	\$ 60,680	\$ 139,354	\$ 127,497

Classification of Net Position

As of June 30, 2025, total net position increased from the prior year by \$11.9 million (9.3 %) to \$139.4 million.

A portion of the city's net position (\$43.8 million) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position is negative primarily because the majority of the city's net position is tied up in capital assets.

Statement of Activities

CHANGES IN NET POSITION (in thousands)

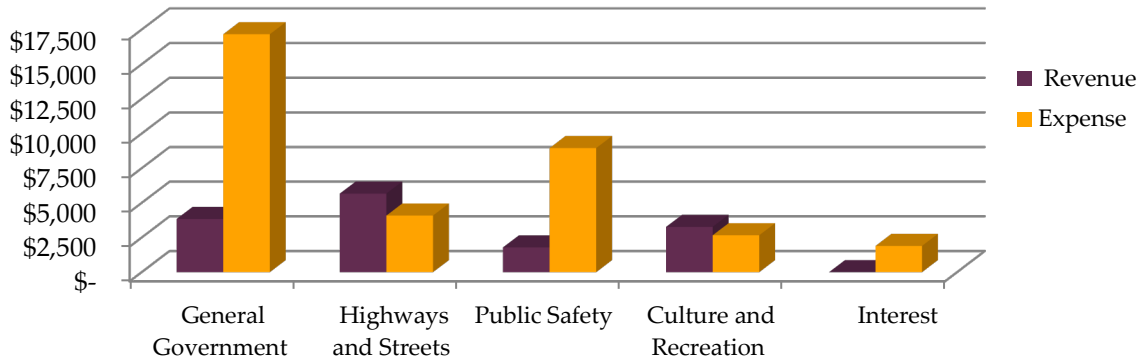
	Governmental Activities		Business-Type Activities		Total	
	FY 2025	FY 2024 (Restated)	FY 2025	FY 2024 (Restated)	FY 2025	FY 2024 (Restated)
Revenues						
Program revenues:						
Charges for services	\$ 6,909	\$ 5,874	\$ 19,398	\$ 19,236	\$ 26,307	\$ 25,110
Operating grants and contributions	5,600	5,798	-	210	5,600	6,008
Capital grants and contributions	2,058	520	3,759	548	5,817	1,068
General revenues:						
Property taxes	12,389	11,808	-	-	12,389	11,808
Franchise taxes	4,529	3,898	-	-	4,529	3,898
Miscellaneous	2,817	3,514	1,173	1,039	3,990	4,554
Total revenues	<u>34,301</u>	<u>31,412</u>	<u>24,330</u>	<u>21,034</u>	<u>58,631</u>	<u>52,446</u>
Expenses (FY 2024 Restated)						
Governmental activities:						
General government	17,165	16,925	-	-	17,165	16,924
Highways and streets	4,086	5,090	-	-	4,086	5,090
Public safety	8,953	7,300	-	-	8,953	7,300
Culture and recreation	2,664	2,409	-	-	2,664	2,409
Interest on long-term debt	1,895	2,081	-	-	1,895	2,081
Business-type activities:						
Water	-	-	3,071	2,845	3,071	2,845
Wastewater	-	-	6,936	6,229	6,936	6,229
Stormwater	-	-	2,003	2,313	2,003	2,313
Total expenses	<u>34,763</u>	<u>33,805</u>	<u>12,011</u>	<u>11,387</u>	<u>46,774</u>	<u>45,192</u>
Change in net position before transfers	(462)	(2,393)	12,319	9,646	11,857	7,254
Transfers	4,490	4,453	(4,490)	(4,453)	-	-
Change in net position (FY 2024 Restated)	<u>4,028</u>	<u>2,060</u>	<u>7,829</u>	<u>5,193</u>	<u>11,857</u>	<u>7,254</u>
Net Position - beginning, as previously stated	-	52,333	-	50,581	-	102,914
Error Correction	-	12,423	-	4,906	-	17,329
Net Position - beginning, as restated	<u>66,816</u>	<u>64,756</u>	<u>60,680</u>	<u>55,487</u>	<u>127,496</u>	<u>120,243</u>
Net position - ending	<u>\$ 70,844</u>	<u>\$ 66,816</u>	<u>\$ 68,509</u>	<u>\$ 60,680</u>	<u>\$ 139,353</u>	<u>\$ 127,497</u>

Governmental Activities

Governmental activities increased the city's net position by \$4.0 million in fiscal year 2025, compared to a \$2.1 million increase in the prior fiscal year. Transfers from business to government activities were \$4.5 million. Most of this increase relates to the Systems Development Charges (SDC) fund, which had a large decrease in the prior year compared to an increase in the current year. This is because revenues were taken in over a period of years before being paid out to the Housing Authority of Clackamas County in FY2024 for construction work.

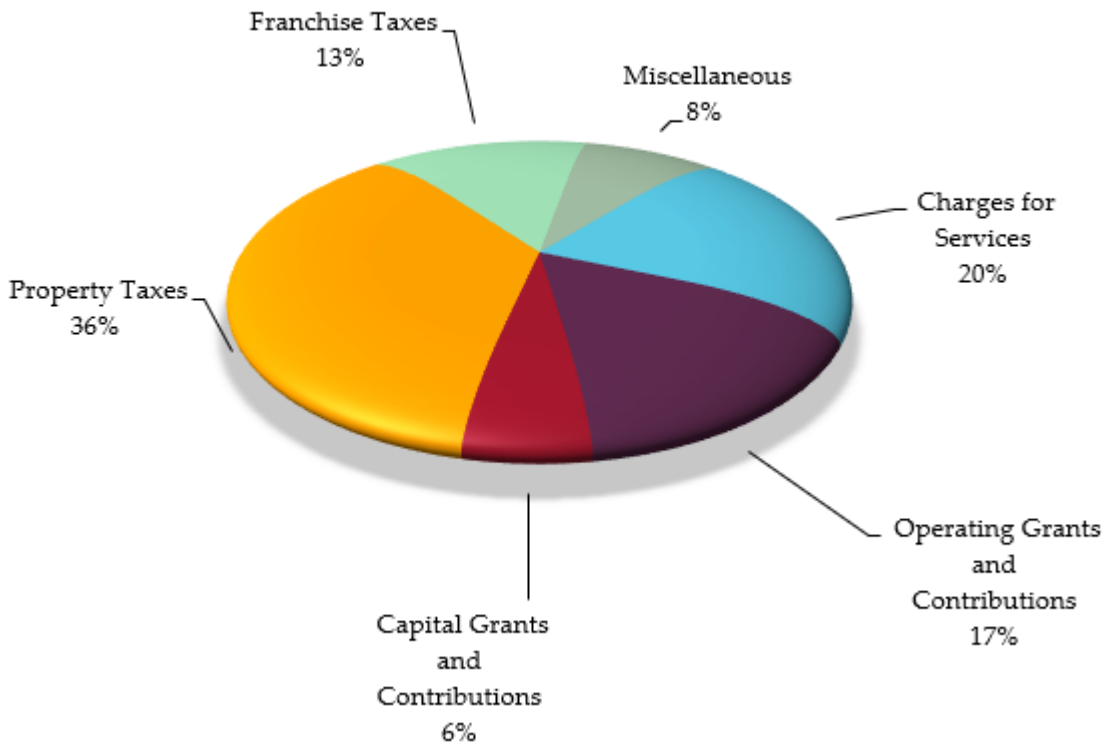
The following bar chart compares total revenues to total expenses for the city's governmental programs.

Program Revenues and Expenses - Governmental Activities (in thousands)



The revenues in the following pie chart include all program and general revenues for governmental activities including property taxes, franchise taxes, charges for services, operating and capital grants and contributions, and miscellaneous revenues. Property taxes continue to be the major source of revenue for the city's governmental activities.

Revenues by Source - Governmental Activities

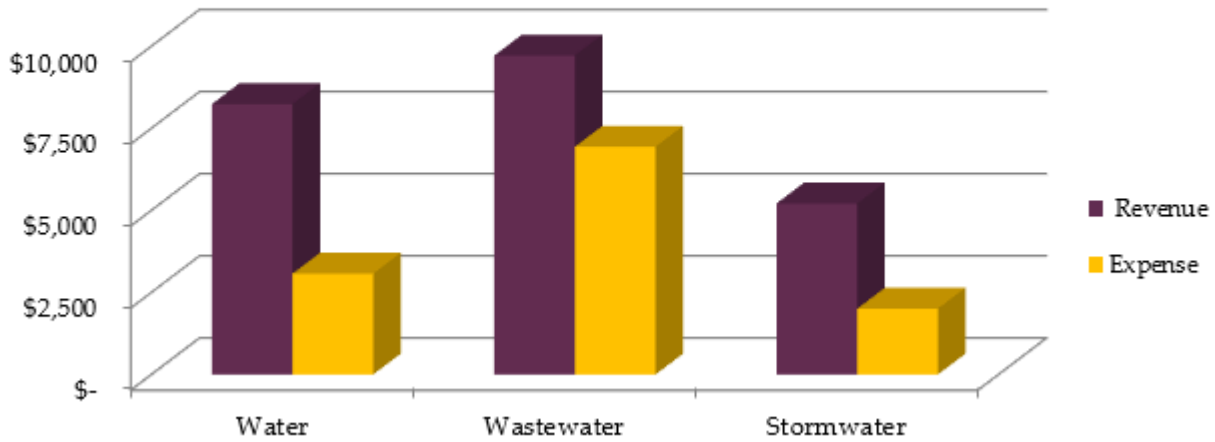


Business-type Activities

Business-type activities increased the city's net position by \$7.8 million, compared to an increase of \$5.2 million in the prior fiscal year, primarily because of significant construction in progress, whereby capital outlay far exceeded depreciation expense.

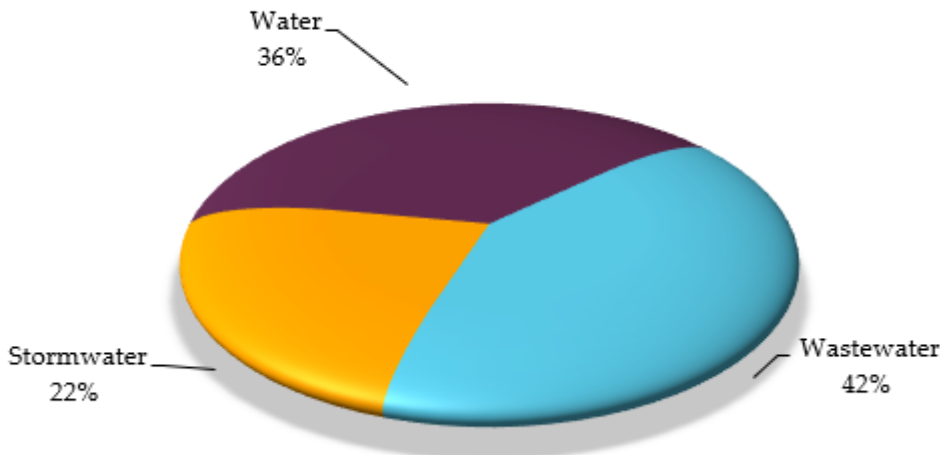
The following bar chart compares total revenues to total expenses for the city's business-type programs.

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



The Water, Wastewater, and Stormwater Fund revenues represent approximately 36%, 42%, and 22% of all utility revenue, respectively. The Water Fund accounts for all services that provide clean water to residents and businesses; the Wastewater Fund accounts for all sewer collection services; and the Stormwater Fund accounts for surface water management services.

Revenues by Utility - Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The focus of the city's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the city's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2025, the city's governmental funds reported a combined ending fund balance of \$54.2 million, a decrease of \$2.0 million for the year. Unassigned fund balance decreased to \$10.6 million as of June 30, 2025, and is available for spending at the city's discretion.

General Fund

The General Fund accounts for all the general governmental services provided by the city. On June 30, 2025, the total fund balance was \$11.5 million, which is a decrease of \$1.6 million for the year. The city's General Fund is funded with property taxes and franchise taxes, as well as charges for services. General Fund expenditures increased \$3.2 million to \$29.5 million in fiscal year 2025 primarily due to inflationary increases and payroll cost increases in accordance with collective bargaining agreements.

Transportation Fund

The Transportation Fund is a special revenue fund that accounts for the operation and maintenance of the city's street and sidewalk systems, including medians. Charges for services increased by \$0.5 million to \$2.9 million. Total expenditures consisted of capital projects (\$4.4 million), debt service (\$2.0 million), transfers to other funds (\$2.2 million) and personnel, materials and services (\$1.2 million). Overall expenditures increased by \$1.3 million from the prior year. The majority of this increase (\$1.2 million) relates to capital outlay, where the City increased spending of its 2023 bond proceeds. The ending fund balances decreased by \$1.9 million. The decrease in ending fund balance is a result of continued spending of the 2023 bond proceeds.

Milwaukie Redevelopment Commission

The Milwaukie Redevelopment Commission (MRC) is a special revenue fund that supports projects within the city's designated boundary to promote growth and renewal. As of June 30, 2025, the fund balance was \$7.8 million. The fund balance increased by \$.4 million during the year as property tax revenues and investment earnings exceeded expenditures. Property tax revenues continue to grow, mostly because of the completion of new apartment developments within the MRC boundary. Capital expenditures were significantly lower than budgeted because of project delays.

Other Governmental Funds

The other governmental funds are considered nonmajor funds, which include the Systems Development Charges Fund, City Hall Fund, Building Fund, Construction Excise Tax Fund, and Debt Service Fund. These funds had a combined ending fund balance of \$10.2 million. Further details on these funds can be found in the Other Supplementary Information section of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget for the 2025-2026 biennium budget period amounted to \$57.7 million. There were two budget adjustment resolutions adopted during the first year of the biennium to reallocate departmental budget authority and allow for previously unanticipated expenditures.

These budget resolutions served the following purposes:

- \$500,000 was moved from contingency to fund wage increases from a new collective bargaining agreement, and advance priority emergency preparedness and parks and greenspace work.
- \$554,350 in ARPA revenue was reappropriated to general fund projects because of unexpected cost savings on water & wastewater projects.
- \$800,000 in ARPA funds were appropriated for parks projects.
- \$146,846 of remaining fund balance in the City Hall Fund was transferred in upon closure of the fund to support art projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the city had \$140.5 million in capital assets, net of depreciation and amortization as reflected in the following table, representing a net increase (additions, deductions and depreciation) of \$14.6 million from fiscal year 2024. Governmental capital assets totaled \$86.5 million while business-type capital assets totaled \$54.0 million.

	Governmental Activities		Business-type Activities		Total	
	FY 2025	FY 2024 (Restated)	FY 2025	FY 2024 (Restated)	FY 2025	FY 2024 (Restated)
Land and easements	\$ 6,317	\$ 6,317	\$ 1,204	\$ 1,204	\$ 7,522	\$ 7,522
Buildings and improvements	29,595	25,981	4,734	4,937	34,328	30,918
Vehicles and equipment	2,538	2,019	3,955	1,412	6,493	3,430
Furniture and fixtures	561	546	-	-	561	546
Right to use Assets	399	468	-	-	399	468
Infrastructure	39,265	41,394	26,431	26,796	65,697	68,190
Construction in progress	7,849	5,583	17,676	9,228	25,525	14,811
Capital assets, net	<u>\$ 86,525</u>	<u>\$ 82,309</u>	<u>\$ 54,000</u>	<u>\$ 43,576</u>	<u>\$ 140,525</u>	<u>\$ 125,885</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*.

Capital assets, net of accumulated depreciation utilized in governmental activities increased by \$4.2 million from the prior fiscal year because of increases in construction in progress relating to parks and streets projects as well as a seismic retrofit and solar project. Business-type activities increased by \$10.4 million because of increases in construction in progress for water and

stormwater infrastructure projects. More detailed information about the city's capital assets is presented in the *Notes to the Basic Financial Statements*, Note 5.

Change in Capital Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2025	FY 2024 (Restated)	FY 2025	FY 2024 (Restated)	FY 2025	FY 2024 (Restated)
Beginning balance (Restated)	\$ 82,309	\$ 80,153	\$ 43,576	\$ 36,675	\$ 125,885	\$ 116,828
Additions	8,781	6,666	11,871	8,233	20,652	14,899
Reductions and adjustments	(76)	(300)	-	(13)	(76)	(314)
Depreciation	(4,489)	(4,210)	(1,448)	(1,318)	(5,937)	(5,528)
Ending balance	<u>\$ 86,525</u>	<u>\$ 82,309</u>	<u>\$ 54,000</u>	<u>\$ 43,576</u>	<u>\$ 140,525</u>	<u>\$ 125,885</u>

Debt Outstanding

As of the end of the fiscal year, the city had \$53.7 million in long-term debt obligations outstanding, a decrease from the prior year by \$2.4 million. More detailed information about the city's long-term debt obligations is presented in the *Notes to the Basic Financial Statements*, Note 8.

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

	Fiscal Year Ending	
	2025	2024
Governmental:		
Transportation Full-Faith & Credit Obligations	\$ 37,764	\$ 38,600
Library General Obligation Bond	5,650	6,080
City Hall Full-Faith & Credit Obligation	5,260	5,555
Light Rail General Obligation Bond	2,010	2,195
Pension Bond	1,205	1,625
Milwaukie Bay Park Full-Faith & Credit Obligation	310	380
Special Public Works Fund Loan	261	292
Add in Bond Premiums	613	666
	<u>53,073</u>	<u>55,393</u>
Business-Type:		
Oregon DEQ	579	675
Total	<u>\$ 53,652</u>	<u>\$ 56,068</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, 2025, the city carried \$8.0 million general obligation debt subject to this \$187.6 million limit.

Economic Factors

The City of Milwaukie is predominantly residential in nature, with commercial property and industrial property representing approximately 9% and 15% of the city's taxable assessed value, respectively. Therefore, the city receives a significant share of its revenue directly from residents in the form of property taxes and charges for services.

The State of Oregon does not have a sales tax, making property taxes the primary funding source for general government, public safety, and culture and recreation services provided by the city. The underlying taxable assessed value continues to be below real market values (currently about 49%); therefore, overall real market values would have to decrease an additional 51% before the city's property tax revenue stream would be significantly impacted.

Property taxes and charges for services provided approximately 62% of revenue used for governmental activities. Other significant revenue sources include operating grants and contributions, franchise fees, and capital grants and contributions.

Business-type activities are primarily funded with utility fees and charges. The Citizens' Utility Advisory Board oversees utility rate studies and reviews financial forecasts for each utility to recommend rates to the City Council for adoption. On January 1, 2017, City Council adopted the Safe Access For Everyone (SAFE) fee in order to improve safety and access throughout the city, such as improvements for ADA compliance, bicycle and pedestrian accessibility. The commercial rates are based on square footage and type of business; single-family residential rates are fixed at \$6.11. On June 5, 2019, the City Council adopted a new rate structure for water fees, providing a tiered system. With this new rate structure, there were no fee increases to water. Wastewater received a decrease in the administrative fee but had an increase of 2.5% in volume charges. Stormwater received an increase of 2.5% in volume charges.

Requests for Information

This financial statement report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the city's finances and to demonstrate the city's accountability for the resources it receives and expends. If you have questions about this report or need additional financial information, contact the Finance Department at the City of Milwaukie, 10501 SE Main Street, Milwaukie, Oregon 97222 or by email: finance@milwaukieoregon.gov.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

STATEMENT OF ACTIVITIES

FUND FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF MILWAUKIE, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 32,025,088	\$ 19,459,853	\$ 51,484,941
Restricted cash and investments	22,144,121	907,084	23,051,205
Property taxes receivable	455,951	-	455,951
Accounts receivable, net of allowance	2,923,471	1,868,501	4,791,972
Prepaid expenses	267,534	7,500	275,034
Leases receivable	58,132	79,230	137,362
Net OPEB Asset	308,398	36,720	345,118
Capital assets not being depreciated or amortized:			
Land and easements	6,317,484	1,204,142	7,521,626
Construction in progress	7,849,145	17,676,307	25,525,452
Capital assets net of accumulated depreciation and amortization:			
Buildings and improvements	29,594,535	4,733,582	34,328,117
Vehicles and equipment	2,538,141	3,954,612	6,492,753
Furniture and fixtures	560,992	-	560,992
Right to use assets - subscriptions	326,281	-	326,281
Right to use assets - leases	72,992	-	72,992
Infrastructure	39,265,144	26,431,423	65,696,567
TOTAL ASSETS	144,707,409	76,358,954	221,066,363
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources - pension	7,114,183	846,847	7,961,030
Deferred outflows of resources - OPEB	324,671	38,659	363,330
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,438,854	885,506	8,324,360

Continued on following page.

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

CITY OF MILWAUKIE, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2025

LIABILITIES:

Current liabilities:

Accounts payable	1,553,674	4,670,693	6,224,367
Accrued salaries and associated payroll costs	590,765	73,213	663,978
Accrued compensated absences payable	1,759,216	166,182	1,925,398
Accrued interest payable	110,390	2,811	113,201
Deposits payable	108,629	18,000	126,629
Unearned revenue	385,704	362,606	748,310
Lease liability, due within one year	34,656	-	34,656
Long-term obligations, due within one year	2,438,691	96,458	2,535,149
SBITA Liability, due within one year	93,201	-	93,201
Total OPEB Liability, due within one year	55,516	6,610	62,126

Noncurrent liabilities:

Lease liability, due in more than one year	45,521	-	45,521
Long-term obligations, due in more than one year	50,634,355	482,288	51,116,643
Net pension liability	18,984,361	2,259,829	21,244,190
SBITA Liability, due in more than one year	48,639	-	48,639
Total OPEB liability, due in more than one year	806,386	96,016	902,402

TOTAL LIABILITIES

<u>77,649,704</u>	<u>8,234,706</u>	<u>85,884,410</u>
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DEFERRED INFLOWS OF RESOURCES:

Deferred inflows of resources - leases	57,540	72,575	130,115
Deferred inflows of resources - pension	3,326,789	396,010	3,722,799
Deferred inflows of resources - OPEB	267,813	31,889	299,702

TOTAL DEFERRED INFLOWS OF RESOURCES

<u>3,652,142</u>	<u>500,474</u>	<u>4,152,616</u>
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NET POSITION:

Net investment in capital assets	51,473,732	53,421,320	104,895,052
Restricted for:			
Public safety supplies	7,585	-	7,585
Parks	65,534	-	65,534
PEG (Public, Educational, Gov't)	97,279		97,279
Debt service	10,168	12,056	22,224
Construction Excise Tax	1,476,759	-	1,476,759
Library	506,600	-	506,600
Net OPEB Asset	308,398	36,720	345,118
Building operations	5,355,962	-	5,355,962
Urban renewal	7,839,790	-	7,839,790
Transportation	24,699,653	-	24,699,653
Capital projects	3,352,963	-	3,352,963
Unrestricted	(24,350,006)	15,039,184	(9,310,822)

TOTAL NET POSITION

<u>\$ 70,844,417</u>	<u>\$ 68,509,280</u>	<u>\$ 139,353,697</u>
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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, 2025

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	\$ 17,165,004	\$ 2,889,155	\$ 950,873	\$ -	\$(13,324,976)	\$ -	\$(13,324,976)
Highways and streets	4,086,161	3,409,035	2,259,920	-	1,582,794	-	1,582,794
Public safety	8,953,081	593,254	107,378	1,087,716	(7,164,733)	-	(7,164,733)
Culture and recreation	2,664,328	17,399	2,281,753	970,350	605,174	-	605,174
Interest on long-term debt	1,894,905	-	-	-	(1,894,905)	-	(1,894,905)
TOTAL GOVERNMENTAL ACTIVITIES	34,763,479	6,908,843	5,599,924	2,058,066	(20,196,646)	-	(20,196,646)
BUSINESS-TYPE ACTIVITIES:							
Water	3,071,186	5,118,920	-	3,117,014	-	5,164,748	5,164,748
Wastewater	6,936,065	9,069,663	-	642,300	-	2,775,898	2,775,898
Stormwater	2,003,347	5,209,174	-	-	-	3,205,827	3,205,827
TOTAL BUSINESS-TYPE ACTIVITIES	12,010,598	19,397,757	-	3,759,314	-	11,146,473	11,146,473
TOTAL ACTIVITIES	\$ 46,774,077	\$ 26,306,600	\$ 5,599,924	\$ 5,817,380	(20,196,646)	11,146,473	(9,050,173)
GENERAL REVENUES:							
Property taxes					12,388,583	-	12,388,583
Franchise taxes					4,528,809	-	4,528,809
Unrestricted investment earnings					2,817,267	1,172,544	3,989,811
TOTAL GENERAL REVENUES					19,734,659	1,172,544	20,907,203
TRANSFERS					4,490,200	(4,490,200)	-
CHANGE IN NET POSITION					4,028,213	7,828,817	11,857,030
NET POSITION - beginning, as previously stated					50,919,949	54,222,374	105,142,323
ERROR CORRECTION					15,896,255	6,458,089	22,354,344
NET POSITION - beginning, as restated (see note 20)					66,816,204	60,680,463	127,496,667
NET POSITION - ending					\$ 70,844,417	\$ 68,509,280	\$ 139,353,697

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

CITY OF MILWAUKIE, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Transportation Fund	Milwaukie Redevelopment Commission	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and investments	\$ 10,635,306	\$ 8,778,125	2,269,011	\$ 10,342,646	\$ 32,025,088
Restricted cash and investments	170,398	16,399,180	5,574,543	-	22,144,121
Property taxes receivable	422,285	-	33,666	-	455,951
Accounts receivable	2,222,402	701,058	-	11	2,923,471
Prepaid expenditures	267,534	-	-	-	267,534
Leases receivable	58,132	-	-	-	58,132
TOTAL ASSETS	\$ 13,776,057	\$ 25,878,363	\$ 7,877,220	\$ 10,342,657	\$ 57,874,297
LIABILITIES:					
Accounts payable	\$ 463,460	\$ 960,398	\$ 6,039	\$ 123,777	\$ 1,553,674
Accrued salaries and payroll taxes	548,802	18,935	-	23,028	590,765
Deposits payable	108,629	-	-	-	108,629
Unearned revenue	186,327	199,377	-	-	385,704
TOTAL LIABILITIES	1,307,218	1,178,710	6,039	146,805	2,638,772
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - municipal court assessments	272,591	-	-	-	272,591
Unavailable revenue - settlements	172,511	-	-	-	172,511
Unavailable revenue - property taxes	392,343	-	31,391	-	423,734
Unavailable revenue - loans	52,301	-	-	-	52,301
Unavailable revenue - grants	21,925	-	-	-	21,925
Unavailable revenue - leases	57,540	-	-	-	57,540
TOTAL DEFERRED INFLOWS OF RESOURCES	969,211	-	31,391	-	1,000,602
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,276,429	1,178,710	37,430	146,805	3,639,374
FUND BALANCES:					
Nonspendable	267,534	-	-	-	267,534
Restricted	676,998	24,699,653	7,839,790	10,195,852	43,412,293
Unassigned	10,555,096	-	-	-	10,555,096
TOTAL FUND BALANCES	11,499,628	24,699,653	7,839,790	10,195,852	54,234,923
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,776,057	\$ 25,878,363	\$ 7,877,220	\$ 10,342,657	\$ 57,874,297

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

CITY OF MILWAUKIE, OREGON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances for Governmental Funds		\$ 54,234,923
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.		86,524,714
Other assets are not available to pay for current-period expenditures and are therefore deferred in the funds:		
Municipal court assessments	272,591	
Opioid settlement	172,511	
Property tax revenues	423,734	
Loans	52,301	
Grants	21,925	943,062
Pension and OPEB assets or liabilities, with related deferred outflows and inflows of resources, are not reported in governmental funds, but are reported on the Statement of Net Position.		
Net OPEB asset	308,398	
Net pension liability	(18,984,361)	
Total OPEB liability	(861,902)	
Deferred outflows of resources - pensions	7,114,183	
Deferred outflows of resources - OPEB	324,671	
Deferred inflows of resources - pension	(3,326,789)	
Deferred inflows of resources - OPEB	(267,813)	(15,693,613)
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	(1,759,216)	
Accrued interest payable	(110,390)	
SBITA liability	(141,840)	
Lease liability	(80,177)	
Long-term debt obligations	(53,073,046)	(55,164,669)
Net position of governmental activities		<u>\$ 70,844,417</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, 2025

	General Fund	Transportation Fund	Milwaukie Redevelopment Commission	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 10,365,586	\$ -	\$ 1,095,182	\$ 838,284	\$ 12,299,052
Franchise taxes	3,153,242	1,375,567	-	-	4,528,809
Intergovernmental	5,409,343	2,259,920	-	-	7,669,263
Fines and forfeitures	614,363	-	-	-	614,363
Licenses and permits	829,283	-	-	1,540,070	2,369,353
Charges for services	-	2,915,684	-	-	2,915,684
Systems development charges	-	-	-	633,026	633,026
Construction excise Taxes	-	-	-	138,046	138,046
Investment earnings	565,783	1,317,013	383,762	550,707	2,817,265
Miscellaneous	129,113	48,135	2,431	23,572	203,251
TOTAL REVENUES	21,066,713	7,916,319	1,481,375	3,723,705	34,188,112
EXPENDITURES:					
Current:					
General government	13,820,424	-	620,632	1,132,094	15,573,150
Highways and streets	-	1,231,929	-	-	1,231,929
Public safety	8,393,610	-	-	-	8,393,610
Culture and recreation	2,408,462	-	-	-	2,408,462
Debt service:					
Principal	749,132	656,987	179,613	980,000	2,565,732
Interest	111,182	1,305,566	181,731	391,706	1,990,185
Capital outlay	4,050,471	4,380,891	101,855	195,603	8,728,820
TOTAL EXPENDITURES	29,533,281	7,575,373	1,083,831	2,699,403	40,891,888
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,466,568)	340,946	397,544	1,024,302	(6,703,776)
OTHER FINANCING SOURCES (USES):					
Sale of capital assets	99,088	-	-	-	99,088
Issuance of debt - SBITA's	151,714	-	-	-	151,714
Transfers from other funds	6,952,846	-	-	519,200	7,472,046
Transfers to other funds	(314,000)	(2,244,500)	(25,000)	(398,346)	(2,981,846)
TOTAL OTHER FINANCING SOURCES (USES)	6,889,648	(2,244,500)	(25,000)	120,854	4,741,002
NET CHANGE IN FUND BALANCES	(1,576,920)	(1,903,554)	372,544	1,145,156	(1,962,774)
FUND BALANCES - beginning	13,076,548	26,603,207	7,467,246	9,050,696	56,197,697
FUND BALANCES - ending	\$ 11,499,628	\$ 24,699,653	\$ 7,839,790	\$ 10,195,852	\$ 54,234,923

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

CITY OF MILWAUKIE, OREGON
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

Net change in fund balances - total governmental funds	\$	(1,962,774)
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Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received		38,298
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay was greater than depreciation and amortization.		
Capital outlay	8,728,820	
Depreciation/amortization expense	(4,489,054)	
Capital disposals, transfers, and adjustment	<u>(24,006)</u>	4,215,760

The issuance of long-term debt (e.g., bonds, leases, SBITA's) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents debt issued during the current fiscal year and scheduled principal payments on existing debt.		
Issuance of debt - SBITA's	(151,714)	
Lease principal payments	33,703	
SBITA principal payments	264,854	
Long-term debt principal repayments	<u>2,267,175</u>	2,414,018

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	(300,749)	
Net OPEB asset, liability and related deferrals	66,046	
Accrued interest payable	95,280	
Accrued compensated absences payable	(590,838)	
Amortization of bond premium	<u>53,172</u>	<u>(677,089)</u>

Change in net position of governmental activities	\$	<u><u>4,028,213</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, 2025

	Business-type Activities - Enterprise Funds			Total
	Water Fund	Wastewater Fund	Stormwater Fund	
ASSETS:				
Current assets:				
Cash and investments	\$ 6,792,061	\$ 8,779,618	\$ 3,888,174	\$ 19,459,853
Restricted cash and investments	476,793	430,291	-	907,084
Accounts receivable, net of allowance for doubtful accounts	500,508	920,898	447,095	1,868,501
Lease receivable	38,015	-	-	38,015
Prepaid expenses	7,500	-	-	7,500
Total current assets	<u>7,814,877</u>	<u>10,130,807</u>	<u>4,335,269</u>	<u>22,280,953</u>
Noncurrent assets:				
Net OPEB asset	15,565	8,455	12,700	36,720
Lease receivable	41,215	-	-	41,215
Capital assets not being depreciated	5,686,206	1,871,060	11,323,183	18,880,449
Capital assets, net of accumulated depreciation	12,040,588	12,632,285	10,446,744	35,119,617
Total noncurrent assets	<u>17,783,574</u>	<u>14,511,800</u>	<u>21,782,627</u>	<u>54,078,001</u>
TOTAL ASSETS	<u>25,598,451</u>	<u>24,642,607</u>	<u>26,117,896</u>	<u>76,358,954</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows of resources - pensions	360,650	194,344	291,853	846,847
Deferred outflows of resources - OPEB	16,386	8,902	13,371	38,659
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>377,036</u>	<u>203,246</u>	<u>305,224</u>	<u>885,506</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	639,589	3,344,601	686,503	4,670,693
Accrued salaries and associated payroll costs	34,083	15,107	24,023	73,213
Accrued compensated absences payable	70,498	55,319	40,365	166,182
Accrued interest payable	-	2,811	-	2,811
Deposits payable	18,000	-	-	18,000
Current portion of total OPEB liability	2,802	1,522	2,286	6,610
Unearned revenue	228,745	13,861	120,000	362,606
Current portion of long-term debt	-	96,458	-	96,458
Total current liabilities	<u>993,717</u>	<u>3,529,679</u>	<u>873,177</u>	<u>5,396,573</u>
Noncurrent liabilities:				
Net pension liability	962,402	518,611	778,816	2,259,829
Total OPEB liability	40,698	22,109	33,209	96,016
Long-term debt	-	482,288	-	482,288
TOTAL LIABILITIES	<u>1,996,817</u>	<u>4,552,687</u>	<u>1,685,202</u>	<u>8,234,706</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows of resources - lease receivable	72,575	-	-	72,575
Deferred inflows of resources - pensions	168,650	90,881	136,479	396,010
Deferred inflows of resources - OPEB	13,517	7,343	11,029	31,889
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>254,742</u>	<u>98,224</u>	<u>147,508</u>	<u>500,474</u>
NET POSITION:				
Net investment in capital assets	17,726,794	13,924,599	21,769,927	53,421,320
Restricted:				
Debt service	-	12,056	-	12,056
OPEB asset	15,565	8,455	12,700	36,720
Unrestricted	5,981,569	6,249,832	2,807,783	15,039,184
TOTAL NET POSITION	<u>\$ 23,723,928</u>	<u>\$ 20,194,942</u>	<u>\$ 24,590,410</u>	<u>\$ 68,509,280</u>

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, 2025

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 5,073,993	\$ 9,053,463	\$ 5,100,544	\$ 19,228,000
Miscellaneous	38,751	6,784	108,630	154,165
TOTAL OPERATING REVENUES	<u>5,112,744</u>	<u>9,060,247</u>	<u>5,209,174</u>	<u>19,382,165</u>
OPERATING EXPENSES:				
Salaries and wages	1,201,703	563,000	890,936	2,655,639
Materials and services	1,279,050	5,883,562	740,818	7,903,430
Depreciation	590,433	485,488	371,593	1,447,514
TOTAL OPERATING EXPENSES	<u>3,071,186</u>	<u>6,932,050</u>	<u>2,003,347</u>	<u>12,006,583</u>
OPERATING INCOME	<u>2,041,558</u>	<u>2,128,197</u>	<u>3,205,827</u>	<u>7,375,582</u>
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	411,709	483,141	277,694	1,172,544
Interest expense	-	(4,015)	-	(4,015)
Gain on sale of capital assets	6,176	9,416	-	15,592
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>417,885</u>	<u>488,542</u>	<u>277,694</u>	<u>1,184,121</u>
INCOME BEFORE CONTRIBUTIONS & TRANSFERS	2,459,443	2,616,739	3,483,521	8,559,703
CAPITAL CONTRIBUTIONS	3,117,014	642,300	-	3,759,314
TRANSFERS TO OTHER FUNDS	<u>(1,554,000)</u>	<u>(1,536,200)</u>	<u>(1,400,000)</u>	<u>(4,490,200)</u>
CHANGE IN NET POSITION	<u>4,022,457</u>	<u>1,722,839</u>	<u>2,083,521</u>	<u>7,828,817</u>
NET POSITION - beginning, as previously presented	17,851,688	16,674,484	19,696,202	54,222,374
ERROR CORRECTION	<u>1,849,783</u>	<u>1,797,619</u>	<u>2,810,687</u>	<u>6,458,089</u>
NET POSITION - beginning, as restated (see note 20)	<u>19,701,471</u>	<u>18,472,103</u>	<u>22,506,889</u>	<u>60,680,463</u>
NET POSITION - ending	<u>\$ 23,723,928</u>	<u>\$ 20,194,942</u>	<u>\$ 24,590,410</u>	<u>\$ 68,509,280</u>

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

CITY OF MILWAUKIE, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users of services	\$ 1,647,050	\$ 8,454,807	\$ 5,399,747	\$ 15,501,604
Payments to suppliers for goods and services	(899,420)	(4,213,468)	(487,643)	(5,600,531)
Payments to employees for services	(1,099,881)	(580,729)	(886,131)	(2,566,741)
NET CASH FROM OPERATING ACTIVITIES	<u>(352,251)</u>	<u>3,660,610</u>	<u>4,025,973</u>	<u>7,334,332</u>
CASH FLOWS TO NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(1,554,000)	(1,536,200)	(1,400,000)	(4,490,200)
NET CASH TO NONCAPITAL FINANCING ACTIVITIES	<u>(1,554,000)</u>	<u>(1,536,200)</u>	<u>(1,400,000)</u>	<u>(4,490,200)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital debt	-	(96,458)	-	(96,458)
Interest expense	-	(3,135)	-	(3,135)
Acquisition and construction of capital assets	(4,904,860)	(1,383,385)	(5,567,406)	(11,855,651)
Capital Contributions	3,117,014	642,300	-	3,759,314
NET CASH TO CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,787,846)</u>	<u>(840,678)</u>	<u>(5,567,406)</u>	<u>(8,195,930)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Payments received on lease	35,001	-	-	35,001
Investment Income	411,709	483,141	277,694	1,172,544
NET CASH FROM INVESTING ACTIVITIES	<u>446,710</u>	<u>483,141</u>	<u>277,694</u>	<u>1,207,545</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	<u>(3,247,387)</u>	<u>1,766,873</u>	<u>(2,663,739)</u>	<u>(4,144,253)</u>
CASH AND INVESTMENTS - beginning	<u>10,516,241</u>	<u>7,443,036</u>	<u>6,551,913</u>	<u>24,511,190</u>
CASH AND INVESTMENTS - ending	<u>\$ 7,268,854</u>	<u>\$ 9,209,909</u>	<u>\$ 3,888,174</u>	<u>\$ 20,366,937</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income	\$ 2,041,558	\$ 2,128,197	\$ 3,205,827	\$ 7,375,582
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation expense	590,433	485,488	371,593	1,447,514
(Increase) decrease in accounts receivable	10,721	115,738	190,573	317,032
(Increase) decrease in lease receivable and related deferral	(35,292)	-	-	(35,292)
(Increase) decrease in prepaid expenses	2,181	-	-	2,181
Increase (decrease) in accounts payable	375,199	1,670,094	253,175	2,298,468
Increase (decrease) in deposits payable	2,250	-	-	2,250
Increase (decrease) in accrued salaries and payroll taxes payable	9,869	(1,974)	(1,222)	6,673
Increase (decrease) in accrued compensated absences payable	27,729	12,350	8,752	48,831
Increase (decrease) in pension and related accounts	65,774	(25,092)	358	41,040
Increase (decrease) in OPEB and related accounts	(1,550)	(3,013)	(3,083)	(7,646)
Increase (decrease) in unearned revenue	(3,441,123)	(721,178)	-	(4,162,301)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (352,251)</u>	<u>\$ 3,660,610</u>	<u>\$ 4,025,973</u>	<u>\$ 7,334,332</u>

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



CITY OF MILWAUKIE, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Milwaukie, Oregon have been prepared in accordance with accounting principles generally accepted in the United States of America. These statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

The city is a municipal corporation, incorporated in 1903. It operates under its own charter with a council/city manager form of government. City Council, composed of the mayor and four councilors, comprise the legislative branch of the government. Individual departments are under the direction of the city manager who is appointed by the City Council.

The city provides a range of municipal services to the community, which includes police protection and municipal court services, traffic control and improvement, street maintenance and improvement, water, sewer and stormwater management services, community development, planning and zoning regulation, building inspection and regulation, and community library services.

In defining the City of Milwaukie for financial reporting purposes, management considers all funds, organizations, institutions, agencies, departments, and offices that are legally part of the city (the primary government) and organizations for which the city is financially accountable. As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units. Component units can be defined as legally separate entities for which the city is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Based on component unit criteria, the city's financial statements include the Milwaukie Urban Redevelopment Commission (MRC) as a blended component unit. City Council and the Board of Directors of the MRC are composed of the same individuals. Additionally, the management of the city manages the activities of the component unit in the same manner as it manages its own activities. The separately issued financial statements of the Milwaukie Urban Renewal Agency may be obtained from the Commission at 10501 SE Main St., Milwaukie, Oregon 97222.

There are certain governmental agencies and various service districts which provide services within the city. These agencies have independently elected governing boards and the city is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

Basis of Presentation – Government-wide Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for service revenues.

Government-wide financial statements display information about the city as a whole. The effect of interfund activity has been removed from these statements except for interfund services provided and used and reimbursements between funds which, if eliminated, would distort the direct costs and program revenues reported for the various functions. These statements focus on the sustainability of the city as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents information on all the city's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not attributable to a specific program are reported as general revenues.

Basis of Presentation – Fund Financial Statements

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the city has only governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported in the fund financial statements. Nonmajor funds are reported in the aggregate.

The city reports the following major governmental funds:

- *General Fund* – accounts for the city's legislative and administration, human resources, finance, information technology, municipal court, community development, engineering, planning, facilities management, fleet services, library, public safety services, and related debt service. The primary revenue sources are property taxes, franchise taxes, reimbursement charges for services to other funds, fines and forfeitures, licenses and permits, and miscellaneous income.
- *Transportation Fund* – accounts for the operation and maintenance of the city's street and sidewalk systems, including medians. The primary sources of revenue are intergovernmental revenues that include state and local gas taxes dedicated to construction and maintenance of local streets, fees for service, franchise fees, Portland General Electric privilege tax, and charges for services.

- *Milwaukie Redevelopment Commission Fund* – accounts for the urban renewal redevelopment. The primary revenue source is property taxes.

The city has nonmajor governmental funds that are reported as special revenue, debt service and capital projects funds. Nonmajor funds are:

- *Systems Development Charges Fund* – accounts for the receipt and expenditures of system development charges (SDCs) dedicated to streets, water, wastewater, and stormwater systems.
- *City Hall Fund* – accounts for the city's purchase of the new city hall building in FY 2020, sales lease-back agreement that ended in FY 2023, and capital expenditures related to the renovation of the building. Renovations were completed in FY 2024 and the fund was dissolved in FY 2025 by transferring the remaining fund balance to the general fund.
- *Building Fund* – accounts for the receipt and expenditure of dedicated revenue sources related to building permits and inspections and is primarily supported by licenses and permit revenues.
- *Construction Excise Tax Fund* – accounts for the collection of construction excise taxes to fund incentives for the development and construction of affordable housing.
- *Debt Service Fund* – accounts for the accumulation of resources for the payment of general obligation bonds and full faith and credit obligation principal and interest.

The city reports each of its three proprietary funds as major funds:

- *Water Fund* – accounts for the operation and maintenance of water service and distribution facilities and is primarily supported through fees for service.
- *Wastewater Fund* – accounts for the operation and maintenance of the wastewater collection and treatment systems and is primarily supported through fees for service.
- *Stormwater Fund* – accounts for the operation and maintenance of the stormwater management and collection systems and is primarily supported through fees for service.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. *Basis of accounting* refers to when transactions are recorded. The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus, as are the proprietary fund financial statements. An economic resource measurement focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual basis accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on the modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become *measurable* and *available*). *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise taxes, intergovernmental revenues, grants, and investment income.

A deferred inflow of resources arises on the balance sheet of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This unavailable revenue consists of municipal court assessments, settlements, property taxes, loans, grants, and lease revenues not deemed available to finance operations of the current period. In the *Government-wide Statement of Activities*, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow of resources created on the *Balance Sheet* of the governmental funds for unavailable revenue is eliminated. In the *Government-wide Statement of Net Position*, deferred outflows of resources and deferred inflows of resources are recorded for pensions, other post-employment benefits and leases.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government are recognized.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative overhead, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Investments

Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of funds held in the Oregon State Treasurer's Local Government Investment Pool (LGIP) and a U.S. Treasury Bill. The individual funds' portion of the cash pool is presented as "Cash and investments" in the basic financial statements.

The LGIP is administered by the Oregon State Treasury and is an open-ended, no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the State who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The city's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes.

Receivables and Revenues

Property taxes are levied and become a lien against property on July 1 of the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

In the fund financial statements, property taxes receivable collected within 60 days of the fiscal year end are considered *measurable* and *available*, and therefore, are recognized as revenue. The property taxes receivable portion beyond 60 days is recorded as deferred inflows of resources. Assessments are recognized as receivables at the time property owners are assessed on property improvements. Court receivables are recognized at the time the citation is adjudicated. These receivables are partially offset by deferred inflows of resources, as assessment and court receivable revenue is recognized upon collection.

In the government-wide financial statements, property taxes, court receivables and assessment receivables are recognized as revenue when earned and are shown net of an allowance for uncollectible amounts.

Enterprise fund receivables include billings for residential and commercial customers utilizing the city's water, sewer, and stormwater services and are reported net of an allowance for uncollectible accounts, determined based upon an estimated percentage of the receivable balance.

Lease Receivables

Lease receivables are recognized at the net present value of the payments expected to be received, reduced by principal payments received. The net present value is calculated using a borrowing rate either explicitly described in the agreement or implicitly determined by the city.

Unearned Revenue

Unearned revenue will be recognized as revenue in the fiscal year earned in accordance with the accrual basis of accounting. Revenue is considered earned when measurable and all

eligibility criteria are met.

Capital Assets

Purchased or constructed capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition cost at the time of donation. Infrastructure (bridges, roads, and drainage systems) acquired during the year have been recorded at cost or acquisition value if donated by developers. The city defines capital assets as assets with an initial cost of more than \$10,000 and an estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the city are depreciated using the straight-line method over the following estimated useful lives:

	Useful Lives (in years)
Buildings and structures	30 – 50
Improvements other than buildings	10 – 50
Vehicles and equipment	4 – 30
Infrastructure	20 – 50

Right-to-Use Assets

Right-to-use assets are leases and subscription-based information technology agreements (SBITA) which the city is party to a contract to the use of the asset for a term of more than one year. The asset value of leases and SBITAs are determined by the net present value of the total payments at the city's incremental borrowing rate at the time of the agreement and are amortized over the term of the agreement.

Lease and SBITA Payables

In the government-wide financial statements, lease payables and SBITA payables are reported as liabilities in the *Statement of Net Position* and represent the net present value of the amounts due under the terms of the agreements. In the governmental fund financial statements, the present value of lease payments is reported as debt service.

Accrued Compensated Absences

It is the city's policy to permit employees to accumulate earned but unused vacation and sick leave. A liability for these leaves is accrued in the government-wide and proprietary fund financial statements when the leaves are earned and are more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. As compensated absences are due and payable on demand, they are considered due within one year. A liability for these amounts is reported in governmental funds only if they have matured, for example, because of termination or retirement.

Long-term Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type *Statement of Net Position*. When significant, bond premiums, discounts, and amounts deferred on refunding's, are amortized over the

applicable bond term. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs in the year of issue. The face amount of debt issued, and related premium are reported as other financing sources. Issuance costs, whether withheld from the actual debt proceeds received, are reported as expenditures.

Pension Liability

The city's net pension liability, deferred inflows and outflows related to pensions, and pension expense have been determined on the basis reported by the Oregon Public Employees Retirement System (OPERS).

Other Postemployment Benefits (OPEB) Liability

For purposes of measuring the net OPEB asset, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the city's two separate plans – the Implicit Rate Subsidy and OPERS – and additions to/deductions from the Implicit Rate Subsidy and OPERS's fiduciary net position have been determined on the same basis as they are reported by Implicit Rate Subsidy and OPERS. For this purpose, Implicit Rate Subsidy and OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balance/Net Position

In the *Government-wide Statement of Net Position*, equity is referred to as *Net Position* and is segregated into the following three components: 1) net investment in capital assets, 2) restricted by outside parties for a specific purpose, and 3) unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation and amortization, less outstanding principal of related debt net of any unspent bond proceeds. Restricted net position represents net position restricted by parties outside of the city (such as creditors, grantors, contributors, laws, and regulations of other governments) and includes funds restricted for payment of debt or to acquire or construct capital assets. All other net position is considered unrestricted.

Fund balance of governmental funds is reported in various categories based on the nature of any limitations on the use of resources for specific purposes. Fund balance is categorized as follows:

- *Non-spendable* – includes items that are not in a spendable form either because the underlying resources are not in spendable form or because they are legally or contractually required to be maintained.
- *Restricted* – includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- *Committed* – includes amounts that can be used only for the specific purposes determined by a formal action of the city's highest decision-making authority. The City Council reserves the authority by ordinance and the city's municipal code to establish and modify commitments of revenues and ending fund balance.

- *Assigned* – includes items assigned by specific uses, authorized by Council or officials or other bodies delegated by Council.
- *Unassigned* – the residual classification used for balances not assigned to another category in the general fund. Deficit fund balances in other governmental funds are also presented as unassigned.

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* requires the highest legal authority to approve authorized commitments of fund balance and to approve who can authorize making assignments of fund balance. The city has designated the city manager and/or finance director to make assignments of fund balance. Reserve policy guidelines are measured as a percentage of annual operating expenditures and generally range between 5 and 17 percent depending on the fund.

Fund Balance Flow Assumptions

The city may fund outlays for a particular purpose from both restricted and unrestricted resources. To calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to have been applied. When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as needed. When components of restricted fund balance can be used for the same purpose, committed fund balance is depleted second, followed by assigned fund balance. Unassigned fund balance is applied last.

Deferred Inflows and Outflows of Resources

A deferred inflow of resources is an acquisition of net assets by the city that is applicable to a future reporting period. Deferred outflow of resources is a consumption of net assets by the city that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the *Statement of Net Position* but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

Use of Estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Note. 2. Cash and Investments

The city maintains a common cash and investment pool for all city funds. The types of investments in which the city may invest are restricted by Oregon Revised Statutes and a Council adopted investment policy. Authorized investments consist of U.S. Treasury obligations including treasury notes, bonds and strips; Federal instrumentality securities from specific federal agencies; commercial paper rated at least A-1 or an equivalent rating; corporate bonds rated at least Aa

or an equivalent rating; bankers acceptances rated at least Aa or an equivalent rating; Oregon State Treasurer's Local Government Investment Pool (LGIP) limited by State statute; certificates of deposit; repurchase agreements and obligations of the states of Oregon, California, Idaho and Washington rated AA or better.

State statutes authorize the city to invest in obligations of the U. S. Treasury, commercial paper and repurchase agreements. Investments are stated at fair value.

As of June 30, 2025, the city's cash and investments were comprised of the following:

Cash on hand	\$	4,932
Deposits with financial institutions		6,620,799
Investments:		
U.S. Treasuries		21,096,582
Oregon State Treasurer's LGIP		46,813,833
Total cash and investments	<u>\$</u>	<u>74,536,146</u>

	Government Activities	Business-type Activities	Total
Cash and investments	\$ 32,025,088	\$ 19,459,853	\$ 51,484,941
Restricted cash and investments	22,144,121	907,084	23,051,205
Total cash and investments	<u>\$ 54,169,209</u>	<u>\$ 20,366,937</u>	<u>\$ 74,536,146</u>

Restricted cash. Restricted cash consists primarily of unspent funds related to the City's 2023 FFCO debt issuance, which is recorded in the Transportation fund and the Milwaukie Redevelopment Commission fund. Additionally, restricted cash in the Water & Wastewater funds consists of unspent ARPA funds, along with a small amount of restricted reserve cash required by the City's loan with Oregon DEQ in the Wastewater fund. Lastly, restricted cash in the General fund consists of unspent ARPA funds, PEG (Public, Educational & Government) access programming funds, as well as a small amount of forfeiture and evidence cash related to policing activities.

In prior fiscal years, the City reported all the cash in the Milwaukie Redevelopment Commission, Systems Development Charges, Building, Construction Excise Tax, and Debt Service funds as restricted cash; however, because the only restriction on this cash was that it had to be spent in accordance with the purpose of the fund in which it was held, the cash is now being reported as unrestricted.

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 \$6,760,781 were covered by federal depository insurance (FDIC) or by collateral held by one or more of

the state's authorized collateral pool managers. Cash on hand balances representing petty cash accounts are uninsured and uncollateralized.

Interest Rate Risk. In accordance with its investment policy, the city manages its exposure to declines in fair value by limiting the average maturities in the city's pooled investment portfolio to eighteen months or less.

Credit Risk. State law and the city's investment policy limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the city's policy to limit its use of these investment types to the top two ratings issued by NRSROs, where applicable. The State of Oregon Local Government Investment Pool (LGIP) is not rated by NRSROs.

Concentration of Credit Risk. The city's investment policy, as it relates to investing outside of the LGIP, does not allow for an investment in any one issuer that is more than five percent of the city's total investments (ORS 294.035).

Custodial Credit Risk. Custodial risk is the risk that in the event of failure of the counterparty the city will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2025, all city deposits are insured or collateralized and are therefore not subject to custodial credit risk.

The city participates in LGIP, an external investment pool through the State of Oregon. The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Oregon Investment Council and is responsible for all funds in the State Treasury.

Investments held by the city on June 30, 2025 were as follows:

Investment Type	Rating	Fair Value	Yield	Weighted Average
U.S. Treasuries	Not rated	\$ 21,096,582	4.38%	n/a

Investments in the LGIP are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn. These investments are further governed by portfolio guidelines issued by the Oregon Short Term Fund Board, which establishes diversification percentages and specifies investment types and maturities. The portion of the external investment pool belonging to local government participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report. A copy of the State's Annual Comprehensive Financial Report may be obtained at the Oregon State Treasury, 900 Court Street NE, Salem, Oregon 97301.

Fair Value Measurements. The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The city's investment in Treasury Notes is measured using level 1 inputs.

Note 3. Receivables

As of June 30, 2025, accounts receivable is reflected in the basic financial statements net of an allowance for uncollectible accounts. The allowance for uncollectible accounts pertains only to utility billing collections in business-type activities, and street maintenance fees in governmental activities.

Accounts, contracts, assessments and grants	\$ 4,809,564
Allowance for uncollectible accounts	<u>(17,592)</u>
Total accounts receivable	<u>\$ 4,791,972</u>
Accounts receivable - governmental activities	\$ 2,923,471
Accounts receivable - business-type activities	<u>1,868,501</u>
Total accounts receivable	<u>\$ 4,791,972</u>

Note 4. Unavailable and Unearned Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not 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	Unearned Revenue
Municipal court assessments	\$ 272,591	\$ -
Settlements	172,511	53,102
Property taxes	423,734	-
Loans	52,301	-
Bail escrow	-	15,910
Fees In lieu of construction	-	199,377
Grants	21,925	117,315
Leases	57,540	-
	<u>\$ 1,000,602</u>	<u>\$ 385,704</u>

Note 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	Balance as of July 1, 2024 (Restated)	Additions	Reductions	Transfers	Balance as of June 30, 2025
Governmental activities:					
Capital assets not being depreciated:					
Land and easements	\$ 6,317,484	\$ -	\$ -	\$ -	\$ 6,317,484
Construction in progress	5,583,199	6,778,855	-	(4,512,909)	7,849,145
Total capital assets not being depreciated	11,900,683	6,778,855	-	(4,512,909)	14,166,629
Capital assets being depreciated and amortized:					
Buildings and improvements	38,961,628	861,065	-	3,948,275	43,770,968
Vehicles and equipment	5,847,496	895,996	(356,997)	-	6,386,495
Furniture and fixtures	640,282	41,191	-	-	681,473
Infrastructure	84,394,449	-	-	564,634	84,959,083
Right-to-use assets - subscriptions	642,377	151,714	-	-	794,091
Right-to-use assets - leases	180,092	-	(12,493)	-	167,599
Total capital assets being depreciated and amortized	130,666,324	1,949,966	(369,490)	4,512,909	136,759,709
Less accumulated depreciation and amortization for:					
Buildings and improvements	(12,985,751)	(1,190,682)	-	-	(14,176,433)
Vehicles and equipment	(3,828,733)	(354,952)	335,331	-	(3,848,354)
Furniture and fixtures	(94,527)	(25,954)	-	-	(120,481)
Infrastructure	(42,994,567)	(2,699,372)	-	-	(45,693,939)
Right-to-use assets - subscriptions	(283,236)	(184,574)	-	-	(467,810)
Right-to-use assets - leases	(71,238)	(33,520)	10,151	-	(94,607)
Total accumulated depreciation and amortization	(60,258,052)	(4,489,054)	345,482	-	(64,401,624)
Total capital assets being depreciated and amortized, net	70,408,272	(2,539,088)	(24,008)	4,512,909	72,358,085
Total capital assets, net	\$ 82,308,955	\$ 4,239,767	\$ (24,008)	\$ -	\$ 86,524,714

For the "right-to-use assets – subscriptions" lines shown above, all the underlying assets are software. For the "right-to-use assets – leases" lines shown above, all the underlying assets are office equipment.

	Balance as of July 1, 2024 (Restated)	Additions	Reductions	Transfers	Balance as of June 30, 2025
Business type activities:					
Capital assets not being depreciated:					
Land and easements	\$ 1,204,142	\$ -	\$ -	\$ -	\$ 1,204,142
Construction in progress	9,227,909	11,596,998	-	(3,148,600)	17,676,307
Total capital assets not being depreciated	10,432,051	11,596,998	-	(3,148,600)	18,880,449
Capital assets being depreciated:					
Buildings and improvements	9,427,340	-	-	-	9,427,340
Vehicles and equipment	5,974,278	274,245	(82,335)	2,673,244	8,839,432
Infrastructure	48,336,978	-	-	475,356	48,812,334
Total capital assets being depreciated and amortized	63,738,596	274,245	(82,335)	3,148,600	67,079,106
Less accumulated depreciation for:					
Buildings and improvements	(4,490,733)	(203,025)	-	-	(4,693,758)
Vehicles and equipment	(4,562,642)	(404,513)	82,335	-	(4,884,820)
Infrastructure	(21,540,935)	(839,976)	-	-	(22,380,911)
Total accumulated depreciation	(30,594,310)	(1,447,514)	82,335	-	(31,959,489)
Total capital assets being depreciated and amortized, net	33,144,286	(1,173,269)	-	3,148,600	35,119,617
Total capital assets, net	\$ 43,576,337	\$ 10,423,729	\$ -	\$ -	\$ 54,000,066

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

	Governmental Activities	Business-type Activities	Total
General government	\$ 1,182,220	\$ -	\$ 1,182,220
Highways and streets	2,836,259	-	2,836,259
Public safety	271,192	-	271,192
Culture and recreation	199,384	-	199,384
Water	-	590,433	590,433
Wastewater	-	485,488	485,488
Stormwater	-	371,593	371,593
Total Depreciation and amortization expense	\$ 4,489,054	\$ 1,447,514	\$ 5,936,568

Note 6. Interfund Transfers

The funds shown below, except for the debt service fund, transfer funds to the general fund monthly to cover an allocated share of administrative department costs that reside in the general fund. Additionally, most funds transfer funds to the debt service fund monthly to cover debt service costs. Lastly, the City Hall fund was closed during the year, and the remaining fund balance was transferred to the general fund. For the fiscal year ending June 30, 2025, all city transfers are properly classified under other financing sources for financial reporting purposes.

	Transfers from other funds	Transfers to other funds	Net
Governmental Funds:			
General	\$ 6,952,847	\$ 314,000	\$ 6,638,847
Transportation	-	2,244,500	(2,244,500)
Milwaukie Redevelopment Commission	-	25,000	(25,000)
Other Governmental	519,200	398,347	120,853
Total Governmental Funds	\$ 7,472,047	\$ 2,981,847	\$ 4,490,200
Proprietary Funds:			
Water	\$ -	\$ 1,554,000	\$ (1,554,000)
Wastewater	-	1,536,200	(1,536,200)
Stormwater	-	1,400,000	(1,400,000)
Total Proprietary Funds	\$ -	\$ 4,490,200	\$ (4,490,200)

Note 7. Lease Receivables

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

Governmental Activities

The city leases a parking lot located at 10722 SE Main Street. The initial term of the lease is five years, expiring in fiscal year 2030. Inflows of resources from this lease are recorded in the General Fund.

Leases receivable on June 30, 2025, consisted of the following:

Government Activities	Balance as of July 1, 2024	Additions	Reductions	Balance as of June 30, 2025
Land lease, issued May 16, 2025, interest rate 3%, total annual principal and interest is \$12,000, due 2030	\$ -	\$ 59,050	\$ (917)	\$ 58,132

Business Type Activities

The city leases space on the water tower on the property at 9790 SE 40th Avenue. The initial term of the lease is five years, expiring in fiscal year 2028. The inflow of resources from this lease is recorded in the Water Fund.

Leases receivable on June 30, 2025, consisted of the following:

Proprietary Activities	Balance as of July 1, 2024	Additions	Reductions	Balance as of June 30, 2025
Facility lease, issued August 1, 2022, interest rate 4%, total annual principal and interest is \$38,938, due 2027	\$ 114,231	\$ -	\$ (35,001)	\$ 79,230

Note 8. Long-term Debt – Lease Payables

The city recognizes a lease payable for the following contracts in which the city, acting as a lessee, is granted the right to use the assets of another entity.

Government Activities	Balance as of July 1, 2024	Additions	Reductions	Balance as of June 30, 2025
Letter opener, issued February 1, 2021, interest rate 4%, total annual principal and interest is \$711, due 2026	\$ 1,029	\$ -	\$ (680)	\$ 349
Folder inserter, issued August 9, 2021, interest rate 4%, total annual principal and interest is \$1,416, due 2026	2,708	-	(1,327)	1,381
Postage meter, issued October 27, 2021 interest rate 4%, total annual principal and interest is \$891, due 2026	2,109	-	(818)	1,291
Postage meter, issued November 2, 2021, interest rate 4%, total annual principal and interest \$2,679, due 2026	6,342	-	(2,461)	3,881
Multi-purpose devices, issued November 15, 2022, interest rate 4%, total annual principal and interest \$31,776, due 2027	101,692	-	(28,418)	73,274
	<u>\$ 113,880</u>	<u>\$ -</u>	<u>\$ (33,703)</u>	<u>\$ 80,177</u>

Future lease payments are as follows:

Year	Principal	Interest	Total
2026	\$ 34,656	\$ 2,462	\$ 37,118
2027	32,406	1,155	33,561
2028	13,115	125	13,240
Total	<u>\$ 80,177</u>	<u>\$ 3,742</u>	<u>\$ 83,919</u>

Note 9. Long-term Debt - SBITA Payables

The city recognizes a subscription-based IT arrangement payable for the following contracts in which the city, acting as the subscriber, is granted the right to use a vendor's proprietary software.

Government Activities	Outstanding as of July 1, 2024	Additions	Reductions	Outstanding as of June 30, 2025
Body Worn Camera Software, issued January 11, 2023, interest rate 4%, total annual principal and interest \$19,236, due 2028	\$ 53,301	\$ -	\$ (17,058)	\$ 36,243
Police Records Management Software, issued January 1, 2023, interest rate 4%, average annual principal and interest \$31,464, due 2025	30,230	-	(30,230)	-
Budget Software, issued October 1, 2020, interest rate 4%, total annual principal and interest \$35,500, due 2025	34,449	-	(34,449)	-
Permitting & Licensing Software, issued March 17, 2022, interest rate 4%, average annual principal and interest \$35,597, due 2027	67,032	-	(31,998)	35,034
Procurement Software, issued April 4, 2024, interest rate 4%, average annual principal and interest \$15,097, due 2029	69,968	-	(26,693)	43,275
Palo Alto Network Software, issued October 21, 2024, interest rate 4%, total principal and interest \$90,724, due 2029	-	74,893	(74,893)	-
ESRI GIS Software, issued August 15, 2024, interest rate 4%, annual principal and interest \$28,400, due 2027	-	76,821	(49,532)	27,288
	<u>\$ 254,980</u>	<u>\$ 151,714</u>	<u>\$ (264,854)</u>	<u>\$ 141,840</u>

Future SBITA payments are as follows:

Year	Principal	Interest	Total
2026	\$ 93,201	\$ 5,784	\$ 98,985
2027	32,879	1,985	34,864
2028	15,760	646	16,406
Total	<u>\$ 141,840</u>	<u>\$ 8,415</u>	<u>\$ 150,255</u>

Note 10. Long-term Liabilities

The city's long-term liabilities are presented separately with respect to governmental and business-type activities. The following table presents the current year's changes in those obligations and the current portions due for each issue. Compensated absences additions & reductions are reported net, in accordance with GASB 101. For governmental activities, claims and judgments are generally liquidated by the general fund.

	Balance as of July 1, 2024	Additions	Reductions	Balance as of June 30, 2025	Due within one year
Government Activities					
2005 PERS Unfunded Actuarial Liability Bonds, interest rates of 4.0% to 5.5%, original amount of \$4,285,000, due 2028	\$ 1,625,000	\$ -	\$ (420,000)	\$ 1,205,000	\$ 465,000
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	292,062	-	(30,575)	261,487	30,819
2014 Full Faith and Credit Obligations for Milwaukie Bay Park enhancements, interest rate from 3-4%, original amount of \$965,000, due 2029	380,000	-	(70,000)	310,000	75,000
2020 Full Faith and Credit Obligations for Milwaukie City Hall, interest rates from 2-4%, original amount \$6,700,000 due 2040	5,555,000	-	(295,000)	5,260,000	300,000
2014 General Obligation Bonds for refinancing of Light-Rail enhancements, interest rate of 3-4%, original amount of \$3,695,000, due 2034	2,195,000	-	(185,000)	2,010,000	195,000
2016 General Obligation Bonds for Library expansion, interest rate of 2-4%, original amount of \$9,200,000, due 2036	6,080,000	-	(430,000)	5,650,000	450,000
2018 Full Faith and Credit Obligations for Transportation, interest rate of 3.5-5%, original amount of \$20,970,000, due 2048	17,225,000	-	-	17,225,000	-
2023 Full Faith and Credit Obligations for Transportation, interest rate of 3.96%, original amount of \$23,531,600, due 2042	21,375,400	-	(836,600)	20,538,800	869,700
Bond issuance premiums	665,931	-	(53,172)	612,759	53,172
Long-term debt obligations and premiums	55,393,393	-	(2,320,347)	53,073,046	2,438,691
Compensated absences	1,168,379	590,837	-	1,759,216	1,759,216
Governmental activities long-term liabilities	\$ 56,561,772	\$ 590,837	\$ (2,320,347)	\$ 54,832,262	\$ 4,197,907
Business-Type Activities					
State of Oregon loan: 2010 Oregon DEQ Loan, amortized fees in lieu of interest, interest rate of 0%, original loan draws of \$2,229,318 in 2010 and \$1,622,016 in 2011, one-half converted to grant in 2012, due 2031	\$ 675,204	\$ -	\$ (96,458)	\$ 578,746	\$ 96,458
Long-term debt obligations and premiums	675,204	-	(96,458)	578,746	96,458
Compensated absences	117,351	48,830	-	166,181	166,181
Business-Type activities long-term liabilities	792,555	48,830	(96,458)	744,927	262,639
Total Long-Term Obligations	\$ 57,354,327	\$ 639,667	\$ (2,416,805)	\$ 55,577,189	\$ 4,460,546

Future maturities of principal and interest are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 2,438,691	\$ 1,887,281	\$ 96,458	\$ 2,250	\$ 2,535,149	\$ 1,889,531
2027	2,548,346	1,795,882	96,458	1,750	2,644,804	1,797,632
2028	2,334,411	1,704,112	96,458	1,250	2,430,869	1,705,362
2029	2,161,989	1,628,521	96,458	750	2,258,447	1,629,271
2030	2,145,496	1,560,086	96,458	250	2,241,954	1,560,336
2031-2035	11,417,208	6,715,138	96,456	-	11,513,664	6,715,138
2036-2040	9,583,508	4,876,000	-	-	9,583,508	4,876,000
2041-2045	11,368,397	3,115,266	-	-	11,368,397	3,115,266
2046-2048	9,075,000	724,068	-	-	9,075,000	724,068
Total	\$ 53,073,046	\$ 24,006,354	\$ 578,746	\$ 6,250	\$ 53,651,792	\$ 24,012,604

Debt Covenants

The city pledges its net operating revenues in the Wastewater Fund at 135 percent of annual debt service on the Oregon Department of Environmental Quality (DEQ) loan. Additionally, the city is required to keep \$12,056 in a loan reserve account. If the loan is defaulted on, by failure to make required principal or interest payments, DEQ could declare all principal and interest and all other amounts due immediately. It could also prevent the city from applying for future state assistance. The city was in compliance with these terms as of the end of fiscal year 2025.

Note 11. Employee Retirement Pension Plans

Plan Descriptions

The city is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan. All benefits of OPERS are established by the Oregon Legislature pursuant to ORS Chapters 238 and 238A. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system as the governing body of OPERS.

The Tier One/Tier Two Retirement Benefit Plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The OPSRP pension program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. Both plans provide retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

OPERS issues a publicly available Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained by writing to PERS, PO Box 23700, Tigard, Oregon, 97281-3700, by calling 888.320.7377 or on their website at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Defined Benefit Plan Benefits for Tier One/Tier Two Plans

Benefits under the defined benefit pension plan program include a retirement allowance payable monthly for life that may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which they are entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$232,976 as of January 1, 2024 and will be indexed with inflation in later years.

Benefits generally vest after five years of continuous service. Retirement is allowed at age fifty-eight with unreduced benefits, but retirement is generally available after age fifty-five with reduced benefits. Retirement benefits based on salary and length of service are calculated using a formula and are payable in a lump sum or monthly using several payment options. OPERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statute.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met: (1) member was employed by a OPERS employer at the time of death; (2) member died within 120 days after termination of OPERS-covered employment; (3) member died as a result of injury sustained while employed in an OPERS-covered job; or (4) member was on an official leave of absence from an OPERS-covered job at the time of death.

Disability Benefits. A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retirement and may experience annual benefit fluctuations due to changes in the fair value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2.0 percent.

ORS 238A OPSRP Defined Benefit Plan Benefits

This portion of the defined benefit pension plan of OPERS provides benefits to members hired on or after August 29, 2003. Benefits under this portion of OPSRP provide a life pension funded by

employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

- For police and fire members, 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- For general service members, 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65 or age 58 with 30 years of retirement credit.

Members become vested on the earliest of the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, or if the pension program is terminated, the date on which termination becomes effective.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$232,976 as of January 1, 2024 and will be indexed with inflation in later years.

Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives 50 percent of the pension that would otherwise have been paid to the deceased member, for life.

Disability Benefits. A member who has accrued ten or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living changes in fiscal year 2016 and beyond vary based on the amount of the annual benefit.

Contributions. OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation, which became effective July 1, 2023. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. The city's rates for the year ended June 30, 2025 were 22.62 percent for OPERS and 17.40 percent for OPSRP – general employees, and 22.19 percent for OPSRP – police employees, of salary covered under the plan. These rates are reported inclusive of the retiree healthcare rates disclosed in a separate note disclosure. The contribution requirements for plan members and the city are established by ORS Chapter 238 and may be amended by the Oregon Legislature. Employer required contributions for the year ended June 30, 2025, were approximately \$2,582,669.

In September 2005, the city issued \$4,285,000 in pension obligation bonds to pay the city's unfunded actuarial liability as identified by OPERS based on the December 31, 2003 system valuation. Debt service on these bonds is made by the General Fund and recovered through interfund transfers. Further details are contained in the long-term liabilities footnote to these financial statements.

Pension Assets/Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources related to Pensions. At June 30, 2025, the city reported a liability of \$21,244,190 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. 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, 2025 and 2024, the city's proportion was 0.09557726% and 0.10949156%, respectively. For the year ended June 30, 2025, the city recognized pension expense of \$300,749 for the defined benefit portion of the pension plan. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,258,523	\$ 50,704
Changes in assumptions	2,135,898	2,736
Net difference between projected and actual earnings on pension plan investments	1,349,600	-
Changes in proportion and differences between Milwaukie contributions and proportionate share of contributions	634,340	2,249,362
Differences between employer contributions and proportionate share of contributions	-	1,419,997
City contributions subsequent to the measurement date	2,582,669	-
Total	\$ 7,961,030	\$ 3,722,799

The deferred outflow of resources of \$2,582,669 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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:	Amortization of Deferred Outflows and Inflows of Resources
2026	\$ (623,857)
2027	1,646,299
2028	502,466
2029	126,325
2030	4,329
Total	<u>\$ 1,655,562</u>

Actuarial Assumptions. The employer contribution rates effective July 1, 2023 through June 30, 2025 were set using the entry age normal actuarial cost method.

For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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

- Valuation Date December 31, 2022
- Measurement Date June 30, 2024
- Experience Study Report 2022, published July 24, 2023
- Actuarial Cost Method Entry Age Normal
- Actuarial Assumptions
 - Inflation Rate 2.40%
 - Long-term Expected Rate of Return 6.90%
 - Discount Rate 6.90%
 - Projected Salary Increases 3.40%
 - Cost of Living Adjustments (COLA) Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.

- Mortality

Health Retirees and Beneficiaries: Pub-2010 healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

Active Members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

Disabled Retirees: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even-numbered years. The methods and assumptions shown above are based on the 2022 Experience Study, which reviewed experience for the four-year period ended on December 31, 2022.

Discount Rate. The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as the city's proportionate share of the net pension liability if calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$ 33,511,846	\$ 21,244,190	\$ 10,969,428

Long-term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in 2020 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions

for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class/Strategy	OIC Policy Range %			OIC Target Allocation %	Actual Allocation %
Debt Securities	20.0	-	30.0	25.0	19.1
Public Equity	22.5	-	32.5	27.5	23.0
Real Estate	7.5	-	17.5	12.5	13.2
Private Equity	15.0	-	27.5	20.0	26.9
Real Assets	2.5	-	10.0	7.5	10.1
Diversifying Strategies	2.5	-	10.0	7.5	5.0
Opportunity Portfolio ¹	0.0	-	5.0	0.0	2.7
				100%	100%

* The OIC Target Allocations are based on OIC asset classes as determined by each manager's primary investment type, not the financial statement classification of individual holdings. The Target Allocation amounts do not include Deferred Compensation Plan investments. The Actual Investment Allocation is based on the financial statement investment classifications, including Deferred Compensation Plan investments.

Long-Term Expected Rate of Return¹

Asset Class	Target Allocation	Annual Arithmetic Return ²	Compounded Annual (Geometric) Return	Standard Deviation
Global Equity	27.50%	8.57%	7.07%	17.99%
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
	100.00%			

Assumed Inflation - Mean

2.35%

1.41%

¹Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revision adopted at OIC meeting on January 25, 2023.

²The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension

Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary performs complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the City's independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Individual Account Program (IAP)

Plan Description. During the 2003 legislature, the IAP was established to provide an individual account-based retirement benefit for new employees hired on or after August 29, 2003. Active participants in OPERS defined benefit pension plans also participate in the IAP defined contribution plan.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives in a lump sum, the member's account balance, rollover account balance and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary is entitled to receive the remaining installment payments or a lump-sum payment.

Contributions. Beginning January 1, 2004, all employee contributions were placed in the OPSRP IAP, a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating

employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick up the contributions on behalf of employees. Effective January 1, 2020, Senate Bill 1049 redirects 2.5% of IAP contributions for Tier One/Tier Two members and 0.75% of IAP contributions for OPSRP members into an Employee Pension Stability Account (EPSA). Members have the option to voluntarily contribute after tax to their IAP accounts to make up this difference. Member contributions were \$791,782 for the year ended June 30, 2025.

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 3.5 % of covered wages to the Plan and employees may defer a portion of their salary until future years. City Council may establish or amend plan provisions including contribution requirements. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries and are not subject to the claims of the city's creditors, nor can they be used by the city for any purpose other than the payment of benefits to the Plan participants. Accordingly, Plan assets and related liabilities are not recorded in the city's basic financial statements.

Note 12. Other Postemployment Benefits (OPEB)

The Other Postemployment Benefits (OPEB) for the city combines two separate plans. The city provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

Financial Statement Presentation

The city's two OPEB plans are presented in the aggregate on the *Statement of Net Position*. The amounts on the financial statements relate to the plans as follows:

	Implicit Rate Subsidy	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 345,118	\$ 345,118
Deferred Outflows of Resources:			
Change in Assumptions	8,791	-	8,791
Difference in Expected and Actual Experience	282,669	-	282,669
Difference in Earnings	-	9,744	9,744
Contributions After MD	62,086	40	62,126
Total Deferred Outflows of Resources	<u>353,546</u>	<u>9,784</u>	<u>363,330</u>
Total OPEB Liability	<u>(964,528)</u>	<u>-</u>	<u>(964,528)</u>
Deferred Inflows of Resources:			
Difference in Expected and Actual Experience	(105,763)	(6,750)	(112,513)
Difference in Earnings	-	-	-
Change in Assumptions	(145,096)	(4,365)	(149,461)
Change in Proportionate Share	-	(37,728)	(37,728)
Total Deferred Inflows of Resources	<u>(250,859)</u>	<u>(48,843)</u>	<u>(299,702)</u>
OPEB Expense/(Income)*	<u>\$ 68,095</u>	<u>\$ (79,518)</u>	<u>\$ (11,423)</u>

*Included in program expenses on Statement of Activities

Implicit Rate Subsidy

Plan Description. The city does not have a formal, stand-alone postemployment benefit plan for its employees; however, the city is required by ORS 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. The city maintains a single employer defined benefit plan allowing eligible retirees to purchase health insurance benefits at premium rates set equal to the rates paid by active employees.

Funding Policy. The city collects insurance premiums from all retirees each month then pays health insurance premiums for all retirees at tiered rates to the insurance company. The required contributions to the plan include the city's pay-as-you-go amount and amount paid by retirees. For the fiscal year ended June 30, 2025, the city's retirees paid 100% of their insurance premium costs.

The program values the implicit retiree health insurance subsidy as the difference between the health insurance premiums and the expected age-adjusted claim costs for early retirees. The contribution amounts shown are the estimated implicit employer contributions. There are no assets held for the Plan.

Benefits Provided. The program is a defined benefit plan that provides post-employment health insurance to eligible city retirees. The program allows eligible retirees and their dependents to purchase the city's health insurance benefits at premium rates set equal to the rates paid by active employees. As of the valuation date of July 1, 2024, there were 143 active employees, six retired employees, and no spouses of ineligible retirees in the city.

dependents, with a one-year setback for male general service employees and female safety employees.

- Healthcare Cost Trend Rate Medical: 6.9% in 2024 decreasing to 6.0% in 2025.

Change in the Total OPEB Liability:

	Increase (Decrease) in Total OPEB Liability
Total OPEB liability, June 30, 2024	\$ 743,405
Changes for the year:	
Service cost	52,913
Interest on total OPEB liability	28,178
Effect of economic/demographic gains or	212,135
Effect of assumptions changes or inputs	(23,042)
Benefit payments	(49,061)
Total OPEB liability, June 30, 2025	<u>\$ 964,528</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the city's total OPEB liability calculated using the discount rate of 3.93%, as well as what the total liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 1,033,844	\$ 964,528	\$ 900,324

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the city's total OPEB liability, as well as what the liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 879,869	\$ 964,528	\$ 1,063,085

PERS Retirement Health Insurance Account (RHIA)

Plan Description. As a member of the Oregon Public Employees Retirement System (OPERS), the city contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment

benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700, or online at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits Provided. Because RHIA was created by enabling legislation, contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. Oregon Revised Statute requires that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. An eligible surviving spouse or dependent of a deceased OPERS retiree may receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS, or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions. PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2022 actuarial valuation. The rates are based on a percentage of payroll, and first became effective July 1, 2024. 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 \$40 for the fiscal year ended June 30, 2025.

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

At June 30, 2025, the city reported a net OPEB asset of \$345,118 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the OPERS net OPEB asset used to calculate the City's net OPEB asset was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. 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, 2025, the city's proportionate share was 0.08544450%, which is an increase from its proportion of 0.06600535%, from prior fiscal year.

For the year ended June 30, 2025, the city recognized OPEB income from this plan of \$79,518. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,750
Changes of assumptions	-	4,365
Net difference between projected and actual earnings on investments	9,744	-
Changes in proportionate share	-	37,728
Total (prior to post-MD contributions)	9,744	48,843
Contributions subsequent to the MD	40	-
Total	<u>\$ 9,784</u>	<u>\$ 48,843</u>

Deferred outflows of resources to OPEB of \$40 resulting from the city's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ending June 30, 2026. 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:		
2026	\$	(54,013)
2027		8,517
2028		5,272
2029		1,125
Total	<u>\$</u>	<u>(39,099)</u>

Actuarial Methods and Assumptions

The net OPEB asset in the December 31, 2022 actuarial valuation was determined using actuarial methods and assumptions consistent with those disclosed for the OPERS Pension Plan. See Note 11 for additional information on Actuarial Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the city's proportionate share of the net OPEB asset calculated using the discount rate of 6.9%, as well as what the city's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net OPEB Asset	<u>\$319,474</u>	<u>\$345,118</u>	<u>\$367,197</u>

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, 2024 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2024 measurement period that require disclosure.

Note 13. Fund Balance Classification

Governmental fund balances were classified as follows as of June 30, 2025:

	General Fund	Transportation Fund	Milwaukie Redevelopment Commission	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid expenditures	\$ 267,534	\$ -	\$ -	\$ -	\$ 267,534
Restricted					
Public safety supplies	7,585	-	-	-	7,585
PEG (Public, Educational, Gov't)	97,279	-	-	-	97,279
Parks	65,534	-	-	-	65,534
Infrastructure	-	-	-	4,829,722	4,829,722
Building services	-	-	-	5,355,962	5,355,962
Urban revitalization	-	-	7,839,790	-	7,839,790
Library services	506,600	-	-	-	506,600
Transportation	-	24,699,653	-	-	24,699,653
Debt service	-	-	-	10,168	10,168
	<u>676,998</u>	<u>24,699,653</u>	<u>7,839,790</u>	<u>10,195,852</u>	<u>43,412,293</u>
Unassigned	10,555,096	-	-	-	10,555,096
Total fund balance	<u>\$ 11,499,628</u>	<u>\$ 24,699,653</u>	<u>\$ 7,839,790</u>	<u>\$ 10,195,852</u>	<u>\$ 54,234,923</u>

Note 14. Commitments and Contingencies

The city's various commitments and contingencies are as follows:

Clackamas County Service District No.1 – The city has an intergovernmental agreement with Clackamas County Service District No.1 (District) to treat sewage wastewater. Pertinent terms of this agreement are as follows:

- The original agreement for wastewater treatment services dated November 25, 1970 was extended and modified several times. In May 2012 the city and District signed a memorandum of understanding for services effective July 1, 2012 through June 30, 2037.
- Following an independent review of the number of sewer connections during fiscal year 2012, the baseline number of Equivalent Dwelling Units (EDUs) was determined to be 10,939.

- The city agreed to pay up to \$30.25 per EDU per month in year one and the District's wholesale rate thereafter. The wholesale rate for this fiscal year was \$37.95 per EDU. This amounts to approximately \$5.44 million each fiscal year.
- EDU counts are updated semi-annually on March 1 and September 1.

Clackamas Fire District No.1 – The city has various agreements with Clackamas County Fire District No.1 (Fire District) as follows:

- The city passed Ordinance No. 1958 in February 2006 following Ballot Measure 3-166 where voters authorized the annexation of fire services into the Fire District. This Ordinance reduces the city's permanent tax rate of \$6.5379 per \$1,000 of assessed value by the permanent rate of the Fire District equating to \$2.4012 offset by their annual bonded debt rate until then-existing bonds were paid off in fiscal year 2015.
- The city has an intergovernmental agreement with the Fire District for its use of Station 2 at the city's Public Safety Building. This agreement, signed in December 2014, provides that the Fire District will pay the city one dollar (\$1) annually for rent, \$500 per month for general maintenance and janitorial services, and its share of utilities.
- This same intergovernmental agreement with the Fire District provides the city exclusive use of the Fire District's facility at 6596 SE Lake Road. The agreement stipulates that the city will pay for utilities, cleaning and all other operating costs with the Fire District paying for any interior and exterior maintenance.
- The initial term of the intergovernmental agreement was ten (10) years, and the agreement continues on a fiscal year-to-fiscal year basis unless otherwise terminated.

Clackamas River Water – The city has an intergovernmental agreement with Clackamas River Water (CRW) for joint utility billing services. Pertinent terms of this agreement are as follows:

- The City and CRW decided to end the intergovernmental agreement and return to a separate service and billing structure, with CRW providing water service and the city providing wastewater and other utilities to the identified service area. To prepare for this transition, the intergovernmental agreement term was extended from January 31, 2025 to July 31, 2025. No further extension has been made subsequent to year-end.
- The city and CRW signed an agreement in January 2015 authorizing the city to perform meter reading, custom billing and customer service activities to customers served by CRW through January 31, 2025.
- Provide a combined utility bill for property owners; however, services for water are still maintained by CRW and services for wastewater, stormwater and street maintenance are maintained by the city.
- The city receives a 5% administration fee monthly from CRW charges collected in the previous month.

City of Lake Oswego – The city has an intergovernmental cooperative agreement with the City of Lake Oswego (Lake Oswego) to provide public safety 911/communication dispatching services for Milwaukie's Police Department. Pertinent terms of this agreement are as follows:

- Dispatching services include, but are not limited to, 24-hour-per-day answering of emergency telephone lines (including 911 calls) for fire, police, and emergency medical service requests, radio communications with police personnel regarding emergency and routine police matters, and other dispatching services for law enforcement purposes.
- As part of this agreement, the State redirects the city's state-allocated 911 monies directly to Lake Oswego to help offset the annual contract costs summarized below. These annual monies from the State average approximately \$197,000 per fiscal year.
- The Agreement effective July 1, 2022, through June 30, 2026 estimates the annual contract cost for fiscal year 2026 to be \$774,300.

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

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

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

Project	Outstanding Significant Contracts Total	Costs Expended as of June 30, 2025	Remaining Costs	Contract Expiration
SCADA System Improvements	\$ 1,928,683	\$ 1,656,557	\$ 272,126	August 2025
Stanley Tank Reservoir Improvements	2,884,717	2,614,945	269,772	August 2025
Washington Street Area Improvements Design	834,948	827,689	7,259	December 2025
King Road Improvements Design	1,129,603	990,703	138,900	December 2025
Waverly Heights Sewer Reconfiguration Design	840,090	408,904	431,186	December 2025
Downtown Curbs and Storm Improvements	522,709	479,949	42,760	December 2025
Meek Street Pipe Installation	5,956,572	5,597,944	358,628	January 2026
Washington Street Area Improvements	7,363,740	6,702,218	661,522	March 2026
Ardenwald North Improvements	2,795,761	1,699,953	1,096,008	May 2026
Harvey Street Improvements Design	904,550	675,841	228,709	September 2026

Note 15. Risk Management

The city is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Except for unemployment compensation, the city purchases commercial insurance to minimize its exposure to these risks. There has been no reduction in commercial insurance coverage from the previous fiscal year. Workers' compensation claims are insured through incurred loss

retrospective policies and the city is self-insured for unemployment compensation claims. Settled claims have not exceeded coverage for any of the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Note 16. Property Tax Limitation

Residents of the State of Oregon approved the first property tax limitation in 1990 – Measure 5. This limitation divides property taxes into an education category and a non-education category. The tax rate in the education category was limited to \$5 per thousand of real market value for fiscal year 1995-96 and thereafter. The non-education category was limited to \$10 per thousand real market value. Although non-education taxes to the City do not currently exceed the \$10 per \$1,000 of property real market value limitation, this limitation may affect the availability of future tax revenues for the city.

A second property tax limitation was approved in November 1996 and later modified in May 1997 – Measures 47 and 50, respectively. This limitation set a maximum permanent tax rate for the city exclusive of bonded debt at \$6.5379 per \$1,000 assessed value. Assessed values can only grow by a maximum of three percent per year, exclusive of new construction and annexations.

Note 17. Tax Abatements

The city enters into property tax abatement agreements with local businesses under the state Vertical Housing Program, authorized by ORS 307.841 through ORS 307.867, administered by Oregon Housing and Community Services, authorized by ORS 456.555 and Oregon Administrative Rule (OAR) 813-013. The purpose of the program is to encourage investment in and rehabilitation of properties in targeted areas of a city or community, to augment the availability of appropriate housing, and to revitalize communities. The program encourages mixed-use developments that contain both non-residential and residential uses in areas (zones) designated by local jurisdictions. Eligible projects receive a partial property tax exemption which varies with the number of "Equalized Floors" in a project, with a maximum property tax exemption of 80% over a 10-year term. The city has one project under this program. The exemption is 60% of the residential property taxes for 10 years. For the current year, the abatement is \$129,515.

Housing Authority Partnership (ORS 307.092): The property of a housing authority is declared to be public property if used for essential public and governmental purposes and, upon compliance with ORS 307.162 (Claiming exemption), the property and the housing authority are exempt from all taxes and special assessments of the city, the county, the state or any political subdivision of the city, county or state.

In lieu of taxes or special assessments, the authority may agree to make payments to the city, county or political subdivision for improvements, services and facilities furnished by the city, county or political subdivision for the benefit of a housing project, but in no event may the payments exceed the estimated cost to the city, county or political subdivision of the improvements, services or facilities furnished. Property of a housing authority that is commercial property leased to a taxable entity is not exempt from taxation and special assessments under this section. For the current year, the abatement is \$77,333.

Additionally, the State of Oregon under the Oregon Business Development Department offers an Enterprise Zone (EZ) Tax Abatement Program, authorized by ORS 285C. Under this program, local governments are responsible for creating, managing and renewing enterprise zones. In exchange for locating or expanding into an enterprise zone, eligible (generally non-retail) businesses receive total exemption from the property taxes normally assessed on new plant and equipment for three to five years after the property is in service. Minimum eligibility requirements include an increase in full-time, permanent employment by 10%, maintaining minimum employment levels during the exemption period, and employee wages to exceed at least 150% of the State minimum wage. The city has one agreement under this program. For the current year, the abatement is \$5,108.

Note 18. Expenditures Exceeding Appropriations

The City had no instances where expenditures exceeded appropriations.

Note 19. Legal Matters

The City is involved as a defendant in several claims and disputes that are normal to the City's activities. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon its financial position or operations.

Note 20. Error Correction

During fiscal year 2025, the City identified errors in the useful lives of its capital assets, whereby assets were being depreciated more quickly than they should have been based on the useful lives shown in note 1. This resulted in capital assets, net of depreciation expense, being understated for fiscal year ending June 30, 2024 by \$22,354,344. These errors were corrected during fiscal year 2025, which required adjustments to and restatements of beginning net position, as follows:

	6/30/2024 Net Position As Previously Reported	Error Correction	6/30/2024 Net Position As Restated
Government-Wide			
Governmental Activities	\$ 50,919,949	\$ 15,896,255	\$ 66,816,204
Business-Type Activities	54,222,374	6,458,089	60,680,463
Total Primary Government	\$ 105,142,323	\$ 22,354,344	\$ 127,496,667
Proprietary Funds			
Major Funds:			
Water Fund	\$ 17,851,688	\$ 1,849,783	\$ 19,701,471
Wastewater Fund	16,674,484	1,797,619	18,472,103
Stormwater Fund	19,696,202	2,810,687	22,506,889
Total Proprietary Funds	\$ 54,222,374	\$ 6,458,089	\$ 60,680,463

The table below shows the effect of the errors on the prior period's change in net position.

	6/30/2024 Change In Net Position (As Previously Reported)	FY 2024 Depreciation Expense Error	6/30/2024 Change in Net Position (As Restated)
Government-Wide			
Governmental Activities	\$ (1,413,110)	\$ 3,473,418	\$ 2,060,308
Business-Type Activities	3,641,319	1,552,074	5,193,393
Total Primary Government	\$ 2,228,209	\$ 5,025,492	\$ 7,253,701
Proprietary Funds			
Major Funds:			
Water Fund	\$ 532,319	\$ 509,782	\$ 1,042,101
Wastewater Fund	1,065,274	342,388	1,407,662
Stormwater Fund	2,043,726	699,904	2,743,630
Total Proprietary Funds	\$ 3,641,319	\$ 1,552,074	\$ 5,193,393

Line items affected by this error include capital assets net of accumulated depreciation and amortization, and net position: net investment in capital assets on the Statement of Net Position; function/program expenses on the Statement of Activities; capital assets, net of accumulated depreciation and net position: net investment in capital assets on the Proprietary Funds Statement of Net Position; depreciation expense on the Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position, and depreciation expense on the Statement of Cash Flows, adjustment to reconcile operating income to net cash from operating activities. Additionally, cash flows from capital and related financing activities: acquisition and construction of capital assets was affected in fiscal year 2025, as the error corrections in the proprietary funds were included in this line.

Note 21. New Pronouncements

During the fiscal year ended June 30, 2025, the city implemented the following GASB pronouncements.

- *GASB Statement No. 101, Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.
- *GASB Statement No. 102, Certain Risk Disclosures.* The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

There was no material impact to the City's financial statements as a result of the adoption of these standards. Additionally, the city did not restate beginning net position for GASB 101 because the amount of the restatement was considered immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Total OPEB Liability

Schedule of Changes in Total OPEB Liability

Schedule of the City's Proportionate Share of the
Net OPEB Asset

Schedule of the City's Proportionate Share of the
Net Pension (Asset)/Liability

Schedule of the City's Contributions

Notes to Required Supplementary Information

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
(required supplementary information)

GENERAL FUND

SPECIAL REVENUE MAJOR FUNDS

Transportation Fund
Milwaukie Redevelopment Commission

CITY OF MILWAUKIE, OREGON

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget for the 2025-2026 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2024-25	Total	
REVENUES:					
Property taxes	\$ 20,576,000	\$ 20,576,000	\$ 10,365,586	\$ 10,365,586	\$ (10,210,414)
Franchise taxes	6,492,000	6,492,000	3,153,242	3,153,242	(3,338,758)
Intergovernmental	9,902,000	10,456,350	5,409,343	5,409,343	(5,047,007)
Fines and forfeitures	835,000	835,000	614,363	614,363	(220,637)
Licenses and permits	975,000	975,000	829,283	829,283	(145,717)
Investment earnings	500,000	500,000	565,783	565,783	65,783
Miscellaneous	40,000	40,000	129,113	129,113	89,113
TOTAL REVENUES	39,320,000	39,874,350	21,066,713	21,066,713	(18,807,637)
EXPENDITURES:					
City Council	294,000	291,500	116,002	116,002	175,498
City Manager	2,992,000	3,270,847	1,583,644	1,583,644	1,687,203
City Attorney	747,000	771,000	361,639	361,639	409,361
Community Development	1,274,000	1,099,000	373,061	373,061	725,939
Public Works Administration	3,899,000	4,899,000	3,305,695	3,305,695	1,593,305
Engineering Services	3,137,000	3,137,000	1,395,858	1,395,858	1,741,142
Facilities Management	4,497,000	4,497,016	2,967,146	2,967,146	1,529,870
Finance	3,129,000	3,192,000	1,605,876	1,605,876	1,586,124
Fleet Services	1,386,000	1,468,000	750,471	750,471	717,529
Human Resources	1,024,000	1,074,000	488,920	488,920	585,080
Information Technology	3,275,000	3,305,000	1,806,499	1,806,499	1,498,501
Library	4,718,000	4,926,500	2,408,462	2,408,462	2,518,038
Municipal Court	407,000	407,000	188,384	188,384	218,616
Planning	1,837,000	1,911,000	886,447	886,447	1,024,553
Code Enforcement	841,000	862,000	399,018	399,018	462,982
Public, Education and Government	35,000	35,000	-	-	35,000
City Recorder	1,481,000	1,487,000	763,411	763,411	723,589
Police	17,966,000	18,307,350	8,943,329	8,943,329	9,364,021
Nondepartmental					
General Services	2,376,000	2,376,000	1,189,419	1,189,419	1,186,581
Contingency	1,737,000	1,237,000	-	-	1,237,000
TOTAL EXPENDITURES	57,052,000	58,553,213	29,533,281	29,533,281	29,019,932
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,732,000)	(18,678,863)	(8,466,568)	(8,466,568)	(10,212,295)
OTHER FINANCING SOURCES (USES):					
Issuance of debt - SBITA's	-	-	151,714	151,714	151,714
Sale of capital assets	-	-	99,088	99,088	99,088
Transfers from other funds	13,612,000	13,758,847	6,952,847	6,952,847	(6,806,000)
Transfers to other funds	(628,000)	(628,000)	(314,000)	(314,000)	314,000
TOTAL OTHER FINANCING SOURCES (USES)	12,984,000	13,130,847	6,889,649	6,889,649	(6,268,328)
NET CHANGE IN FUND BALANCES	(4,748,000)	(5,548,016)	(1,576,919)	(1,576,919)	3,971,097
FUND BALANCES - beginning	12,275,000	11,475,000	13,076,547	13,076,547	1,601,547
FUND BALANCES - ending	\$ 7,527,000	\$ 5,926,984	\$ 11,499,628	\$ 11,499,628	\$ 5,572,644

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, 2025

	Budget for the 2025-2026 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2024-25	Total	
REVENUES:					
Intergovernmental	\$ 9,956,000	\$ 9,956,000	\$ 2,259,920	\$ 2,259,920	\$ (7,696,080)
Charges for services	5,470,000	5,470,000	2,915,684	2,915,684	(2,554,316)
Franchise fees	3,021,000	3,021,000	1,375,567	1,375,567	(1,645,433)
Investment earnings	475,000	475,000	1,317,013	1,317,013	842,013
Miscellaneous	62,000	62,000	48,136	48,136	(13,864)
TOTAL REVENUES	18,984,000	18,984,000	7,916,320	7,916,320	(11,067,680)
EXPENDITURES:					
Street Surface Maintenance Program Department	8,114,000	8,130,250	2,398,134	2,398,134	5,732,116
Safe Access for Everyone Program Department	14,723,000	14,723,000	2,585,252	2,585,252	12,137,748
State Gas Tax Department	10,081,000	10,081,000	2,591,987	2,591,987	7,489,013
Contingency	134,000	117,750	-	-	117,750
TOTAL EXPENDITURES	33,052,000	33,052,000	7,575,373	7,575,373	25,476,627
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,068,000)	(14,068,000)	340,947	340,947	(36,544,307)
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(4,490,000)	(4,490,000)	(2,244,500)	(2,244,500)	2,245,500
TOTAL OTHER FINANCING SOURCES (USES)	(4,490,000)	(4,490,000)	(2,244,500)	(2,244,500)	2,245,500
NET CHANGE IN FUND BALANCES	(18,558,000)	(18,558,000)	(1,903,553)	(1,903,553)	16,654,447
FUND BALANCES - beginning	25,534,000	25,534,000	26,603,206	26,603,206	1,069,206
FUND BALANCES - ending	\$ 6,976,000	\$ 6,976,000	\$ 24,699,653	\$ 24,699,653	\$ 17,723,653

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, 2025

	Budget for the 2025-2026 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2024-25	Total	
REVENUES:					
Property taxes	\$ 1,753,000	\$ 1,753,000	\$ 1,095,182	\$ 1,095,182	\$ (657,818)
Investment earnings	10,000	10,000	383,762	383,762	373,762
Miscellaneous	-	-	2,431	2,431	2,431
TOTAL REVENUES	<u>1,763,000</u>	<u>1,763,000</u>	<u>1,481,375</u>	<u>1,481,375</u>	<u>(281,625)</u>
EXPENDITURES:					
Personnel services	-	460,000	80,800	80,800	379,200
Materials and services	600,000	600,000	539,832	539,832	60,168
Debt service	674,000	674,000	361,344	361,344	312,656
Capital outlay	5,182,000	4,722,000	101,855	101,855	4,620,145
Contingency	160,000	160,000	-	-	160,000
TOTAL EXPENDITURES	<u>6,616,000</u>	<u>6,616,000</u>	<u>1,083,831</u>	<u>1,083,831</u>	<u>5,152,969</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(4,853,000)</u>	<u>(4,853,000)</u>	<u>397,544</u>	<u>397,544</u>	<u>5,250,544</u>
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(50,000)	(50,000)	(25,000)	(25,000)	25,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCES	<u>(4,903,000)</u>	<u>(4,903,000)</u>	<u>372,544</u>	<u>372,544</u>	<u>5,275,544</u>
FUND BALANCES - beginning	<u>7,483,000</u>	<u>7,483,000</u>	<u>7,467,246</u>	<u>7,467,246</u>	<u>(15,754)</u>
FUND BALANCES - ending	<u>\$ 2,580,000</u>	<u>\$ 2,580,000</u>	<u>\$ 7,839,790</u>	<u>\$ 7,839,790</u>	<u>\$ 5,259,790</u>

CITY OF MILWAUKIE, OREGON

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

FOR THE LAST TEN YEARS

SCHEDULE OF TOTAL OPEB LIABILITY (TOL)

Measurement Date	City's Total OPEB liability	City's covered-employee payroll	TOL as a percentage of covered employee payroll
Ending June 30,			
2024	\$ 964,528	\$ 13,196,367	7.3%
2023	743,405	12,459,744	6.0%
2022	730,887	11,735,888	6.2%
2021	944,921	11,647,433	8.1%
2020	913,974	11,377,967	8.0%
2019	698,535	10,798,700	6.5%
2018	668,101	9,921,800	6.7%
2017	825,960	9,351,333	-
2016 ¹	-	-	-
2015 ¹	-	-	-

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL)

Measurement Date	TOL beginning balance	Service Costs	Interest on the TOL	Benefit payments	Economic or Demographic gains/losses	Changes of assumptions	TOL ending balance
Ending June 30,							
2024	\$ 743,405	\$ 52,913	\$ 28,178	\$ (49,061)	\$ 212,135	\$ (23,042)	\$ 964,528
2023	730,887	51,959	26,664	(59,755)	-	(6,350)	743,405
2022	944,921	63,736	21,161	(58,316)	(139,301)	(101,314)	730,887
2021	913,974	61,873	20,956	(55,519)	-	3,637	944,921
2020	698,535	48,752	25,613	(31,228)	209,482	(37,180)	913,974
2019	668,101	43,361	26,362	(61,101)	-	21,812	698,535
2018	825,960	55,573	30,755	(45,297)	(58,326)	(140,564)	668,101
2017 ¹	843,871	59,530	25,046	(49,572)	-	(52,915)	825,960
2016 ¹	-	-	-	-	-	-	-
2015 ¹	-	-	-	-	-	-	-

¹ Actuarial information not available.

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

CITY OF MILWAUKIE, OREGON
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
JUNE 30, 2025

CITY'S PROPORTIONATE SHARE OF THE NET RHIA OPEB ASSET

Measurement Date June 30,	(a) City's proportion of the net OPEB asset	(b) City's proportionate share of the net OPEB asset	(c) Covered payroll	(b/c) City's proportionate share of the net OPEB asset as a percentage of its covered	Plan fiduciary net position as a percentage of the total OPEB liability
2024	-0.08544450%	\$ 345,118	\$12,459,744	2.77%	220.6%
2023	-0.06600535%	241,689	11,735,888	2.06%	201.6%
2022	-0.06185538%	219,794	11,051,980	1.99%	194.6%
2021	-0.05242193%	211,548	11,647,433	1.82%	183.9%
2020	-0.09821427%	106,815	11,377,967	0.94%	150.1%
2019	-0.09505729%	189,175	10,798,700	1.75%	144.4%
2018	-0.00967439%	106,110	9,921,800	1.07%	124.0%
2017 ¹	0.00000000%	39,733	9,351,333	0.42%	108.9%
2016 ¹	0.00000000%	-	-	0.0%	0.0%
2015 ¹	0.00000000%	-	-	0.0%	0.0%

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

Measurement Date June 30,	City's ¹ proportion of the net pension liability	City's ¹ proportionate share of the net pension liability	City's covered payroll	City's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.09557726%	\$ 21,244,190	\$ 12,459,744	170.5%	84.5%
2023	0.10949156%	20,508,521	11,735,888	174.8%	84.5%
2022	0.11429534%	17,500,910	11,051,980	158.4%	84.5%
2021	0.10893946%	13,036,219	11,647,433	111.9%	87.6%
2020	0.10387483%	22,669,062	11,377,967	199.2%	75.8%
2019	0.10370708%	17,938,841	10,798,700	166.1%	84.6%
2018	0.10363730%	15,699,686	9,921,800	158.2%	82.1%
2017	0.10160770%	13,696,756	9,351,333	146.5%	83.1%
2016	0.10097892%	15,159,281	8,793,003	172.4%	80.5%
2015	0.09405887%	5,400,354	8,468,557	63.8%	91.9%

¹ Actuarial information provided by OPERS actuary.

CITY OF MILWAUKIE, OREGON

SCHEDULE OF THE CITY'S CONTRIBUTIONS

JUNE 30, 2025

SCHEDULE OF CITY'S OPEB RHIA PLAN CONTRIBUTIONS¹

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
2025	\$ 40	\$ 40	\$ -	\$ 13,196,367	0.00%
2024	45	45	-	12,459,744	0.00%
2023	1,301	1,301	-	11,735,888	0.01%
2022	1,545	1,545	-	11,051,980	0.01%
2021	1,648	1,648	-	11,647,433	0.01%
2020	3,744	3,744	-	11,377,967	0.03%
2019	48,677	48,677	-	10,798,700	0.45%
2018	46,027	46,027	-	9,921,800	0.46%
2017	47,590	47,590	-	9,351,333	0.51%
2016	45,543	45,543	-	8,793,003	0.00%

SCHEDULE OF CITY'S OREGON PUBLIC EMPLOYEE RETIREMENT PENSION PLAN (OPERS) CONTRIBUTIONS¹

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
2025	\$ 2,582,669	\$ 2,582,669	\$ -	\$ 13,196,367	19.6%
2024	2,435,522	2,435,522	-	12,459,744	19.5%
2023	2,302,163	2,302,163	-	11,735,888	19.6%
2022	2,181,727	2,181,727	-	11,051,980	19.7%
2021	1,995,646	1,995,646	-	11,647,433	17.1%
2020	1,954,083	1,954,083	-	11,377,967	17.2%
2019	1,404,433	1,404,433	-	10,798,700	13.0%
2018	1,336,107	1,336,107	-	9,921,800	13.5%
2017	928,786	928,786	-	9,351,333	9.9%
2016	906,240	906,240	-	8,793,003	10.3%

¹ Actuarial information provided by OPERS actuary.

CITY OF MILWAUKIE, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 2025

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

1. Budgetary Information

Municipal budgets are adopted on a basis consistent with ORS 294 – Local Budget Law. The city manager is responsible for submitting a proposed budget to the Budget Committee, comprised of the City Council and an equal number of residents of the city. The city is required to prepare a budget for each fund.

The Budget Committee conducts public hearings for the purpose of obtaining residents' comments, and then approves a budget and submits it to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by Council without returning to the Budget Committee. After the Council adopts the budget and certifies the total ad valorem taxes to be levied, no additional tax levy may be made for that budget period.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level at which expenditures cannot legally exceed appropriations. In the General Fund, the levels of budgetary control established by resolution are set at the department level. For all other funds, the level of budgetary control is at the program level. Appropriations lapse at the end of the biennium.

The City Council may modify the budget by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget with a supplemental budget. Some supplemental budgets require publication in newspapers and hearings before the public at City Council meetings. Additionally, the City's practice is to bring all budget adjustments to the Budget Committee for review prior to adoption by the City Council. Original and supplemental budgets may be modified using appropriation transfers between the levels of control. Such transfers require approval by the City Council. For fiscal year ended June 30, 2025, the first year of the 2025-2026 biennial budget process, two supplemental budgets and one transfer of appropriation authority were approved by the City Council.

The City had no instances of expenditures exceeding appropriations as noted in Note 18 of the Notes to Basic Financial Statements.

2. Oregon Public Employee Retirement Pension Plan (PERS)

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

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

The June 30, 2021 total pension liability included the effect of the PERS Board adopting a change to the long-term expected rate of return, reducing it from 7.2% percent to 6.9%. This contributed to the net pension liability reported by the City for fiscal year 2022 and thereafter.

3. Other Postemployment Benefits (OPEB)

Changes of Benefit Terms – OPEB (Implicit Rate Subsidy Plan) – there were no changes of benefit terms used to measure the June 30, 2025 total OPEB liability.

Changes of Assumptions – OPEB (Implicit Rate Subsidy Plan) – below is a summary of key assumption changes implemented with the July 1, 2024 valuation utilized in the OPEB amounts reported for fiscal year ended June 30, 2025.

- Changes in Actuarial methods and Allocation Procedures – The Entry Age Normal actuarial cost method continues to be used.
- Health Care Cost Trend – medical costs increased to 6.9% in 2024 before decreasing to 6.0% in 2025.
- General Inflation – general inflation stayed the same at 2.40%
- Discount Rate – 3.93%

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental *Combining & Individual Fund Financial Statements*

Capital Projects Fund

Systems Development Charges Fund – accounts for systems development charges which are restricted for capacity increasing capital projects.

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

Special Revenue Funds

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

Construction Excise Tax Fund – accounts for the collection of construction excise taxes to fund incentives for the development and construction of affordable housing.

Debt Service Fund

Debt Service Fund – accounts for the payment of general obligation bonds and full faith and credit obligation principal and interest.

CITY OF MILWAUKIE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Funds</u>
	Systems Development Charges	Building	Construction Excise Tax	
			Debt Service	
ASSETS:				
Cash and investments	\$ 3,402,438	5,450,999	1,479,041	\$ 10,342,646
Accounts receivable	11	-	-	11
TOTAL ASSETS	\$ 3,402,449	\$ 5,450,999	\$ 1,479,041	\$ 10,342,657
LIABILITIES:				
Accounts payable	\$ 49,486	\$ 72,009	\$ 2,282	\$ 123,777
Accrued salaries and payroll taxes	-	23,028	-	23,028
TOTAL LIABILITIES	49,486	95,037	2,282	146,805
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	49,486	95,037	2,282	146,805
FUND BALANCES:				
Restricted	3,352,963	5,355,962	1,476,759	10,195,852
TOTAL FUND BALANCES	3,352,963	5,355,962	1,476,759	10,195,852
TOTAL LIABILITIES, DEFERRRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,402,449	\$ 5,450,999	\$ 1,479,041	\$ 10,342,657

CITY OF MILWAUKIE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Capital Projects		Special Revenue		Debt Service	Total Non-Major Funds
	Systems Development Charges	City Hall	Building	Construction Excise Tax	Debt Service	
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 838,284	\$ 838,284
Licenses and permits	-	-	1,540,070	-	-	1,540,070
Systems development charges	633,026	-	-	-	-	633,026
Construction excise Taxes	-	-	-	138,046	-	138,046
Investment earnings	176,469	-	287,141	72,692	14,405	550,707
Miscellaneous	15,421	-	1,817	6,334	-	23,572
TOTAL REVENUES	824,916	-	1,829,028	217,072	852,689	3,723,705
EXPENDITURES:						
General Government	-	-	1,132,094	-	-	1,132,094
Debt service:						
Principal	-	-	-	-	980,000	980,000
Interest	-	-	-	-	391,706	391,706
Capital outlay	140,611	-	54,992	-	-	195,603
TOTAL EXPENDITURES	140,611	-	1,187,086	-	1,371,706	2,699,403
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	684,305	-	641,942	217,072	(519,017)	1,024,302
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	-	(146,846)	(239,000)	(12,500)	-	(398,346)
Transfers from other funds	-	-	-	-	519,200	519,200
TOTAL OTHER FINANCING SOURCES (USES)	-	(146,846)	(239,000)	(12,500)	519,200	120,854
NET CHANGE IN FUND BALANCES	684,305	(146,846)	402,942	204,572	183	1,145,156
FUND BALANCES - beginning	2,668,658	146,846	4,953,020	1,272,187	9,985	9,050,696
FUND BALANCES - ending	\$ 3,352,963	\$ -	5,355,962	\$ 1,476,759	\$ 10,168	\$ 10,195,852

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, 2025

	Budget for the 2025-2026 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2024-25	Total	
REVENUES:					
Systems development charges	\$ 1,267,000	\$ 1,267,000	\$ 633,026	\$ 633,026	\$ (633,974)
Intergovernmental	250,000	250,000	-	-	(250,000)
Investment earnings	208,000	208,000	176,469	176,469	(31,531)
Miscellaneous	-	-	15,421	15,421	15,421
TOTAL REVENUES	<u>1,725,000</u>	<u>1,725,000</u>	<u>824,916</u>	<u>824,916</u>	<u>(900,084)</u>
EXPENDITURES:					
Transportation Department	550,000	550,000	55,268	55,268	494,732
Wastewater Department	320,000	320,000	-	-	320,000
Stormwater Department	345,000	345,000	85,343	85,343	259,657
TOTAL EXPENDITURES	<u>1,215,000</u>	<u>1,215,000</u>	<u>140,611</u>	<u>140,611</u>	<u>1,074,389</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>510,000</u>	<u>510,000</u>	<u>684,305</u>	<u>684,305</u>	<u>174,305</u>
NET CHANGE IN FUND BALANCES	510,000	510,000	684,305	684,305	174,305
FUND BALANCES - beginning	<u>2,937,000</u>	<u>2,937,000</u>	<u>2,668,658</u>	<u>2,668,658</u>	<u>(268,342)</u>
FUND BALANCES - ending	<u>\$ 3,447,000</u>	<u>\$ 3,447,000</u>	<u>\$ 3,352,963</u>	<u>\$ 3,352,963</u>	<u>\$ (94,037)</u>

CITY OF MILWAUKIE, OREGON
CITY HALL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2025-2026 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2024-25	Total	
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	\$ -	\$ (146,847)	\$ (146,846)	\$ (146,846)	\$ 1
TOTAL OTHER FINANCING SOURCES (USES)	-	(146,847)	(146,846)	(146,846)	1
NET CHANGE IN FUND BALANCES	-	(146,847)	(146,846)	(146,846)	1
FUND BALANCES - beginning	-	146,847	146,846	146,846	(1)
FUND BALANCES - ending	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2025

	Budget for the 2025-2026 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2024-25	Total	
REVENUES:					
Fees, licenses and permits	\$ 2,568,000	\$ 2,568,000	\$ 1,540,070	\$ 1,540,070	\$ (1,027,930)
Investment earnings	150,000	150,000	287,141	287,141	137,141
Miscellaneous	4,000	4,000	1,817	1,817	(2,183)
TOTAL REVENUES	<u>2,722,000</u>	<u>2,722,000</u>	<u>1,829,028</u>	<u>1,829,028</u>	<u>(892,972)</u>
EXPENDITURES:					
Personnel services	962,000	1,212,000	624,608	624,608	587,392
Materials and services	1,306,000	1,306,000	507,486	507,486	798,514
Capital outlay	134,000	134,000	54,992	54,992	79,008
Contingency	680,000	430,000	-	-	430,000
TOTAL EXPENDITURES	<u>3,082,000</u>	<u>3,082,000</u>	<u>1,187,086</u>	<u>1,187,086</u>	<u>1,894,914</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(360,000)</u>	<u>(360,000)</u>	<u>641,942</u>	<u>641,942</u>	<u>1,001,942</u>
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(478,000)	(478,000)	(239,000)	(239,000)	239,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(478,000)</u>	<u>(478,000)</u>	<u>(239,000)</u>	<u>(239,000)</u>	<u>239,000</u>
NET CHANGE IN FUND BALANCES	<u>(838,000)</u>	<u>(838,000)</u>	<u>402,942</u>	<u>402,942</u>	<u>1,240,942</u>
FUND BALANCES - beginning	4,788,000	4,788,000	4,953,020	4,953,020	165,020
FUND BALANCES - ending	<u>\$ 3,950,000</u>	<u>\$ 3,950,000</u>	<u>\$ 5,355,962</u>	<u>\$ 5,355,962</u>	<u>\$ 1,405,962</u>

CITY OF MILWAUKIE, OREGON
CONSTRUCTION EXCISE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2025-2026 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2024-25	Total	
REVENUES:					
Construction excise taxes	\$ 468,000	\$ 468,000	\$ 138,046	\$ 138,046	\$ (329,954)
Investment earnings	20,000	20,000	72,692	72,692	52,692
Miscellaneous	20,000	20,000	6,334	6,334	(13,666)
TOTAL REVENUES	<u>508,000</u>	<u>508,000</u>	<u>217,072</u>	<u>217,072</u>	<u>(290,928)</u>
EXPENDITURES:					
Materials and services	600,000	600,000	-	-	600,000
Contingency	60,000	60,000	-	-	60,000
TOTAL EXPENDITURES	<u>660,000</u>	<u>660,000</u>	<u>-</u>	<u>-</u>	<u>660,000</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(152,000)</u>	<u>(152,000)</u>	<u>217,072</u>	<u>217,072</u>	<u>369,072</u>
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(25,000)	(25,000)	(12,500)	(12,500)	12,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(12,500)</u>	<u>(12,500)</u>	<u>12,500</u>
NET CHANGE IN FUND BALANCES	<u>(177,000)</u>	<u>(177,000)</u>	<u>204,572</u>	<u>204,572</u>	<u>381,572</u>
FUND BALANCES - beginning	<u>1,440,000</u>	<u>1,440,000</u>	<u>1,272,187</u>	<u>1,272,187</u>	<u>(167,813)</u>
FUND BALANCES - ending	<u>\$ 1,263,000</u>	<u>\$ 1,263,000</u>	<u>\$ 1,476,759</u>	<u>\$ 1,476,759</u>	<u>\$ 213,759</u>

CITY OF MILWAUKIE, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2025-2026 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2024-25	Total	
REVENUES:					
Property taxes	\$ 1,714,000	\$ 1,714,000	\$ 838,284	\$ 838,284	\$ (875,716)
Intergovernmental	172,000	172,000	-	-	(172,000)
Investment earnings	10,000	10,000	14,405	14,405	4,405
TOTAL REVENUES	<u>1,896,000</u>	<u>1,896,000</u>	<u>852,689</u>	<u>852,689</u>	<u>(1,043,311)</u>
EXPENDITURES:					
Debt service:					
Principal	2,000,000	2,000,000	980,000	980,000	1,020,000
Interest	751,000	751,000	391,706	391,706	359,294
TOTAL EXPENDITURES	<u>2,751,000</u>	<u>2,751,000</u>	<u>1,371,706</u>	<u>1,371,706</u>	<u>1,379,294</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(855,000)</u>	<u>(855,000)</u>	<u>(519,017)</u>	<u>(519,017)</u>	<u>335,983</u>
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	865,000	865,000	519,200	519,200	(345,800)
TOTAL OTHER FINANCING SOURCES (USES)	<u>865,000</u>	<u>865,000</u>	<u>519,200</u>	<u>519,200</u>	<u>(345,800)</u>
NET CHANGE IN FUND BALANCES	10,000	10,000	183	183	(9,817)
FUND BALANCES - beginning	53,000	53,000	9,985	9,985	(43,015)
FUND BALANCES - ending	<u>\$ 63,000</u>	<u>\$ 63,000</u>	<u>\$ 10,168</u>	<u>\$ 10,168</u>	<u>\$ (52,832)</u>

PROPRIETARY FUNDS

Individual Fund Financial Statements

Proprietary Funds

These funds account for the operations of the city's enterprise activities. All proprietary funds are major funds of the city.

Water Fund – accounts for the city's water utility operations including maintenance and operations. All water related revenues and expenditures, including capital replacement, are included in this fund.

Wastewater Fund – accounts for the operations and maintenance of the wastewater, collections, and treatment systems. All wastewater related revenues and expenditures, including capital replacement, are included in this fund.

Stormwater Fund – accounts for the operations and maintenance of the stormwater management and collection systems. All stormwater related revenues and expenditures, including capital replacement are included in this fund.

CITY OF MILWAUKIE, OREGON

WATER FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the		Actual		Variance with Final Budget
	2025-2026 Biennium		1st Year	Total	
	Original	Final	FY 2024-25		
REVENUES:					
Water charges	\$ 10,556,000	\$ 10,556,000	\$ 5,006,168	\$ 5,006,168	\$ (5,549,832)
Reimbursement fees	272,000	272,000	67,825	67,825	(204,175)
Intergovernmental	3,695,000	3,418,000	3,117,014	3,117,014	(300,986)
Investment earnings	195,000	195,000	411,709	411,709	216,709
Miscellaneous	38,000	38,000	38,751	38,751	751
TOTAL REVENUES	<u>14,756,000</u>	<u>14,479,000</u>	<u>8,641,467</u>	<u>8,641,467</u>	<u>(5,837,533)</u>
EXPENDITURES:					
Personnel services	2,286,000	2,286,000	1,137,479	1,137,479	1,148,521
Materials and services	2,422,000	2,422,000	1,279,050	1,279,050	1,142,950
Capital outlay	10,287,000	10,026,250	4,911,037	4,911,037	5,115,213
Contingency	56,000	39,750	-	-	39,750
TOTAL EXPENDITURES	<u>15,051,000</u>	<u>14,774,000</u>	<u>7,327,566</u>	<u>7,327,566</u>	<u>7,446,434</u>
EXCESS OF REVENUES OVER EXPENDITURES	(295,000)	(295,000)	1,313,901	1,313,901	1,608,901
OTHER FINANCING SOURCES (USES):					
Sale of capital assets	-	-	6,176	6,176	6,176
Transfers to other funds	(3,108,000)	(3,108,000)	(1,554,000)	(1,554,000)	1,554,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,108,000)</u>	<u>(3,108,000)</u>	<u>(1,547,824)</u>	<u>(1,547,824)</u>	<u>1,560,176</u>
NET CHANGE IN FUND BALANCES	(3,403,000)	(3,403,000)	(233,923)	(233,923)	3,169,077
FUND BALANCES - beginning	6,136,000	6,136,000	7,026,525	7,026,525	890,525
FUND BALANCES - ending	<u>\$ 2,733,000</u>	<u>\$ 2,733,000</u>	<u>6,792,602</u>	<u>\$ 6,792,602</u>	<u>\$ 4,059,602</u>

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

Adjustments:	
Capital assets not being depreciated	5,686,206
Capital assets, net of accumulated depreciation	12,040,588
Net OPEB asset accrual	15,565
Total OPEB liability accrual	(43,500)
Net pension liability accrual	(962,402)
Deferred outflows of resources (pension & OPEB)	377,036
Deferred inflows of resources (pension & OPEB)	(182,167)
NET POSITION - GAAP BASIS, ending	<u>\$ 23,723,928</u>

CITY OF MILWAUKIE, OREGON
WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2025-2026 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2024-25	Total	
REVENUES:					
Wastewater charges	\$ 18,490,000	\$ 18,490,000	\$ 8,845,287	\$ 8,845,287	\$ (9,644,713)
Reimbursement fees	86,000	86,000	208,176	208,176	122,176
Intergovernmental	2,479,000	2,479,000	642,300	642,300	(1,836,700)
Investment Earnings	175,000	175,000	483,141	483,141	308,141
Miscellaneous	28,000	28,000	6,785	6,785	(21,215)
TOTAL REVENUES	21,258,000	21,258,000	10,185,689	10,185,689	(11,072,311)
EXPENDITURES:					
Personnel services	1,182,000	1,182,000	591,105	591,105	590,895
Materials and services	11,944,000	11,944,000	5,883,562	5,883,562	6,060,438
Debt service	384,000	384,000	100,473	100,473	283,527
Capital outlay	6,725,000	6,481,650	1,392,801	1,392,801	5,088,849
Contingency	34,000	-	-	-	-
TOTAL EXPENDITURES	20,269,000	19,991,650	7,967,941	7,967,941	12,023,709
EXCESS OF REVENUES OVER EXPENDITURES	989,000	1,266,350	2,217,748	2,217,748	951,398
OTHER FINANCING SOURCES (USES):					
Sale of capital assets	-	-	9,416	9,416	9,416
Transfers to other funds	(2,902,000)	(2,902,000)	(1,536,200)	(1,536,200)	1,365,800
TOTAL OTHER FINANCING SOURCES (USES)	(2,902,000)	(2,902,000)	(1,526,784)	(1,526,784)	1,375,216
NET CHANGE IN FUND BALANCES	(1,913,000)	(1,635,650)	690,964	690,964	2,326,614
FUND BALANCES - beginning	4,654,000	4,654,000	6,008,144	6,008,144	1,354,144
FUND BALANCES - ending	\$ 2,741,000	\$ 3,018,350	6,699,108	\$ 6,699,108	\$ 3,680,758

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

Adjustments:	
Capital assets not being depreciated	1,871,060
Capital assets, net of accumulated depreciation	12,632,285
Net OPEB asset accrual	8,455
Total OPEB liability accrual	(23,631)
Net pension liability accrual	(518,611)
Deferred inflows of resources (pension & OPEB)	(98,224)
Deferred outflows of resources (pension & OPEB)	203,246
Loan payable - due within one year	(96,458)
Loan payable - long-term less portion due within one year	(482,288)
NET POSITION - GAAP BASIS, ending	\$ 20,194,942

CITY OF MILWAUKIE, OREGON
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2025-2026 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2024-25	Total	
REVENUES:					
Stormwater charges	\$ 10,473,000	\$ 10,473,000	\$ 5,100,544	\$ 5,100,544	\$ (5,372,456)
Investment earnings	120,000	120,000	277,694	277,694	157,694
Miscellaneous	34,000	34,000	108,631	108,631	74,631
TOTAL REVENUES	<u>10,627,000</u>	<u>10,627,000</u>	<u>5,486,869</u>	<u>5,486,869</u>	<u>(5,140,131)</u>
EXPENDITURES:					
Personnel services	1,779,000	1,779,000	893,661	893,661	885,339
Materials and services	1,594,000	1,594,000	740,818	740,818	853,182
Capital outlay	10,159,000	10,204,000	5,567,407	5,567,407	4,636,593
Contingency	45,000	-	-	-	-
TOTAL EXPENDITURES	<u>13,577,000</u>	<u>13,577,000</u>	<u>7,201,886</u>	<u>7,201,886</u>	<u>6,375,114</u>
EXCESS OF REVENUES OVER EXPENDITURES	(2,950,000)	(2,950,000)	(1,715,017)	(1,715,017)	1,234,983
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(2,800,000)	(2,800,000)	(1,400,000)	(1,400,000)	1,400,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,800,000)</u>	<u>(2,800,000)</u>	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>1,400,000</u>
NET CHANGE IN FUND BALANCES	(5,750,000)	(5,750,000)	(3,115,017)	(3,115,017)	2,634,983
FUND BALANCES - beginning	<u>7,707,000</u>	<u>7,707,000</u>	<u>6,579,395</u>	<u>6,579,395</u>	<u>(1,127,605)</u>
FUND BALANCES - ending	<u>\$ 1,957,000</u>	<u>\$ 1,957,000</u>	<u>3,464,378</u>	<u>\$ 3,464,378</u>	<u>\$ 1,507,378</u>

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

Adjustments:	
Capital assets not being depreciated	11,323,183
Capital assets, net of accumulated depreciation	10,446,744
Net OPEB asset accrual	12,700
Total OPEB liability accrual	(35,495)
Net pension liability accrual	(778,816)
Deferred inflows of resources (pension & OPEB)	(147,508)
Deferred outflows of resources (pension & OPEB)	305,224
NET POSITION - GAAP BASIS, ending	<u>\$ 24,590,410</u>

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, 2025

Future Debt Service Principal

Fiscal year	2014 Full Faith & Credit Bond	2018 Full Faith & Credit Bond	2020 Full Faith & Credit Bond	2023 Full Faith & Credit Bond	GO Bonds Series 2014	GO Bonds Series 2016	SPWF Loan	PERS UAL Bonds	Oregon DEQ Loan	Total
2026	\$ 75,000	-	\$ 300,000	\$ 869,700	\$ 195,000	\$ 450,000	\$ 30,819	\$ 465,000	\$ 96,458	\$ 2,481,977
2027	75,000	-	305,000	904,100	200,000	465,000	36,074	510,000	96,458	2,591,632
2028	80,000	-	310,000	939,900	205,000	480,000	36,339	230,000	96,458	2,377,697
2029	80,000	-	315,000	977,200	210,000	490,000	36,617	-	96,458	2,205,275
2030	-	-	325,000	1,015,800	220,000	500,000	36,906	-	96,458	2,194,164
2031	-	-	330,000	1,056,100	230,000	510,000	42,208	-	96,456	2,264,764
2032	-	-	335,000	1,097,900	240,000	525,000	42,524	-	-	2,240,424
2033	-	-	345,000	1,141,400	250,000	535,000	-	-	-	2,271,400
2034	-	-	355,000	1,186,600	260,000	550,000	-	-	-	2,351,600
2035	-	-	365,000	1,233,600	-	565,000	-	-	-	2,163,600
2036	-	-	370,000	1,282,400	-	580,000	-	-	-	2,232,400
2037	-	-	385,000	1,333,200	-	-	-	-	-	1,718,200
2038	-	-	395,000	1,386,000	-	-	-	-	-	1,781,000
2039	-	-	405,000	1,440,900	-	-	-	-	-	1,845,900
2040	-	-	420,000	1,497,900	-	-	-	-	-	1,917,900
2041	-	-	-	1,557,200	-	-	-	-	-	1,557,200
2042	-	-	-	1,618,900	-	-	-	-	-	1,618,900
2043	-	2,625,000	-	-	-	-	-	-	-	2,625,000
2044	-	2,715,000	-	-	-	-	-	-	-	2,715,000
2045	-	2,810,000	-	-	-	-	-	-	-	2,810,000
2046	-	2,915,000	-	-	-	-	-	-	-	2,915,000
2047	-	3,020,000	-	-	-	-	-	-	-	3,020,000
2048	-	3,140,000	-	-	-	-	-	-	-	3,140,000
Totals	\$ 310,000	\$ 17,225,000	\$ 5,260,000	\$ 20,538,800	\$ 2,010,000	\$ 5,650,000	\$ 261,487	\$ 1,205,000	\$ 578,746	\$ 53,039,033

Future Debt Service Interest

Fiscal year	2014 Full Faith & Credit Bond	2018 Full Faith & Credit Bond	2020 Full Faith & Credit Bond	2023 Full Faith & Credit Bond	GO Bonds Series 2014	GO Bonds Series 2016	SPWF Loan	PERS UAL Bonds	Oregon DEQ Loan	Total
2026	\$ 12,400	\$ 640,832	\$ 132,626	\$ 813,336	\$ 68,775	\$ 146,230	\$ 12,784	\$ 60,298	\$ 2,250	\$ 1,889,531
2027	9,400	640,832	127,290	778,896	62,925	128,230	11,279	37,030	1,750	1,797,632
2028	6,400	640,832	121,558	743,094	56,925	114,280	9,513	11,510	1,250	1,705,362
2029	3,200	640,832	115,424	705,874	50,775	104,680	7,736	-	750	1,629,271
2030	-	640,831	108,876	667,176	42,375	94,880	5,947	-	250	1,560,335
2031	-	640,832	101,956	626,952	33,575	84,255	4,145	-	-	1,491,715
2032	-	640,832	94,468	585,130	24,375	72,143	2,079	-	-	1,419,027
2033	-	640,832	86,532	541,652	16,575	59,018	-	-	-	1,344,609
2034	-	640,832	78,084	496,454	8,450	45,643	-	-	-	1,269,463
2035	-	640,832	68,824	449,464	-	31,205	-	-	-	1,190,325
2036	-	640,832	59,190	400,614	-	15,950	-	-	-	1,116,586
2037	-	640,832	48,102	349,830	-	-	-	-	-	1,038,764
2038	-	640,832	36,564	297,036	-	-	-	-	-	974,432
2039	-	640,832	24,726	242,150	-	-	-	-	-	907,708
2040	-	640,832	12,588	185,090	-	-	-	-	-	838,510
2041	-	640,832	-	125,774	-	-	-	-	-	766,606
2042	-	640,832	-	64,108	-	-	-	-	-	704,940
2043	-	640,832	-	-	-	-	-	-	-	640,832
2044	-	548,956	-	-	-	-	-	-	-	548,956
2045	-	453,932	-	-	-	-	-	-	-	453,932
2046	-	352,068	-	-	-	-	-	-	-	352,068
2047	-	246,400	-	-	-	-	-	-	-	246,400
2048	-	125,600	-	-	-	-	-	-	-	125,600
Totals	\$ 31,400	\$ 13,261,931	\$ 1,216,808	\$ 8,072,630	\$ 364,750	\$ 896,514	\$ 53,483	\$ 108,838	\$ 6,250	\$ 24,012,604

CITY OF MILWAUKIE, OREGON
SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Oregon Revised Statutes (ORS) Chapter 297 requires a statement of accountability for each independently elected official collecting or receiving money in the municipal corporation. In compliance with ORS 297, there are no independently elected officials that collect or receive money on behalf of the City of Milwaukie.



SECTION III

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	111
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, property taxes.	115
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current level of outstanding debt and the city's ability to issue additional debt in the future.	120
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	125
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	128

Sources: The information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year, unless otherwise noted.

CITY OF MILWAUKIE, OREGON
NET POSITION BY COMPONENT
for the last ten fiscal years
(accrual basis of accounting)
(in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
				(restated)					(restated)	
Governmental activities										
Net investment in capital assets	\$ 43,558	\$ 40,950	\$ 43,107	\$ 48,328	\$ 48,178	\$ 47,783	\$ 33,501	\$ 31,778	\$ 49,394	\$ 51,474
Restricted	2,200	11,587	12,250	7,851	7,221	6,313	19,999	44,946	44,986	43,721
Unrestricted	866	(7,168)	(6,469)	(4,702)	(3,080)	(4,339)	(38)	(24,391)	(27,564)	(24,350)
Total governmental activities net position	46,624	45,369	48,888	51,477	52,319	49,757	53,462	52,333	66,816	70,844
Business-type activities										
Net investment in capital assets	20,506	22,410	23,102	25,228	28,106	30,312	31,164	30,988	42,901	53,421
Restricted	12	12	12	12	12	23	38	35	37	49
Unrestricted	9,102	9,744	11,975	13,265	13,742	14,148	16,324	19,558	17,742	15,039
Total business-type activities net position	29,620	32,166	35,090	38,505	41,860	44,483	47,526	50,581	60,680	68,509
Primary government										
Net investment in capital assets	64,064	63,360	66,209	73,556	76,284	78,095	64,665	62,766	92,295	104,895
Restricted	2,212	11,599	12,262	7,863	7,233	6,336	20,037	44,981	45,023	43,770
Unrestricted	9,968	2,576	5,506	8,563	10,662	9,809	16,286	(4,833)	(9,822)	(9,311)
Total primary government net position	\$ 76,244	\$ 77,535	\$ 83,978	\$ 89,983	\$ 94,179	\$ 94,240	\$ 100,988	\$ 102,914	\$ 127,496	\$ 139,354

CITY OF MILWAUKIE, OREGON

CHANGES IN NET POSITION

for the last ten fiscal years

(accrual basis of accounting)

(in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 10,757	\$ 10,568	\$ 11,437	\$ 12,078	\$ 13,319	\$ 16,617	\$ 14,992	\$ 15,786	\$ 18,778	\$ 17,165
Highways and streets	4,026	5,548	4,324	5,686	6,116	6,253	4,686	5,557	5,647	4,086
Public safety	7,685	7,201	7,630	7,711	8,093	8,078	6,950	7,914	8,100	8,953
Culture and recreation	3,102	3,240	3,185	3,537	4,330	2,564	2,450	2,477	2,672	2,664
Interest on long-term debt	367	568	560	1,310	1,392	1,319	1,209	1,569	2,081	1,895
Total governmental activities expenses	<u>25,937</u>	<u>27,125</u>	<u>27,136</u>	<u>30,322</u>	<u>33,250</u>	<u>34,831</u>	<u>30,287</u>	<u>33,303</u>	<u>37,278</u>	<u>34,763</u>
Business-type activities:										
Water	2,840	3,183	3,169	3,450	3,432	4,090	2,929	2,918	3,233	3,071
Wastewater	6,545	6,832	7,044	7,373	7,800	7,910	6,781	6,872	7,078	6,936
Stormwater	2,132	2,387	2,701	2,981	3,187	3,660	2,457	2,509	2,628	2,003
Total business-type activities expenses	<u>11,517</u>	<u>12,402</u>	<u>12,914</u>	<u>13,803</u>	<u>14,419</u>	<u>15,660</u>	<u>12,167</u>	<u>12,299</u>	<u>12,939</u>	<u>12,011</u>
Total primary government expenses	<u>\$37,454</u>	<u>\$39,527</u>	<u>\$40,050</u>	<u>\$44,125</u>	<u>\$47,669</u>	<u>\$50,491</u>	<u>\$42,454</u>	<u>\$45,602</u>	<u>\$50,217</u>	<u>\$46,774</u>
Program Revenues										
Charges for services:										
General government	\$ 6,773	\$ 7,391	\$ 9,981	\$ 11,408	\$ 9,906	\$ 9,554	\$ 7,997	\$ 3,236	\$ 2,738	\$ 2,889
Highways and streets	748	1,088	1,679	2,283	2,030	2,107	2,189	2,288	2,628	3,409
Public safety	307	307	447	-	772	-	-	-	487	593
Culture and recreation	60	-	-	1,782	1,794	1,874	-	-	21	17
Operating grants and contributions	2,935	4,742	4,030	3,143	3,525	3,937	5,554	5,639	5,798	5,600
Capital grants and contributions	1,478	312	2,139	-	219	466	181	17	520	2,058
Total governmental activities program revenues	<u>12,301</u>	<u>13,840</u>	<u>18,277</u>	<u>18,616</u>	<u>18,246</u>	<u>17,938</u>	<u>15,921</u>	<u>11,180</u>	<u>12,191</u>	<u>14,566</u>
Business-type activities:										
Charges for services:										
Water	3,965	3,798	4,075	4,522	4,340	4,581	4,520	4,716	4,906	5,119
Wastewater	7,290	7,668	7,935	7,964	8,042	8,146	8,546	9,077	9,115	9,070
Stormwater	2,946	3,382	3,835	4,348	4,993	5,207	5,246	5,234	5,215	5,209
Operating grants and contributions	-	-	-	-	-	-	75	-	210	-
Capital grants and contributions	-	-	-	-	83	308	-	-	548	3,759
Total business-type activities program revenues	<u>14,201</u>	<u>14,848</u>	<u>15,845</u>	<u>16,835</u>	<u>17,458</u>	<u>18,242</u>	<u>18,387</u>	<u>19,027</u>	<u>19,994</u>	<u>23,157</u>
Total primary government program revenues	<u>\$ 26,502</u>	<u>\$ 28,689</u>	<u>\$ 34,122</u>	<u>\$ 35,451</u>	<u>\$ 35,704</u>	<u>\$ 36,180</u>	<u>\$ 34,308</u>	<u>\$ 30,207</u>	<u>\$ 32,186</u>	<u>\$ 37,723</u>
Net (Expense) Revenue										
Governmental activities	\$ (13,636)	\$ (13,285)	\$ (8,859)	\$ (11,706)	\$ (15,004)	\$ (16,893)	\$ (14,366)	\$ (22,123)	\$ (25,087)	\$ (20,197)
Business-type activities	2,684	2,446	2,932	3,032	-	2,582	6,220	6,728	7,055	11,146
Total primary government net expenses	<u>\$ (10,952)</u>	<u>\$ (10,838)</u>	<u>\$ (5,927)</u>	<u>\$ (8,674)</u>	<u>\$ (15,004)</u>	<u>\$ (14,311)</u>	<u>\$ (8,146)</u>	<u>\$ (15,395)</u>	<u>\$ (18,031)</u>	<u>\$ (9,051)</u>
General Revenues										
Governmental activities:										
Property taxes, levied for general purposes	\$ 7,925	\$ 8,927	\$ 9,292	\$ 9,430	\$ 9,839	\$ 10,391	\$ 10,704	\$ 11,087	\$ 11,808	\$ 12,389
Franchise taxes	2,570	2,857	3,256	3,624	3,749	3,682	3,542	3,909	3,898	4,529
Interest and investment earnings	75	246	488	1,196	1,287	218	334	1,651	3,514	2,817
Gain on disposition of capital assets	-	-	39	44	471	39	52	-	-	-
Transfers	(362)	-	-	-	-	-	3,439	4,453	4,453	4,490
Total governmental activities	<u>10,208</u>	<u>12,030</u>	<u>13,076</u>	<u>14,294</u>	<u>15,346</u>	<u>14,330</u>	<u>18,071</u>	<u>21,100</u>	<u>23,674</u>	<u>24,225</u>
Business-type activities:										
Interest and investment earnings	-	99	55	377	317	41	60	780	1,039	1,173
Transfers	362	-	-	-	-	-	(3,439)	(4,453)	(4,453)	(4,490)
Total business-type activities	<u>362</u>	<u>99</u>	<u>70</u>	<u>384</u>	<u>317</u>	<u>41</u>	<u>(3,379)</u>	<u>(3,673)</u>	<u>(3,414)</u>	<u>(3,317)</u>
Total primary government	<u>\$ 10,570</u>	<u>\$ 12,129</u>	<u>\$ 13,145</u>	<u>\$ 14,678</u>	<u>\$ 15,663</u>	<u>\$ 14,372</u>	<u>\$ 14,692</u>	<u>\$ 17,427</u>	<u>\$ 20,260</u>	<u>\$ 20,908</u>
Change in Net Position										
Governmental activities	\$ (3,428)	\$ (1,255)	\$ 4,216	\$ 2,589	\$ 342	\$ (2,563)	\$ 3,705	\$ (1,023)	\$ (1,413)	\$ 4,028
Business-type activities	3,046	2,545	3,001	3,416	317	2,623	2,841	3,055	3,641	7,829
Total primary government	<u>\$ (382)</u>	<u>\$ 1,291</u>	<u>\$ 7,217</u>	<u>\$ 6,004</u>	<u>\$ 659</u>	<u>\$ 61</u>	<u>\$ 6,546</u>	<u>\$ 2,032</u>	<u>\$ 2,228</u>	<u>\$ 11,857</u>

CITY OF MILWAUKIE, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
for the last ten fiscal years
(modified accrual basis of accounting)
(in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund										
Nonspendable	\$ 146	\$ 130	\$ 125	\$ 110	\$ 95	\$ 312	\$ 264	\$ 285	\$ 307	\$ 268
Restricted	30	33	19	16	2,182	205	217	890	1,796	677
Unassigned	5,939	7,175	7,408	9,038	8,845	11,545	14,339	12,483	10,974	10,555
Total general fund	\$ 6,115	\$ 7,338	\$ 7,552	\$ 9,164	\$ 11,122	\$ 12,062	\$ 14,820	\$ 13,658	\$ 13,077	\$ 11,500
All other governmental funds										
Nonspendable	\$ 815	\$ 816	\$ 818	\$ 38	\$ 26	\$ 32	\$ 46	\$ 10	\$ -	\$ -
Restricted	1,799	11,199	11,878	7,993	5,317	6,349	19,574	43,836	42,974	42,735
Committed	1,627	2,858	3,858	21,705	20,168	15,216	-	-	-	-
Assigned	691	812	1,086	1,862	634	2,046	1,679	586	147	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 4,932	\$ 15,685	\$ 17,640	\$ 31,598	\$ 26,145	\$ 23,643	\$ 21,299	\$ 44,432	\$ 43,121	\$ 42,735

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Property taxes	\$ 7,892	\$ 8,898	\$ 9,287	\$ 9,660	\$ 9,825	\$ 10,380	\$ 10,625	\$ 11,158	\$ 11,753	\$ 12,299
Franchise taxes	2,570	2,857	3,256	3,624	3,749	3,682	3,542	3,909	3,898	4,529
Intergovernmental	5,765	4,424	7,895	5,411	5,850	5,967	7,852	5,715	6,408	7,669
Licenses and permits	985	1,058	1,766	2,864	1,702	1,613	2,563	2,513	1,892	2,369
Rent and leases	-	-	-	-	-	-	489	204	-	-
Charges for services	5,158	6,447	7,099	8,646	8,772	9,106	2,189	2,288	2,385	2,916
Systems development charges	-	-	-	-	-	-	-	1,187	403	633
Fines and forfeitures	1,267	1,065	879	844	806	417	362	460	607	614
Miscellaneous	303	636	914	2,046	2,308	1,150	1,801	1,951	4,200	3,159
Total revenues	<u>23,940</u>	<u>25,386</u>	<u>31,097</u>	<u>33,094</u>	<u>33,012</u>	<u>32,315</u>	<u>29,423</u>	<u>29,385</u>	<u>31,546</u>	<u>34,188</u>
Expenditures:										
Current:										
General government	8,687	9,168	10,552	11,073	11,587	13,050	12,871	13,529	16,136	15,573
Highway and streets	1,708	2,117	2,072	3,264	1,010	2,979	1,265	1,272	1,142	1,231
Public safety	6,149	6,435	6,655	6,839	6,779	6,686	6,876	7,700	7,680	8,394
Culture and recreation	2,468	2,689	2,636	2,793	1,998	1,897	2,113	2,103	2,255	2,409
Debt service:										
Principal	379	778	792	2,039	2,089	2,475	1,235	2,657	2,381	2,566
Interest	380	564	581	1,320	1,297	1,356	1,258	1,531	2,069	1,990
Capital outlay	2,967	1,274	6,119	11,217	16,584	5,473	7,590	6,823	6,651	8,729
Total expenditures	<u>22,738</u>	<u>23,025</u>	<u>29,407</u>	<u>38,547</u>	<u>41,344</u>	<u>33,916</u>	<u>33,208</u>	<u>35,615</u>	<u>38,314</u>	<u>40,892</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,202</u>	<u>2,361</u>	<u>1,689</u>	<u>(5,453)</u>	<u>(8,332)</u>	<u>(1,601)</u>	<u>(3,785)</u>	<u>(6,230)</u>	<u>(6,768)</u>	<u>(6,704)</u>
Other financing sources (uses):										
Transfers from other funds	57	-	-	311	4,121	364	4,090	9,517	4,976	7,472
Transfers to other funds	(419)	-	-	(311)	(6,955)	(364)	-	(5,064)	(523)	(2,982)
Proceeds from sale of capital assets	-	-	95	44	471	39	79	6	285	99
Proceeds from bond premium	-	-	-	394	-	-	-	-	-	-
Lease financing	-	-	-	-	-	-	29	142	-	-
SBITA financing	-	-	-	-	-	-	-	175	137	152
Issuance of debt	-	9,200	-	-	6,700	-	-	23,531	-	-
Proceeds from borrowing	-	-	385	20,585	-	-	-	-	-	-
Bond premium on issuance of debt	-	416	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(362)</u>	<u>9,616</u>	<u>480</u>	<u>21,023</u>	<u>4,337</u>	<u>39</u>	<u>4,198</u>	<u>28,307</u>	<u>4,875</u>	<u>4,741</u>
Net change in fund balances	<u>\$ 840</u>	<u>\$ 11,977</u>	<u>\$ 2,169</u>	<u>\$ 15,570</u>	<u>\$ (3,995)</u>	<u>\$ (1,562)</u>	<u>\$ 413</u>	<u>\$ 22,077</u>	<u>\$ (1,893)</u>	<u>\$ (1,963)</u>
Debt service as a percentage of noncapital expenditures	3.8%	6.2%	5.9%	12.3%	13.7%	13.5%	9.7%	14.5%	14.1%	14.2%

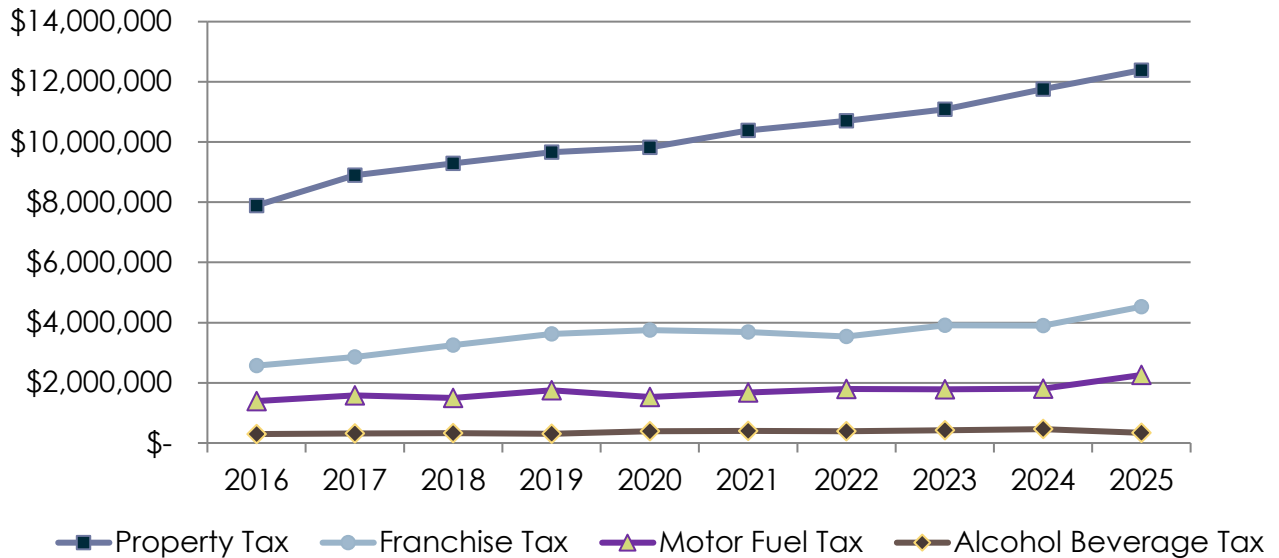
CITY OF MILWAUKIE, OREGON
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
for the last ten fiscal years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Franchise Tax	Motor Fuel Tax¹	Alcoholic Beverage Tax¹	Total
2016	\$7,891,754	\$2,570,403	\$1,393,489	\$297,093	\$12,152,739
2017	8,898,323	2,857,017	1,578,903	314,256	13,648,499
2018	9,287,485	3,255,650	1,497,631	327,481	14,368,247
2019	9,663,776	3,624,295	1,756,320	310,238	15,354,629
2020	9,825,418	3,748,904	1,523,745	396,248	15,494,315
2021	10,379,647	3,681,645	1,675,491	401,410	16,138,193
2022	10,704,347	3,541,583	1,795,195	393,334	16,434,459
2023	11,087,336	3,909,158	1,788,273	417,899	17,202,666
2024	11,753,052	3,898,094	1,804,180	460,230	17,915,556
2025	12,388,583	4,528,809	2,259,920	335,918	19,513,230

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)

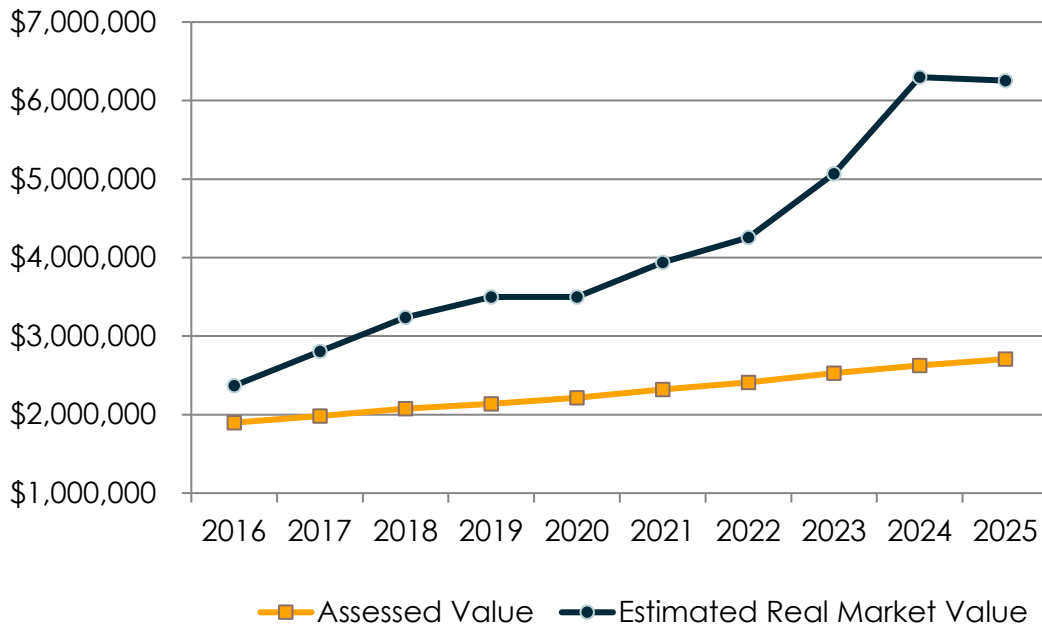
Fiscal year	Assessed Value					Total assessed value (AV)	Total direct tax rate	RMV	Assessed value as a percentage of RMV
	Real property	Personal property	Manufactured structure	Public utility	Estimated real market value (RMV)				
2016	\$ 1,764,097	\$ 60,350	\$ 1,201	\$71,879	\$ 1,897,527	\$ 4.1866	\$ 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	4.3733	3,499,027	61	
2020	2,063,500	84,629	1,581	65,428	2,215,138	4.3733	3,498,809	63	
2021	2,162,802	94,799	1,634	62,188	2,321,424	4.3733	3,940,188	59	
2022	2,245,383	99,092	1,668	62,321	2,408,464	4.4154	4,258,337	57	
2023	2,361,588	99,319	1,743	64,047	2,526,697	4.3972	5,068,324	50	
2024	2,452,682	101,714	1,730	71,359	2,627,485	4.3852	6,298,355	42	
2025	2,524,732	104,996	1,782	75,384	2,706,894	4.3733	6,252,384	43	

Notes:

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

Source: Clackamas and Multnomah County Departments of Assessment and Taxation

Assessed Value and Estimated Real Market Value

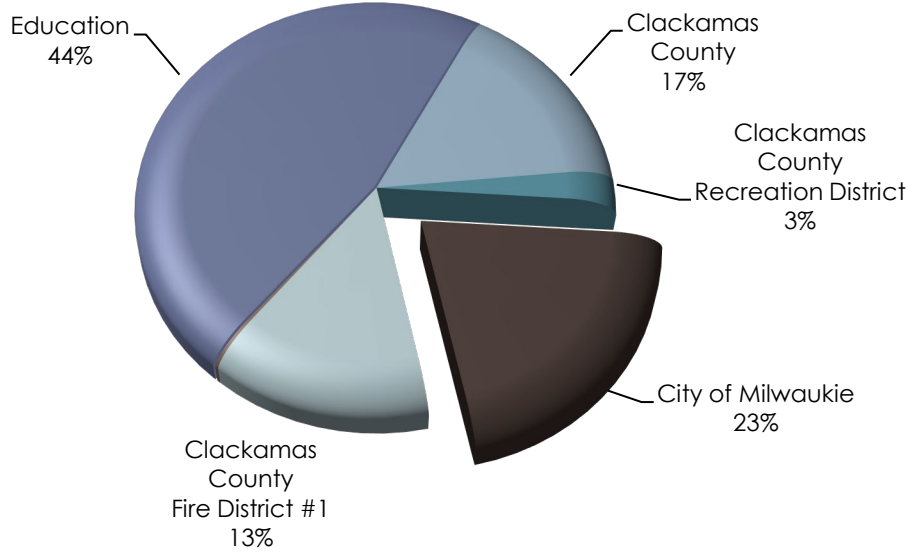


CITY OF MILWAUKIE, OREGON
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
for the last ten fiscal years
(rate per \$1,000 of assessed value)

Fiscal year	City direct rates					Overlapping rates								Total direct and overlapping
	Permanent tax rate	Bonded debt tax rate	Less CCFD#1 permanent tax rate	Less CCFD#1 bonded debt rate	Total direct	North Clackamas School District	Clackamas County	Clackamas County Fire Dist #1	Clackamas County Recreation District	Clackamas County Community College	Education Service District	Other		
2016	\$ 6.5379	\$ 0.1438	(2.4012)	\$ (0.0939)	\$ 4.1866	\$ 7.24	\$ 3.22	\$ 2.50	\$ 0.54	\$ 0.75	\$ 0.37	\$ 0.05	\$ 18.84	
2017	6.5379	0.5277	(2.4012)	(0.0926)	4.5718	7.23	3.22	2.49	0.54	0.74	0.37	0.05	19.21	
2018	6.5379	0.4972	(2.4012)	(0.1063)	4.5276	7.22	3.22	2.51	0.54	0.75	0.37	0.05	19.19	
2019	6.5379	0.4270	(2.4012)	(0.0913)	4.4724	7.24	3.22	2.49	0.54	0.74	0.37	0.05	19.13	
2020	6.5379	0.3729	(2.4012)	(0.0888)	4.4208	8.69	3.22	2.49	0.54	0.74	0.37	0.05	20.52	
2021	6.5379	0.3729	(2.4012)	(0.0888)	4.4208	8.69	3.22	2.49	0.54	0.74	0.37	0.05	20.52	
2022	6.5379	0.3577	(2.4012)	(0.0790)	4.4154	8.79	3.22	2.48	0.54	0.72	0.37	0.05	20.59	
2023	6.5379	0.3432	(2.4012)	(0.0827)	4.3972	8.74	3.22	2.48	0.54	0.80	0.37	0.05	20.61	
2024	6.5379	0.3302	(2.4012)	(0.0817)	4.3852	8.70	3.34	3.00	0.54	0.81	0.37	0.05	21.19	
2025	6.5379	0.3177	(2.4012)	(0.0811)	4.3733	8.69	3.34	3.00	0.54	0.80	0.37	0.05	21.17	

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	2025			2016		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
PCC Structurals Inc.	\$ 120,216,222	1	4.4	\$ 54,575,030	2	2.9
Oregon Tool	65,506,659	2	2.4	59,048,904	1	3.1
Walker Ventures LLC	37,636,923	3	1.4	17,963,822	4	0.9
Milwaukie Marketplace Owner	32,517,313	4	1.2			
Comcast Corporation	30,340,266	5	1.1	44,630,000	3	2.4
Lincoln Advisory Group LTD	22,918,794	6	0.8	-		
Portland General Electric Co.	22,105,000	7	0.8	10,882,000	7	0.6
Greg Carlston	20,016,548	8	0.7	-		
Miramonte Lodge LLC	14,534,848	9	0.5	11,139,756	6	0.6
Monroe Apartments Owner LLC	14,435,174	10	0.5	-		
SE International Way SPE LLC				10,316,959	8	0.5
WH Portland Industrial LLC				17,075,742	5	0.9
ODS Plaza				9,955,586	10	0.5
Downs Alice M. Trustee				10,022,964	9	0.5
Sub-total, top ten	380,227,747		14.0	245,610,763		12.9
All other City taxpayers	2,326,666,253		86.0	1,651,916,203		87.1
Total City taxpayers	<u>\$ 2,706,894,000</u>		<u>100%</u>	<u>\$ 1,897,526,966</u>		<u>100%</u>

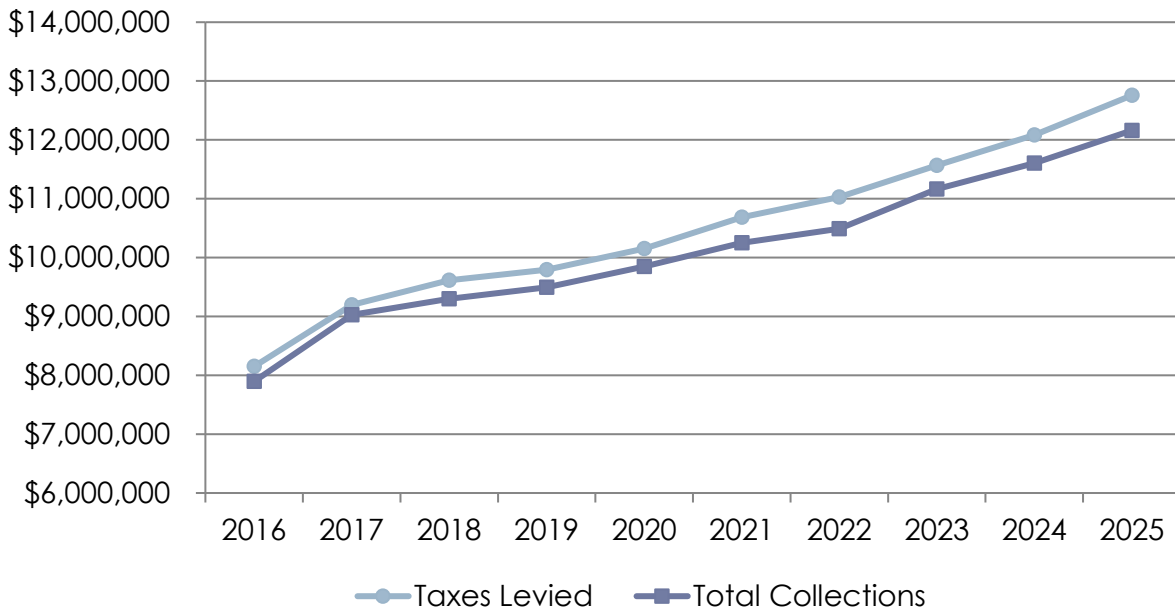
Source: Clackamas County Assessor's Office

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
2016	\$ 8,150,481	\$ 7,752,374	95%	\$ 143,618	\$ 7,895,992	97%
2017	9,194,072	8,899,767	97	126,840	9,026,607	98
2018	9,616,768	9,136,795	95	160,038	9,296,833	97
2019	9,795,064	9,366,814	96	127,963	9,494,777	97
2020	10,154,688	9,703,887	96	144,004	9,847,891	97
2021	10,686,569	10,226,486	96	26,863	10,253,349	96
2022	11,028,313	10,489,826	95	26,613	10,489,826	95
2023	11,565,430	11,071,589	96	90,336	11,161,925	97
2024	12,081,296	11,508,230	95	95,186	11,603,416	96
2025	12,756,560	12,160,950	95	-	12,160,950	95

Source: City of Milwaukie Finance Department

City Property Taxes Levied and Collections



CITY OF MILWAUKIE, OREGON
RATIOS OF OUTSTANDING DEBT BY TYPE
for the last ten fiscal years

Fiscal year	Governmental Activities					Business-type Activities	Total primary government	Percentage of Personal income	Per capita ¹
	General obligation bonds	Other Obligations	Leases	SBITA's	Total	Wastewater/DEQ loan			
2016	\$3,683,083	\$ 5,245,813	*	*	\$8,928,896	\$ 1,446,700	\$10,375,596	1.00	506
2017	12,819,141	4,904,904	*	*	17,724,045	1,350,200	19,074,245	1.71	930
2018	12,654,084	4,576,066	*	*	17,230,150	1,253,952	18,484,102	1.58	899
2019	11,643,363	24,472,780	*	*	36,116,143	1,157,494	37,273,637	3.03	1,816
2020	11,079,766	29,593,671	*	*	40,673,437	1,061,036	41,734,473	3.24	2,030
2021	10,015,000	28,130,544	*	*	38,145,544	964,578	39,110,122	2.78	1,899
2022	9,455,000	27,402,452	38,444	*	36,895,896	868,120	37,725,572	2.56	1,777
2023	9,288,971	48,390,275	150,962	282,650	58,112,858	771,662	58,884,520	3.70	2,773
2024	8,655,380	46,738,013	113,880	254,980	55,762,253	675,204	56,437,457	**	2,640
2025	8,006,784	45,066,262	80,177	141,840	53,295,063	578,746	53,873,809	**	2,524

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

* Prior to implementation of GASB 87 (Leases) in FY 2022 and GASB 96 (SBITA's) in FY 2023

** Information unavailable currently.

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

CITY OF MILWAUKIE, OREGON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
for the last ten fiscal years

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
2016	\$3,683,083	(\$110,750)	\$3,572,333	0.19	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
2022	9,455,000	(8,808)	9,446,192	0.39	445
2023	9,288,971	(242,786)	9,046,185	0.36	426
2024	8,655,380	(9,985)	8,645,395	0.33	404
2025	8,006,784	10,168	8,016,952	0.30	376

Notes:

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

² Population data is found on the Demographic and Economic Statistics table in Statistics, Section III.

CITY OF MILWAUKIE, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2025

Governmental unit	Real Market Values of Overlapping Districts	Tax-Supported Debt Outstanding	Percentage Overlapping¹	Overlapping Debt Applicable to the City of Milwaukie
Debt repaid with property taxes:				
Clackamas Community College	\$ 86,768,714,550	\$ 232,085,031	5.90%	\$ 13,687,911
Clackamas County	118,955,467,346	88,689,500	4.30	3,815,422
Clackamas County ESD	114,353,282,448	26,816,648	4.48	1,200,072
Clackamas City RFPD 1	53,291,011,407	19,634,532	9.67	1,899,425
Clackamas City SD 12 (North Clackamas)	32,810,387,713	576,755,981	15.60	89,957,784
Clackamas Soil & Water Conservation	118,955,467,346	4,643,000	4.30	199,742
Metro	435,071,818,652	904,080,000	1.18	10,712,444
Multnomah County	206,503,128,417	440,658,398	0.02	80,640
Multnomah County SD 1J (Portland)	151,322,148,139	1,751,093,000	0.02	437,773
Multnomah ESD	209,532,974,636	58,415,817	0.02	10,573
Oak Lodge Water Services District	6,005,894,634	204,000	0.32	660
Port of Portland	479,489,971,175	-	0.00	-
Portland Community College	344,763,411,776	569,075,000	0.01	62,598
Urban Flood Safety & Water Quality	203,864,448,296	15,137,066	0.02	2,815
Subtotal, overlapping debt	<u>2,561,688,126,535</u>	<u>4,687,287,973</u>		<u>122,067,859</u>
Direct debt outstanding:				
City of Milwaukie	<u>6,252,384,000</u>	<u>53,295,063</u>	100%	<u>53,295,063</u>
Total direct and overlapping debt outstanding	<u>\$ 2,567,940,510,535</u>	<u>\$ 4,740,583,036</u>		<u>\$ 175,362,922</u>

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

Notes:

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				
	2016	2017	2018	2019	2020
Debt maximum limitation	\$ 71,042	\$ 84,146	\$ 97,075	\$ 104,971	\$ 104,964
Debt applicable to maximum limit	3,450	12,125	12,654	11,095	11,080
Legal debt margin available	<u>\$ 67,592</u>	<u>\$ 72,021</u>	<u>\$ 84,421</u>	<u>\$ 93,876</u>	<u>\$ 93,885</u>
Debt applicable to the maximum limit as a percentage of debt limitation	5.23%	4.86%	14.41%	13.04%	10.56%
	2021	2022	2023	2024	2025
Debt maximum limitation	\$ 118,206	\$ 127,750	\$ 152,050	\$ 188,951	\$ 187,572
Debt applicable to maximum limit	10,015	9,455	9,289	8,655	7,997
Legal debt margin available	<u>\$ 108,191</u>	<u>\$ 118,295</u>	<u>\$ 142,761</u>	<u>\$ 180,295</u>	<u>\$ 179,575</u>
Debt applicable to the maximum limit as a percentage of debt limitation	8.47%	7.40%	6.11%	4.58%	4.26%

Legal debt margin calculation for fiscal year ended June 30, 2025:

Total property real market value	\$ 6,252,384,000
	<u>3%</u>
Debt maximum limitation (3% of total property real market value) ¹	<u>187,571,520</u>
Amount of debt applicable to debt limit:	
General Obligation Bonds	8,006,784
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	<u>(10,168)</u>
Net amount of debt applicable to limit	7,996,616
Legal debt margin - amount available for future indebtedness	<u>\$ 179,574,904</u>
Percentage of City's indebtedness to total allowed	4.26%

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	
2016	\$7,289,147	\$6,186,770	\$1,102,377	\$ 96,500	\$ 7,250	10.63
2017	7,649,464	6,409,137	1,240,327	96,500	6,993	11.98
2018	7,928,079	6,563,122	1,364,957	96,458	6,511	13.26
2019	7,967,674	6,868,920	1,098,754	96,458	6,029	10.72
2020	8,036,514	6,872,488	1,164,026	96,458	6,029	11.36
2021	8,092,696	7,278,799	813,897	96,458	5,064	8.02
2022	8,351,763	6,044,312	2,307,451	96,458	4,582	22.84
2023	8,751,015	6,144,943	2,606,072	96,458	4,099	25.92
2024	8,983,497	6,318,113	2,665,384	96,458	3,617	26.63
2025	9,053,463	6,446,542	2,606,921	96,458	4,015	25.95

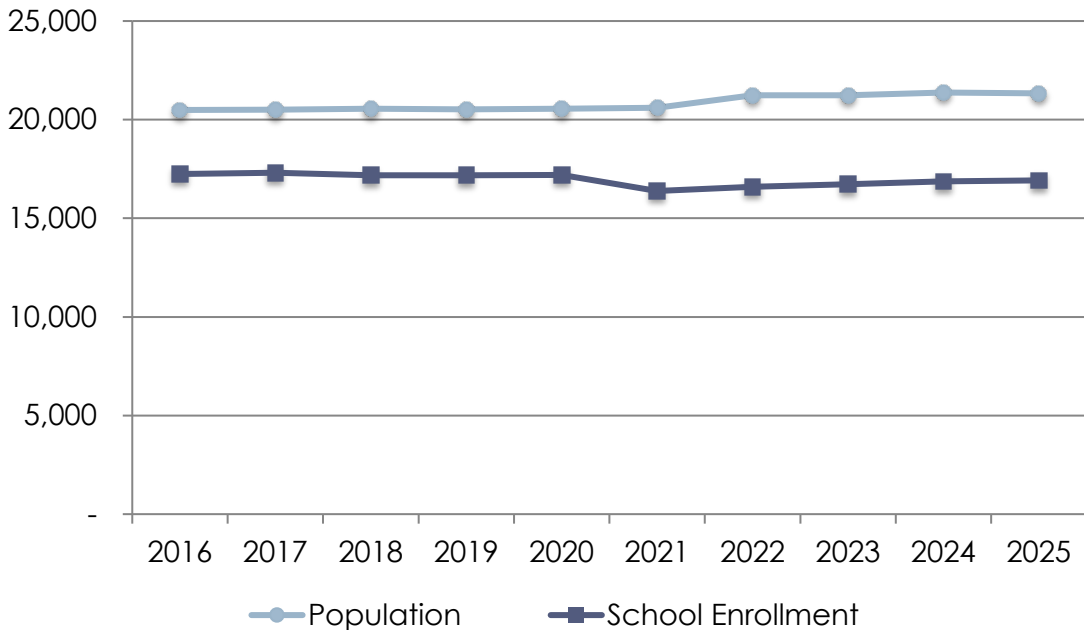
CITY OF MILWAUKIE, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
for the last ten fiscal years

Fiscal year	Population	Personal income (in thousands)	Per capita personal income	School enrollment	Unemployment rate
2016	20,491	\$1,034,570	\$ 50,489	17,241	5.2
2017	20,510	1,114,288	54,329	17,309	3.7
2018	20,556	1,171,507	56,991	17,177	4.1
2019	20,528	1,230,058	59,921	17,177	4.3
2020	20,556	1,286,806	62,600	17,200	4.6
2021	20,600	1,408,504	68,374	16,384	5.9
2022	21,235	1,474,452	69,435	16,589	3.2
2023	21,235	1,592,455	74,992	16,718	3.7
2024	21,375	*	*	16,874	4.1
2025	21,341	*	*	16,922	4.9

* Information unavailable at this time.

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

Population and School Enrollment Trends



CITY OF MILWAUKIE, OREGON
PRINCIPAL EMPLOYERS
current year and nine years ago

Employer	2025			2016		
	Employees	Rank	Percentage of total City employment	Employees	Rank	Percentage of total City employment
Providence Milwaukie Hospital	740	1	4.97 %	364	5	2.66
Oregon Tool	483	2	3.24	876	1	6.39
OECO LLC	260	3	1.74	375	4	2.74
Consonus Pharmacy Services	250	4	1.68			
Dave's Killer Bread	182	5	1.22	289	7	2.11
PCC Structural	170	6	1.14	431	2	3.15
Alpine Food Distributing	165	7	1.11			
City of Milwaukie	149	8	1.00	137	14	1.00
New Seasons Market	140	9	0.94			
Dark Horse Comics	138	10	0.93			
ODS Plaza				260	8	1.90
North Clackamas School District				385	3	2.81
Active Telesource				170	9	1.24
Plumbing & Mechanical Contractors				164	10	1.20
Bob's Red Mill Natural Foods				300	6	2.19
Warn Industries						0.00
Things From Another World						0.00
Active Telesource						0.00
Advanced Entry System						0.00
Pamplin Media Group						0.00
Core-Mark International Inc.						0.00
Stoner Electric Group						0.00
Total	<u>2,677</u>		<u>17.97 %</u>	<u>3,751</u>		<u>27.39</u>

Notes:

¹ North Clackamas School District has approximately 2,100 employees. There are 550 employees in the schools located in Milwaukie, including Milwaukie High School, Ardenwald, Lewelling, Linwood, Milwaukie Elementary, and Rowe Middle School.

Source: City of Milwaukie Finance Department.

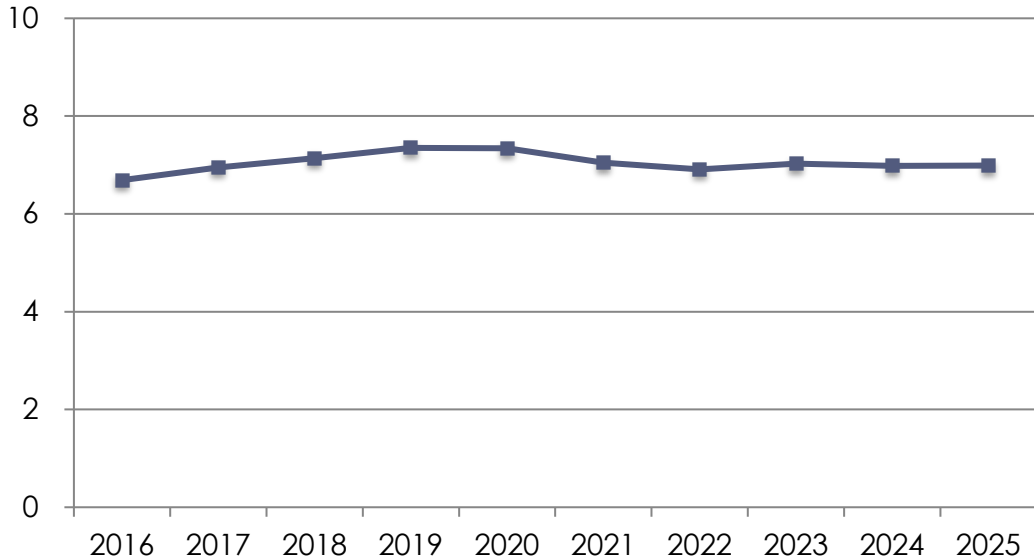
CITY OF MILWAUKIE, OREGON

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	17.70	25.00	24.00	24.50	24.50	26.00	22.00	25.00	25.00	25.00
Public safety	41.85	42.75	42.75	41.75	41.75	40.50	41.50	41.50	41.50	40.50
Community services	26.46	26.26	27.26	28.01	28.01	27.25	31.25	29.25	29.25	29.25
Community development	20.60	17.00	20.00	23.00	23.00	20.00	20.00	21.00	21.00	21.00
Facilities	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Transportation	5.50	5.00	5.00	6.00	6.00	5.50	5.50	6.00	6.00	6.00
Water	7.20	8.20	8.20	8.20	8.20	7.50	8.00	8.00	8.00	9.00
Wastewater	5.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50	4.50	4.50
Stormwater	7.80	8.30	8.50	8.50	8.50	8.00	8.00	8.00	8.00	8.00
Fleet services	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total FTEs	137.11	142.51	146.71	150.96	150.96	145.25	146.75	149.25	149.25	149.25
City Population	20,491	20,510	20,556	20,528	20,556	20,600	21,235	21,235	21,375	21,341
FTEs per 1,000 of population	6.69	6.95	7.14	7.35	7.34	7.05	6.91	7.03	6.98	6.99

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Public safety										
Citations:										
Traffic	9,813	7,633	4,340	4,288	4,418	558	1,138	1,811	3,782	2,325
Parking	1,629	1,261	1,459	2,238	2,324	1,838	1,485	1,500	1,472	1,189
City ordinance	93	85	96	91	54	38	52	74	38	63
Non-traffic violation	148	72	9	9	2	4	8	7	15	5
Total citations processed	11,683	9,051	5,904	6,626	6,798	2,438	2,683	3,392	5,307	3,582
Number of seat belt classes	42	58	31	29	17	0	5	15	21	7
Number of officers per 1,000 capita	1.60	1.60	1.60	1.57	1.60	1.12	1.12	1.57	1.57	1.57
Culture and recreation										
Library items in collections ¹	115,040	114,360	95,152	92,394	90,399	96,144	94,079	93,071	89,863	89,030
Circulation	685,157	660,438	635,428	512,487	397,577	324,896	570,967	619,636	683,523	692,576
Average circulation per capita	17.08	16.34	15.80	12.39	9.54	7.78	13.67	14.84	13.14	12.85
Number of library programs	627	615	623	471	380	264	257	393	422	436
Attendance at library programs	20,079	20,513	19,834	13,992	12,747	11,889	15,112	15,913	25,419	16,211
Number of library volunteers	1,547	1,470	1,386	937	756	299	896	780	779	801
Library volunteer hours	9,948	8,646	7,758	6,135	3,621	1,866	6,738	5,882	5,836	5,543
Community development										
Building:										
Building permits issued	240	218	298	261	228	246	299	288	308	1,605
Inspections performed	1,872	2,128	3,107	4,443	4,452	4,065	4,695	3,097	3,956	5,642
Investigations	15	26	36	42	38	34	24	23	21	17
Violations resolved	9	18	24	35	30	25	21	17	19	20
Planning:										
Land use applications processed	100	156	139	131	112	105	61	61	56	57
Business-type activities:										
Water										
Service connections	6,870	6,870	6,845	6,911	6,926	6,929	6,929	6,942	6,941	6,861
Number of fire hydrants maintained	404	105	6	90	146	94	330	140	588	34
Sanitary sewer (in feet)										
Sewer mainline cleaning	99,998	74,360	41,312	113,523	61,418	62,053	89,069	105,192	44,871	51,897
Mainline inspections completed	165,396	70,326	49,755	121,281	69,905	73,934	94,478	111,795	84,512	62,650

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.

Source: City of Milwaukie Departments.

CITY OF MILWAUKIE, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
for the last ten fiscal years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
General government										
City-owned building facilities	5	5	5	5	6	6	6	6	5	5
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	21	21	21	21	20	20	19	19
Culture and recreation										
Library facility	1	1	1	1	1	1	1	1	1	1
Community development										
Residential Construction	\$ 2,135	\$ 6,994	\$30,685	\$ 7,849	\$19,602	\$15,737	\$12,977	\$ 6,645	\$ 8,518	\$14,375
Commercial Construction	303	5,266	41,264	69,440	12,864	14,992	62,075	64,273	13,760	62,007
Total value of new building construction (in thousands) ¹	<u>\$ 2,438</u>	<u>\$12,260</u>	<u>\$71,949</u>	<u>\$77,289</u>	<u>\$32,466</u>	<u>\$30,729</u>	<u>\$75,052</u>	<u>\$70,918</u>	<u>\$22,278</u>	<u>\$76,382</u>
Highways and streets										
Miles of streets (street lane miles)	160	160	157	159	159	160	160	160	160	156
Surface water catch basins	1,631	1,679	1,685	1,701	1,752	1,778	1,798	1,796	1,860	1,862
Business-type activities:										
Water										
Water mains (miles)	100	100	101	100	100	100	101	99	99	99
Number of pump stations	5	5	5	5	5	5	5	5	5	5
Number of water storage reservoirs	3	3	3	3	3	3	3	3	3	3
Sanitary sewer										
Sanitary sewer (miles)	79	79	79	79	79	79	79	79	79	79
Number of sewer manholes	1,692	1,692	1,700	1,706	1,721	1,724	1,725	1,728	1,728	1,731

Source: City of Milwaukie Departments.



SECTION IV

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

CITY OF MILWAUKIE, OREGON
COMPLIANCE SECTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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 Baker Tilly US, LLP is contained in this section:

- Independent Auditor's Report Required by Oregon State Regulations

Report of Independent Auditors Required by Oregon State Regulations

The Honorable Mayor and City Council
City of Milwaukie, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Milwaukie, Oregon (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Milwaukie, Oregon's basic financial statements, and have issued our report thereon dated December 24, 2025.

Compliance

As part of obtaining reasonable assurance about whether the City of Milwaukie's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Highway funds
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

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



Ashley Osten, Principal, for
Baker Tilly US, LLP
Portland, Oregon
December 24, 2025

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and City Council
City of Milwaukie, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Milwaukie, Oregon (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 24, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Milwaukie's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Portland, Oregon
December 24, 2025

Report of Independent Auditors on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Honorable Mayor and City Council
City of Milwaukie, Oregon

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Milwaukie, Oregon's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2025. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Milwaukie, Oregon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Milwaukie, Oregon as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Milwaukie, Oregon's basic financial statements. We issued our report thereon dated December 24, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Portland, Oregon
December 24, 2025

CITY OF MILWAUKIE, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ORGANIZATION ID	TOTAL EXPENDITURES
U.S. Department of the Treasury COVID -19 Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	\$ 3,995,214
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>3,995,214</u>
U.S. Department of Justice Bulletproof Vest Partnership Program	16.607	n/a	2,830
Passed through Justice & Security Strategies Inc. Body Worn Camera Policy and Implementation	16.835	29218819	19,236
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>22,066</u>
U.S. Department of Transportation Passed through Oregon Impact State and Community Highway Safety (Highway Safety Cluster)	20.600	69A37525300004020ORO	2,130
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>2,130</u>
U.S. Department of Energy Passed through Earth Advantage, Inc. Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	DE-EE0010947	1,558
TOTAL U.S. DEPARTMENT OF ENERGY			<u>1,558</u>
U.S. Environmental Protection Agency Passed through State of Oregon - Oregon Business Development Department Capitalization Grants for Drinking Water State Revolving Funds	66.468	EC2507	2,545
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>2,545</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 4,023,513</u>

The notes to the SEFA are an integral part of this statement.

CITY OF MILWAUKIE, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Note A – General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of The City of Milwaukie for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance). The City's reporting entity is defined in Note 1 to the City's June 30, 2025 basic financial statements.

Note B – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, as described in Note 1 to the City's basic financial statements. Expenditures reported on this schedule are recognized following the cost principles in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The City has elected to use the de minimus indirect cost rate as allowed under the Uniform Guidance.

Note C – Relationship to Basic Financial Statements

Federal financial assistance revenues reported in the City's basic financial statements are included with operating grants and contributions or capital grants and contributions.

City of Milwaukee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>Federal Assistance Listing Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

2025-001 – Financial Statement Close and Reporting Process – Material Weakness in Internal Control over Financial Reporting

Criteria – An effective internal control system provides reasonable assurance for the reliability of accurate financial reporting.

Condition and context – During the year ended June 30, 2025, the City identified and corrected a material error that result in a prior period adjustment. The adjustment identified was to correct an error in the useful lives assigned to capital assets and the resulting accumulated depreciation and depreciation expense recorded. The correction of this error is reflected through an adjustment to net position and accumulated depreciation in the amount of \$22,303,053.

Effect – The financial statements contained a misstatement that required adjustments.

Cause – The adjustment was due to reliance on a capital asset system that calculates the depreciation expense, without review of the results for reasonableness.

Recommendation – We recommend the City's accounting staff review the useful lives assigned at the time assets are placed in service. We further recommend performing an overall review of depreciation expense to ensure transactions are accounted for in accordance with generally accepted accounting principles on an annual basis.

Views of responsible official and planned corrective actions – Management agrees with the finding and recommendation.

Section III – Federal Award Findings and Questioned Costs

None noted.



**CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

December 23, 2025

RE: Management's view and Corrective Action Plan to Current Year Audit Findings and Questioned Costs.

Management agrees with the findings and auditor's recommendation.

In preparation for the fiscal audit ending June 30, 2026, management will work with finance staff to ensure all new assets are being depreciated over reasonable time periods and that depreciation expense is being calculated properly for all existing and new assets. Reviewing useful lives and ensuring depreciation expense is calculated correctly will be built into the preparation and review process for the capital asset workpaper for fiscal year ending June 30, 2026, and all future reporting periods. A checklist will be built into the workpaper to ensure these items do not get missed.

The Finance Director, Michael Osborne, is responsible for ensuring that the correcting actions take place as described. If you have any further questions, concerns, or comments please feel free to reach out to me.

Michael Osborne

e: Osbornem@milwaukieoregon.gov p: 503 786 7533

City of Milwaukie

Finance Director



CITY OF MILWAUKIE

FINANCE DEPARTMENT

Finance Director: Michael Osborne OsborneM@milwaukieoregon.gov

Assistant Finance Director: Matt Deeds DeedsM@milwaukieoregon.gov

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

COUNCIL STAFF REPORT

To: Mayor and City Council
Joseph Briglio, Acting City Manager

Date Written: Jan. 26, 2026

Reviewed: Amy Francis, Utility Billing Specialist, Judy Serio Accountant

From: Michael Osborne, Finance Director

Subject: **Utility Code Update Discussion – Continued from Sept 16, 2025**

ACTION REQUESTED

The intent of this presentation is to continue the September 2025 discussion on the city’s municipal water system code (Milwaukie Municipal Code (MMC) Chapter 13.04) and receive Council’s direction and input on additional staff recommendations for updates.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[September 16, 2025:](#) Council discussed initial staff recommendations for updates to the MMC municipal water system code.

PROPOSED RECOMMENDATIONS

This discussion focuses on clarifying responsibilities, improving service equity, and modernizing the utility code to better align with current practices and support the city’s affordability goal. Staff have continued to review MMC 13.04 and have proposed two additional updates to modernize code. The changes are intended to improve clarity, accountability and proper management of utility obligations and are as follows:

1. Addition to 13.04.010 - Definition for Property Owner - described as, “Individuals or entities that legally own property within the City.”
2. Update to 13.04.100 – Water Charges – Billing –
Current wording: “*The consumer shall be responsible for all water consumption.*”
Proposed updated wording: “*Property owners are responsible for all water supplied to their property until a notice of termination of ownership and reasonable proof of new ownership is provided to the City Utility Billing Office. Any exceptions for good cause are determined by the City Manager or Finance Director,*”

ANALYSIS

The proposed code changes would update current practice so that utility services remain in the property owner’s name once a tenant moves out, rather than transferring responsibility between landlords and tenants. This approach is intended to improve billing accuracy, reduce administrative burden, and promote equitable utility collection by clearly aligning responsibility with property ownership, while maintaining continuity of service.

If approved, these changes would also clarify that unpaid water bills could result in a utility lien against the property. A lien is a legal claim on the real estate for unpaid utility charges and

can complicate property sales or refinancing by creating a “cloud” on the title. If the unpaid bill remains outstanding, the city can file the lien with the county recorder, which must be resolved before the property can be sold or refinanced. The lien takes priority over other claims, meaning proceeds from a sale would first go toward satisfying the unpaid utility debt.

Benefits of Keeping Utility Accounts in the Property Owner’s Name *For the city:*

- Maintaining accounts in the property owner’s name strengthens the city’s ability to pursue collection efforts, including the placement of utility liens when bills remain unpaid. This provides clearer accountability and reduces situations where unpaid balances are left with former tenants who are no longer associated with the property.
- Reduced door hangers and service shut offs.
- Decreased administrative workload (fewer service orders and start/stop requests).
- Improved collection efforts and account accountability.
- Ability to verify ownership through tax assessment records.
- Alignment with Clackamas County Water Environment Services (WES) wastewater treatment billing practices.

For Customers and Property Owners:

- Clear responsibility for utility services tied to property ownership.
- Reducing potential disruption in service between owner/tenant.
- Improved transparency during property sales or ownership transfers.

BUDGET IMPACT

The proposed code amendments would not directly increase utility rates. However, over time we hope to reduce the number of delinquent accounts sent to collections by having a property asset to secure the past due amount. This will help in keeping rates low for all city consumers.

CLIMATE IMPACT

None.

EQUITY IMPACT

These proposed changes are intended to be equitable, improve efficiency, and financial sustainability while ensuring essential utility services remain uninterrupted. If approved, similar updates may also need to be applied to wastewater, stormwater, street, Safe Access for Everyone (SAFE), and public safety fee (PSF) charges to maintain consistency across utility billing codes.

If approved, the city would begin a review of the current utility assistance program. The city will explore the option for property owners renting federal Department of Housing and Urban Development (HUD)-approved housing to qualify for the utility assistance (UA) program by submitting HUD approval documentation for the specific rental property. This documentation would be submitted annually by the property owner, with the UA application to maintain eligibility.

WORKLOAD IMPACT

If approved, the rollout of this update would be on a “going forward” basis. Meaning any new accounts would need to be set up under the property owner. The city would not go back and review accounts to update the change due to the administrative burden. The goal would be to have a good majority of the accounts updated over the next five years.

COORDINATION, CONCURRENCE, OR DISSENT

This update would streamline utility billing for residential customers within the city limits.

STAFF RECOMMENDATION

Staff are recommending these updates to MMC 13.04 of the city code and seek Council's direction and input to bring a formal code amendment to Council in March 2026.

ALTERNATIVES

Council can decline the updates to the code and leave Chapter 13.04 unchanged.

ATTACHMENTS

1. MMC 13.04 with sections proposed for updates highlighted.

§ 13.04.010. DEFINITIONS.

The following definitions shall apply for terminology used in this chapter:

"City" means the City of Milwaukie and its employee representatives.

"City service" means that section of line running from the City main to the water meter serving the given parcel of land.

"Consumer" means any person, firm, or corporation using City water for any purpose whatsoever.

"Director" means the Public Works Director of the City of Milwaukie or duly authorized representative(s).

"Permanent water service" means a permanent connection of the City service to the private service through a permanent meter.

"Private service" means the waterline extending from the water meter to the building(s) or other point(s) of delivery to be served by a given service.
(Ord. 1418 § 1, 1978; Ord. 1472 § 1, 1980)

§ 13.04.100. WATER CHARGES—BILLING.

A. Charges for water supplied by the municipal water system to any consumer shall be charged for and billed to each such consumer in accordance with rates established by the City Council. Prior to the establishment of water rates by the City Council, the Milwaukie Citizens Utility Rate Committee shall prepare and deliver a report and recommendation on water rates to the City Council. The Committee shall prepare and deliver its recommendation to Council on an annual basis, according to the rules established by Council. Sewer service fees as established by the City shall be added to and made a part of the billings for water service.

B. The consumer shall be responsible for all water consumption, except as explained in Section 13.04.080. The City may require deposits prior to providing water service or in lieu of a deposit, obtain a signed agreement from the property owner, whether the customer or not, that they will be ultimately liable for the charges and that the City may use a lien as one method to secure payment if the charges are not paid. However, the City may not require a property owner to sign such an agreement.

C. Billings May be Prorated

The proration shall be a daily rate determined by dividing the annual minimum billing by 365 days times the number of days of occupancy from last meter reading and/or billing date.

D. The Finance Director, or designee, is authorized to provide for the establishment of a special water sinking fund within the water fund budget, to provide revenue for emergency repair and maintenance costs in addition to other budgeted water revenues.

E. In the event the City requests a supplemental budget expenditure for the water fund, the City Council shall hold a public hearing and provide sufficient evidence to justify the necessity for a supplemental water budget.

(Ord. 1418 § 6, 1978; Ord. 1655 § 1, 1989; Ord. 1682 §§ 1 (a), 2, 3, 1990; Ord. 1708 § 2, 1991)



RS 7. B. 2/3/26
Presentation

CITY OF MILWAUKIE

Utility Code Updates
Part 2 (cont. from Sept 16, 2025)

UPDATES DISCUSSED ON 9/16/25

- Ownership of Service Lines – Clearly define where city responsibility ends and private ownership begins. Divides at the Water meter. Water meter to the residence is private.
- Temporary Water Service – Clarify that temporary service applies only to construction activities, not general use.
- Responsibility for Leaks – Reduce ambiguity over who pays for repairs when leaks occur on different side of the meter.
- Water Charges - Delinquency– Update rigid shut off process with more flexible timeline. Allowing better coordination with Public works staff.
 - Ex) Shutoffs every 3rd Thursday of month to more flexible 3-5 day period.



TONIGHT'S PROPOSED RECOMMENDATIONS

- Addition to 13.04.010 - Definition for Property Owner:
described as, “Individuals or entities that legally own property within the City”
 - Eliminate “consumer” in the definitions

- Update to 13.04.100 – Water Charges – Billing:
current wording: *“the consumer shall be responsible for all water consumption.”*

Proposed updated wording: *“Property owners are responsible for all water supplied to their property until a notice of termination of ownership and reasonable proof of new ownership is provided to the City Utility Billing Office. Any exceptions for good cause are determined by the City Manager or Finance Director.”*



WHY IS THE CHANGE NEEDED?

- Allows the city to lien properties with an outstanding balance. Tying an asset to the property.
 - ex) CRW Water customers in city of Milwaukie limits
- Moves away from sending past due accounts to collections
 - Smaller chance of collection
 - Greater fees
- Reduces “gaps” in tenant responsibility. When renters leave, the property owner would be responsible for fees.
 - Keeps continuity of payment for all city fees: Water, Storm, Waste, Street, Safe, and other city fees.
- Reduces disputes
 - Start/stop, who’s responsible for billing and leaks, criteria for signing for an account.



HOW THIS WOULD GO INTO AFFECT

- This would be on a “going forward” basis
 - Accounts previously setup would stay as is, until the property’s current owner or renter vacates.
- This follows other County and city models:
 - WES and city of Sandy already set up in property owner’s name
- Property Owners could include in cost of lease or have tenants pay directly to the city
 - City is not concerned with who pays the bill
 - Accounts could have alternative address for the bill to be sent (ie Property Management Company.
- This would be just for residential (single family) housing, to start.



AFFORDABILITY GOAL?

- The streamlined billing process also creates a new potential option to qualify for the utility assistance program.
- Property Owners can provide HUD approved documentation to make their rental units eligible, which encourages offering:
 - HUD Housing
 - maintaining housing quality standards
 - keeping rents reasonable comparable to similar properties
- Property Owners could submit HUD documentation on a yearly basis for renewal in the utility assistance verification process
- Current UA renters will not be affected.



STAFF'S CONCLUSION

- Helps to streamline setup process and reduce ambiguity and improve consistency in billing
- Helps to secure past due balances to an asset (lien the property) and reducing shut offs and collections
- Reduces “gaps” in property billing when tenants vacate.
 - Continued fees for other city utilities (water, storm, wastes, street, Safe ect.)



NEXT STEPS

- Discuss tonight's proposed updates to the MMC Utility Code
- Come back to council later in Spring with updated redline version of proposed changes for adoption
- Questions???





PAYMENT CARD PROCESSING FEE

- Discussion began in late 2024 as part of city's new revenue strategies
- Implemented into fee schedule in June 2025
- Worked with merchant card processor to begin on 1/31/2026
- This is a 3% processing fee on all payment card transactions. Automatically added to transaction



WHY THE ADDITIONAL FEE?

- This was started to offset the growing cost of payment card transactions.
- Who does the city pay?
 - Card Companies (Visa, Mastercard) - approx. 3% fee
 - Merchant processing company (Tyler Tech) - added \$2 per transaction fee
 - Banks (Umpqua and others) – various based on usage
- City currently pays \$332,000 annually
 - This is up from \$76,000 in 2015 and \$160,000 in 2021
 - This pays for Security Fees, Processing fees, Bank Fees, and Rewards Fees.



ADDITIONAL WAYS TO PAY

- Cash or Check
 - Accept Check at City Hall or mailed to banking lock box
- Banking Auto draft
 - Initiated by customer bank or by city via auto draft ACH on 5th, 10, 17, & 24th of the month.
- (currently exploring) eCheck
 - Ability to pay via electronic payment from customer's bank
 - Added transaction fees.
 - Subject to NSF Fees, delayed funding, and can be reversed.



WAYS THE CITY HAS COMMUNICATED

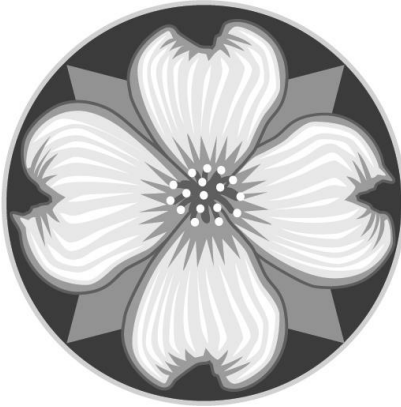
- City Website
 - One page summary of the fee
 - Added to news links
 - Added to Utility Billing page with other ways to pay.
- Pilot Article in February's edition
- Displayed on December 31st & January 31st Utility invoice



CONCLUSION

- Opportunity of choice
 - City has given customers number of choices for payment to avoid processing fee
 - City has multiple Auto draft dates for payment
 - 5th, 10th, 17th and 24th of every month
 - Credit Card Rewards and Perks are expensive
 - City is trying to offset these costs





RS Agenda Item

8

Public Hearings

COUNCIL STAFF REPORT

To: Mayor and City Council
Emma Sagor, City Manager

Reviewed: Peter Passarelli, Public Works Director

From: Katie Gavares, Climate & Natural Resources Manager, and
Alfred Moussalli, Urban Forester

Subject: **Tree Code Amendments**

Date Written: Jan. 8, 2026

ACTION REQUESTED

Council is asked to review and adopt the proposed ordinance to amend the tree code and resolution to revise the fee schedule.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[July 15, 2025](#): Council received a comprehensive staff report outlining the code's development history and community values. Council requested that staff return with proposed amendments to clarify how the principle of "reasonableness" should guide mitigation requirements for Type A (non-development) tree permits.

[December 2, 2025](#): Council reviewed proposed tree code and fee schedule changes.

[January 20, 2026](#): Council opened the Tree Code amendments adoption hearing and approved the ordinance amending the code by a voter of 3:1. As this vote was not unanimous, the second ordinance title reading and final roll call vote will occur at the following Council meeting on February 3. Staff will review some of the issues raised during deliberations as they consider future revisions to the tree code.

ANALYSIS

Milwaukee's Tree Code reflects a shared community value: trees are essential infrastructure that support public health, stormwater management, climate resilience, and neighborhood livability. Implementation experience and community feedback gathered particularly throughout 2025 have highlighted two key areas for improvement: ensuring the city's mitigation fee structure adequately incentivizes preservation during development, and clarifying non-development approval criteria to support reasonableness, proportionality, and consistency in permitting decisions. In December 2025, Council reviewed and agreed with the code and fee schedule changes that staff recommended. The proposed changes are outlined below.

Development Tree Code Changes**Significant Tree Removal Fee (>30" DBH)**

To better reflect the true value of these ecosystem services and to strengthen incentives for on-site preservation, staff recommend establishing a Significant Tree Removal Fee applied to all trees greater than 30 inches diameter at breast height (DBH). The threshold is consistent with the size at which ecosystem benefits increase exponentially, and the proposed rate structure

aligns with the existing non-development fee schedule to maintain fairness and consistency across permit types:

- \$150 per inch DBH from 30" to 35.99"
- \$200 per inch DBH for trees 36" and greater

This additional fee would apply when a large tree is removed as part of a development project, supplementing the standard canopy-mitigation payment. The goal is not to penalize developers but to create a meaningful economic signal that preservation of significant trees is a preferred outcome whenever feasible.

Canopy Mitigation Fee (Development Context)

Staff recommend alternative fee schedule, which establishes a canopy mitigation fee that begins at 40 percent total site canopy and increases cumulatively for each 8-percent reduction below that threshold. Under this option, the mitigation fee begins at \$4,000 and increases by \$2,000 for each 8-percent reduction in remaining site canopy. Fees are cumulative, meaning applicants pay the total of each band crossed. The proposed fee structure can be seen in the table below.

To avoid creating additional financial barriers to affordable housing production, staff recommend that the proposed canopy mitigation fee updates apply exclusively to standard, non-affordable residential development. The current mitigation fee structure for eligible affordable housing projects would remain unchanged, consistent with city policy to reduce regulatory costs for affordable housing while still supporting overall canopy and climate objectives.

Remaining Total Site Canopy	Existing Fee Structure	Alternative: Remaining Total Site Canopy	Alternative: Increase threshold to 40% and then by \$2000
40%	No Fee	40-32%	\$4000
30-22.5%	\$4000	32-24%	\$6000 (\$10,000)
22.5 – 15%	\$4000 (\$8000)	24 – 16%	\$8000 (\$18,000)
15 – 7.5%	\$4000 (\$12,000)	16-8%	\$10,000 (\$28,000)
7.5-0%	\$4000 (\$16,000)	8-0%	\$12,000 (\$40,000)

Rare and Threatened Tree List

Milwaukie’s Tree Code and Consolidated Fee Schedule reference a Rare and Threatened Tree List, but the list itself has not yet been developed. Staff have prepared a Rare and Threatened Tree List that will be administratively adopted at the end of January 2026. This list will allow the established fee to be applied when these species are removed as part of a development project, supplementing the standard canopy-mitigation payment.

In addition, staff recommend establishing an Unpermitted Rare or Threatened Tree Removal Fee for development projects, to ensure the incentive to preserve is consistent through

enforcement procedures. The proposed rate structure aligns with the existing unpermitted tree removal fees:

- \$350 per inch DBH for Rare and Threatened Trees

Residential Non-Development Tree Code Changes

Reasonableness in Type A Permits Non-Development

To improve the clarity and proportionality of applying “reasonableness” to Type A permits, staff is recommending the following change to MMC 16.32.044 D.2.b(3):

(3) The tree is having an adverse effect on adjacent infrastructure or buildings that cannot be mitigated by pruning, reasonable alternative construction techniques, or accepted arboricultural practices or the tree is located within 10 feet of a dwelling unit and presents a significant ongoing or unavoidable conflict with the structure, such as foundation damage, as determined by the Urban Forester.

Providing this greater clarity for the removal of trees within 10 feet of a dwelling unit can provide greater code clarity and proportional mitigation options. However, many of the city’s challenging tree-related decisions occur outside this 10 ft buffer zone, where residents must balance tree preservation with maintenance, repairs, and safety concerns. For this reason, staff also recommend clarifying how the “reasonableness” standard should be applied to Type A non-development permits to ensure decisions remain fair, proportionate, and consistent across the community.

Standards for Applying Reasonableness:

In addition to the code change, staff recommends administratively adopting a clearer, more structured approach to evaluating “reasonableness” under MMC 16.32.044(D)(2) so that non-development tree removal decisions can be more consistent, equitable, and aligned with the city’s canopy and climate goals. The recommended framework below clarifies how staff will assess whether infrastructure or primary dwelling unit conflicts can be addressed through reasonable alternative construction techniques or accepted arboricultural practices, and when removal may be appropriate. Staff recommend using the following proportionality thresholds to guide consistent application of the code:

Recommended Thresholds for Evaluating Reasonableness

Context	Recommended Threshold for Preservation to Be Considered Reasonable
Small residential repairs (Driveway)	Preservation is generally reasonable when the cost of feasible alternatives is ≤20% of the directly related project cost.
Infrastructure (sidewalks, utilities)	Preservation is typically reasonable when costs are ≤3× the cost of removal and replacement.
Significant trees >30” DBH or heritage-scale trees	Preservation is reasonable when costs are ≤5× the cost of removal and replacement, reflecting the high public value of these trees

This recommended approach provides staff with a balanced, technically sound method for applying the reasonableness standard while giving residents and applicants greater clarity about how decisions are made.

BUDGET IMPACT

Fee adjustments may increase Urban Forest Fund revenues to support canopy restoration, maintenance, and equity-focused planting. Administrative costs are expected to be minimal.

CLIMATE IMPACT

Expanded canopy preservation and improved mitigation directly support the city’s Climate Action Plan (CAP) by reducing heat exposure, improving air quality, and managing stormwater through natural systems.

EQUITY IMPACT

The proposed adjustments strengthen equitable access to urban forest benefits by discouraging disproportionate canopy loss in redeveloping areas and prioritizing reinvestment in low-canopy neighborhoods. Clarifying reasonableness also ensures that tree preservation standards remain practical and fair across different property types and income levels.

WORKLOAD IMPACT

Not applicable.

COORDINATION, CONCURRENCE, OR DISSENT

Coordination with code enforcement on the new fee.

STAFF RECOMMENDATION

Staff recommends that Council adopt the attached ordinances.

ALTERNATIVES

Council could direct staff to not amend the tree code or tree fees.

ATTACHMENTS

1. Tree Code Ordinance
Exhibit A: Chapter 16.32 Tree Code (strikeout/clean versions)
2. Fee Schedule Resolution
Attachment A: Consolidated Fee Schedule (strikeout/clean versions)

COUNCIL ORDINANCE No.

AN ORDINANCE OF THE CITY OF MILWAUKIE, OREGON, AMENDING MUNICIPAL CODE (MMC) CHAPTER 16.32 TREE CODE FOR THE PURPOSE OF STRENGTHENING TREE PRESERVATION DURING DEVELOPMENT, AND DECLARING AN EMERGENCY.

WHEREAS on October 2, 2018, the City Council adopted the Milwaukie Climate Action Plan (CAP), which included two relevant urban forest strategies that will significantly contribute to Milwaukie’s ability to adapt to the changing climate; and

WHEREAS on March 19, 2019, the City Council adopted the Urban Forest Management Plan (UFMP), which set goals and policies and identified actions that are crucial to maximizing the benefits of Milwaukie’s trees and meeting Milwaukie’s climate goals; and

WHEREAS it is the city’s intent to increase Milwaukie’s tree canopy and preserve existing trees to support efforts to achieve a 40% city-wide tree canopy; and

WHEREAS the city adopted a tree code in the Milwaukie Municipal Code (“MMC”) Chapter 16.32 to establish processes and standards that ensure the city maximizes environmental, economic, health, community and aesthetic benefits provided by its urban forest located in Milwaukie, Oregon; and

WHEREAS the proposed tree code amendments implement several goals and policies of the city’s CAP and UFMP related to tree preservation.

Now, Therefore, the City of Milwaukie does ordain as follows:

Section 1. Amendments. The MMC is amended as described in Exhibit A Chapter 16.32 Tree Code (strikeout/clean versions).

Section 2. Effective Date. This ordinance will become effective immediately.

Read the first time on _____ and moved to second reading by _____ vote of the City Council.

Read the second time and adopted by the City Council on _____.

Signed by the Mayor on _____.

Lisa Batey, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

EXHIBIT A – DRAFT MILWAUKIE TREE CODE

Suggested Revisions Winter 2026

Strikeout Version

16.32.042 TREE PRESERVATION AND PLANTING WITH DEVELOPMENT IN RESIDENTIAL ZONES.

A. Applicability

The tree preservation and planting standards in this subsection apply in residential zones to the construction of a new residential dwelling unit(s) that results in an increase of building footprint.

B. Tree Preservation Standards

1. Healthy trees at least six-inch DBH are required to be preserved except when their removal is required for construction, demolition, grading, utilities, and other development impacts.

2. ~~When a development application includes the removal of a healthy tree 30 inches DBH or greater, a Significant Tree Removal Fee shall be assessed in accordance with the consolidated fee schedule. This fee does not relieve the applicant of any other requirements of this chapter, including replacement trees, tree protection measures, or required arborist reports.~~

~~2.3.~~ Preservation of at least ~~40%~~30% on-site healthy private tree canopy coverage is required unless mitigation is provided according to Subsection 16.32.042.E. See Figures 16.32.042.B.2-a and B.2-b for examples of when mitigation is or is not required. (See Subsection 16.32.042.D.3 for information on calculating tree canopy coverage.)

~~3.4.~~ For development sites with ~~40%~~30% or less on-site healthy private tree canopy coverage, the removal of healthy private tree canopy is not allowed unless mitigation is provided according to Subsection 16.32.042.E.

~~4.5.~~ Trees of any size that are listed on the Milwaukie Rare or Threatened Tree List must be prioritized for preservation; if removed, healthy trees from this list will incur an additional fee as listed on the Consolidated Fee Schedule.

~~5.6.~~ Unhealthy trees and tree species on the Oregon State Noxious Weed List or Milwaukie Invasive Tree List, as well as trees within designated natural resource areas (as per Section 19.402) that are listed as nuisance species on the Milwaukie Plant List,

EXHIBIT A – DRAFT MILWAUKIE TREE CODE

Suggested Revisions Winter 2026

are not required to be preserved in conjunction with applicable development as established in Subsection 16.32.042.A.

6-7. The applicant must provide a performance bond for existing trees that are preserved for purposes of addressing the ~~40~~30% canopy coverage standard, to ensure their survival for such period of time as identified in the Consolidated Fee Schedule. On-site trees may be exempt from the performance bond requirements if the Urban Forester or an ISA Certified Arborist determine that construction activities do not present a significant impact to tree health. Existing trees used for canopy credit do not qualify for removal based on the criteria outlined in Subsection **16.32.044** D.2.(11).

Figure 16.32.042.B.2-a

Tree Removal with mitigation

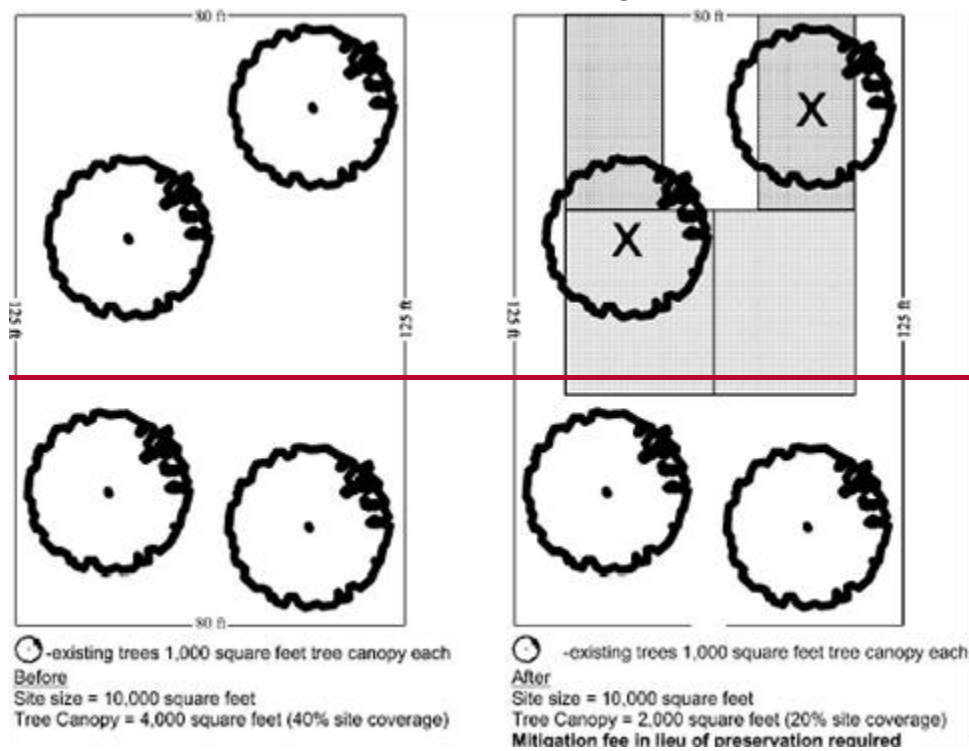


EXHIBIT A – DRAFT MILWAUKIE TREE CODE

Suggested Revisions Winter 2026

Figure 16.32.042.B.2-a
Tree removal with mitigation

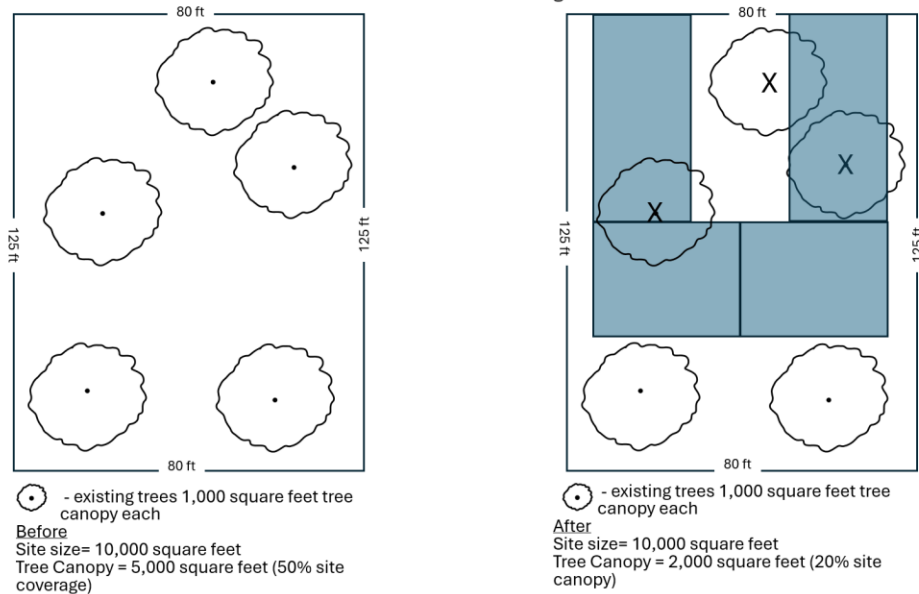


Figure 16.32.042.B.2-b

Tree Removal without mitigation

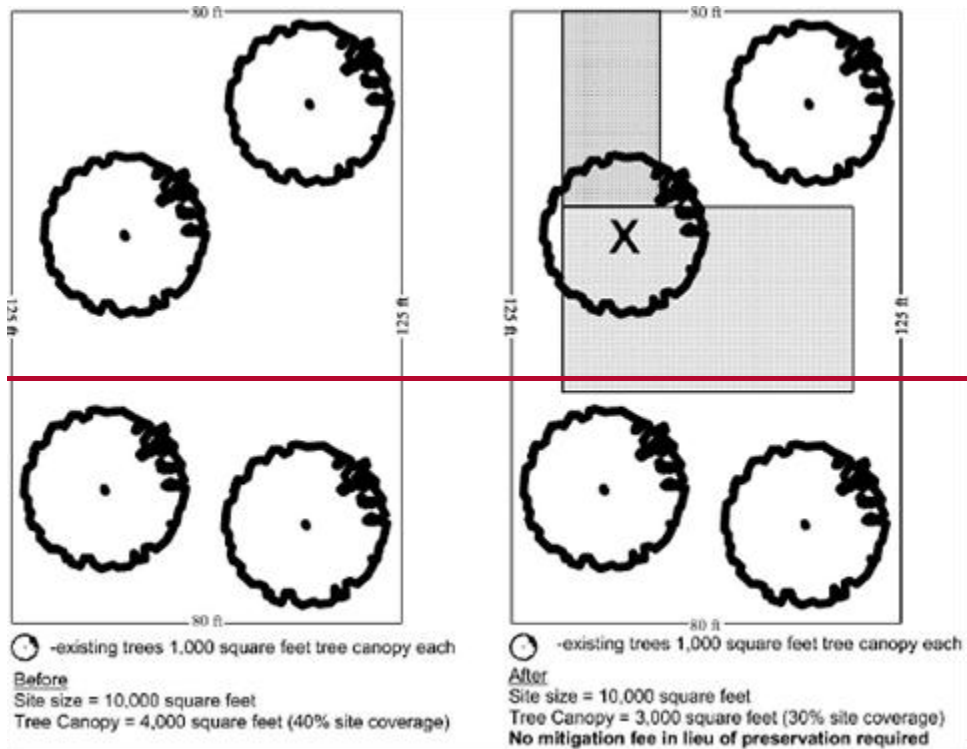
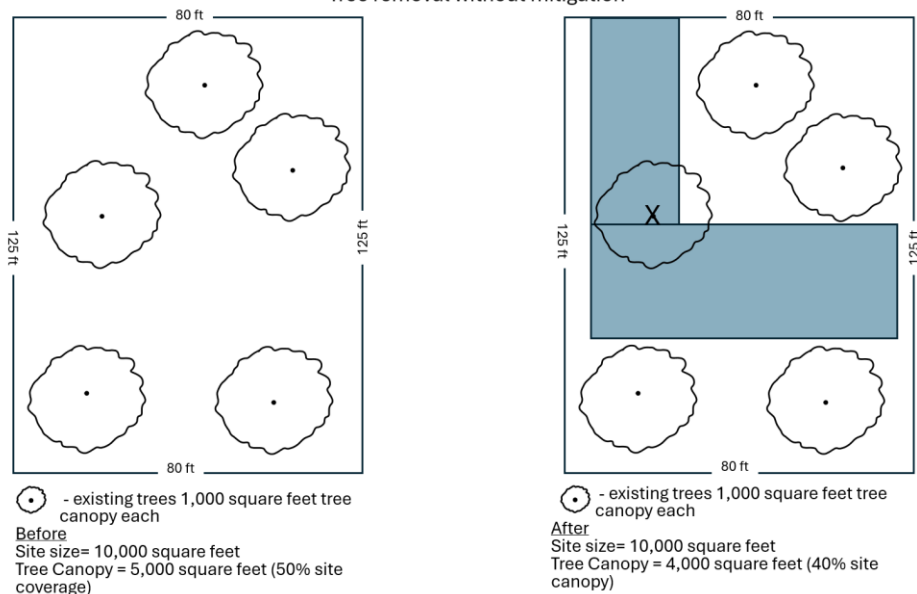


EXHIBIT A – DRAFT MILWAUKIE TREE CODE

Suggested Revisions Winter 2026

Figure 16.32.042.B.2-b
Tree removal without mitigation



16.32.044 NON-DEVELOPMENT PRIVATE TREE REMOVAL IN RESIDENTIAL ZONES.

Amend MMC 16.32.044 D.2.b(3)

(3) The tree is having an adverse effect on existing adjacent infrastructure or buildings that cannot be mitigated by pruning, reasonable alternative construction techniques, or accepted arboricultural practices: or the tree is located within 10 feet of a dwelling unit and presents a significant ongoing or unavoidable conflict with the structure as determined by the Urban Forester.

EXHIBIT A – DRAFT MILWAUKIE TREE CODE

Suggested Revisions Winter 2026

Clean Version

16.32.042 TREE PRESERVATION AND PLANTING WITH DEVELOPMENT IN RESIDENTIAL ZONES.

A. Applicability

The tree preservation and planting standards in this subsection apply in residential zones to the construction of a new residential dwelling unit(s) that results in an increase of building footprint.

B. Tree Preservation Standards

1. Healthy trees at least six-inch DBH are required to be preserved except when their removal is required for construction, demolition, grading, utilities, and other development impacts.
2. When a development application includes the removal of a healthy tree 30 inches DBH or greater, a Significant Tree Removal Fee shall be assessed in accordance with the consolidated fee schedule. This fee does not relieve the applicant of any other requirements of this chapter, including replacement trees, tree protection measures, or required arborist reports.
3. Preservation of at least 40% on-site healthy private tree canopy coverage is required unless mitigation is provided according to Subsection 16.32.042.E. See Figures 16.32.042.B.2-a and B.2-b for examples of when mitigation is or is not required. (See Subsection 16.32.042.D.3 for information on calculating tree canopy coverage.)
4. For development sites with 40% or less on-site healthy private tree canopy coverage, the removal of healthy private tree canopy is not allowed unless mitigation is provided according to Subsection 16.32.042.E.
5. Trees of any size that are listed on the Milwaukie Rare or Threatened Tree List must be prioritized for preservation; if removed, healthy trees from this list will incur an additional fee as listed on the Consolidated Fee Schedule.
6. Unhealthy trees and tree species on the Oregon State Noxious Weed List or Milwaukie Invasive Tree List, as well as trees within designated natural resource areas (as per Section 19.402) that are listed as nuisance species on the Milwaukie Plant List,

EXHIBIT A – DRAFT MILWAUKIE TREE CODE

Suggested Revisions Winter 2026

are not required to be preserved in conjunction with applicable development as established in Subsection 16.32.042.A.

7. The applicant must provide a performance bond for existing trees that are preserved for purposes of addressing the 40% canopy coverage standard, to ensure their survival for such period of time as identified in the Consolidated Fee Schedule. On-site trees may be exempt from the performance bond requirements if the Urban Forester or an ISA Certified Arborist determine that construction activities do not present a significant impact to tree health. Existing trees used for canopy credit do not qualify for removal based on the criteria outlined in Subsection 16.32.044 D.2.(11).

Figure 16.32.042.B.2-a
Tree removal with mitigation

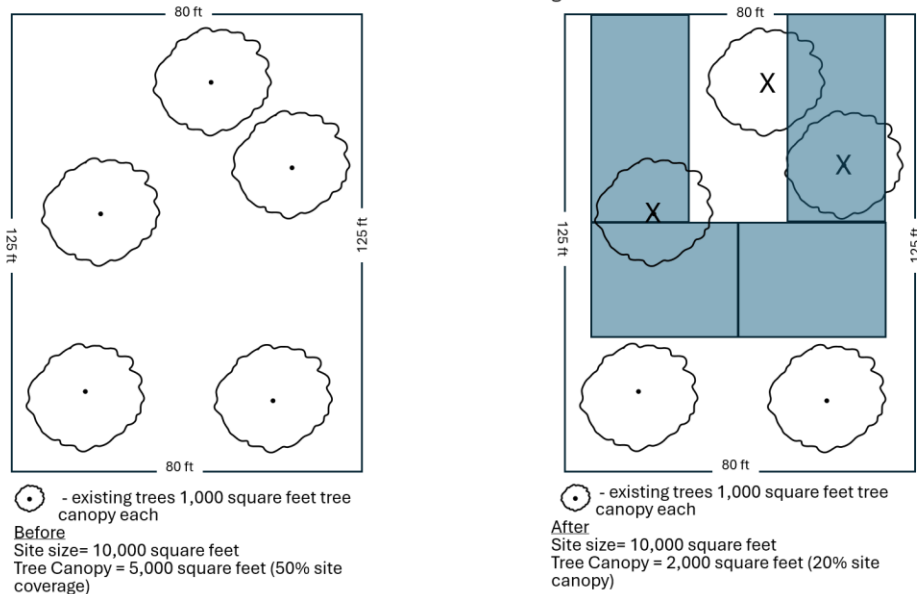
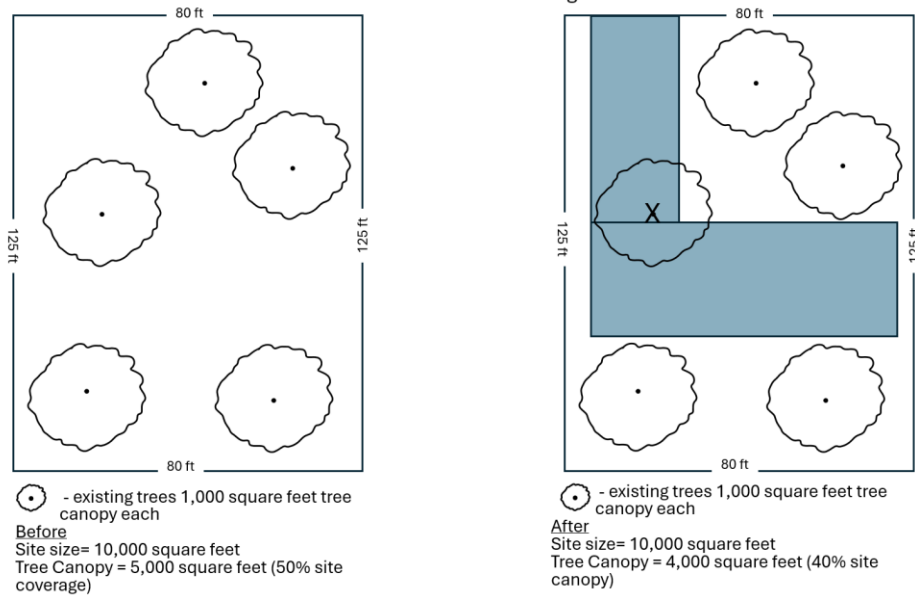


EXHIBIT A – DRAFT MILWAUKIE TREE CODE

Suggested Revisions Winter 2026

Figure 16.32.042.B.2-b
Tree removal without mitigation



16.32.044 NON-DEVELOPMENT PRIVATE TREE REMOVAL IN RESIDENTIAL ZONES.

Amend MMC 16.32.044 D.2.b(3)

(3) The tree is having an adverse effect on existing adjacent infrastructure or buildings that cannot be mitigated by pruning, reasonable alternative construction techniques, or accepted arboricultural practices or the tree is located within 10 feet of a dwelling unit and presents a significant ongoing or unavoidable conflict with the structure as determined by the Urban Forester.

COUNCIL RESOLUTION No.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, REVISING FEES AND CHARGES AND UPDATING THE CONSOLIDATED FEE SCHEDULE FOR FISCAL YEAR 2026.

WHEREAS it is the policy and practice of the city to require the discernment and recovery of certain city costs from fees and charges levied in providing various services, products, and regulations, and

WHEREAS city staff shall periodically review city fees and charges to recover city costs in providing services, products, and regulations, and recommend adjustments to the City Council, and

WHEREAS Milwaukie advisory boards, commissions, and committees periodically recommend adjustments to the fees and charges levied in providing services, products, and regulations, and

WHEREAS the city manager has caused a review of all city fees and charges, has received guidance from advisory boards, commissions, committees, and city staff, and has finalized the updated Consolidated Fee Schedule.

Now, Therefore, be it Resolved that:

SECTION 1. The City of Milwaukie “Fees” document to this resolution is hereby amended as outlined in Attachment A.

SECTION 2. This resolution amends Section 11 of previously adopted fee resolutions.

Introduced and adopted by the City Council on **January 20, 2026.**

This resolution is effective on **January 20, 2026.**

Lisa Batey, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

Exhibit A

ATTACHMENT A – DRAFT FY 2025-26 CONSOLIDATED FEE SCHEDULE

Suggested Revisions Winter 2026

Strikeout Version

TREES IN THE CITY *continued*

Private Non-Development Tree Fees	Fiscal Year 2025 Fee	Fiscal Year 2026 Fee
Residential Tree Permit Application Fee (Type A)	\$0.00	\$0.00
Residential Tree Permit Application Fee (Type B)	\$50.00	\$50.00
Healthy private tree removal fee beyond one tree per 12-month period ¹ Measurements are in diameter at breast height (DBH).		
6 to <12" DBH (approx. 19" – 38" circumference)	\$60.00 per inch DBH	\$60.00 per inch DBH
12 to <18" DBH (approx. 38" -57" circumference)	\$60.00 per inch DBH	\$60.00 per inch DBH
18" to <24" DBH (approx. 57" -75" circumference)	\$60.00 per inch DBH	\$60.00 per inch DBH
24" to <30" DBH (approx. 75" -94" circumference)	\$60.00 per inch DBH	\$60.00 per inch DBH
30" to <36" DBH (approx. 94" -113" circumference)	\$150.00 per inch DBH	\$150.00 per inch DBH
36" or greater (greater than 113" circumference)	\$200.00 per inch DBH	\$200.00 per inch DBH
Rare or Threatened Tree Removal	\$250.00 per inch DBH	\$250.00 per inch DBH
Planting and Establishment Fee in lieu of Replanting for Non-Development Private Residential Trees	\$675.00 per tree	\$675.00 per tree

Private Enforcement and Restoration Fees	Fiscal Year 2025 Fee	Fiscal Year 2026 Fee
Violation Review Fee (Development)	\$200.00	\$200.00
Damaged Private Tree	\$225.00 per inch DBH	\$225.00 per inch DBH
Tree Protection Violation Zone Fee	\$225.00 per inch DBH	\$225.00 per inch DBH
Unpermitted Private Tree Removal Fee (Development)		
6" to <12" DBH	\$2,000.00 per tree	\$2,000.00 per tree
12" to <18" DBH	\$167.00 per inch DBH	\$167.00 per inch DBH
18" to <24" DBH	\$200.00 per inch DBH	\$200.00 per inch DBH
24" to <36" DBH	\$250.00 per inch DBH	\$250.00 per inch DBH
36" or greater DBH	\$300.00 per inch DBH	\$300.00 per inch DBH
<u>Rare or Threatened</u>	<u>\$350.00 per inch DBH</u>	<u>\$350.00 per inch DBH</u>
Unpermitted Private Tree Removal or Tree Topping (Non-Development)	2 x healthy private tree removal fee + \$250.00	2 x healthy private tree removal fee + \$250.00
Failure to Replant a Tree (Non-Development)	2 x Fee in Lieu	2 x Fee in Lieu

¹ No removal fee for 1st tree less than 12" DBH removed under type 1 permit.

ATTACHMENT A – DRAFT FY 2025-26 CONSOLIDATED FEE SCHEDULE

Suggested Revisions Winter 2026

TREES IN THE CITY *continued*

Private Development Tree Fees	Fiscal Year 2025 Fee	Fiscal Year 2026 Fee
Residential Construction Tree Plan Review Fee	\$300.00	\$300.00
Site Inspection Fee	\$50.00	\$50.00
Site Re-inspection Fee	\$175.00	\$175.00
Fee in lieu of preservation standard in residential development <i>Canopy percentage measurements are in sq ft canopy / total site sq ft</i>	\$4,000.00 for each reduction of 7.5% site canopy coverage below 30% total site canopy. Fees are cumulative based on total canopy reduction. Remaining site canopy <30%-22.5%: \$4,000.00 <22.5%-15%: \$4,000.00 <15%-7.5%: \$4,000.00 <7.5%-0%: \$4,000.00	\$4,000.00 for each reduction of 8% site canopy coverage below 40% total site canopy. \$4,000.00 for each reduction of 7.5% site canopy coverage below 30% total site canopy. Fees are cumulative based on total canopy reduction. Remaining site canopy <u>40%- 32%: \$4,000.00</u> <u>32%-24%: \$6,000.00</u> <u>24%-16%: \$8,000.00</u> <u>16%-8%: \$10,000.00</u> <u>8%-0%: \$12,000.00</u> <30% 22.5%: \$4,000.00 <22.5% 15%: \$4,000.00 <15% 7.5%: \$4,000.00 <7.5% 0%: \$4,000.00
Fee in lieu of preservation standard for eligible residential affordable housing <i>Canopy percentage measurements are in sq ft canopy / total site sq ft</i>	\$2,000.00 for each reduction of 7.5% site canopy coverage below 30% total site canopy. Fees are cumulative based on total canopy reduction. Remaining site canopy <30%-22.5%: \$2,000.00 <22.5%-15%: \$2,000.00 <15%-7.5%: \$2,000.00 <7.5%-0%: \$2,000.00	\$2,000.00 for each reduction of 7.5% site canopy coverage below 30% total site canopy. Fees are cumulative based on total canopy reduction. Remaining site canopy <30%-22.5%: \$2,000.00 <22.5%-15%: \$2,000.00 <15%-7.5%: \$2,000.00 <7.5%-0%: \$2,000.00

ATTACHMENT A – DRAFT FY 2025-26 CONSOLIDATED FEE SCHEDULE

Suggested Revisions Winter 2026

TREES IN THE CITY *continued*

Other Tree Types	Fiscal Year 2025	Fiscal Year 2026
<p>Significant Tree Credits <i>Retained significant trees in diameter at breast height (DBH)</i> Retained significant tree 12" to <20" DBH Retained significant tree >20" DBH Retained significant tree >36" DBH</p>	<p>125% existing or future canopy multiplier 150% existing or future canopy multiplier 175% existing or future canopy multiplier</p>	<p>125% existing or future canopy multiplier 150% existing or future canopy multiplier 175% existing or future canopy multiplier</p>
<p>Rare or Threatened Tree Removal Fee <i>Applied in conjunction with other qualifying tree removal fees.</i></p>	<p>\$250.00 per inch DBH</p>	<p>\$250.00 per inch DBH</p>
<p><u>Significant Tree Removal Fee >30" DBH</u> <u>30" to 35.99" DBH</u> <u>36" or greater DBH</u> <i>Applied in conjunction with other qualifying tree removal fees.</i></p>	<p>N/A</p>	<p><u>\$150 per inch DBH</u> <u>\$200 per inch DBH</u></p>
<p>Fees in Lieu of Planting Standard</p>	<p>\$5.00 per square foot of canopy necessary to meet 40% site coverage</p>	<p>\$5.00 per square foot of canopy necessary to meet 40% site coverage</p>
<p>Bonding Requirements Tree Protection Post Development</p>	<p>\$3,500 per protected tree held for 3 years \$3,500.00 per newly planted tree held for 5 years</p>	<p>\$3,500 per protected tree held for 3 years \$3,500.00 per newly planted tree held for 5 years</p>

ATTACHMENT A – DRAFT FY 2025-26 CONSOLIDATED FEE SCHEDULE

Suggested Revisions Winter 2026

Clean Version

TREES IN THE CITY *continued*

Private Non-Development Tree Fees	Fiscal Year 2025 Fee	Fiscal Year 2026 Fee
Residential Tree Permit Application Fee (Type A)	\$0.00	\$0.00
Residential Tree Permit Application Fee (Type B)	\$50.00	\$50.00
Healthy private tree removal fee beyond one tree per 12-month period ¹ Measurements are in diameter at breast height (DBH). 6 to <12" DBH (approx. 19" – 38" circumference) 12 to <18" DBH (approx. 38" -57" circumference) 18" to <24" DBH (approx. 57" -75" circumference) 24" to <30" DBH (approx. 75" -94" circumference) 30" to <36" DBH (approx. 94" -113" circumference) 36" or greater (greater than 113" circumference)	\$60.00 per inch DBH \$60.00 per inch DBH \$60.00 per inch DBH \$60.00 per inch DBH \$150.00 per inch DBH \$200.00 per inch DBH	\$60.00 per inch DBH \$60.00 per inch DBH \$60.00 per inch DBH \$60.00 per inch DBH \$150.00 per inch DBH \$200.00 per inch DBH
Rare or Threatened Tree Removal	\$250.00 per inch DBH	\$250.00 per inch DBH
Planting and Establishment Fee in lieu of Replanting for Non-Development Private Residential Trees	\$675.00 per tree	\$675.00 per tree

Private Enforcement and Restoration Fees	Fiscal Year 2025 Fee	Fiscal Year 2026 Fee
Violation Review Fee (Development)	\$200.00	\$200.00
Damaged Private Tree	\$225.00 per inch DBH	\$225.00 per inch DBH
Tree Protection Violation Zone Fee	\$225.00 per inch DBH	\$225.00 per inch DBH
Unpermitted Private Tree Removal Fee (Development)		
6" to <12" DBH	\$2,000.00 per tree	\$2,000.00 per tree
12" to <18" DBH	\$167.00 per inch DBH	\$167.00 per inch DBH
18" to <24" DBH	\$200.00 per inch DBH	\$200.00 per inch DBH
24" to <36" DBH	\$250.00 per inch DBH	\$250.00 per inch DBH
36" or greater DBH	\$300.00 per inch DBH	\$300.00 per inch DBH
Rare or Threatened	\$350.00 per inch DBH	\$350.00 per inch DBH
Unpermitted Private Tree Removal or Tree Topping (Non-Development)	2 x healthy private tree removal fee + \$250.00	2 x healthy private tree removal fee + \$250.00
Failure to Replant a Tree (Non-Development)	2 x Fee in Lieu	2 x Fee in Lieu

¹ No removal fee for 1st tree less than 12" DBH removed under type 1 permit.

ATTACHMENT A – DRAFT FY 2025-26 CONSOLIDATED FEE SCHEDULE

Suggested Revisions Winter 2026

TREES IN THE CITY *continued*

Private Development Tree Fees	Fiscal Year 2025 Fee	Fiscal Year 2026 Fee
Residential Construction Tree Plan Review Fee	\$300.00	\$300.00
Site Inspection Fee	\$50.00	\$50.00
Site Re-inspection Fee	\$175.00	\$175.00
Fee in lieu of preservation standard in residential development <i>Canopy percentage measurements are in sq ft canopy / total site sq ft</i>	\$4,000.00 for each reduction of 7.5% site canopy coverage below 30% total site canopy. Fees are cumulative based on total canopy reduction. Remaining site canopy <30%-22.5%: \$4,000.00 <22.5%-15%: \$4,000.00 <15%-7.5%: \$4,000.00 7.5%-0%: \$4,000.00	\$4,000.00 for each reduction of 8% site canopy coverage below 40% total site canopy. Remaining site canopy 40%- 32%: \$4,000.00 32%-24%: \$6,000.00 24%-16%: \$8,000.00 16%-8%: \$10,000.00 8%-0%: \$12,000.00
Fee in lieu of preservation standard for eligible residential affordable housing <i>Canopy percentage measurements are in sq ft canopy / total site sq ft</i>	\$2,000.00 for each reduction of 7.5% site canopy coverage below 30% total site canopy. Fees are cumulative based on total canopy reduction. Remaining site canopy <30%-22.5%: \$2,000.00 <22.5%-15%: \$2,000.00 <15%-7.5%: \$2,000.00	\$2,000.00 for each reduction of 7.5% site canopy coverage below 30% total site canopy. Fees are cumulative based on total canopy reduction. Remaining site canopy <30%-22.5%: \$2,000.00 <22.5%-15%: \$2,000.00 <15%-7.5%: \$2,000.00
	<7.5%-0%: \$2,000.00	<7.5%-0%: \$2,000.00

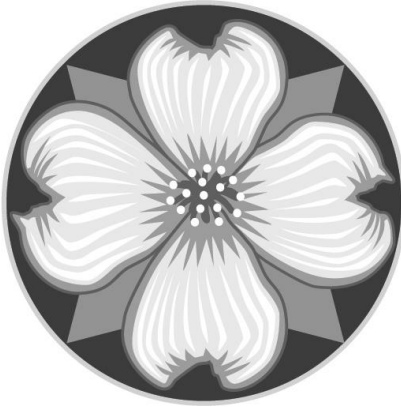
ATTACHMENT A – DRAFT FY 2025-26 CONSOLIDATED FEE SCHEDULE

Suggested Revisions Winter 2026

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TREES IN THE CITY *continued*

Other Tree Types	Fiscal Year 2025	Fiscal Year 2026
<p>Significant Tree Credits <i>Retained significant trees in diameter at breast height (DBH)</i></p> <p>Retained significant tree 12" to <20" DBH</p> <p>Retained significant tree >20" DBH</p> <p>Retained significant tree >36" DBH</p>	<p>125% existing or future canopy multiplier</p> <p>150% existing or future canopy multiplier</p> <p>175% existing or future canopy multiplier</p>	<p>125% existing or future canopy multiplier</p> <p>150% existing or future canopy multiplier</p> <p>175% existing or future canopy multiplier</p>
<p>Rare or Threatened Tree Removal Fee <i>Applied in conjunction with other qualifying tree removal fees.</i></p>	\$250.00 per inch DBH	\$250.00 per inch DBH
<p>Significant Tree Removal Fee >30" DBH 30" to 35.99" DBH 36" or greater DBH <i>Applied in conjunction with other qualifying tree removal fees.</i></p>	N/A	<p>\$150 per inch DBH \$200 per inch DBH</p>
<p>Fees in Lieu of Planting Standard</p>	\$5.00 per square foot of canopy necessary to meet 40% site coverage	\$5.00 per square foot of canopy necessary to meet 40% site coverage
<p>Bonding Requirements</p> <p>Tree Protection</p> <p>Post Development</p>	<p>\$3,500 per protected tree held for 3 years</p> <p>\$3,500.00 per newly planted tree held for 5 years</p>	<p>\$3,500 per protected tree held for 3 years</p> <p>\$3,500.00 per newly planted tree held for 5 years</p>



RS Agenda Item

9

Council Reports

A stylized graphic of a flower with white and light grey petals, set against a dark brown circular background with green triangular accents. The flower is positioned on the left side of the slide.

RS 9. A. 2/3/26
Presentation

Legislative & Regional Issues

Short Session '26

February 3, 2026

Key Dates

- ~~2/2 – Session Began~~
- 2/16 – First Chamber Deadline
- 2/26 – Second Chamber Deadline
- 3/8 – Constitutional Sine Die

<https://www.oregonlegislature.gov/calendar>



Legislation

Bills We're Watching...

* = Council Letter Sent



Letters & Questions

- Sent...
- Being Written...
- Questions...



Questions?

Scott Stauffer, City Recorder
stauffers@milwaukieoregon.gov



**RS 9. A. 2/3/26
Legislative Update -
EXHIBIT**

From: [Lisa Batey](#)
To: [City Council](#)
Subject: MMC draft bill lists for short session
Date: Tuesday, February 3, 2026 2:25:03 PM
Attachments: [MMC 2026 DRAFT monitor bills.xlsx](#)
[MMC 2026 DRAFT priority bills.xlsx](#)

OCR: Please add to packet for tonight's meeting.

All: Attached are the bills identified by the MMC lobbying team so far as warranting attention this term. The "priority" list is 15 bills that MMC is likely to take a position on (divided in priorities 1 and 2). The "monitor" list is ones that we are watching to see how they develop.

Lisa M. Batey
Mayor, City of Milwaukie
Email: bateyl@milwaukieoregon.gov
Message line: 503-786-7512

Bill Number	Relating To	Bill Summary	Bill Sponsor	Priority	Next Hearing
HB 4019	Relating to permits; prescribing an effective date.	Requires certain agencies to base approval or denial of an application for a new permit on the rules and standards that are applicable at the time that the agency determines the application is complete.	Pre-session filed (at the request of House Interim Committee on Rules for Representative Ben Bowman)	3	
HB 4020	Relating to permits; prescribing an effective date.	Requires certain agencies to specify the authority justifying the denial of a permit application and provide the applicant a guide on how to contest the denial.	Pre-session filed (at the request of House Interim Committee on Rules for Representative Ben Bowman)	3	
HB 4055	Relating to information security; declaring an emergency.	Requires a local government, local service district or special government body to notify and submit a report to the State Chief Information Officer within 48 hours of an information security incident or ransomware incident.	Pre-session filed (at the request of Joint Legislative Committee on Information Management and Technology for Representative Nancy Nathanson)	3	
HB 4061	Relating to a unified trade strategy for Oregon; declaring an emergency.	Directs the Oregon Business Development Department to collaborate with the Port of Portland, the Oregon Tourism Commission, the State Department of Agriculture and other stakeholders on updating the unified trade strategy for Oregon.	Pre-session filed (at the request of House Interim Committee on Economic Development, Small Business, and Trade for Representative Daniel Nguyen)	3	
HB 4085	Relating to autonomous vehicles.	Allows a person to operate an autonomous vehicle with the automated driving system engaged without a grant of driving privileges if certain conditions are met.	Rep Boshart Davis; Rep Dobson; Rep McLain; Rep Pham H; Sen Gorsek; Sen Meek; Sen Reynolds; Sen Starr (Pre-session filed)	3	
HB 4086	Relating to economic development; prescribing an effective date.	Directs the Oregon Business Development Department to develop a roadmap for the purpose of promoting industrial symbiosis activities in Oregon.	Pre-session filed (at the request of House Interim Committee on Economic Development, Small Business, and Trade for Representative Daniel Nguyen)	3	
HB 4093	Relating to protections for persons with disabilities.	Directs the Bureau of Labor and Industries to create certain guidance and informational materials to assist employers and employees.	Rep Chaichi; Rep Chotzen; Rep Isadore; Rep McDonald; Rep Munoz; Rep Nelson; Rep Rieke Smith; Rep Walters; Rep Wise; Sen Frederick; Sen Gelsler Blouin; Sen Gorsek; Sen Manning Jr; Sen Patterson (Pre-session filed)	3	
HB 4094	Relating to compensation for certain unused paid time off upon termination of employment; prescribing an effective date.	Requires employers who provide paid vacation time to compensate employees for all earned or accrued but unused paid vacation time when employment terminates.	Rep Andersen; Rep Chaichi; Rep Chotzen; Rep Gamba; Rep Isadore; Rep Munoz; Rep Nelson; Rep Rieke Smith; Rep Sosa; Rep Tran; Rep Walters; Rep Wise; Sen Campos; Sen Frederick; Sen Gorsek; Sen Manning Jr; Sen Neron Misslin; Sen Patterson (Pre-session filed)	3	
HB 4104	Relating to economic development; declaring an emergency.	Authorizes Oregon CHIPS Fund grants and loans to businesses that are eligible for federal semiconductor financial assistance under the CHIPS Act but have not applied for it.	Rep Andersen; Rep Bunch; Rep Isadore; Rep Javadi; Rep Levy B; Rep Nguyen D; Rep Rieke Smith; Rep Wise; Sen Broadman; Sen Frederick; Sen Meek; Sen Patterson; Sen Sollman (Pre-session filed)	3	
HB 4109	Relating to unemployment insurance benefits.	Repeals Enrolled Senate Bill 916 (2025), which authorized unemployment insurance benefits for individuals who are unemployed due to a strike.	Rep Boice; Rep Edwards; Rep Elmer; Rep Harbick; Rep Levy B; Rep Lewis; Rep McLain; Rep Scharf; Rep Skarlatos; Sen Smith DB (Pre-session filed)	3	
HB 4113	Relating to housing development opportunities conditioned upon land conservation.	Requires the Department of Land Conservation and Development to study housing development opportunities conditioned upon land conservation.	Rep Breese-Iverson; Rep Helm; Rep Levy E; Sen Anderson (Pre-session filed)	3	
HB 4138	Relating to limitations on the actions of public employees; declaring an emergency.	Requires law enforcement agencies to enact policies concerning identifying information on law enforcement uniforms.	Rep Andersen; Rep Chaichi; Rep Chotzen; Rep Fragala; Rep Gamba; Rep Gomberg; Rep Grayber; Rep Javadi; Rep McDonald; Rep McLain; Rep Munoz; Rep Nelson; Rep Nosse; Rep Ruiz; Rep Tran; Rep Wise; Sen Frederick; Sen Gelsler Blouin; Sen Golden; Sen Jama; Sen Manning Jr; Sen Neron Misslin; Sen Patterson; Sen Pham; Sen Reynolds (Pre-session filed)	3	
HB 4146	Relating to alcohol; prescribing an effective date; providing for revenue raising that requires approval by a three-fifths majority.	Defines "craft low-proof spirit distiller" and "low-proof spirit beverage."	Rep Kropf (Pre-session filed)	3	
HB 4148	Relating to local taxation; prescribing an effective date.	Allows city and county services for which net local transient lodging tax revenue may be used to be provided either directly by the city or county or indirectly by a special district.	Rep Gamba; Rep Grayber; Rep Helm; Rep Javadi; Rep McDonald; Rep Walters; Sen Campos; Sen Neron Misslin; Sen Weber (Pre-session filed)	3	
HB 4150	Relating to recipients of public funds; declaring an emergency.	Directs state agencies to require prospective contractors, subcontractors and grant recipients to attest that they do not and will not transport individuals detained by federal agencies for the purpose of deportation, except in accordance with judicial orders.	Rep Andersen; Rep Chaichi; Rep Evans; Rep Fragala; Rep Gamba; Rep Gomberg; Rep McDonald; Rep Munoz; Rep Nelson; Rep Nguyen D; Rep Wise; Sen Broadman; Sen Campos; Sen Frederick; Sen Gelsler Blouin; Sen Jama; Sen Neron Misslin; Sen Pham; Sen Prozanski (Pre-session filed)	3	
SB 1516	Relating to public safety; declaring an emergency.	Expands the crime of aggravated harassment to include threats concerning public officials in specified circumstances.	Pre-session filed (at the request of Senate Interim Committee on Judiciary)	3	

SB 1519	Relating to total disability.	Provides that the percentage of a worker's wage paid as compensation during a period of temporary total disability shall be determined by the portion of the worker's wage that is less than or equal to, or greater than, 75 percent of the state average weekly wage.	Pre-session filed (at the request of Senate Interim Committee on Labor and Business)	3
SB 1530	Relating to crime; declaring an emergency.	Expands the crime of aggravated harassment to include threats concerning public officials in specified circumstances.	Pre-session filed (at the request of Senate Interim Committee on Veterans, Emergency Management, Federal and World Affairs)	3
SB 1561	Relating to restoration of dwellings damaged by involuntary causes.	Requires local governments to approve restoration or replacement of dwellings rendered uninhabitable under an alternative process that is not a land use decision.	Rep Edwards; Rep Hartman; Rep Helfrich; Rep Javadi; Rep Levy B; Rep Mannix; Rep McDonald; Rep Owens; Rep Wright; Sen Drazen; Sen Frederick; Sen Smith DB; Sen Thatcher; Sen Weber (Pre-session filed)	3
SB 1562	Relating to local taxation; prescribing an effective date.	Allows city and county services for which net local transient lodging tax revenue may be used to be provided either directly by the city or county or indirectly by a special district.	Rep Bunch; Rep Chotzen; Rep Helm; Rep Javadi; Rep Levy B; Rep McDonald; Rep Owens; Rep Walters; Sen Campos; Sen Frederick; Sen Neron Misslin; Sen Thatcher; Sen Weber (Pre-session filed)	3
SB 1563	Relating to civil rights; prescribing an effective date.	Allows a person who has been deprived of rights, privileges or immunities secured by the Oregon Constitution or the laws of this state by a person acting under color of law to bring a civil action for economic and noneconomic damages and for injunctive or other equitable relief.	Rep Diehl; Sen Hayden; Sen Starr (Pre-session filed)	3
SB 1566	Relating to the prevailing rate of wage; prescribing an effective date.	Exempts certain projects for public works, primarily related to affordable housing, from the requirement to pay a prevailing rate of wage.	Rep Breese-Iverson; Sen Anderson (Pre-session filed)	3
SB 1569	Relating to public employee retirement.	Provides that certain members of the Public Employees Retirement System qualify as police officers under the system.	Rep Evans; Rep Grayber; Rep Munoz; Rep Nelson; Rep Nosse; Rep Ruiz; Rep Smith G; Rep Wise; Sen Gelsler Blouin; Sen Gorsek; Sen Manning Jr (Pre-session filed)	3
SB 1583	Relating to substance use.	Establishes the Behavioral Health and Deflection Committee within the Oregon Criminal Justice Commission.	Rep Boice; Rep Bunch; Rep Evans; Rep Harbick; Rep Helfrich; Rep Levy B; Rep Lewis; Rep Lively; Rep Osborne; Rep Reschke; Rep Rieke Smith; Rep Skarlatos; Rep Wallan; Sen Anderson; Sen Frederick; Sen Manning Jr; Sen Meek; Sen Smith DB (Pre-session filed)	3
SB 1585	Relating to matching grants for cities; prescribing an effective date.	Sets maximum matching fund requirements for state grants to small incorporated cities for capital construction and municipal infrastructure.	Rep Boice; Rep Diehl; Rep Evans; Rep Fragala; Rep Gamba; Rep Hudson; Rep McIntire; Rep McLain; Rep Rieke Smith; Rep Wise; Sen Anderson; Sen Broadman; Sen Golden; Sen Gorsek; Sen Hayden; Sen Manning Jr; Sen Nash; Sen Prozanski; Sen Smith DB; Sen Sollman; Sen Thatcher; Sen Weber (Pre-session filed)	3
SB 1594	Relating to immigration; declaring an emergency.	Directs the Office of Immigrant and Refugee Advancement to develop and maintain model policies, standards and procedures related to the enforcement of federal immigration laws.	Rep Andersen; Rep Chaichi; Rep Chotzen; Rep Evans; Rep Fragala; Rep Gamba; Rep Grayber; Rep Isadore; Rep McDonald; Rep Munoz; Rep Nelson; Rep Nguyen D; Rep Rieke Smith; Rep Ruiz; Rep Valderrama; Rep Watanabe; Rep Wise; Sen Frederick; Sen Jama; Sen Manning Jr; Sen Neron Misslin; Sen Patterson; Sen Pham; Sen President Wagner; Sen Prozanski; Sen Sollman (Pre-session filed)	3
SJR 203	Proposing an amendment to the Oregon Constitution relating to the identifiability of law enforcement officers.	Proposes an amendment to the Oregon Constitution providing that law enforcement officers may not be masked and must wear certain identifying information except in specified circumstances. Refers the proposed amendment to the people for their approval or rejection at the next regular general election.	Rep Andersen; Rep Chaichi; Rep Evans; Rep Gamba; Rep Nosse; Rep Rieke Smith; Rep Wise; Sen Golden; Sen Manning Jr (Pre-session filed)	3

Bill Number	Relating To	Bill Summary	Bill Sponsor	Priority	Next Hearing
HB 4008	Relating to a transit funding task force; declaring an emergency.	Establishes the Transit Funding Task Force and directs the task force to report to an interim committee of the Legislative Assembly related to transportation no later than December 15, 2026.	Presession filed (at the request of House Interim Committee on Transportation)	2	
HB 4009	Relating to transportation; prescribing an effective date.	Phases in a mandatory per-mile road usage charge for registered owners and lessees of electric and hybrid passenger vehicles and delivery vehicles engaged in e-commerce.	Presession filed (at the request of House Interim Committee on Transportation)	2	
HB 4017	Relating to use of campaign contributions; declaring an emergency.	Provides that amounts received as contributions by a candidate, principal campaign committee of a candidate and principal campaign committee of a holder of public office may be used for specified security-related expenses.	Presession filed (at the request of House Interim Committee on Rules for Electronic Security Association)	2	
HB 4036	Relating to affordable housing; declaring an emergency.	Establishes the Preserve Affordable Homes for Oregon Fund to deposit Article XI-Q bonds to be used to preserve affordable housing at risk of loss.	Presession filed (at the request of House Interim Committee on Housing and Homelessness for Representative Pam Marsh)	2	
HB 4037	Relating to housing; prescribing an effective date.	Adjusts certain terms of the revolving loan program for cities and counties to fund affordable housing projects.	Presession filed (at the request of House Interim Committee on Housing and Homelessness for Representative Pam Marsh)	2	
HB 4082	Relating to housing for older persons; prescribing an effective date.	Adds to a temporary UGB addition program an option for each city or Metro to also add to its urban growth boundary a site for manufactured dwelling parks, or for housing for older persons, that is affordable for households with incomes not more than 120 percent of area median income.	Presession filed (at the request of Governor Tina Kotek for Office of the Governor)	2	
HB 4084	Relating to economic development; prescribing an effective date.	Establishes the Joint Permitting Council.	Presession filed (at the request of Governor Tina Kotek for Office of the Governor)	1	
HB 4091	Relating to the Oregon National Guard; declaring an emergency.	Allows the Adjutant General to facilitate, assist or coordinate in the mobilization of the Oregon National Guard under Title 10 of the United States Code or Title 32 of the United States Code under an authority other than the Governor, only if the active service is for certain listed reasons.	Rep Andersen; Rep Chotzen; Rep Evans; Rep Fragala; Rep Gamba; Rep Gomberg; Rep Grayber; Rep Isadore; Rep Javadi; Rep Nelson; Rep Nguyen D; Rep Nosse; Rep Rieke Smith; Rep Skarlatos; Rep Walters; Sen Campos; Sen Frederick; Sen Golden; Sen Jama; Sen Manning Jr; Sen Meek; Sen Neron Misslin; Sen Pham; Sen Reynolds (Presession filed)	2	
HB 4108	Relating to annexation of land noncontiguous to a city.	Requires a city to annex noncontiguous land upon receipt of a petition from all owners of the land that satisfies four eligibility criteria.	Rep Dobson; Rep Fragala; Rep Harbick; Rep Levy B; Rep Munoz; Sen Frederick; Sen Manning Jr; Sen Nash; Sen Smith DB (Presession filed)	2	
HB 4126	Relating to road usage charges; declaring an emergency.	Requires the Department of Transportation to submit a biennial report to the Legislative Assembly recommending a rate for the per-mile road usage charge that would sustainably raise the revenue necessary to maintain the public highways in this state.	Rep Gamba; Rep Munoz; Rep Rieke Smith; Sen Frederick; Sen Golden; Sen Meek; Sen Neron Misslin; Sen Pham (Presession filed)	2	
SB 1514	Relating to the regulation of public property with respect to persons experiencing homelessness; declaring an emergency.	Repeals the statute enacted by House Bill 3115 (2021) that established objective reasonableness as a statewide standard, for city and county laws regulating the use of public property with respect to persons experiencing homelessness, as the basis for a cause of action for injunctive and declaratory relief to challenge such laws and as an affirmative defense in the prosecution of violations of such laws.	Presession filed (at the request of Senate Interim Committee on Commerce and General Government)	2	
SB 1521	Relating to local requirements to develop affordable housing.	Prohibits cities and counties within the Portland MSA from enforcing requirements that developers provide affordable units in multiunit dwellings unless the city or county first calculates the developers' average expected losses due to providing affordable housing and the city or county offsets those losses.	Presession filed (at the request of Senate Interim Committee on Housing and Development)	2	
SB 1542	Relating to transportation.	Directs the Oregon Transportation Commission to create a 10-year capital investment plan.	Presession filed (at the request of Senate Interim Committee on Transportation)	2	
SB 1543	Relating to transportation; declaring an emergency.	Modifies membership of the Oregon Transportation Commission.	Presession filed (at the request of Senate Interim Committee on Transportation)	2	

[SB 1586](#)

Relating to economic development; prescribing an effective date.

Modifies the tax credit allowed for semiconductor research.

Rep Breese-Iverson; Rep Bunch; Rep Dobson; Rep 2
Edwards; Rep Evans; Rep Gomberg; Rep Helfrich;
Rep Isadore; Rep Javadi; Rep Levy B; Rep Lively;
Rep McIntire; Rep Munoz; Rep Nguyen D; Rep
Osborne; Rep Pham H; Rep Reschke; Rep Rieke
Smith; Rep Ruiz; Rep Wallan; Rep Watanabe; Rep
Wise; Sen Anderson; Sen Broadman; Sen
Frederick; Sen Jama; Sen Manning Jr; Sen
McLane; Sen Meek; Sen Nash; Sen Reynolds; Sen
Smith DB; Sen Sollman; Sen Starr; Sen Thatcher;
Sen Weber (Pre-session filed)

RS 9. 2/3/26
Council Reports -
Councilor Massey

ANNUAL REPORT

2024-2025



**NORTH
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WATERSHEDS
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Kellogg Creek Restoration & Community Project In Final Design

The project to remove Kellogg Dam and restore Kellogg Creek keeps moving forward! In 24-25, we completed sediment sampling, procured a design consultant, and completed the draft 30% design of all elements (bridge, stream channel, hydraulics, etc.). In the coming year, we'll advance the planset to permit-level (60%) designs.

The design has been funded by the largest grant in NOAA Fisheries history, through the Infrastructure Investment & Jobs Act. Many thanks to Senators Jeff Merkley and Ron Wyden, and Congresswoman Janelle Bynum for helping move the project forward.

Metro also contributed \$10M from Large Scale Community Visions to construction costs. Many thanks to the Metro Council and our Councilor, Christine Lewis. This is a vital nonfederal match necessary for securing construction funds. With changes in the federal funding landscape, we are also pursuing state-level funding options as well.



The Kellogg Project team, including Milwaukie Mayor Lisa Batey and Jeff Hogle (Confederated Tribes of Warm Springs) with Metro Council and staff celebrating Metro's awarding \$10M to the Kellogg Project



Neil and Amy sediment sampling at Kellogg impoundment

We also launched an intensive community engagement process around the design, working with a group of residents to track the design process and gather community input about the parts of the project not strictly regulated.

The project is a partnership between the Watersheds Council, American Rivers, the City of Milwaukie, and the Oregon Department of Transportation, three Tribes, and 23 other partners working to restore a free-flowing creek in downtown Milwaukie.


In 2025-26, here's what will happen at Kellogg Dam:

- Final design phase
- Continue permitting process
- Continued coordination with adjacent landowners
- Complete construction fundraising
- More community engagement
- Community science (see page 4) will continue collecting vital data

You can track the project [here](#).

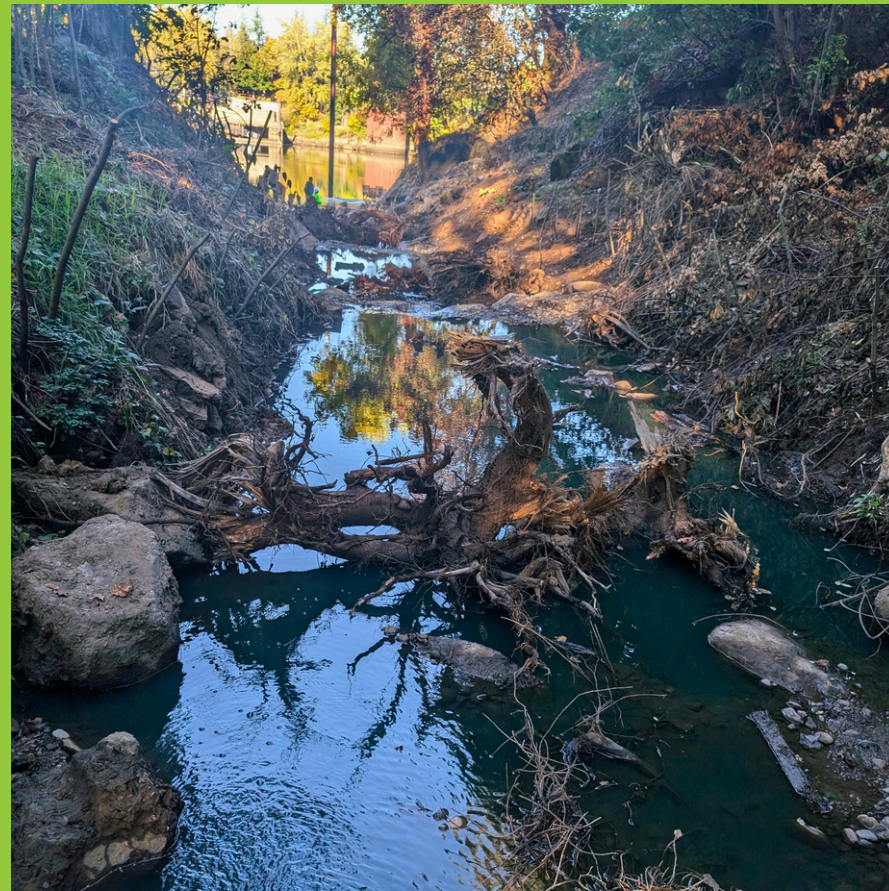
**NORTH
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Annual Report 2024-2025



NORTH CLACKAMAS WATERSHEDS COUNCIL

Annual Report 2024-2025



Restoration project at the Willamette - River Forest Creek confluence



Enhancing fish habitat in Willamette River back channel



RS194

Willamette River Habitat Gets a Boost

The Willamette - River Forest Creek Confluence project was completed, and we are now deep in the design of the next critical project: improving fish habitat in the back channel adjacent to [Elk Rock Island](#), a site loved by the people of our watersheds for access to nature.

Thanks to the Clackamas Partnership, Oregon Watershed Enhancement Board, NOAA Fisheries, and Oregon Department of Fish and Wildlife Private Forest Accords Program, this project will go to construction in Summer-Fall 2026.

These projects are part of a big strategy to restore the Lower Willamette River between Gladstone and Milwaukie Bay. This is a vital stretch of river for every fish in the entire Willamette system, as well as the people who love Oregon's main river.

Science, Stewardship, 3 Creeks Protected Area...and You!



Some of our watershed science happens quietly – staff and experts collecting samples of environmental DNA (eDNA) to track where fish go at different times of the year. Some of it you probably helped with – much of our science relies on community volunteers. Here’s how this program has been growing:



We held the second annual Kellogg Creek BioBlitz in May 2025. Look for it again in 2026, and we also hope to expand it to 3 Creeks Protected Area.



Students from Milwaukie High School, Rowe Middle School, and Portland Waldorf School are part of the thriving [Kellogg Creek Student Macroinvertebrate Monitoring Program](#), collecting biological indicator data at spots along Kellogg Creek using nonlethal and accurate survey methods developed by Portland State University.



Freshwater mussel surveys began on Kellogg – Mt. Scott Creek with the Xerces Society for Invertebrate Conservation, and amphibian surveys were conducted in partnership with The Wetlands Conservancy.

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We’re monitoring stream temperature to see how to protect cold-water refugia as summers warm. By looking at temperatures and summer fish distribution information (eDNA data) we pinpointed the importance of Parmenter Ponds as cold water refugia in the middle of summer.



We used a thermal imaging drone to fly our restoration sites and identify cold water springs, which allows us to refine restoration designs to consider climate resiliency in the face of warming summer temperatures.



Toxic Tire Dust (also known as 6PPD-Q) was identified as an emerging threat to our fish populations. We serve on the Steering Committee for the Oregon 6PPD-Q Working Group and submitted a grant application to further study the issue in our watersheds.



With a major floodplain reconnection project being planned at 3 Creeks Protected Area by Clackamas Waters Environment Services, we worked with community members to tour the site and understand how reconnected flood plains both improve habitat and reduce flood risk to people.

Watershed Restoration



- Elk Rock Island Side Channel Project construction (Summer-Fall 2026).
- Partnering with Metro for Mt. Talbert Instream Restoration Project (construction in 2027).
- Fundraising to move Boardman-Willamette Restoration Project forward to 2027 construction.
- Ongoing streamside restoration at Parmenter Ponds, Rinearson Creek, and Kellogg Creek.
- Engaging the community at 3 Creeks Protected Area; The 3 Creeks Floodplain Enhancement Project will be completed by Clackamas WES in Summer/Fall 2026.
- Working with landowners to establish shade and control invasive weeds.

NORTH CLACKAMAS WATERSHEDS COUNCIL

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Watershed Science



- Kellogg Creek Student Macroinvertebrate Monitoring Program.
- Ongoing stream temperature monitoring and analysis of thermal drone data to identify springs and cold water sources.
- Ongoing freshwater mussel monitoring to survey Oregon Floaters in the Kellogg impoundment.
- Launching Toxic Tire Dust (6PPD-Q) mapping study to identify priority sites for stormwater treatment.
- Expanding community science with amphibian surveys and BioBlitz at 3 Creeks Protected Area.
- Informing the Clackamas Partnership's Strategic Action Plan Update to restore salmon and steelhead in the lower Willamette and Clackamas Basins.

What to Look for in 2025-2026

Engagement and Stewardship



- Hands-on watershed restoration and science workshops.
- Stormwater infrastructure education and tours.
- Volunteer stewardship opportunities.
- Producing a new publication on heat and watersheds called "The Heat is On" in English and Spanish.

Taking Care of Business



- Upgrading financial systems and insurance.
- Diversifying funding streams.

Kellogg Creek Restoration & Community Enhancement Project



- Ongoing community engagement and opportunities for community input.
- Final design phase: permit-level design expected Summer 2026.
- Fundraising for construction.

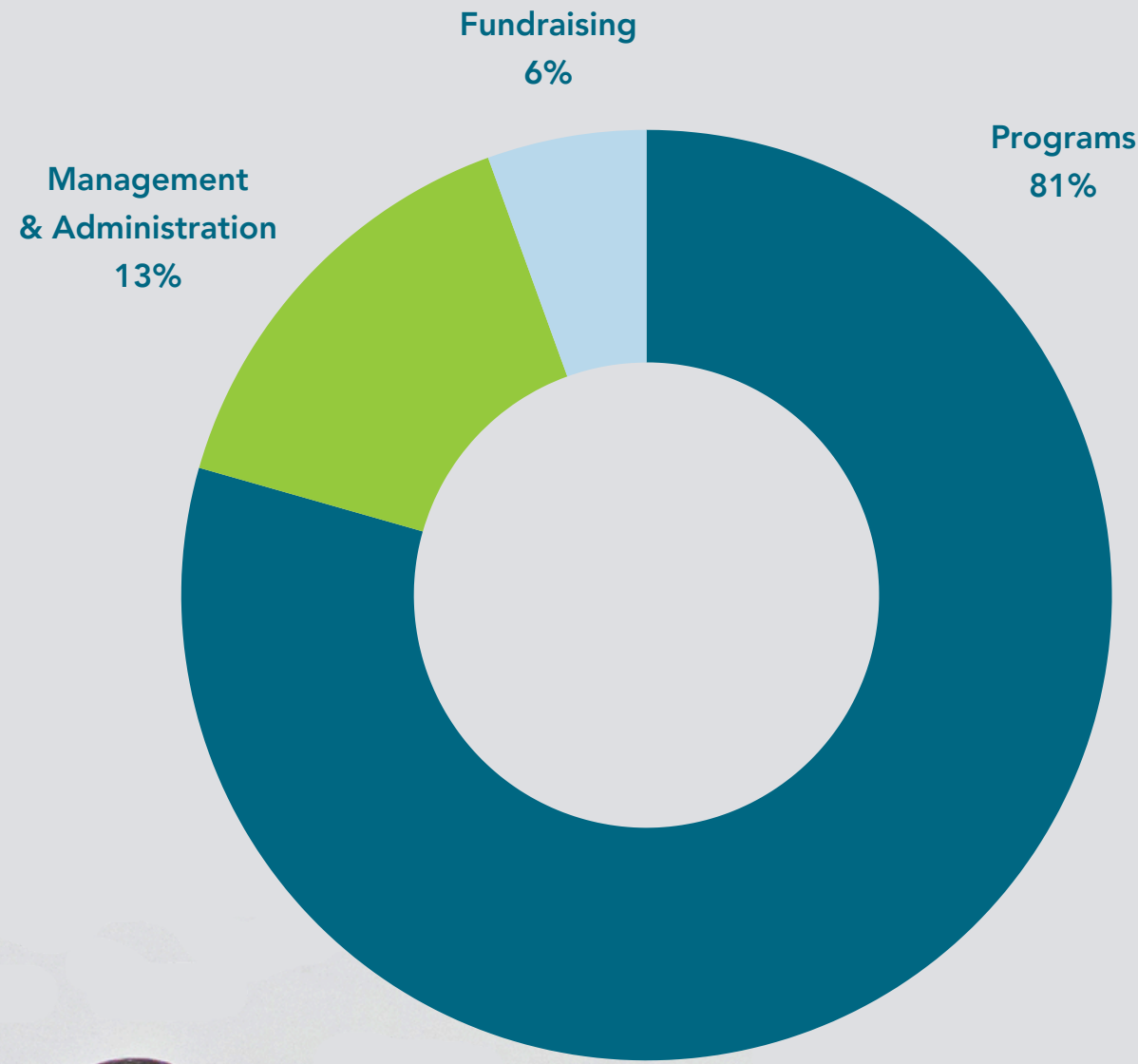
Expenses

Programs
\$1,063,982.08
81%

Management & Administration
\$174,787.95
13%

Fundraising
\$68,556.54
6%

Total
\$1,307,326.57



Financials 2024-2025

Revenues

Federal
\$1,077,277.05
58%

Local and State Jurisdictions
\$395,512.84
21%

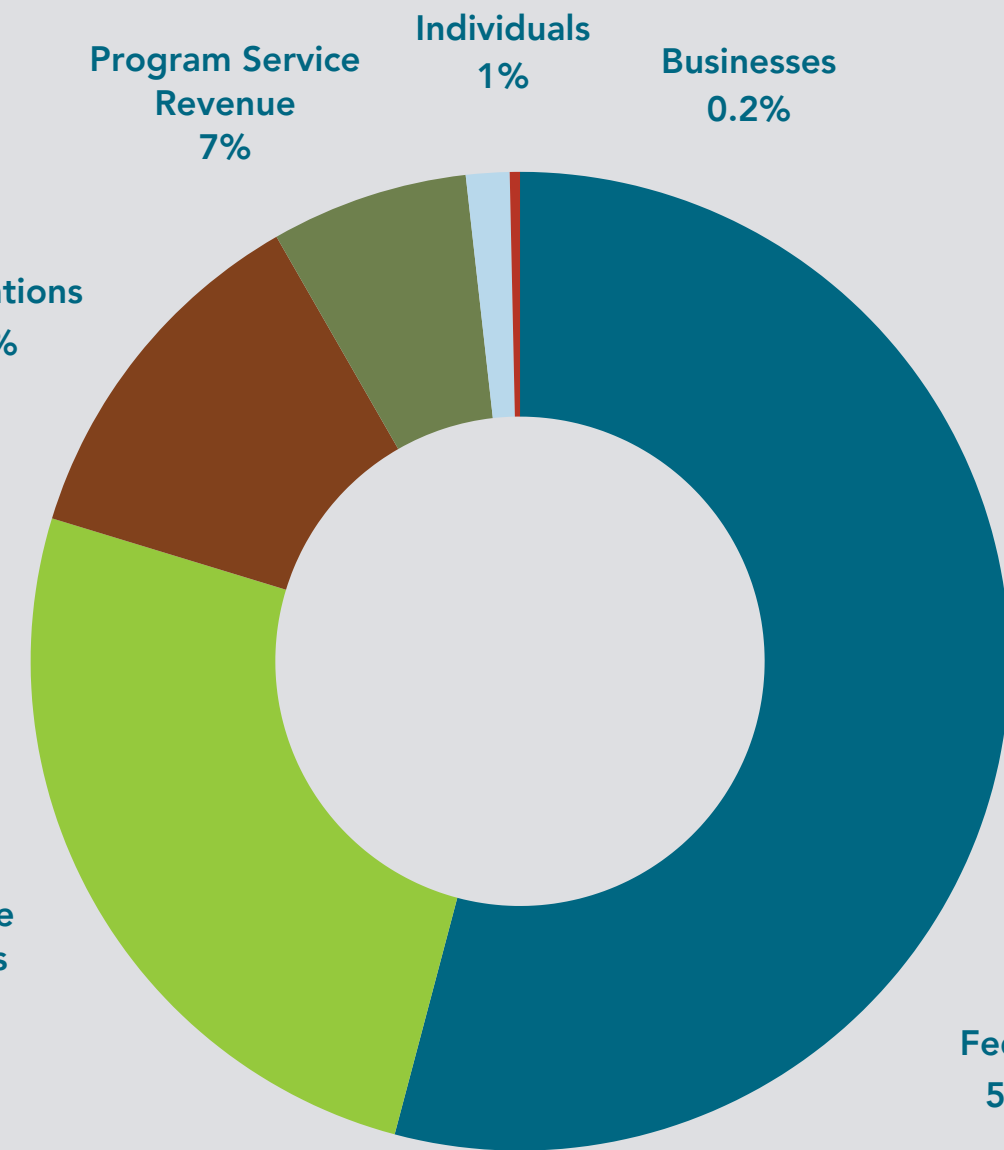
Foundations
\$240,591.12
13%

Program Service Revenue
\$130,795.89
7%

Individuals
\$11,176.00
1%

Businesses
\$3,000.00
0.2%

Total
\$1,858,352.90



Hooded Merganser, 2025

Our Partners

American Rivers
Bird Alliance of Oregon
The Blueprint Foundation
City of Gladstone
City of Gresham
City of Happy Valley
Clackamas Community College
Clackamas County
Clackamas Partnership
Clackamas River Basin Council
Confederated Tribes of the Grand Ronde
Confederated Tribes of the Umatilla Indian Reservation
Confederated Tribes of the Warm Springs Indian Reservation of Oregon
Confluence Consulting
Confluence Environmental Center
DePave
Educate Ya!
Friends of Spring Park & Elk Rock Island
Friends of Trees
Greater Oregon City Watershed Council
Immigrant and Refugee Community Organization Language Bank
Island Station Neighborhood Association
Jennings Lodge Community Planning Organization
Johnson Creek Watershed Council
Milwaukie High School
Milwaukie Presbyterian Church
Multnomah County
Metro
Metro Councilor Christine Lewis
Native Fish Society
Natural Resources Office of Governor Tina Kotek
Network of Oregon Watershed Councils
North Clackamas Parks & Recreation Department
North Clackamas School District
Northwest Steelheaders
Oak Grove Community Council
Oregon Department of Environmental Quality
Oregon Department of Fish & Wildlife
Oregon Department of Transportation
Portland State University
Portland Waldorf School
Rowe Middle School
State Representative Mark Gamba
Travertine Strategies
Unite Oregon
US Army Corps of Engineers
US Geological Survey
US Senator Ron Wyden
US Senator Jeff Merkley
US Congresswoman Janelle Bynum
Vive Northwest
The Wetlands Conservancy
Xerces Society for Invertebrate Conservation



RS198

Foundations

Gray Family Foundation
Johnny Leuthold Charitable Trust
McLeod-Ivory Fund of the Charlevoix County Community Foundation
Meyer Memorial Trust
Milwaukie Parks Foundation
PGE Salmon Habitat Support Fund
The Open Rivers Fund, a program of the Resources Legacy Fund supported by the William and Flora Hewlett Foundation
Seeding Justice Foundation
Spirit Mountain Community Fund
William & Irene Finley Charitable Fund

Public Agency Support

City of Milwaukie
Clackamas Soil & Water Conservation District
Clackamas Water & Environment Services
Metro
NOAA Fisheries
Oak Lodge Water Services
Oregon Department of State Lands
Oregon Department of Fish and Wildlife
Oregon Watershed Enhancement Board
US Fish & Wildlife Service

Businesses

Bob's Red Mill
Cramer Fish Sciences
ESRI ArcGIS
Inter-fluve
Leatherman Tool Group
Sparrowhawk Native Plants
Starbucks Coffee
TechSoup

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Board of Directors

Mona Thomason, Chair

Lara Christensen, Vice-Chair, Oak Lodge Water Services

Laura Rost, Treasurer, Finance Committee Chair

Dale Guenther, Secretary

Steve Berliner, Fundraising & Events Committee Chair

Bob Bohannon

Joseph Edge, Issues & Opportunities Committee Chair

Mark Fitzsimons, Past Chair

Cheyenne Young

Steve Ham

Robert Livingston, Clackamas Water Environment Services

Robert Massey, City of Milwaukie

Erin Reome, North Clackamas Parks & Recreation District

Dick Shook



Watersheds Council staff in the field

Staff



Neil Schulman
Executive Director



Amy Van Riessen
Watershed Restoration
Manager



Kira Smith
Outreach & Engagement
Coordinator



Peyton Priestman
Community Science
Coordinator



2024-2025 Annual Report

Content: North Clackamas Watersheds Council staff

Layout & Design: Natalie Condon Bans

All Photos: North Clackamas Watersheds Council staff,

Steve Berliner (wildlife photos), and Hamid Shibata

Bennett (pg. 3 Christmas Tree Take-Back photos and

pg. 4 photo on 6-PPDQ)



**NORTH
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WATERSHEDS
COUNCIL**

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RS200

From: [Lisa Batey](#)
To: [City Council](#)
Cc: [Peter Passarelli](#); [Katie Gavares](#); [Adam Moore](#); [Michael Osborne](#)
Subject: Council Report: last week's NCPRD Board meeting
Date: Tuesday, February 3, 2026 1:22:41 PM

**RS 9. 2/3/26
Council Reports -
Mayor Batey**

OCR: Please include in the record for tonight's meeting for Council Reports.

All:

I was traveling back to Oregon on Wednesday, when the NCPRD Board had its quarterly meeting. NCPRD finally got the video posted yesterday and I watched today. It's here, for anyone who wants to watch.

<https://www.youtube.com/watch?v=HAqiEggPjbA>

There was no reference to MBP or really to Milwaukie. The interesting part is the discussion with Trust for Public Lands (TPL) and the efforts they are going to undertake to assist with a funding measure for NCPRD. This discussion begins around the 23-minute mark and goes to about the 50-minute mark. Interestingly, the TPL regional rep lives in Sellwood area and uses both the Trolley Trail and the Aquatic Center.

The implication was that they will once again try for a change to the base millage rate – which means reforming the district. But they didn't explicitly rule out other things like bonds or levies. They are conceivably looking at going out as early as November, but it was acknowledged that the County Commissioners are also looking to put a public safety levy to voters this year. [I will have some info on that to share at tonight's meeting.] TPL staff indicated they expect to have done preliminary scoping and options work and be ready to do polling by summer.

I can't help but wonder if the TPL team really understands Oregon special district law and what trying to change the base millage rate entails – I guess time will tell.

If they really intend to go to voters that soon, you'd think they'd be trying to amicably wrap up MBP negotiations.

Thanks,

Lisa

Lisa M. Batey

Mayor, City of Milwaukie

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From: [Lisa Batey](#)
To: [City Council](#); [Ryan Burdick](#); [Michael Osborne](#)
Subject: more info on CCSO levy discussion
Date: Wednesday, February 4, 2026 9:49:03 AM

OCR: Please add to packet for last night's Council Reports

All:

As follow-up to my mention of the CCSO Public Safety Levy last night, I wanted to share the links to last week's policy meeting on this.

The packet is here: [04a2155b-e6f8-45c2-8726-89adce9177d5](#)

The video is here: [Issues & Updates / Policy Sessions - January 27, 2026](#)

At the end of the meeting, the BCC asked staff to come back with refined numbers and ballot language for option 3, at 60.8 cents per thousand. That is said to fund current levels, plus the creation of an 11-member "crime reduction team." They will be getting this within the next week or so, as they are apparently considering trying to qualify for the May ballot.

To what extent this levy would be funding things that duplicate cities' PD functions is far from clear.

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