

OFFICIAL STATEMENT dated January 12, 2012

**NEW ISSUE
BOOK-ENTRY**

**Standard & Poor's Rating: "AA" (See "Ratings" herein)
Moody's Rating: "Aa2" (See "Ratings" herein)**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest on the Bonds is included in adjusted current earnings when calculating federal corporate alternative minimum taxable income. In the further opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds is exempt from personal income taxation imposed by the State of Oregon. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The City has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code. See "TAX MATTERS" herein.

**\$8,500,000
CITY OF WEST LINN
CLACKAMAS COUNTY, OREGON
GENERAL OBLIGATION BONDS, SERIES 2012**

DATED: Date of Delivery

Due: As shown on inside cover

The City of West Linn, Clackamas County, Oregon (the "City") provides this Official Statement in connection with the issuance of its General Obligation Bonds, Series 2012 (the "Bonds"). The Bonds mature on June 1 in each of the years through 2031 and on December 1, 2031 and in the amounts set forth on the inside cover and will bear interest semiannually on June 1 and December 1 of each year, commencing December 1, 2012, from the Date of Delivery to the dates of maturity at the rates per annum as shown on the inside cover.

The Bonds are general obligations of the City. The full faith and credit and taxing powers of the City are pledged to the successive owners of each of the Bonds (the "Bondowners") for the punctual payment of such obligations, when due. The City covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the City without limitation as to rate or amount, and outside of the limitations of sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, and any other funds available to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due. The Bonds do not constitute debt or indebtedness of Clackamas County, the State of Oregon, or any other municipal corporation or political subdivision thereof other than the City.

The Bonds will be issued as fully registered bonds under a book-entry system, initially registered to Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of Bonds will be made in the principal amount of \$5,000, or integral multiples thereof within a single maturity. The purchasers will not receive certificates representing their interest in the Bonds, as long as the Bonds are in book-entry form. Principal of and interest on the Bonds will be payable through the principal corporate trust offices of the registrar and paying agent of the City, currently U.S. Bank National Association (the "Paying Agent"). For so long as the Bonds are held by DTC in book-entry form, principal and interest payments will be made as described herein. See "The Bonds - Book-Entry System."

The Bonds are subject to optional redemption prior to their stated maturities as described herein. The City has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

The Bonds are being issued to finance construction of a new police station and to pay costs of issuance of the Bonds. (See "Description of the Bonds - Use of Proceeds," "Security" and "Authorization for Issuance" herein.)

The Bonds are offered for sale to the original purchaser subject to the opinion as to legality of the Bonds, and tax-exemption of the Bonds by Bond Counsel, which opinion will be delivered with the Bonds. The Bonds, in book-entry form, are expected to be available for delivery through the facilities of DTC for delivery by Fast Automated Securities Transfer on or about January 25, 2012 (the "Date of Delivery").

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to making an informed investment decision.

\$8,500,000
CITY OF WEST LINN
CLACKAMAS COUNTY, OREGON
GENERAL OBLIGATION BONDS, SERIES 2012

DATED: Date of Delivery (Expected to be January 25, 2012)

MATURITY SCHEDULE

DUE: as shown below

Due	Amounts	Interest Rates	Yields	CUSIP ⁽¹⁾ 954039	Due	Amounts	Interest Rates	Yields	CUSIP ⁽¹⁾ 954039
6/1/2013	\$ 135,000	1.00%	0.45%	LR2	6/1/2023	\$ 425,000	2.00%	1.70% *	MB6
6/1/2014	220,000	2.00	0.50	LS0	6/1/2024	450,000	2.00	1.80 *	MC4
6/1/2015	245,000	2.00	0.70	LT8	6/1/2025	475,000	2.00	2.00	MD2
6/1/2016	275,000	2.00	0.85	LU5	6/1/2026	505,000	2.13	2.20	ME0
6/1/2017	295,000	2.00	1.00	LV3	6/1/2027	530,000	2.25	2.30	MF7
6/1/2018	310,000	2.00	1.20	LW1	6/1/2028	565,000	2.38	2.45	MG5
6/1/2019	335,000	2.00	1.25	LX9	6/1/2029	595,000	2.50	2.55	MH3
6/1/2020	355,000	2.00	1.40	LY7	6/1/2030	630,000	2.63	2.70	MJ9
6/1/2021	375,000	2.00	1.55	LZ4	6/1/2031	665,000	2.75	2.80	MK6
6/1/2022	400,000	2.00	1.65	MA8	12/1/2031	715,000	2.75	2.88	ML4

* Priced to the call date of June 1, 2022.

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services. The CUSIP numbers are included above for convenience of the holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds.

CITY OF WEST LINN
22500 Salamo Road
West Linn, Oregon 97068
(503) 657-0331

MAYOR AND CITY COUNCIL:

Mayor.....John Kovash
City Council Jody Carson
Teri Cummings
Jenni Tan
Mike Jones

CERTAIN APPOINTED CITY OFFICIALS:

City ManagerChris Jordan
Chief Financial Officer..... Richard Seals
Deputy Chief Financial Officer Casey Camors

FINANCIAL ADVISOR

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Two Centerpointe Drive, Suite 400
Lake Oswego, Oregon 97035
(503) 863-5094

BOND COUNSEL

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PAYING AGENT

U.S. BANK NATIONAL ASSOCIATION
Global Corporate Trust Services
555 SW Oak Street, PD-OR-P6TD
Portland, Oregon 97204
(503) 275-5713

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. The information in this Official Statement was obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness.

The Underwriter has reviewed the information in the Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of the information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date of its distribution. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The following descriptions of the Bonds, the Resolution and the Bond Declaration (defined herein) and all references to other documents or materials not claiming to be quoted in full are only brief outlines of some of the provisions and do not claim to summarize or describe all provisions. Copies of such documents may be obtained from the City or the Underwriter.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement will be “deemed final” by the City, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Official Statement under said Rule 15c2-12.

In connection with the offering and issuance of the Bonds, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “projection,” “budget” or other similar words. No assurance can be given that the future results discussed herein will be achieved and actual results may differ materially from the forecasts described herein.

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\$8,500,000
CITY OF WEST LINN
CLACKAMAS COUNTY, OREGON
GENERAL OBLIGATION BONDS, SERIES 2012

SUMMARY STATEMENT

The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement. Certain capitalized terms not otherwise defined herein shall be given definitions provided in the Resolution or Bond Declaration (each defined herein), which definitions are included in Appendix C.

ISSUER.....The City of West Linn, Oregon (the “City”) is located in Clackamas County, in northern Oregon, approximately 14 miles southeast of the City of Portland. The City had a 2010 population of 25,250. (See “The City” and “Appendix A – Economic and Demographic Information.”)

AUTHORITY

FOR ISSUANCE.....Under and in accordance with State laws and provisions, specifically Oregon Revised Statutes (“ORS”) Chapter 287A, the Bonds are being issued pursuant to an election held in the City on November 8, 2011 passed by a majority of the electors in the City and Resolution No. 2011-21 (the “Resolution”) adopted by the City Council (the “Council”) on November 28, 2011. The Bonds will be issued under a Bond Declaration (the “2012 Bond Declaration”) to be executed on the Date of Delivery.

INTEREST AND

PRIOR REDEMPTION.....Interest is payable semi-annually each June 1 and December 1, commencing December 1, 2012, as shown on the inside cover. (See the “Description of the Bonds” herein.) The Bonds are subject to optional redemption prior to their stated maturities. (See “Redemption Provisions” herein.)

SOURCE OF

REPAYMENTThe Bonds shall be general obligations of the City. The City has pledged its full faith and credit to pay the principal and interest due on the Bonds, and the City covenants for the benefit of the owners of the Bonds that the City shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article IX of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the principal and interest on the Bonds when due. The Bonds do not constitute a debt or indebtedness of Clackamas County, the State of Oregon, or any political subdivision thereof other than the City. (See “Security” herein.)

USE OF

PROCEEDSThe Bonds are being issued to finance the costs of property acquisition and capital construction, including but not limited to, providing funds to (i) design, construct, equip and furnish a new police station; (ii) acquire four parcels of land to locate the police station; and (iii) pay costs of issuance for the Bonds.

BANK QUALIFICATION.....The City has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code.

\$8,500,000
CITY OF WEST LINN
CLACKAMAS COUNTY, OREGON
GENERAL OBLIGATION BONDS, SERIES 2012

INTRODUCTION

The City of West Linn, Oregon (the "City") furnishes this Official Statement in connection with the offering of its General Obligation Bonds, Series 2012 (the "Bonds"). This Official Statement, which includes the cover page, inside cover pages and appendices, provides information concerning the City and the Bonds.

The information set forth herein has been obtained from the City and other sources that are believed to be reliable. The information contained herein should not be construed as representing all conditions affecting the City or the Bonds. Additional information may be obtained from the City. The statements relating to the Resolution, (defined herein) are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of the complete document.

DESCRIPTION OF THE BONDS

Authorization for Issuance

Article XI, Section 11 of the Oregon Constitution requires voter approval for new or additional *ad valorem* property taxes by the majority of the voters. The ballot measure of the Bonds was approved by a majority of the City's voters at the November 8, 2011 election. Final election results are as follows:

Official Voter Tally

	Number of Votes	Percentage of Total Votes
Yes	3,994	53.6%
No	3,454	46.4%

The Bonds are being issued pursuant to Resolution No. 2011-21 adopted by the City Council on November 28, 2011 (the "Resolution") and a Bond Declaration (the "Bond Declaration") to be executed on the Date of Delivery.

Principal and Interest

The Bonds will be issued in the aggregate principal amount posted on the inside cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The Securities will mature on the dates and in the principal amounts and will bear interest, payable semiannually, until the maturity of the Bonds as set forth on the inside cover of this Official Statement.

Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Record Date is the 15th day of the month immediately preceding a payment date.

Paying Agent and Registration Features

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as Bond Owner and as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers (“Owners”) will not receive certificates representing their interest in the Bonds.

The principal of and interest on the Bonds will be payable by U.S. Bank National Association (the “Paying Agent” and “Registrar”), or such other or additional offices as may be specified to the City by the Paying Agent, to DTC, which, in turn, is obligated to remit such principal and interest to its participants for subsequent disbursement to the Owners of the Bonds, as further described in Appendix E attached hereto. Interest on the Bonds shall be credited to the Beneficial Owners by the DTC Participants.

Book-Entry Bonds

DTC will act as securities depository for the Bonds. The ownership of one fully registered bond for each maturity of the Bonds, as set forth on the inside cover of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix E attached hereto for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. If the book-entry-only system is discontinued, the Registrar and the City shall amend the Bond Declaration to provide for an alternative system of providing notice and such other matters as need to be updated for the Bonds that is of general acceptance in the municipal bond markets.

Redemption Provisions

Optional Redemption. The Bonds maturing on June 1, 2013 through 2022 are not subject to optional redemption prior to maturity. The Bonds maturing on or after June 1, 2023 are subject to redemption at the option of the City on or after June 1, 2022, in whole or in part on any date at the price of par, plus accrued interest, if any, to the date of redemption.

For as long as the Bonds are in book-entry only form, if fewer than all of the Bonds of a maturity are called for redemption, the selection of Bonds within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. See Appendix E attached hereto. If the Bonds are no longer held in book-entry only form, then the Registrar would select the Bonds for redemption by lot.

Notice of Redemption (Book-Entry). So long as the Bonds are in book-entry only form, the Registrar shall notify DTC of an early redemption not less than 20 nor more than 60 days prior to the date fixed for redemption, and shall provide such information as required by a letter of representation submitted to DTC in connection with the issuance of the Bonds.

Notice of Redemption (No Book-Entry). During any period in which the Bonds are not in book-entry only form, unless waived by any Owner of the Bonds (as defined herein) to be redeemed, official notice of any redemption of Bonds shall be given by the Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days and no more than 60 days prior to the date fixed for redemption, to the Owners of the Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Owner to the Registrar.

Conditional Notice of Redemption. Any notice of optional redemption may state that the optional redemption is conditional upon receipt by the Registrar of moneys sufficient to pay the redemption price of the Bonds that are to be redeemed or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Registrar to affected owners of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Estimated Sources and Uses of Funds

The proceeds from the Bonds are estimated to be applied as follows:

Sources of Funds	
Principal Amount	\$ 8,500,000
Original Issue Premium	102,688
Total Available Proceeds	\$ 8,602,688
Uses of Funds	
Project Costs	\$ 8,496,188
Issuance Costs, Underwriter's Discount and Contingency	106,500
Total Uses of Funds	\$ 8,602,688

Purpose

The City is issuing The Bonds to finance the costs of property acquisition and capital construction, including but not limited to, providing funds to (i) design, construct, equip and furnish a new police station; (ii) acquire four parcels of land to locate the police station; and (iii) pay costs of issuance for the Bonds.

SECURITY

General

The Bonds are general obligations of the City and the full faith, credit and taxing powers of the City are pledged to the successive owners of each of the Bonds for the punctual payment of the principal of and the interest on the Bonds. The Bonds are secured by *ad valorem* taxes to be levied against all taxable property within the City without limitation as to rate or amount, and outside of the limitations of Article XI, Section 11 and Article XI, Section 11b of the Oregon Constitution (see "Revenue Sources" herein), after taking into considerations discounts taken and delinquencies that may occur in the payment of such taxes. More specifically, for the purpose of paying the principal of and interest on the Bonds as the same will become due, the City will levy on all taxable property located within the City, in addition to all other taxes, direct annual taxes sufficient in amount to provide for the payment of principal of and interest on the Bonds. The taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the Bonds and for no other purpose until the Bonds have been fully paid, satisfied and discharged.

The Bonds do not constitute a debt or indebtedness of Clackamas County (the "County"), the State of Oregon, or any political subdivision thereof other than the City.

THE CITY

The City was incorporated in 1913 and operates under the provision of its own charter and applicable State law with Manager-Council form of government. The City Charter was amended in May 2008 to change the term of office of the Mayor from two to four years. The Mayor chairs the Council meetings. The Mayor and Council vote on all ordinance and legislative matters. The five Council members are part-time elected officials who exercise the legislative powers of the City and determine matters of policy. The City Manager is appointed by the City Council. Other City department heads are appointed by the City Manager.

The City provides a full range of municipal services to the community which includes police protection, traffic control and improvement, street maintenance and improvement, water, sewer and storm drain service, planning and zoning regulation (building inspection and regulation), library service, municipal court and parks and recreation. The current Mayor and City Council are listed below:

Name	Position	Occupation	Service Began	Term Expires
John Kovash	Mayor	Retired Professional	2009	12/31/2012
Jody Carson	Councilor	Healthcare Contract Manager	2006	12/31/2014
Teri Cummings	Councilor	Retired Professional	2009	12/31/2012
Jenni Tan	Councilor	Stay at home mom	2010	12/31/2012
Mike Jones	Councilor	Book Publisher	2011	12/31/2014

Administration

The City Manager is the City's chief administrative officer, who is appointed by the City Council for an indefinite term and serves at the pleasure of the Council. The City Manager appoints all other key administrative officials.

Chris Jordan, City Manager. Mr. Jordan began his tenure as City Manager in October 2005. For the previous 10 years Mr. Jordan worked for the City of Lake Oswego where he was the Assistant City Manager overseeing several departments including Finance and Parks and Recreation. Prior to his work in local government, Mr. Jordan worked in Washington D.C. where he spent nine years with the White House's Office of Management and Budget. He is currently a member of the League of Oregon Cities Committee on Finance and Taxation. Mr. Jordan is a graduate of Cornell University in Ithaca, New York.

Richard Seals, Chief Financial Officer. Mr. Seals joined the City in October 2008 following ten years as Finance Director for the City of Lake Oswego, Oregon. Prior to joining the City of Lake Oswego, Mr. Seals was the Controller for the Oregon State Lottery. He received undergraduate degrees in Accounting and Information Systems Management as well as a Master's degree in Business Administration from California State University East Bay. After completing his graduate program in 1986, Mr. Seals was employed by the accounting firm PriceWaterhouse. He obtained his California CPA designation in 1989 and his Oregon CPA designation in 1990. Mr. Seals holds four professional licenses: Certified Public Accountant, Certified Management Accountant, Certified in Financial Management, and Certified Fraud Examiner.

Casey Camors, Deputy Chief Financial Officer. Mrs. Camors joined the City of West Linn in March of 2009 following two years with Talbot, Korvola and Warwick, LLP (TKW), as a Senior Auditor. Prior to joining TKW, Mrs. Camors spent four years with Isler Medford, LLC, ultimately being promoted to a Senior Auditor position with this auditing firm. She received her Bachelor of Science degree in Business Administration with focus in Accounting from Oregon State University in 2003. She obtained her Oregon CPA designation in 2006 and was admitted to the Municipal Auditors Roster in 2007.

Staff

The City has 123 full-time employees and 16 part-time employees. Bargaining units which represent City employees are as follows:

Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
Clackamas County Peace Officers Association	24	June 30, 2012
American Federation of State, County and Municipal employees	67	June 30, 2013

BONDED INDEBTEDNESS

Statutory Debt Limitations

General Obligation Bonds. ORS 287A.050 establishes a limit on bonded indebtedness for cities. Cities may not have outstanding an aggregate principal amount of general obligation debt in excess of three percent of all the Real Market Value of all taxable properties within the city as reflected in the last certified assessment roll per ORS 308.207. A lower limit may be applied by an individual city's charter. The statutory debt limitation does not apply to general obligation bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, infirmaries, gas power, or lighting purposes, or the acquisition, establishment, or reconstruction or any off-street motor vehicle parking facility nor to bonds issued pursuant to application to pay assessments for improvements in installments under statutory or charter authority which are completely self-supporting. **The Bonds are general obligation bonds and are subject to this limitation, as shown below** (please see "Security" herein).

City of West Linn

General Obligation Debt Capacity

Real Market Value (Fiscal Year 2012) ⁽¹⁾	\$ 3,487,305,552
Debt Capacity	
General Obligation Debt Capacity (3.0% of Real Market Value)	\$ 104,619,167
(Less) Outstanding Debt Subject to Limit ⁽²⁾	15,395,000
Remaining General Obligation Debt Capacity	\$ 89,224,167
Percent of Capacity Used	14.72%

(1) The City's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year").

(2) Represents voter-approved, unlimited-tax general obligations of the City. Includes the Bonds.

Source: Clackamas County Department of Assessment and Taxation and the City.

Other Types of Debt. In addition to General Obligation Bonds, the City may issue the following types of debt. The Bonds are General Obligation Bonds as defined above. The Bonds **are not** any of the following types of debt:

Limited-tax Debt. The Oregon Constitution and statutes and charter of the City do not limit the amount of limited-tax debt the City may incur. Collection of property taxes to pay principal and interest on such limited tax debt is subject to the limitations of Article XI, Sections 11 and 11b. *Pension Bonds.* ORS 238.694 authorizes local governments to issue full faith and credit obligations to pay pension liabilities without limitation as to principal amount. Pension bonds are not general obligations as defined under State law and the City is not authorized to levy additional taxes to make pension bond payments.

Revenue Bonds. The City may issue revenue bonds pursuant to ORS 287 A.150.

Notes. The City may issue revenue bonds in anticipation of tax revenues or other monies in an amount which, in the aggregate, equal up to 80% the taxes or other revenues except grant monies that the City has budgeted or otherwise reasonably expects to have available to pay the revenue bonds. Such notes must mature within 13 months, pursuant to ORS 287A.180.

Outstanding Long-Term Debt

	Dated	Final Maturity	Original Amount	Outstanding Amount
Governmental Activities				
General Obligation Bonds				
General Obligation Refunding Bonds, Series 2009	1/21/2009	12/1/2018	4,915,000	\$4,040,000
General Obligation Refunding Bonds, Series 2010	9/2/2010	6/1/2021	3,065,000	2,855,000
General Obligation Bonds, Series 2012 ⁽¹⁾	1/25/2012	12/1/2031	8,500,000	<u>8,500,000</u>
Subtotal				\$15,395,000
Full Faith and Credit Obligations				
Full Faith and Credit Obligations, Series 2009	1/21/2009	6/1/2029	4,035,000	\$3,795,000
Full Faith and Credit Refunding Obligations, Series 2010	9/2/2010	12/1/2020	2,575,000	<u>2,315,000</u>
Subtotal				\$6,110,000
Total Governmental Activities				\$21,505,000
Business Activities				
Water Revenue Bonds				
Water Revenue Bonds, Series 2000	10/1/2000	10/1/2020	\$1,800,000	<u>\$1,060,000</u>
Subtotal				\$1,060,000

(1) This Issue.

Source: City of West Linn Audited Financial Report for the Fiscal Year ended June 30, 2011.

Debt Service Requirements

The following tables show the debt service on the Bonds.

General Obligation Debt Service Requirements

Fiscal Year	General Obligation Bonds				
	Outstanding Bonds		The Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
2012	\$ 690,000	\$ 200,725	\$ -	\$ -	\$ 890,725
2013	725,000	180,025	135,000	256,483	1,296,508
2014	755,000	160,475	220,000	188,638	1,324,113
2015	785,000	140,225	245,000	184,238	1,354,463
2016	830,000	119,175	275,000	179,338	1,403,513
2017	860,000	95,638	295,000	173,838	1,424,475
2018	900,000	69,163	310,000	167,938	1,447,100
2019	610,000	35,163	335,000	161,738	1,141,900
2020	355,000	21,313	355,000	155,038	886,350
2021	385,000	11,550	375,000	147,938	919,488
2022	-	-	400,000	140,438	540,438
2023	-	-	425,000	132,438	557,438
2024	-	-	450,000	123,938	573,938
2025	-	-	475,000	114,938	589,938
2026	-	-	505,000	105,438	610,438
2027	-	-	530,000	94,706	624,706
2028	-	-	565,000	82,781	647,781
2029	-	-	595,000	69,363	664,363
2030	-	-	630,000	54,488	684,488
2031	-	-	665,000	37,950	702,950
2032	-	-	715,000	9,831	724,831
Total	\$ 6,895,000	\$ 1,033,450	\$ 8,500,000	\$ 2,581,489	\$ 19,009,939

Source: City of West Linn Audited Financial Report for the Fiscal Year ended June 30, 2011 and this issue.

Summary of Overlapping Debt

(As of November 24, 2011)

Overlapping Issuer Name	Real Market Valuation	Percent Overlapping	Overlapping Debt	
			Gross Property Tax-Backed Debt ⁽¹⁾	Net Property Tax-Backed Debt ⁽²⁾
West Linn-Wilsonville School District No. 3J	\$ 7,591,047,720	46.1984%	\$ 106,212,135	\$ 106,212,135
Clackamas Community College	35,664,395,610	10.0039%	8,445,868	3,303,473
Clackamas County Education Service District	46,889,463,367	7.5889%	2,030,043	-
Clackamas County	49,233,660,124	7.2748%	7,590,799	5,649,631
Tualatin Valley Fire and Rescue District	60,517,135,639	6.4587%	3,973,174	3,008,006
Metro	204,123,947,819	1.9029%	3,569,199	2,678,218
Tri-Met	203,265,967,775	1.8124%	175,998	175,998
Port of Portland	223,151,821,692	1.7343%	1,151,931	-
Lake Oswego School District No. 7J	8,841,054,110	0.4073%	478,898	478,898
Portland Community College	164,112,266,666	0.0247%	87,068	45,062
Total			\$ 133,715,113	\$ 121,551,421

(1) Gross Property Tax-Backed Debt includes all limited and unlimited tax supported debt, excluding pension obligations and self-supporting utility debt.

(2) Net Property Tax-backed Debt includes all tax-supported bonds. Self-supporting debt and limited-tax debt, such as capital leases and certificates of participation, are excluded.

Source: Debt Management Division, The Office of the State Treasurer.

Debt Ratios

The following table presents information regarding the City’s direct general obligation debt, including the Bonds, and the estimated portion of the general obligation debt of overlapping taxing districts allocated to the City’s property owners.

Debt Ratios

Real Market Value	\$	3,487,305,552	
Estimated Population		25,250	
Per Capita Real Market Value	\$	138,111	
Debt Information			
		Gross Direct Debt⁽¹⁾	Net Direct Debt⁽²⁾
City Direct Debt	\$	37,120,000	\$ 15,395,000
Overlapping Direct Debt		133,715,113	121,551,421
Total Direct Debt	\$	<u>170,835,113</u>	<u>\$ 136,946,421</u>
Bonded Debt Ratios			
District Direct Debt to Real Market Value		1.06%	0.44%
Total Direct Debt to Real Market Value		4.90%	3.93%
Per Capita City Direct Debt	\$	1,470	\$ 610
Per Capita Total Direct Debt	\$	6,766	\$ 5,424

(1) Gross Direct Debt includes all limited and unlimited tax supported debt. Pension obligations and self-supporting utility debt are excluded.

(2) Net Debt includes all tax-supported bonds. Self-supporting debt and limited-tax debt, such as capital leases and certificates of participation, are excluded.

Source: Clackamas County, Oregon State Treasury and City’s Audited Financial Statements for fiscal year ended June 30, 2011

Debt Payment Record

The City has never defaulted on a payment of principal or interest on any of its bonds or obligations. Furthermore, the City has never issued refunding bonds for the purpose of avoiding an impending default.

Future Financing

Following the issuance of the Bonds, the City does not expect to issue additional debt within the next twelve months.

REVENUE SOURCES

The following section summarizes certain of the major revenues sources of the City.

The City receives funds from a variety of sources including taxes, intergovernmental revenues and charges for services. General governmental activities, such as City administration, are primarily supported by property taxes. Enterprises, such as water and sewer utilities, are primarily supported by charges for services. See the “Changes in Net Assets” table herein for a detailed breakdown of historic revenues.

Property Taxes

Most local governments, school districts, education service districts and community college districts (“local governments”) have permanent authority to levy property taxes for operations (“Permanent Rates”) up to a maximum rate (the “Operating Tax Rate Limit”). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit.

Local governments may not increase their Operating Tax Rate Limits; rather they may only request that voters approve limited term levies for operations or capital expenditures (“Local Option Levies”) or levies to repay general obligation bonded indebtedness (“General Obligation Bond Levies”).

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years.

The City does not currently have a Local Option Levy and has no plans at this time to seek voter approval of a Local Option Levy.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year, which is July 1 through June 30. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property – Real Market Value. “Real Market Value” is the minimum amount in cash which could be reasonably expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an “arms-length” transaction during the period for which the property is taxed.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation.

Property used for charitable, religious, fraternal and governmental purposes is exempt from taxation. Special assessments that provide a reduction in the taxable Real Market Value may be granted (upon application) for veterans’ homesteads, farm and forest land, open space and historic buildings. The Real Market Value of specially assessed properties is often called the “Taxable Real Market Value” or “Measure 5 Real Market Value.” The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Valuation of Property – Assessed Value. Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its Taxable Real Market Value, and ordinarily is less than its Taxable Real Market Value. The assessed value of property was initially established in 1997 as a result of a constitutional amendment. That amendment (now Article XI, Section 11, often called “Measure 50”) assigned each property a value and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

The Oregon Department of Revenue (“ODR”) appraises and establishes values for utility property, forestland and most large industrial property for county tax rolls. It collects taxes on harvested timber for distribution to schools, county taxing districts, and State programs related to timber. Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity’s operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities’ operations in Oregon, and then to each county the entity operates in and finally to site locations.

Generally speaking, industrial properties are valued using an income approach, but ODR may apply additions or retirements to the property value through a cost of materials approach. Under the income and cost of materials approaches, property values fluctuate from year-to-year.

Tax Rate Limitation (Measure 5). A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, or “Measure 5”) separates property taxes into the following two categories:

To fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, “Education Taxes”). Education Taxes are limited to \$5 per \$1,000 of the Taxable Real Market Value of property (the “Education Tax Measure 5 Limits”).

To fund government operations other than the public school system (“General Government Taxes”). General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the “General Government Tax Measure 5 Limits”).

If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2011, there was no compression of the City’s Permanent Rate due to the tax rate limitation.

Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to Measure 5 Limits: (1) bonded indebtedness authorized by a specific provision of the Oregon Constitution; and (2) general obligation bonded indebtedness incurred for capital construction or improvements approved by the electors of the issuer and bonds issued to refund such bonds.

Property taxes imposed to pay the principal of and interest on the Bonds ARE NOT subject to the limitations of Article XI, Sections 11 and 11b.

In 2007 the Oregon Supreme Court determined that taxes levied by general purpose governments (such as cities and counties) may be subject to the \$5 per \$1,000 limit if those taxes are used for educational services provided by public schools.

Property Tax Collections. Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 of each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an un-segregated pool, and each taxing districts shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

**Taxes Collected - Clackamas County
Tax Collection Record ⁽¹⁾**

	Percent Collected as of	
	Levy Year ⁽²⁾	6/30/2010 ⁽³⁾
2010	96.28%	96.28%
2009	95.71%	98.29%
2008	95.56%	99.32%
2007	97.28%	99.77%
2006	97.59%	99.95%

- (1) Percentage of total tax levy collection in Clackamas County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated.
- (2) The tax rates are before offsets. The percentage of taxes collected in the “year of the levy” represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes collected represents taxes collected for that levy year through June 30, 2010.

Source: Clackamas County Finance and Tax Division.

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer's account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

The following table presents historical Real Market Value and Assessed Value (used for calculating property taxes) for the City.

Property Values - City of West Linn
Taxable Property Values

Fiscal Year ended June 30	Real Market Value ⁽¹⁾	Assessed Value used to compute the permanent rate ⁽²⁾	AV Annual Growth
2012	3,487,305,552	2,965,918,688	3.52%
2011	3,650,547,820	2,865,044,468	3.48%
2010	3,960,668,206	2,768,702,173	4.26%
2009	4,507,161,484	2,655,549,376	5.52%
2008	4,464,348,037	2,516,737,956	6.22%

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

(2) Assessed Value of property in the City on which the permanent rate is applied to derive ad valorem property taxes, excluding any other offsets.

Source: Clackamas County Department of Assessment and Taxation and the Oregon Department of Revenue.

The following table illustrates the Fiscal Year 2012 tax rates for one representative tax code (the tax code with the highest combined tax rate) in the City including taxing jurisdictions within Clackamas County that overlap the City. The City's Operating Tax Rate Limit is \$2.1200 per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in 1997 in conjunction with the implementation of Measure 50. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

**Fiscal Year 2012 Representative Levy Rate – City of West Linn
(Rates Per \$1,000 of Assessed Value)**

General Government	Billing Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate
City of West Linn	\$ 2.1200	\$ 0.2980	\$ -	\$ 2.4180
Clackamas County	2.4041	-	-	2.4041
Clackamas County Extension & 4-H	0.0492	-	-	0.0492
County Library	0.3909	-	-	0.3909
County Soil Conservation District	0.0443	-	-	0.0443
Tualatin Valley Fire & Rescue (FD 64)	1.5252	0.1550	0.2500	1.9302
Port of Portland	0.0691	-	-	0.0691
Metro	0.0945	0.2159	-	0.3104
Tri-Met	-	0.0571	-	0.0571
County Public Safety Local Option	-	-	0.2480	0.2480
Clackamas County UR Special Levy	0.1025	-	-	0.1025
Clackamas County Urban Renewal	0.0369	-	-	0.0369
Vector Control District	0.0065	-	0.0250	0.0315
Total General Government	\$ 6.8432	\$ 0.7260	\$ 0.5230	\$ 8.0922
Education				
Clackamas Community College	\$ 0.5459	\$ 0.1361	\$ -	\$ 0.6820
Clackamas ESD	0.3624	-	-	0.3624
West Linn-Wilsonville School District	4.8684	2.9957	1.5000	9.3641
Total Education	\$ 5.7767	\$ 3.1318	\$ 1.50	\$ 10.4085
Total Tax Rate	\$ 12.6199	\$ 3.8578	\$ 2.0230	\$ 18.5007

NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see “Property Taxes – Tax Rate Limitation – Measure 5” herein).

(1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of district billing rates (see “Property Taxes – Tax Rate Limitation – Measure 5” herein).

Source: Clackamas County Department of Assessment and Taxation. Note that there are three tax codes in Clackamas County that overlap the City and Tax Code 003-002 (represented in the table above) has the highest assessed value of these tax codes.

**Major Taxpayers – City of West Linn
(FISCAL YEAR 2011-2012)**

Taxpayer	Business/Service	Property Tax		Percent of Total
		Amount ⁽¹⁾	Assessed Value ⁽²⁾	
Portland General Electric ⁽³⁾	Electric Utilities	\$ 1,028,271	\$ 63,383,000	2.14%
Simpson Realty Group	Real Estate Management	415,824	24,989,998	0.84%
West Linn Paper Prop. Co.	Paper Manufacturing	365,676	22,090,838	0.74%
West Linn Shopping Ctr. Assoc. LLC	Commercial/Retail Management	313,301	18,539,571	0.63%
Retail Opportunity Investments Corp.	Real Estate Management	287,755	16,754,259	0.56%
Comcast Corporation	Telecommunications	274,754	16,082,400	0.54%
Blackhawk Nevada LLC	Real Estate Management	274,593	16,079,312	0.54%
Northwest Natural Gas Company	Gas Utilities	226,380	13,960,500	0.47%
Elliott Associates Inc	Real Estate Management	180,388	10,796,947	0.36%
Blackhawk LLC	Construction Management	164,848	9,659,168	0.33%
Subtotal - Ten largest taxpayers		\$ 3,531,790	212,335,993	7.16%
All other City's taxpayers			2,753,582,695	92.84%
Total Assessed Value			\$ 2,965,918,688	100.00%

**Major Taxpayers – Clackamas County
(FISCAL YEAR 2011-2012)**

Taxpayer	Business/Service	Property Tax		Percent of Total
		Amount ⁽¹⁾	Assessed Value ⁽²⁾	
Portland General Electric ⁽³⁾	Public Utilities	\$ 7,947,540	\$ 555,237,000	1.46%
Shorenstein Properties LLC	Real Estate Management	4,457,906	260,620,401	0.69%
General Growth Properties Inc.	Shopping Center	3,339,151	205,653,826	0.54%
Northwest Natural Gas	Gas Utilities	3,042,470	194,463,600	0.51%
Clackamas Baking Plant	Food Production	3,037,917	181,846,215	0.48%
Comcast Corporation	Telecommunications	2,660,513	149,777,000	0.39%
Xerox Corporation	Printing	1,543,623	85,169,272	0.22%
PCC Structurals Inc.	Manufacturing/Aerospace	1,370,734	81,109,421	0.21%
Blount Inc	Outdoor Equipment Manufacturing	1,211,348	68,429,283	0.18%
Thomson Reuters PTS Inc	Financial Services	1,196,536	65,753,150	0.17%
Subtotal - Ten largest taxpayers		29,807,737	1,848,059,168	4.86%
All other County's taxpayers			36,178,915,677	95.14%
Total Assessed Value			\$ 38,026,974,845	100.00%

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

(3) Portland General Electric is an electric utility company whose service area covers about 4,000 square miles and a population of approximately 1,508,000 people. The company generates electricity using hydropower, coal and gas combustion and wind power. Source: www.portlandgeneral.com

Source: Clackamas County Department of Assessment and Taxation.

Strategic Investments Program

The Strategic Investments Program (“SIP”) was authorized by the Legislative Assembly (the Oregon Senate and Oregon House of Representatives are referred to herein as the “Legislative Assembly”) in 1993 to provide tax incentives for capital intensive investments by firms in Oregon’s key industries, particularly in the high technology and metals industries. SIP recipients receive a tax break on the assessed value of new construction over \$100 million for 15 years. The \$100 million cap on assessed value increases by six percent per year. SIP recipients pay an annual Community Service Fee which is equal to twenty-five percent of the value of the tax break, which is allocated to local governments. Allocation is determined by negotiation of the local governments. The Community Service Fee is not considered a property tax and thus is outside of the Constitutional property tax rate limitations. There are no SIP recipients in the City.

FINANCIAL INFORMATION

Financial Reporting and Accounting Policies

The City’s basic financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”).

The City follows the “governmental activities” and “business-type activities” reporting requirements of GASB-34 that provides a comprehensive two-column look at the City’s financial activities. In addition, the City provides financial statements by funds, divided into two categories: governmental funds and proprietary funds. The General Fund is a governmental fund.

The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus, as are the proprietary funds financial statements. An economic resource focus concentrates on an entity or fund’s net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported.

Governmental fund financial statements are presented on a 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.

Additional information on the City’s accounting methods is available in the City’s audited financial statements. A copy of the City’s audited financial report for Fiscal Year 2011 is attached hereto as Appendix D.

Description of Select Funds

Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types.

Governmental Funds. Governmental funds are used to account for most of the City’s general activities, including the collection and disbursement of earmarked moneys (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The City has five major governmental funds -- the General Fund, the Public Safety Fund, the Parks and Recreation Fund, the Street Fund and the System Development Charges Fund. The City has three non-major governmental funds. The General Fund is used to account for all general government activities not accounted for in some other fund. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash.

Proprietary Funds. When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. The City has two major proprietary funds -- the Water Fund and the Environmental Services Fund.

Auditing

Each Oregon municipal corporation must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Municipalities having annual expenditures of less than \$500,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing municipal corporations.

The City's audits for Fiscal Years 2007 through 2011 ("District Audited Financial Statements") were performed by Talbot, Korvola & Warwick, CPAs in Portland, Oregon (the "Auditor"). The Auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this official statement. The audit report for Fiscal Year 2011 indicates the financial statements, in all material respects, fairly present the City's financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the respective changes in financial position and the cash flows, where applicable, in conformance with accounting principles generally accepted in the United States of America. The audited financial report of the City as of June 30, 2011 is attached to this Official Statement as Appendix D.

Future financial statements may be ordered by contacting the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system, a free, centralized repository located at: www.emma.msrb.org.

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Summaries of the City's Net Assets and Changes in Net Assets follow:

Government-wide Statement of Net Assets

(Fiscal Years Ended June 30)

Assets	Governmental Activities					Business-Type Activities				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Cash and investments	\$ 3,934,163	\$ 4,426,432	\$ 5,990,785	\$ 8,909,059	\$ 9,322,076	\$ 3,077,477	\$ 2,643,759	\$ 2,905,464	\$ 2,774,476	\$ 2,341,505
Restricted cash and investments	5,041,073	6,505,028	6,556,305	-	4,634	154,500	154,500	154,500	-	-
Property taxes receivable	447,856	490,090	480,965	376,763	366,643	-	-	-	-	-
Accounts receivable, net of allowance	1,295,206	588,793	606,370	259,306	52,214	943,029	832,317	868,552	840,867	1,500,083
Prepaid expenses	150,378	36,838	-	142,264	-	-	-	-	-	-
Other assets	-	-	-	-	104,342	-	-	-	-	-
Bond issuance costs	360,457	249,372	275,558	-	-	65,217	71,739	78,261	-	-
Capital assets not being depreciated:	191,799,579	189,225,267	187,871,161	187,454,403	254,526,696	591,215	623,422	394,097	554,996	-
Land and easements	190,330,748	188,514,929	187,514,464	-	-	403,590	403,590	394,097	-	-
Construction in progress	1,468,831	710,338	356,697	-	-	187,625	219,832	-	-	-
Capital assets net of accumulated depreciation:	40,395,411	41,632,563	43,855,460	43,413,506	-	27,498,592	27,690,907	28,286,887	27,025,674	22,173,420
Buildings and improvements	16,449,710	16,690,869	17,068,574	-	-	670,659	701,747	733,337	-	-
Vehicles and equipment	1,198,371	1,212,343	1,407,298	-	-	590,646	625,376	526,896	-	-
Infrastructure	22,747,330	23,729,351	25,379,588	-	-	26,237,287	26,363,784	27,026,654	-	-
Investment in joint venture	-	-	-	-	-	7,349,803	7,275,298	7,318,919	7,260,704	6,972,697
Total Assets	243,424,123	243,154,383	245,636,604	240,555,301	264,376,605	39,679,833	39,291,942	40,006,680	38,456,717	32,987,705
Liabilities										
Accounts payable	535,500	709,133	2,032,083	734,289	581,264	301,915	296,236	848,252	685,154	757,182
Accrued salaries and payroll taxes payable	457,806	433,718	376,654	358,539	381,399	37,938	34,764	27,550	19,079	21,596
Accrued compensated absences payable	811,808	822,748	794,765	407,585	351,341	83,300	79,189	81,415	42,317	75,753
Accrued interest payable	35,890	50,208	165,361	38,312	41,938	16,872	17,992	19,314	20,133	21,087
Deposits payable	367,700	434,163	864,340	813,023	944,359	-	-	5,000	5,000	-
Demand bank note payable	-	-	119,552	175,000	-	-	-	-	-	-
Other liabilities	-	-	-	-	28,735	-	-	-	-	-
Noncurrent liabilities:										
Long-term debt, due within one year	1,065,000	975,000	825,000	705,000	670,000	85,000	80,000	80,000	75,000	70,000
Long-term debt, due in more than one year	12,552,289	13,535,128	14,370,000	11,165,000	11,870,000	1,060,000	1,145,000	1,225,000	1,305,000	1,380,000
Bond Premium	-	-	156,023	-	-	51,780	-	-	-	-
Accrued other postemployment benefit obligations	606,677	477,516	339,352	167,484	-	-	40,757	28,964	14,212	-
Total Liabilities	16,432,670	17,437,614	20,043,130	14,564,232	14,869,036	1,636,805	1,693,938	2,315,495	2,165,895	2,325,618
Net Assets										
Invested in capital assets, net of related debt	218,969,990	217,987,830	219,276,357	218,997,909	241,986,696	26,944,807	27,089,329	27,454,245	26,200,670	20,723,420
Restricted for:										
Library endowment	157,300	157,300	157,300	157,298	-	-	-	-	-	-
Debt service	125,395	117,054	214,386	4,205,331	-	154,500	154,500	154,500	-	-
Building Operations	243,425	72,657	-	-	-	-	-	-	-	-
Capital Projects	4,269,374	6,102,449	6,193,703	116,773	3,525,429	-	-	-	-	-
Unrestricted (deficit)	3,225,969	1,279,479	(248,272)	2,513,758	3,995,444	10,943,721	10,354,175	10,082,440	10,090,152	9,938,667
Total Net Assets	\$ 226,991,453	\$ 225,716,769	\$ 225,593,474	\$ 225,991,069	\$ 249,507,569	\$ 38,043,028	\$ 37,598,004	\$ 37,691,185	\$ 36,290,822	\$ 30,662,087
Total Liabilities and Net Assets	\$ 243,424,123	\$ 243,154,383	\$ 245,636,604	\$ 240,555,301	\$ 264,376,605	\$ 39,679,833	\$ 39,291,942	\$ 40,006,680	\$ 38,456,717	\$ 32,987,705

NOTE: The Net Assets presents information on all the City's assets and liabilities with the difference between the two reported as net assets.

Source: City of West Linn - Audited Financial Statements.

Government-wide Statement of Activities

(Fiscal Years Ended June 30)

	Governmental Activities					Business-Type Activities				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Revenues:										
Program revenues:										
Charges for services	\$ 10,479,980	\$ 9,875,102	\$ 9,403,914	\$ 8,790,380	\$ 3,527,127	\$ 5,571,029	\$ 5,287,543	\$ 5,521,769	\$ 4,634,629	\$ 5,201,940
Operating grants and contributions	4,015,212	3,045,272	2,486,047	4,126,676	2,374,184	-	-	-	864,853	-
Capital grants and contributions	492,866	769,331	726,425	-	-	206,210	100,349	1,635,213	-	-
Total program revenues	<u>\$ 14,988,058</u>	<u>\$ 13,689,705</u>	<u>\$ 12,616,386</u>	<u>\$ 12,917,056</u>	<u>\$ 5,901,311</u>	<u>\$ 5,777,239</u>	<u>\$ 5,387,892</u>	<u>\$ 7,156,982</u>	<u>\$ 5,499,482</u>	<u>\$ 5,201,940</u>
General revenues:										
Property taxes levied for general purposes	5,918,512	5,785,038	5,536,231	5,263,506	6,674,766	-	-	-	-	-
Property taxes levied for debt service	883,723	828,376	942,300	769,572	930,892	-	-	-	-	-
Franchise taxes	1,662,509	1,952,259	1,727,918	1,685,632	2,098,041	-	-	-	-	-
Unrestricted grants and contributions	674,790	360,470	604,187	263,531	-	-	-	-	-	-
Unrestricted investment earnings	17,718	22,990	50,420	419,705	468,348	2,846	6,928	189,805	109,527	109,918
Net income in investment in joint venture	-	-	-	-	-	-	-	-	288,007	620,460
Gain on disposition of capital assets	221,867	-	-	-	-	662	14,240	-	-	-
Miscellaneous	-	-	-	-	279,634	-	-	-	-	-
Transfers	(365,155)	(128,788)	(27,043)	(131,574)	1,092,116	365,155	128,788	27,043	131,574	(1,092,116)
Total General revenues and transfers	<u>\$ 9,013,964</u>	<u>\$ 8,820,345</u>	<u>\$ 8,834,013</u>	<u>\$ 8,270,372</u>	<u>\$ 11,543,797</u>	<u>\$ 368,663</u>	<u>\$ 149,956</u>	<u>\$ 216,848</u>	<u>\$ 529,108</u>	<u>\$ (361,738)</u>
Total Revenues	<u>\$ 24,002,022</u>	<u>\$ 22,510,050</u>	<u>\$ 21,450,399</u>	<u>\$ 21,187,428</u>	<u>\$ 17,445,108</u>	<u>\$ 6,145,902</u>	<u>\$ 5,537,848</u>	<u>\$ 7,373,830</u>	<u>\$ 6,028,590</u>	<u>\$ 4,840,202</u>
Expenses:										
General government	\$ 6,675,728	\$ 6,304,523	\$ 5,969,895	\$ 6,007,231	\$ 4,695,751	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	5,787,089	5,491,882	5,433,099	4,279,297	2,973,587	-	-	-	-	-
Public safety	6,367,739	6,472,333	6,318,096	5,657,223	4,489,727	-	-	-	-	-
Highways and streets	3,492,445	3,491,626	3,527,808	1,235,144	994,334	-	-	-	-	-
Interest on Long-Term Debt	404,337	626,391	599,096	630,842	639,505	-	-	-	-	-
Unallocated depreciation	-	-	-	2,395,306	643,851	-	-	-	-	-
Water	-	-	-	-	-	3,060,633	3,071,098	3,269,250	2,913,892	2,269,609
Environmental services	-	-	-	-	-	2,640,245	2,559,931	2,704,217	2,813,584	1,409,384
Total Expenses	<u>\$ 22,727,338</u>	<u>\$ 22,386,755</u>	<u>\$ 21,847,994</u>	<u>\$ 20,205,043</u>	<u>\$ 14,436,755</u>	<u>\$ 5,700,878</u>	<u>\$ 5,631,029</u>	<u>\$ 5,973,467</u>	<u>\$ 5,727,476</u>	<u>\$ 3,678,993</u>
Excess (Deficiency) Before Transfers	1,274,684	123,295	(397,595)	982,385	3,008,353	445,024	(93,181)	1,400,363	301,114	1,161,209
Transfers In (Out)	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets	1,274,684	123,295	(397,595)	982,385	3,008,353	445,024	(93,181)	1,400,363	301,114	1,161,209
Prior Period Adjustment	-	-	-	(24,498,885) ⁽¹⁾	222,698,444 ⁽²⁾	-	-	-	5,327,621 ⁽¹⁾	-
Net Assets - July 1	225,716,769	225,593,474	225,991,069	249,507,569	23,800,772	37,598,004	37,691,185	36,290,822	30,662,087	29,500,878
Total Net Assets	<u>\$ 226,991,453</u>	<u>\$ 225,716,769</u>	<u>\$ 225,593,474</u>	<u>\$ 225,991,069</u>	<u>\$ 249,507,569</u>	<u>\$ 38,043,028</u>	<u>\$ 37,598,004</u>	<u>\$ 37,691,185</u>	<u>\$ 36,290,822</u>	<u>\$ 30,662,087</u>

NOTE: The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the City's net assets changed during a given Fiscal Year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future periods, such as uncollected taxes and earned, but unused, vacation leave.

(1) In Fiscal Year 2008 all capital asset balances were reviewed, inventoried and audited. For governmental activities the effect was a decrease in total assets of approximately \$24.5 million compared to the previous fiscal year. For business type activities, the effect was an increase in total assets of \$20.2 million, offset by an increase in related accumulated depreciation of \$14.9 million for a total net increase of \$5.3 million from the previous fiscal year.

(2) The City completed implementation of GASB 34 by recording governmental infrastructure, net of related depreciation in the Statement of Net Assets. The effect was an increase of \$222.7 million, with an offsetting increase to net assets invested in capital assets, net of related debt.

Source: City of West Linn - Audited Financial Statements.

General Fund - Balance Sheet

(Fiscal Years Ended June 30)

Assets	2011	2010	2009	2008	2007
Cash and investments	\$ 1,551,445	\$ 1,790,513	\$ 1,597,648	\$ 1,866,134	\$ 1,917,067
Accounts receivable	154,792	21,471	56,998	5,005	3,255
Prepaid expenses	<u>150,378</u>	<u>36,838</u>	<u>-</u>	<u>142,264</u>	<u>104,342</u>
Total Assets	<u>1,856,615</u>	<u>1,848,822</u>	<u>1,654,646</u>	<u>2,013,403</u>	<u>2,024,664</u>
Liabilities					
Accounts payable	\$ 151,565	\$ 217,035	\$ 0	\$ 409,468	\$ 279,107
Accrued salaries and payroll taxes	193,806	192,218	182,672	178,381	250,367
Accrued vacation payable	-	-	-	7,399	-
Deposits payable	308,382	258,033	184,854	580,592	619,114
Other liabilities	-	-	-	-	28,735
Deferred revenue	<u>-</u>	<u>-</u>	<u>301,715</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>653,753</u>	<u>667,286</u>	<u>669,241</u>	<u>1,175,840</u>	<u>1,177,323</u>
Fund Balances					
Unreserved	\$ 1,052,484	\$ 1,181,536	\$ 985,405	695,299	742,999
Reserved for prepaid expenses	<u>150,378</u>	<u>-</u>	<u>-</u>	<u>142,264</u>	<u>104,342</u>
Total Fund Balance	<u>1,202,862</u>	<u>1,181,536</u>	<u>985,405</u>	<u>837,563</u>	<u>847,341</u>
Total Liabilities and Fund Balance	<u>\$ 1,856,615</u>	<u>\$ 1,848,822</u>	<u>\$ 1,654,646</u>	<u>\$ 2,013,403</u>	<u>\$ 2,024,664</u>

Source: City of West Linn - Audited Financial Statements.

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General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance

(Fiscal Years Ended June 30)

Revenues	2011	2010	2009	2008	2007
Property taxes ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	41,667	8,441	114,960	414	2,789
Franchise taxes	30,932	-	20,000	-	-
Licenses and permits	194,593	177,743	427,045	53,901	50,023
Fines and forfeitures	421,535	428,171	410,519	450,670	476,019
Charges for services ⁽²⁾	5,078,681	5,079,000	4,670,000	3,392,751	91,040
Investment earnings	5,953	3,118	7,552	67,400	52,487
Miscellaneous:	<u>273,233</u>	<u>207,676</u>	<u>488,064</u>	<u>194,433</u>	<u>199,295</u>
Total Revenues	<u>6,046,594</u>	<u>5,904,149</u>	<u>6,138,140</u>	<u>4,159,569</u>	<u>871,653</u>
Expenditures					
Current: General government					
General government	5,627,506	5,347,131	5,175,550	3,476,705	3,233,083
Cultural and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Debt Service					
Principal	240,000	190,000	180,000	175,000	165,000
Interest	66,812	151,095	159,838	168,136	176,000
Current Refunding	5,933,478	-	-	-	-
Capital outlay	<u>93,224</u>	<u>19,792</u>	<u>274,910</u>	<u>176,217</u>	<u>26,786</u>
Total Expenditures	<u>11,961,020</u>	<u>5,708,018</u>	<u>5,790,298</u>	<u>3,996,058</u>	<u>3,600,869</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,914,426)</u>	<u>196,131</u>	<u>347,842</u>	<u>163,511</u>	<u>(2,729,216)</u>
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	891	-	-	-	-
Refunding bonds issued	5,640,000	-	-	-	-
Bond premium on issuance of debt	294,861	-	-	-	-
Transfers In	-	-	-	241,411	2,643,900
Transfers Out	-	-	(200,000)	(414,700)	(300,000)
Total Other Financing Sources (Uses)	<u>5,935,752</u>	<u>-</u>	<u>(200,000)</u>	<u>(173,289)</u>	<u>2,343,900</u>
Net Change in Fund Balance	<u>21,326</u>	<u>196,131</u>	<u>147,842</u>	<u>(9,778)</u>	<u>(385,316)</u>
Beginning Fund Balance	<u>1,181,536</u>	<u>985,405</u>	<u>837,563</u>	<u>847,341</u>	<u>1,232,657</u>
Ending Fund Balance	<u>\$ 1,202,862</u>	<u>\$ 1,181,536</u>	<u>\$ 985,405</u>	<u>\$ 837,563</u>	<u>\$ 847,341</u>

(1) Beginning in Fiscal Year 2007, the City changed its fund structure, creating and consolidating special revenue funds for the significant operations of the City, including Police, Parks and Recreation, Library, and Planning. These activities were previously accounted for in several special revenue funds that captured specific revenue sources, in addition to activity reported in the general fund. As a result of this change, property taxes are now allocated directly to the Public Safety Fund, Parks and Recreation Fund and Other Governmental Funds.

(2) Beginning in Fiscal Year 2008 internal service funds were incorporated to the General Fund.

Source: City of West Linn - Audited Financial Statements.

Budgetary Process

The City prepares a biennial budget in accordance with Oregon Local Budget Law (ORS Chapter 294) which establishes standard procedures for all budget functions for Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

The City's administrative staff evaluates the budget requests of the various departments of the City to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of City Council members and lay members. After giving due consideration to the input received from the citizens, the City Council adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted no later than June 30 of each Fiscal Year.

The budget may be amended during the applicable Fiscal Year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the Board pursuant to ORS 294.480.

General Fund Adopted Budget

(Fiscal Years Ended June 30, dollars in thousands)

Resources	2013	2012	2011	2010	2009
Franchise Fees	\$ 125	\$ 120	\$ -	\$ -	\$ -
Franchise Fees (dedicated to sustainability)	40	40	-	-	-
Fees and charges	312	306	360	329	337
Fines and forfeitures	478	464	508	493	408
Interest	5	5	46	45	39
Miscellaneous	102	150	102	100	492
Transfers from other funds	5,714	5,472	5,457	5,474	4,670
Beginning fund balance	1,283	1,275	801	717	838
Total Resources	\$ 8,059	\$ 7,832	\$ 7,274	\$ 7,158	\$ 6,784
Expenditures					
Personal services	\$ 3,970	\$ 3,789	\$ 3,938	\$ 3,718	\$ 3,048
Materials and services	2,303	2,312	2,039	2,028	1,913
Debt service (Series 2000)	300	300	342	341	340
Transfers to other funds	191	123	32	31	350
Transfer to building inspections fund	-	-	-	214	-
Capital outlay	25	25	25	25	416
Contingency	700	700	599	599	-
Unappropriated ending fund balance	570	583	299	202	717
Total Expenditures	\$ 8,059	\$ 7,832	\$ 7,274	\$ 7,158	\$ 6,784

Source: City of West Linn Adopted Budgets.

Investments

ORS 294.035 authorizes Oregon municipalities to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed and approved by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon municipalities to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under investment agreements if the agreements: (i) produce a guaranteed rate of return; (ii) are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent.

Municipalities are also authorized to invest up to \$43,136,592 (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports –OSTF Detailed Monthly Reports": www.ost.state.or.us/about/boards/OSTF/About.htm⁽¹⁾.

Pension System

General. Substantially all City employees after six full months of employment are participants in one of three retirement pension benefit programs under the State of Oregon Public Employees Retirement System ("PERS" or the "System") – the Tier 1 and Tier 2 pension programs (the "T1/T2 Pension Programs") or the Oregon Public Service Retirement Plan ("OPSRP").

Employees hired before August 29, 2003 participate in the T1/T2 Pension Programs which are based on a defined benefit model that provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire.

Employees hired on or after August 29, 2003 participate in the OPSRP unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a hybrid defined contribution/defined benefit pension plan with two components. Employer contributions fund the defined benefit program and employee contributions fund individual retirement accounts under the separate defined contribution program.

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. Based on the biennial actuarial valuations as of December 31 of odd-numbered years, such as 2005 and 2007, the Public Employees Retirement Board ("PERB") establishes the contribution rates that employers will pay to fund the operations of T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program ("RHIA") (See "Other Post-Employment Benefits" below). Actuarial valuations have been performed annually as of December 31 of each year, with the valuations as of December 31 of even-numbered years (such as 2008) used for advisory purposes only. Actuarial valuations are performed for the entire System (the "System Valuation"), and for each participating employer, including the City. Valuations are released approximately one year after the valuation date. PERS' current actuary is Mercer (US), Inc.

At the September 30, 2011 PERB meeting, Mercer presented the actuarial valuation of assets and liabilities for the System as of December 31, 2010 (the "2010 Mercer Presentation"). The official actuarial valuation report for the System as of December 31, 2010 (the "2010 System Valuation") is expected to be released in late November 2011, and the official actuarial valuation report for the City as of December 31, 2010 (the "2010 City Valuation") is expected to be released in December 2011. Current employer contribution rates are based on the December 31, 2009 actuarial valuation (the "2009 Valuation").

(1) This inactive textual reference to the website is not a hyperlink and the website, by such reference, is not incorporated herein.

Valuation	Rates Effective
December 31, 2007	July 1, 2009 – June 30, 2011
December 31, 2008	Advisory only
December 31, 2009	July 1, 2011 – June 30, 2013
December 31, 2010	Advisory only

Employer Assets, Liabilities, and Unfunded Actuarial Liabilities. An employer’s unfunded actuarial liability (“UAL”) is the excess of the actuarially determined present value of the employer’s benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

For the T1/T2 Pension Programs, the City is pooled with the State and Oregon local government and community college public employers (the “State and Local Government Rate Pool” or “SLGRP”). The City’s portion of the SLGRP’s assets and liabilities is based on the City’s proportionate share of the SLGRP’s pooled payroll (the “City Allocated T1/T2 UAL”). Changes in the City’s relative growth in payroll will cause the City Allocated T1/T2 UAL to shift. The City Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employee contributions.

OPSRP’s assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The City’s allocated share of OPSRP’s assets and liabilities is based on the City’s proportionate share of OPSRP’s pooled payroll (the “City Allocated OPSRP UAL”). Changes in the City’s relative growth in payroll will cause the City Allocated OPSRP UAL to shift.

The City’s net unfunded pension UAL is the total of the City Allocated T1/T2 UAL, and City Allocated OPSRP UAL. The City’s net unfunded pension UAL as of the 2007 Valuation and 2009 Valuation is shown in the following table.

City of West Linn

Net Unfunded Pension Actuarial Accrued Liability (Surplus)

	2009 Valuation	2008 Valuation
Allocated pooled SLGRP T1/T2 UAL	\$ 10,831,971	\$ 8,933,636
Allocated pre-SLGRP pooled liability/(surplus)	-	n/a
Transition liability/(surplus)	(3,833,150)	n/a
Allocated pooled OPSRP UAL	<u>84,858</u>	<u>60,488</u>
Net unfunded pension actuarial accrued liability	7,083,679	8,994,124

Source: 2009 and 2008 Valuations.

As stated above the 2010 City Valuation is expected to be released in December 2011. The City cannot predict what the City’s net pension UAL will be as of December 31, 2010; however, the 2010 Mercer Presentation states that the System-wide funded status increased from 86% at December 31, 2009 to 87% at December 31, 2010.

The funded status of PERS and of the City as reported by Mercer, will change over time depending on the market performance of the securities that the Oregon Public Employees’ Retirement Fund (“OPERF”) has invested, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS.

Significant actuarial assumptions and methods used in the valuations included: (a) Projected Unit Credit actuarial cost method, (b) asset valuation method based on market value, (c) rate of return on the investment of present and future assets of 8%, (d) payroll growth rate of 3.75%, (e) consumer price inflation of 2.75% per year, and (f) UAL amortization method of a level percentage of payroll over 21 years (fixed) for the T1/T2 Pension Programs and 16 years (fixed) for OPSRP.

Employer Contribution Rates. The City’s contribution rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations and changes in benefits resulting from legislative modifications. Employees are required to contribute 6 percent of their annual salary to the respective programs and the City makes this contribution on behalf of its employees. If the 2009 Valuation reports that the funded status of PERS is between 70% and 80% (excluding side accounts) for each individual employer, the rate collar will increase on a sliding scale from 3% to 6% of PERS covered payroll of that individual employer or by 20% to 40% of the previous rate, whichever is greater, effective July 1, 2011 through June 30, 2013.

Contribution Rate Collar. In January 2010 the PERS Board adopted a revised implementation of the rate collar limiting increases in employer contribution rates from biennium to biennium (the “Rate Collar”). Under normal conditions, the Rate Collar is the greatest of three percent of payroll or 20 percent of the current base. If the funded status of the SLGRP is below 80 percent, the Rate Collar increases by an additional 0.3 percent for every percentage point under the 80 percent funded level until the aggregate rate collar reaches six percent at the 70 percent funded level. The 2009 System Valuation concluded that the SLGRP funded status was 77 percent, resulting in a rate collar of 3.9 percent. The rate collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover charges associated with RHIA and RHIPA.

City Contribution Rates. The City’s current contribution rates are based on the 2009 Valuation and are effective through June 30, 2013. The following table shows the City’s current rates effective beginning July 1, 2011 (2009 Valuation) and the previous rates from the City’s 2007 Valuation:

Employer Contribution Rates – City of West Linn

	Current Rates (2011-2013)			Previous Rates (2009-2011)		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal Cost Rate	9.80%	7.68%	15.40%	7.48%	5.81%	8.52%
UAL Rate	6.10	6.10	6.10	3.20	3.20	3.20
OPSRP UAL Rate	0.08	0.08	0.08	(0.08)	(0.08)	(0.08)
Net Pension Contribution Rate	12.19%	10.07%	17.79%	10.60%	8.93%	11.64%
Retiree Healthcare Rate ⁽¹⁾	0.59%	0.59%	0.59%	0.29%	0.19%	0.19%
Total Net Contribution Rate	12.78%	10.66%	18.38%	10.89%	9.12%	11.83%

(1) Contribution rates to fund RHIA benefits are included in the total City employer contribution rate, but are not a pension cost.

Source: 2007 and 2009 Valuations.

The 2010 City Valuation will contain advisory employer contribution rates as of December 31, 2010; these rates are advisory only. Although the City cannot predict what the advisory rates will be, the 2010 Mercer Presentation states that as of December 31, 2010, advisory base employer contribution rates are 3.6% of payroll above current rates, primarily due to the Rate Collar, spreading rate increases to restore funded status across multiple periods.

Other Post-Employment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program’s assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2009 System Valuation, this program had a UAL of approximately \$297 million. The City’s allocated share of the RHIA program’s assets and liabilities is based on the City’s proportionate share of the program’s pooled payroll. According to the City’s 2009 Valuation, the City’s allocated share of the RHIA program’s UAL is \$279,781. The City’s contributions to RHIA for the year ended June 30, 2011 and 2010 were approximately \$23,500 and \$22,900 respectively which equaled the required contributions for that year.

GASB 45. GASB 45 requires the City to determine the extent of its liabilities for post-employment benefits and record the liability in its financial statements on an actuarial basis. This includes the requirement under ORS 243.303 of offering the same healthcare benefits for current City employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB 45 refers to this as an “implicit subsidy” and requires that the corresponding liability be determined and reported.

The City has adopted early implementation of GASB 45 and implemented this pronouncement starting with the fiscal year ended June 30, 2008. The City’s annual Other Post-Employment Benefit (“OPEB”) cost is calculated based on the annual required contribution (“ARC”) of the City, an amount actuarially determined in accordance with GASB 45. The following table shows the components of the City’s annual OPEB cost for Fiscal Year 2009, the amount actually contributed to the plan and changes in the City’s OPEB obligation to the plan.

Fiscal Year 2011 OPEB Obligations – City of West Linn

City's Normal Cost at year end	\$ 115,000
Amortization of UAAL with interest	<u>117,467</u>
Annual Required Contribution (ARC)	232,467
Interest on prior year net OPEB obligation	23,322
Adjustment to ARC	<u>(36,583)</u>
Annual OPEB cost	219,206
Less contribution (amounts paid during year for OPEB)	-
Less implicit benefit payments	<u>(79,022)</u>
Increase in net OPEB obligation	140,184
OPEB obligation at beginning of fiscal year	<u>518,273</u>
OPEB obligation at end of fiscal year	\$ 658,457

Source: City of West Linn - Audited Financial Statements.

Annual OPEB Cost – City of West Linn

Fiscal Year ended June 30	Annual OPEB Cost	Percent of Annual OPEB cost contribution	Net OPEB Obligation
2011	\$ 219,206	36%	\$ 658,457
2010	208,533	28%	518,273
2009	239,118	22%	368,316
2008	227,671	20%	181,696

Source: City of West Linn - Audited Financial Statements.

Risk Management

The City is exposed to various risks of loss. A description of the risks is provided in the City's audited financial statements. The audited financial statement for Fiscal Year 2011 is attached hereto as Appendix D.

THE INITIATIVE AND REFERENDUM PROCESS

The Oregon Constitution, Article IV, Section 1, reserves to the people of the State the initiative and referendum power pursuant to which measures designed to amend the Oregon Constitution or enact legislation can be placed on the statewide general election ballot for consideration by the voters.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure ("Financial Estimate Statements") to be printed in the voters' pamphlet and on the ballot.

Referendum

"Referendum" generally means measures that have been passed by a legislative body, such as the Legislative Assembly or the governing body of a district, county or other political subdivision and referred to the electors by the legislative body, or by petition prior to the measure's effective date.

In Oregon, both houses of the Legislative Assembly must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. Any change to the Oregon Constitution passed by the Legislative Assembly requires referral to voters. In the case of a referendum by petition, proponents of the referendum must obtain a specified number of signatures from qualified voters. The required number of signatures is equal to four percent of the votes cast for all candidates for governor at the preceding gubernatorial election.

The 2007 Legislative Assembly referred nine measures to voters. The measures appeared on the ballot at the November 6, 2007 special election, May 20, 2008 primary election and November 4, 2008 general election. Eight of the nine measures were approved. One of the measures approved at the November 4, 2008 general election was Measure 56, a constitutional change providing that May and November property tax elections are decided by a simple majority of voters casting a ballot. Another measure that was approved at the November 4, 2008 general election was Measure 57, a statutory change to increase sentences for drug trafficking, theft against elderly and specified repeat property and identity theft crimes, requiring addiction treatment for certain offenders.

The Financial Estimate Statement for Measure 57 estimates the measure would require additional spending of approximately \$9 million in the first year, \$74 million in the second year, \$79 million in the third year, \$106 million in the fourth year and \$143 million annually thereafter. The State may also need to borrow an estimated \$314 million from 2010 to 2017 to build new prison space associated with Measure 57

Initiatives

"Initiative" generally means a new measure placed before the voters as a result of a petition circulated by one or more private citizens.

Any person may file a proposed initiative with the Oregon Secretary of State's office. The Oregon Attorney General is required by law to draft a proposed ballot title for the initiative. Public comment on the draft ballot

title is then solicited by the Secretary of State. After considering any public comments submitted, the Attorney General will either certify the draft ballot title or revise the draft ballot title. Any elector that submitted written comments who is dissatisfied with the ballot title certified by the Attorney General may petition the Oregon Supreme Court seeking a revision of the certified ballot title.

Once the ballot title has been certified and the Secretary of State has authorized the petitioners, the proponents of the initiative may start gathering initiative petition signatures from qualified voters. The number of signatures required is determined by a fixed percentage of the votes cast for all candidates for governor at the preceding gubernatorial election. The signature requirements are eight percent for a constitutional measure (110,358 signatures for November 2010) and six percent for a statutory initiative (82,769 signatures for November 2010).

The initiative petition must be filed with the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. If the person obtaining signatures is being paid, the signature sheet must contain a notice of such payment.

Historical Initiative Petitions. The number of initiatives that have been approved in general elections since 1998 are as follows:

Historical Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2010	4	2
2008	8	0
2006	10	3
2004	6	2
2002	7	3
2000	18	4
1998	10	6

NOTE: The Secretary of State posts a listing of initiatives on its web site: www.egov.sos.state.or.us

Source: *Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Search, Elections Division.*

Land Use Measures. On November 6, 2007, Oregon voters approved Measure 49 (“Measure 49”), which modifies a previous measure approved by the voters in 2004 (“Measure 37”). Measure 37 entitled landowners to compensation for reduction in or release from a land use regulation when the land use regulation restricts the use of the property and reduces its market value if it was enacted after the owner or a family member purchased the property. Property owners seeking compensation or release from regulations under both Measure 49 and Measure 37 must file a claim with the governmental entity which enacted or enforced the regulation.

For claims filed before June 28, 2007, Measure 49 replaced the remedies of Measure 37 with an approval for claimants to establish a specific number of home sites as a form of compensation.

All claims filed after June 28, 2007 are treated as Measure 49 claims. Measure 49 claims may only be filed for regulations enacted after January 1, 2007, and Measure 49 claims may only be filed for land use regulations that limit residential uses of property or restrict farming or forest practices. Under Measure 49, claimants must demonstrate the reduction in value of the property, and may only be exempted from regulation to the extent necessary to allow additional residential development of a value comparable to the value lost as a result of the regulation. The City does not have any Measure 49 outstanding claims.

City Charter

In addition to statutory and constitutional changes by the Legislative Assembly and the initiative and referendum process, the independent basis of legislative authority has been granted to cities in Oregon by municipal charters. A copy of the City Charter is available from the City upon request.

LEGAL MATTERS AND LITIGATION

Legal matters incident to the authorization, issuance and sale of the Bonds by the City are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City ("Bond Counsel"), substantially in the form attached hereto as Appendix C relating to the Bonds. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Official Statement.

Litigation

There is no litigation pending questioning the validity of the Bonds nor the power and authority of the City to issue the Bonds. There is no litigation pending which would materially affect the finances of the City or affect the City's ability to meet debt service requirements on the Bonds.

On December 28, 2007, the Oregon Supreme Court decided a case, *Clarke v. Oregon Health Sciences University* ("OHSU"), challenging the constitutionality of parts of the Oregon Tort Claims Act ("OTCA") as applied. Under the OTCA, the State's common law sovereign immunity from suit is lifted and claims may be brought against a public body in Oregon, including the City. The liability of public bodies, however, is capped for individual personal injury claims. In addition, the public body has to be substituted as a defendant in lieu of individual employees of the public body, thereby limiting recovery for claims against individual employees to the limits applicable to public bodies. In *Clarke*, the plaintiff was severely disabled as a result of the negligence of health professionals employed at OHSU, which is a public body under the OTCA. The damages alleged amounted to approximately \$12 million, which was in excess of the liability cap of public bodies.

Article I, Section 10 of the Oregon Constitution provides the right to a remedy to persons who are injured in their person, property or reputation. The *Clarke* court concluded that the then-existing cap on the amount of potential recovery, did not provide a substantial remedy to plaintiff in lieu of what plaintiff would have been able to claim at common law from individual government employees who were admittedly negligent. Therefore, the substitution of OHSU for the individual plaintiffs, under the facts at issue in *Clarke*, violated Article I, Section 10 of the Oregon Constitution.

In response to the *Clarke* decision, the 2009 Oregon Legislature passed Senate Bill 311, which increases the liability limits for Oregon public bodies under the OTCA. Senate Bill 311 was signed by the Governor on April 15, 2009 and became effective on July 1, 2009.

Under the new law, Oregon local public bodies will be subject to the following limits on liability. The State of Oregon is subject to different limits.

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any *single claimant* for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$500,000, for causes of action arising on or after July 1, 2009, and before July 1, 2010. From July 1, 2010 through June 30, 2015, this cap increases incrementally to \$666,700. The liability limits to *all claimants* for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increase from \$1 million, for causes of action arising on or after July 1, 2009, and before July 1, 2010, incrementally to \$1,333,300, for causes of action arising on or after July 1, 2014, and before July 1, 2015.

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in Senate Bill 311. The adjustment may not exceed 3% for any year.

Property Damage or Destruction Claim. The liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2009 are as follows: (a) \$100,000, adjusted as described below, to any single claimant, and (b) \$500,000, adjusted as described below, to all claimants.

Beginning in 2010, these liability limits shall be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in Senate Bill 311. The adjustment may not exceed 3% for any year.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating federal corporate alternative minimum taxable income. In the further opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds is exempt from personal income taxation imposed by the State of Oregon. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

The City has designated the Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code.

The amount (if any) by which the issue price of the Bonds of any given maturity date is less than the amount to be paid on such date (excluding amounts stated to be interest and payable at least annually over the term of such Bonds) constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds, as the case may be, that is excluded from gross income for federal income tax purposes and for Oregon personal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to Bonds of any maturity date accrues daily over the term to such maturity date on the basis of a constant interest

rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds, as the case may be, to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial holders of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a beneficial owner's basis in a Premium Bond, and under Treasury Regulations, the amount of tax exempt interest received, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds, as the case may be, being included in gross income for federal income tax purposes, possibly from the date of original delivery of the Bonds. The opinions of Bond Counsel assume compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of delivery of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Oregon personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a beneficial owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial holders of the Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service ("IRS"), including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds, or obligations which present similar tax issues, will not affect the market price for the Bonds.

The opinion of Bond Counsel is based on current legal authority and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, as the case may be, and, unless separately engaged, Bond Counsel is not obligated to defend the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the City, including the beneficial owners, will have little if any right to participate in the examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practical. If such a situation arises, the City or the beneficial owners may incur significant expense, loss of market value to the beneficial owners, or both.

CONTINUING DISCLOSURE

The Securities and Exchange Commission has published amendments to Rule 15c2-12 (the "Rule") that require at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Bonds, if material. Pursuant to the Rule, the City has agreed to provide to the Municipal Securities Rulemaking Board ("MSRB"), audited financial information of the City and certain financial information or operating data. In addition, the City has agreed to provide to the MSRB, notice of certain events, pursuant to the requirements of Section (b)(5)(i) of the Rule. As of the date of this Official Statement, the City has one limited and one full continuing disclosure undertaking.

The City failed to comply with its prior undertaking under the Rule by not providing certain audited financial statements by the deadline required in the undertaking. See "Financial Factors – Auditing" herein. Upon discovery of the noncompliance, the City filed its audited financial statements for Fiscal Years 2005 and 2006 on June 2008 and its audited financial statement for Fiscal Year 2007 on December 2008. The City has complied with its prior undertaking under the Rule with its subsequent audited financial statements. A copy of the form of the City's Continuing Disclosure Certificate is attached hereto as Appendix B.

RATING

As noted on the cover page of this Official Statement, Standard & Poor's, a Division of the McGraw-Hill Companies, New York, New York ("S&P"), has assigned its municipal bond rating of "AA" to the Bonds. Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "Aa2" to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. The ratings reflect only the views of S&P and Moody's and an interpretation of such ratings may be obtained only from the rating agency furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either rating agency, if, in the judgment of such agency, circumstances so warrant. Any such revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Any further explanation of the underlying ratings may be obtained from S&P or Moody's.

FINANCIAL ADVISOR

In connection with the authorization and issuance of the Bonds, the District has retained D.A. Davidson & Co., Lake Oswego, Oregon, as its financial advisor (the "Financial Advisor").

The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement.

UNDERWRITING

Morgan Keegan & Company Inc., acting as underwriter successfully bid for the Bonds in a competitive sale. The bid provides that the underwriter will purchase all of the Bonds at a price of 100.941% of the par value of the Bonds. The Bonds will be reoffered at an average price of 101.208% of the par value of the Bonds. After the initial public offering, the public offering prices may vary from time to time.

On January 11, 2012, Regions Financial Corporation, Morgan Keegan's parent company, entered into a definitive agreement to sell Morgan Keegan to Raymond James Financial. The transaction is expected to close on or before March 31, 2012.

CONCLUDING STATEMENT

The information contained herein should not be construed as representing all conditions affecting the City or the Bonds. Additional information may be obtained from the City. The statements relating to the Resolution are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form.

The information assembled herein is not to be construed as a contract with Owners of the Bonds.

APPROVAL OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been duly authorized by the City.

CITY OF WEST LINN, OREGON

By: _____

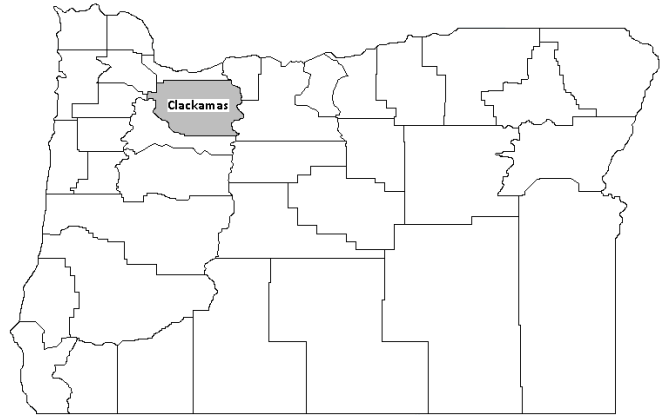
Authorized City Official

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following discussion includes descriptive information obtained from a variety of sources. The information is presented to provide the reader with an overview of the City's economy, but is not intended to be exhaustive or comprehensive.



Local Economic Overview

The City is located in Clackamas County (the “County”), approximately 30 miles northeast of the City of Salem and 14 miles southeast of the City of Portland. The City has a 2011 preliminary estimated population of 25,250. Historical population of the City and the County is shown in the following table.

Population: State of Oregon, Clackamas County and the City of West Linn

	State of Oregon	Clackamas County	City of West Linn
July 1			
2010	3,844,195	381,775	24,445
2009	3,823,465	379,845	24,400
2008	3,791,075	376,660	24,400
2007	3,745,455	372,270	24,180
2006	3,690,505	367,040	24,180
2005	3,631,440	361,300	24,075
2004	3,582,600	356,250	23,970
2003	3,541,500	353,450	23,820
2002	3,504,700	350,850	23,430
2001	3,471,700	345,150	23,090
2000	3,436,750	340,000	22,440
April 1⁽¹⁾			
2000	3,421,399	338,391	22,261
1990	2,842,321	278,850	16,389

(1) U.S. Census Count on April 1.

Source: *Center for Population Research and Census, Portland State University.*

Major employers in the City follow:

Company	Service	No. Employees
West Linn - Wilsonville SD	Public School	372
West Linn Paper Company	Paper Manufacturing	250
Safeway Inc.	Grocery Store/Related Products	170
City of West Linn	Government	130
New Albertsons Inc.	Grocery Store/Related Products	87
American Golf Corporation	Public Golf Course	80
Rose Linn Vintage Place	Skilled Nursing Care Facility	80
Pond Maintenance Services	Building Maintenance Services	75
Tanner Springs Assisted Living	Skilled Nursing Care Facility	72
Elton Enterprises IV Inc	Eating Places	70
First Student Inc.	School Bus Services	70
Zupans	Grocery Store/Related Products	70
Coffee Rush Inc	Grocery Store/Related Products	55
Ho Lock Security	Repair Services	40
Fisher Corporation	Gas Station / Retail Stores	40
Thriftway Stores	Grocery Store/Related Products	40

Source: Selectory Online (Dun and Bradstreet). December 2011.

According to the 2000 Census, half of the County's working residents are employed outside the County. Approximately 60 percent of jobs in the County are held by County residents. Labor trends by employment and industry are provided below:

Clackamas County: Labor Force and Employment

	2010	2009	2008	2007	2006	2005	2010 Change from				
							2009	2008	2007	2006	2005
Civilian Labor Force	203,675	201,036	199,542	195,869	194,991	191,232	2,639	4,133	7,806	8,684	12,443
Unemployment	20,655	20,564	11,280	8,930	9,332	10,576	91	9,375	11,725	11,323	10,079
Percent of Labor Force	10.1%	10.2%	5.7%	4.6%	4.8%	5.5%	xx	xx	xx	xx	xx
Total Employment	183,020	180,472	188,262	186,939	185,659	180,656	2,548	-5,242	-3,919	-2,639	2,364
	2010	2009	2008	2007	2006	2005	2010 Change from				
	2009	2008	2007	2006	2005		2009	2008	2007	2006	2005
Total Nonfarm Payroll Employment	134,900	137,300	148,300	148,500	144,900	140,900	-2,400	-13,400	-13,600	-10,000	-6,000
Total Private	117,400	119,300	130,000	130,600	127,400	123,600	-1,900	-12,600	-13,200	-10,000	-6,200
Mining and Logging	200	100	200	200	200	200	100	0	0	0	0
Construction	8,500	9,100	11,700	12,600	12,000	10,700	-600	-3,200	-4,100	-3,500	-2,200
Manufacturing	15,700	16,200	18,500	18,400	18,300	18,200	-500	-2,800	-2,700	-2,600	-2,500
Trade, transportation, and utilities	30,900	31,100	33,300	33,500	33,400	33,200	-200	-2,400	-2,600	-2,500	-2,300
Information	2,100	2,200	2,100	2,000	1,700	1,600	-100	0	100	400	500
Financial activities	8,400	8,800	9,600	10,400	10,600	10,300	-400	-1,200	-2,000	-2,200	-1,900
Professional and business services	15,000	15,000	17,400	17,500	16,700	15,700	0	-2,400	-2,500	-1,700	-700
Educational and health services	18,800	18,600	17,900	16,700	16,200	15,800	200	900	2,100	2,600	3,000
Leisure and hospitality	12,800	13,100	14,000	13,900	13,100	12,600	-300	-1,200	-1,100	-300	200
Other services	5,000	5,100	5,300	5,400	5,300	5,300	-100	-300	-400	-300	-300
Government	17,500	18,000	18,300	17,900	17,500	17,300	-500	-800	-400	0	200

Source: State of Oregon Employment Division, Department of Human Resources as of November 2011.

Per capita income in the County is higher than that of the State. In 2009, the County represented 12.19 percent of the State's total personal income.

Year	State of Oregon		Clackamas County	
	Total Personal Income (\$000)	Per Capita Income	Total Personal Income (\$000)	Per Capita Income
2010	\$ 139,841,938	\$ 36,427	n.a.	n.a.
2009	138,203,200	36,125	\$ 16,853,655	\$ 43,646
2008	137,569,686	36,365	17,080,392	44,803
2007	133,405,144	35,737	16,670,935	44,384
2006	127,447,708	34,656	15,876,388	42,805
2005	117,670,842	32,525	14,604,778	39,968
2004	113,001,122	31,622	13,879,128	38,477
2003	108,506,328	30,564	13,135,579	36,926

Source: U.S. Department of Commerce, Bureau of Economic Analysis, October 2011.

Historic building permits for single-family and multi-family housing in the County follow:

Year	New Single Family		New Multi-Family	
	Number	Construction Cost	Units	Construction Cost
2010	625	159,045,763	18	8,006,271
2009	580	160,529,460	135	11,653,028
2008	838	216,701,203	-	-
2007	1,887	488,332,941	108	10,163,320
2006	2,130	572,539,010	570	58,596,297
2005	2,430	640,249,557	230	21,705,705

Source: U.S. Census Bureau, October 2011.

APPENDIX B

CONTINUING DISCLOSURE

APPENDIX C

FORM OF LEGAL OPINION

APPENDIX D

AUDITED FINANCIAL STATEMENT - 2011

APPENDIX E

BOOK-ENTRY ONLY SYSTEM
