

ADDENDUM DATED JUNE 10, 2026

TO THE

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 4, 2026

\$43,830,000⁽¹⁾

City of West Linn

Clackamas County, Oregon

Full Faith and Credit Obligations, Series 2026

DATED: June 25, 2026 (estimated "Date of Delivery")

DUE: June 1, as shown on the inside cover

This Addendum is being issued to (i) replace Appendix D: Form of Continuing Disclosure Certificate; and (ii) update the third paragraph in the section "Legal Matters and Litigation—Legal Matters—Land Use Appeal" section of the POS. Changed language is shown in **bold underline** below:

Legal Matters and Litigation

Legal Matters

Legal matters incident to the authorization, issuance and sale of Obligations are subject to the approving legal opinion of Special Counsel, substantially in the form attached hereto as Appendix A. Special Counsel has reviewed this document only to confirm that the portions of it describing the Obligations and the authority to issue them conform to the Obligations and the applicable laws under which they are issued.

Land use Appeal. The West Linn Planning Commission issued its final decision and order on March 11, 2026, approving the City's land use application for the Project. The Planning Commission's approval was based on substantial evidence and findings that the Project meets all applicable approval criteria. That decision was appealed by a neighborhood association located close to the Project site (the "Appellants").

An Oregon-licensed land use attorney was hired by the City to serve as the hearings officer (the "Hearings Officer") for the appeal hearing, which took place on May 27, 2026. The hearings officer is bound by the same approval criteria as the Planning Commission and the standard of substantial evidence. Following the hearing, the Appellants and the City can submit additional evidence and make additional arguments. **The deadline for submittal of any new evidence is mid-June 2026. The City has seven (7) days after the record closes to new evidence to submit its final legal arguments, after which the matter is formally submitted to the Hearings Officer.**

The Hearing Officer's decision will be the final decision of the City and is anticipated to be issued in mid-July. While the City cannot predict the final decision of the Hearings Officer, the City does not expect that the Hearings Officer's decision will differ from the Planning Commission's approval because the City's application is supported by substantial evidence from relevant experts. The City does not expect to update the Preliminary Official Statement or the final Official Statement with information about the results of the hearing officer's decision.

The Hearings Officer's decision may be appealed to the State Land Use Board of Appeals ("LUBA") by any party that participated in the City's proceedings. If the Hearings Officer approves the City's application, but the decision is appealed to LUBA, that approval of the City's land use permits continues to be effective, and work on the Project can continue while LUBA considers the appeal, unless a stay is issued by LUBA. The issuance of stay requires the party seeking that stay to show irreparable harm, a difficult standard to meet. If LUBA or a State appellate court ultimately remands the land use permits, it would be sent back to the City for additional proceedings to address the identified error and for a new decision to be issued. While on remand, construction on the Project related to the land use permits must be paused. Once reapproved, such work could continue. The City cannot predict whether the decision of the Hearings Officer will be appealed to LUBA, nor the outcome of any appeal heard by LUBA or a State appellate court.

Appendix D

Form of Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE

§[PAR]
CITY OF WEST LINN, OREGON
FULL FAITH AND CREDIT OBLIGATIONS
SERIES 2026

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of West Linn, Oregon (the “City”) in connection with the execution and delivery of the City’s Full Faith and Credit Obligations, Series 2026 (the “Obligations”). The Obligations are being issued pursuant to Resolution No. 2025-18 adopted by the City Council of the City on December 9, 2025 (the “Resolution”). The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Obligations and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission (“S.E.C.”) Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Obligations (including persons holding Obligations through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission,

filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated _____, 2026, prepared and distributed in connection with the initial sale of the Obligations.

“Owner” shall mean the person in whose name the Obligations are registered.

“Participating Underwriter” shall mean the original underwriter of the Obligations required to comply with the Rule in connection with offering of the Obligations.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City’s fiscal year, commencing with the report for the City’s fiscal year ending June 30, 2026, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Obligations by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City) file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the financial information regarding the City of the type set forth in the tables in the final Official Statement labeled “Outstanding Long-Term Debt,” “Taxable Property Values,” “Tax Collection Record” and “Major Taxpayers—City of West Linn,” along with the audited financial statements of the City for the preceding fiscal year, prepared in accordance with the laws of the State of Oregon. If the City’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial

statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been made available to the public on the MSRB's website. The City shall clearly identify each such other document so included by reference. The City may at its discretion modify the format, including with respect to the Official Statement tables referenced in this section, in which this information is presented, if the City determines that the modified format is consistent with the Rule and the purposes of this Disclosure Certificate.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations in a timely manner not later than ten business days after the occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the City, or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing

governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations, if material, in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Obligations or other material events affecting the tax status of the Obligations;

(2) Modifications to rights of Bond holders;

(3) Optional, unscheduled or contingent Bond calls;

(4) Release, substitution, or sale of property securing repayment of the Obligations;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) Appointment of a successor or additional trustee or the change of name of a trustee; or

(8) Incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(d) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Obligations pursuant to the Resolution.

(e) The City intends to comply with the Listed Events described in Section 5(a)(10) and 5(b)(8), and the definition of “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations. If such termination occurs prior to the final maturity of the Obligations, the City shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Obligations, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Obligations, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Obligations.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting

principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Obligations may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Clackamas County Circuit Court or if a federal forum is required, in the federal courts of the State of Oregon. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Obligations, and shall create no rights in any other person or entity.

Date: _____, 2026.

CITY OF WEST LINN, OREGON

By: _____
Lauren Breithaupt
Finance Director

CONTINUING DISCLOSURE EXHIBIT A

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of City: CITY OF WEST LINN, CLACKAMAS COUNTY, OREGON

Name of Issue: \$_____ City of West Linn, Oregon, Full Faith and Credit
Obligations, Series 2026

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Obligations as required by Section 4 of the Continuing Disclosure Certificate of the City, dated the Date of Issuance. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

CITY OF WEST LINN, OREGON

By _____ [to be signed only if filed]
Title _____

COMPETITIVE SALE—The Obligations will be sold pursuant to a competitive sale held at 8:30 a.m. (Pacific Time) on June 11, 2026, as further described in the Notice of Sale attached hereto.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 4, 2026

\$43,830,000⁽¹⁾
City of West Linn
Clackamas County, Oregon
Full Faith and Credit Obligations, Series 2026

DATED: June 25, 2026 (estimated “Date of Delivery”)

DUE: June 1, as shown on the inside cover

PURPOSE— The \$43,830,000⁽¹⁾ Full Faith and Credit Obligations, Series 2026 (the “Obligations”) are being issued by the City of West Linn (the “City”), located in Clackamas County, Oregon. The Obligations are being issued to finance costs related to the development, construction and equipping of a centralized Operations Center and related improvements. See “Purpose and Use of Proceeds” herein.

S&P GLOBAL RATING— “AA+”. See “Rating” herein.

NOT BANK QUALIFIED— The City has NOT designated the Financing Agreement (as hereinafter defined) as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”).

BOOK-ENTRY ONLY SYSTEM— The Obligations will be issued, executed and delivered in fully registered form under a book-entry only system and registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company (“DTC”). DTC will act as initial securities depository for the Obligations. Individual purchases of the Obligations will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Obligations purchased.

PRINCIPAL AND INTEREST PAYMENTS— The Obligations evidence and represent undivided proportionate interests of the Beneficial Owners thereof (as hereinafter defined) in the Financing Payments to be made by the City pursuant to the Financing Agreement (as hereinafter defined). The interest component of the Financing Payments evidenced and represented by the Obligations is payable on December 1, 2026 and semiannually thereafter on June 1 and December 1 of each year to the maturity or earlier prepayment of the Obligations. The principal and interest components of the Financing Payments evidenced and represented by the Obligations will be payable by the City’s paying agent, registrar and escrow agent, initially U.S. Bank Trust Company, National Association (the “Paying Agent”), to DTC which, in turn, will remit such principal and interest components to the DTC participants for subsequent disbursement to the beneficial owners of the Obligations at the address appearing upon the registration books on the 15th day (the “Record Date”) of the month preceding a payment date.

MATURITY SCHEDULE— See inside front cover.

REDEMPTION— The Obligations are subject to optional redemption prior to their stated maturities as further described herein.

SECURITY— Pursuant to the terms of a financing agreement (the “Financing Agreement”) the City’s payment obligations (the “Financing Payments”) are payable from all legally available funds of the City. Pursuant to ORS 287A.315, the City has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b, Article XI of the Oregon Constitution to pay the Financing Payments and other amounts due under the Financing Agreement. The obligation of the City to make payments is a full faith and credit obligation of the City, and is not subject to appropriation. The Beneficial Owners of the Obligations do not have a lien or security interest on the property financed with the proceeds of the Financing Agreement. The Obligations do not constitute a debt or indebtedness of Clackamas County, the State of Oregon, or any political subdivision thereof other than the City.

TAX MATTERS— *In the opinion of Orrick, Herrington & Sutcliffe LLP, as special counsel to the City (“Special 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, the portion of each Financing Payment designated as and constituting interest paid by the City under the Financing Agreement and received by registered owners of the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of Oregon personal income taxes. In the further opinion of Special Counsel, such interest is not a specific preference item for purposes of the federal individual alternative minimum tax. Special Counsel observes that such interest included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Obligations, or the amount, accrual or receipt of the portion of each Financing Payment constituting interest. See “Tax Matters.”*

DELIVERY— The Obligations are offered for sale to the original purchaser subject to the final approving legal opinion of Special Counsel. It is expected that the Obligations will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about the Date of Delivery.

(1) Preliminary, subject to change.

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

This is a Preliminary Official Statement, subject to correction and change. The City has authorized the distribution of the Preliminary Official Statement substantially in this form. Upon the sale of the Obligations, the City will complete and deliver a final Official Statement.

City of West Linn

Clackamas County, Oregon

Full Faith and Credit Obligations, Series 2026

DATED: Date of Delivery

DUE: June 1, as shown below

MATURITY SCHEDULE –

Due June 1	Amount ⁽¹⁾	Interest Rate	Yield	CUSIP® 954039	Due June 1	Amount ⁽¹⁾	Interest Rate	Yield	CUSIP® 954039
2027	\$ 885,000				2040	\$ 1,785,000			
2028	995,000				2041	1,875,000			
2029	1,045,000				2042	1,950,000			
2030	1,095,000				2043	2,025,000			
2031	1,150,000				2044	2,105,000			
2032	1,205,000				2045	2,190,000			
2033	1,270,000				2046	2,280,000			
2034	1,330,000				2047	2,370,000			
2035	1,395,000				2048	2,475,000			
2036	1,465,000				2049	2,580,000			
2037	1,540,000				2050	2,690,000			
2038	1,620,000				2051	2,810,000			
2039	1,700,000								

(1) Preliminary, subject to change.

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the City nor the Purchaser take any responsibility for the accuracy of such CUSIP numbers.

No website mentioned in this Official Statement is part of this Official Statement, and readers should not rely upon any information presented on any such website in determining whether to purchase the Obligations. Any references to any website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference.

No dealer, broker, salesman or other person has been authorized by the City or Piper Sandler & Co. (the "Municipal Advisor") to give information or to make any representations with respect to the Obligations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Obligations by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Obligations have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Obligations in accordance with applicable provisions of securities laws of the States in which the Obligations have been registered or qualified and the exemption from the registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these States nor any of their agencies have passed upon the merits of the Obligations or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Preliminary Official Statement has been "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.

City of West Linn
22500 Salamo Rd.
West Linn, Oregon 97068
503-657-0331

City Council

Rory Bialostosky
Mary Baumgardner
Kevin Bonnington
Carol Bryck
Leo Groner

Mayor
Council President
Councilor
Councilor
Councilor

Administrative Staff

John Williams
Lauren Breithaupt

City Manager
Finance Director

Special Counsel

Orrick, Herrington & Sutcliffe LLP
Portland, Oregon
(503) 943-4800

Municipal Advisor

Piper Sandler & Co.
Portland, Oregon
(503) 275-8300

Paying Agent

U.S. Bank Trust Company, National Association
Portland, Oregon
(503) 464-4199

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Official Notice of Sale

\$43,830,000⁽¹⁾

City of West Linn, Clackamas County, Oregon Full Faith and Credit Obligations, Series 2026

NOTICE IS HEREBY GIVEN that bids will be received on behalf of the City of West Linn (the “City”), located in Clackamas County, Oregon for the purchase of the above-captioned Full Faith and Credit Obligations, Series 2026 (the “Obligations”) on:

Bid Date:	Thursday, June 11, 2026
Bid Time:	8:30 a.m., Prevailing Pacific Time
Electronic Bids:	PARITY Bidding System (“Parity”)

Security

The Obligations evidence and represent undivided proportionate ownership interests in Financing Payments (the “Financing Payments”) that the City will be obligated to make under a Financing Agreement. The obligation of the City to make the Financing Payments is unconditional, and the City has agreed to pay the Financing Payments from any and all of its legally available funds. The City has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon to pay the Financing Payments. The Financing Agreement is not secured by a lien on any revenues or other property of the City. See “Security for the Obligations” in the Preliminary Official Statement.

THE FINANCING AGREEMENT IS NOT A GENERAL OBLIGATION OF THE CITY, CLACKAMAS COUNTY OR A DEBT OR OTHER OBLIGATION OF THE STATE OF OREGON OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE City.

Ratings

The City has received a rating on the Obligations of “AA+” from S&P Global Ratings, and will pay the cost thereof. See “Rating” in the Preliminary Official Statement.

Interest Payments and Maturity

Interest on the Obligations is payable semiannually on June 1 and December 1 of each year until maturity, commencing December 1, 2026. The Obligations will be dated with their date of delivery, will be issued in the aggregate principal amount of \$43,830,000⁽¹⁾, and will mature on June 1 of the following dates in the following amounts, subject to adjustment as provided below:

Due		Due		Due	
June 1	Amount ⁽¹⁾	June 1	Amount ⁽¹⁾	June 1	Amount ⁽¹⁾
2027	\$ 885,000	2036	\$ 1,465,000	2045	\$ 2,190,000
2028	995,000	2037	1,540,000	2046	2,280,000
2029	1,045,000	2038	1,620,000	2047	2,370,000
2030	1,095,000	2039	1,700,000	2048	2,475,000
2031	1,150,000	2040	1,785,000	2049	2,580,000
2032	1,205,000	2041	1,875,000	2050	2,690,000
2033	1,270,000	2042	1,950,000	2051	2,810,000
2034	1,330,000	2043	2,025,000		
2035	1,395,000	2044	2,105,000		

(1) Preliminary, subject to change.

Adjustment of Par Amount and Maturities

The Obligations will be awarded based on the maturity schedule above. However, the City reserves the right to increase or decrease the total principal amount of the Obligations by an amount not to exceed ten percent (10%) of the total following the opening of the bids. Within the limitations of the last sentence, the City also reserves the right to increase or decrease the par amount of any maturity by fifteen percent (15%) of the par amount of that maturity in order to properly size the issue and adjust debt service. Notice of any adjustment will be given to the winning bidder after bid opening. The underwriter's spread will be preserved at the same percentage as bid.

Optional Redemption

The Obligations maturing in years 2027 through 2036, inclusive, are not subject to optional redemption prior to maturity. The Obligations maturing on June 1, 2037 and on any date thereafter are subject to redemption at the option of the City prior to their stated maturity dates at any time on or after June 1, 2036, as a whole or in part, and if in part, with maturities to be selected by the City at a price of par, plus accrued interest, if any, to the date of redemption. See "Description of the Obligations-Redemption Provisions" in the Preliminary Official Statement for a summary of such terms.

Term Obligations

Bidders may designate two or more consecutive maturities of the Obligations, with identical interest rates, as Term Obligations. Each Term Obligations will mature on the final maturity date of its consecutive maturities, in an aggregate principal amount equal to the sum of the principal amounts of its consecutive maturities. Term Obligations will be subject to mandatory redemption at par and in accordance with operational procedures then in effect for The Depository Trust Company ("DTC"), New York, New York, in the amounts and on the dates which would have been consecutive maturities. See "Description of the Obligations - redemption Provisions" in the Preliminary Official Statement for a summary of such terms. If no Term Obligations are designated in the winning bid, the Obligations will mature serially as provided in this Official Notice of Sale.

Book-Entry Only

The Obligations will be issued in registered, book-entry only form through DTC. Obligations will be available in denominations of \$5,000, or integral multiples. Unless the book-entry-only system is discontinued, Obligation principal and interest payments will be made by the City to DTC through the City's Paying Agent. DTC will be responsible for making payments to beneficial owners of Obligations.

Authorization and Purpose

The Obligations are being issued pursuant to Resolution No. 2025-18 (the "Resolution") adopted by the City's City Council (the "Board") on December 9, 2025 that authorized the City to enter into the Financing Agreement and the Escrow Agreement for the execution and delivery of the Obligations. Such execution and delivery of the Obligations does not require a vote of the people. The Obligations are being issued to finance costs related to the development, construction and equipping of a centralized Operations Center and related improvements and to pay the costs of issuance of the Obligations.

Bidding Constraints

All bids will be subject to the terms and conditions of this Official Notice of Sale. All bids for the Obligations must comply with the following conditions: (1) the interest rate must be a multiple of 1/8 or 1/20th of one percent; (2) the Obligations must bear interest from their date to their stated maturity date at the interest rate specified in the bid; (3) all Obligations maturing on the same date must bear the same rate of interest; (4) bids must be for an amount of not less than one hundred percent (100.00%) and not more than one hundred and fifteen percent (115.00%) of the principal amount of the Obligations; (5) no bid will be considered that does not offer to purchase all of the Obligations; and 6) each individual maturity of the Obligations must be reoffered at a yield that will produce a price of not less than ninety-four percent (94.00%) of the principal amount for that maturity.

Bids

Bids must be submitted via **PARITY**. Bids must be received by the **PARITY** system not later than the date and time indicated in the first paragraph of this Official Notice of Sale. To the extent any instructions or directions set forth in **PARITY** conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. Bidders electing to submit bids through **PARITY** must obtain access to the **PARITY** system and bear all risks associated with using that system, including errors and delays in receipt of bids.

For further information about submitting a bid using **PARITY**, potential bidders may contact **PARITY** at Telephone: (212) 849-5021.

Selection of Best Bid and Award of Sale

Unless all bids are rejected, the Obligations will be sold to the responsible bidder submitting the bid which results in the lowest true interest cost based on the submitted bid to the City. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service on the Obligations to June 25, 2026 (the estimated closing date of the Obligations), and the price bid for the Obligations. Each bidder is requested to supply the total interest cost and the true interest cost that the City will pay on the Obligations if the bid is accepted.

Good Faith Deposit

The winning bidder will be required to provide a good faith deposit in the amount of \$450,000 in immediately available funds wired to the City not later than 2:00 p.m. (Prevailing Pacific Time) on June 11, 2026. The City or the City's Municipal Advisor will provide the wire information immediately upon the award of bids. If the good faith deposit is not provided in the manner and by the time indicated in this Notice, the City may award the sale to the next most favorable bidder or may cancel the sale.

The good faith deposit will be held by the City to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid, and will be forfeited to the City as liquidated damages if the bidder to whom the Obligations are awarded withdraws its bid or fails to complete its purchase of the Obligations in accordance with this Official Notice of Sale and its bid.

Interest earnings on the good faith deposit will be the property of the City, and will not be credited against the purchase price of the Obligations. The successful bidder shall pay the balance of the purchase price of the Obligations at closing, in funds immediately available to the City on the date and at the time of closing.

Right of Rejection

The City reserves the right to reject any or all bids for any reason, and to waive any irregularities.

Right to Cancel, Change Timing and Terms of Sale

The City reserves the right to change the date, timing or terms under which the Obligations are offered for sale, or to cancel the sale based on market conditions, as communicated through TM3, the Bond Buyer Wire, or the Bloomberg News Network.

Establishment of Issue Price

By submitting a bid, the winning bidder agrees to assist the City in establishing the issue price of the Obligations and to execute and deliver to the City at closing an "issue price" or similar certificate (the "Issue Price Certificate") setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Obligations, together with the supporting pricing wires or equivalent communications. By submitting a bid, the apparent successful bidder agrees to observe the "hold-the-offering-price" rule (defined below) if the Competitive Sale Safe Harbor (defined below) does not apply on the sale date. Bids will not be accepted if they are subject to cancellation in the event that the Competitive Sale Safe Harbor does not apply.

The City has attached, as Exhibit A to this Official Notice of Sale, the form of Issue Price Certificate, reflecting either the form that would be used if the safe harbor described in Treasury Regulations Section 1.148-1(f)(3)(i) (the "Competitive Sale Safe Harbor") is applicable on the sale date or the form that would be used if the

Competitive Sale Safe Harbor is inapplicable, in which case the City will require that the winning bidder observe the “hold-the-offering-price” rule. The winning bidder agrees to execute the appropriate Issue Price Certificate, substantially in the form attached hereto with only such modifications as may be acceptable to the City, and Special Counsel.

All communications with the City pursuant to this Official Notice of Sale relating to establishing the issue price of the Obligations may be directed to the City’s Financial Advisor (identified under “Contact Information”). Any notice, report, pricing wire or equivalent communication that is to be provided to the City to establish the issue price is to be provided to the City’s Financial Advisor (identified under “Additional Information”).

Competitive Sale Safe Harbor. The City intends for the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Obligations) to apply to the initial sale of the Obligations (the “competitive sale requirements”), which require that: (i) the City disseminates this Official Notice of Sale to potential underwriters in a manner reasonably designed to reach potential underwriters; (ii) all bidders have an equal opportunity to bid; (iii) the City receives bids from at least three underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal obligations; and (iv) the City awards the sale of the Obligations to the bidder who submits a firm offer to purchase the Obligations at the highest price (or lowest overall TIC), as set forth in this Official Notice of Sale.

By submitting a bid for the Obligations, each bidder certifies that it has an established industry reputation for underwriting new issuances of municipal obligations.

Each bid submitted pursuant to this Official Notice of Obligation Sale will be considered a firm offer for the purchase of the Obligations, as specified in the bid. The Competitive Sale Safe Harbor will be considered inapplicable if the City and its Special Counsel determine that the requirements of Treasury Regulations Section 1.148-1(f)(3)(i), including the requirement to receive at least three bids from underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal obligations, have not been met.

Hold-the-Offering-Price Rule Applies if Competitive Sale Safe Harbor Not Met. If the competitive sale requirements are not satisfied, the City will so advise the winning bidder. In such case, the successful bidder shall notify the City, as soon as practicable following the verbal award, which maturities of the Obligations (the “Undersold Maturities”) it did not sell 10% of at a single price to the public as of the date and time of the award of the Obligations. In such case, the Undersold Maturities shall be subject to the “hold-the-offering price rule” requirements described in the following paragraph, and the City shall treat the initial offering price of to the public as of the sale date of any Undersold Maturity as the issue price of that Undersold Maturity (the “hold-the-offering-price rule”), applied on a maturity by maturity basis.

Bids will **not** be accepted if they are subject to cancellation upon a determination by the City to apply the hold-the-offering-price rule to any maturity of the Obligations. **Bidders should prepare their bids on the assumption that some or all of the maturities of the Obligations will be subject to the hold-the-offering-price rule in order to establish the issue price of the Obligations.**

By submitting a bid, each bidder agrees that, in the event that it is the winning bidder and the City determines to apply the hold-the-offering-price rule, it will: (i) confirm that the underwriters have offered or will offer the Obligations to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder; (ii) agree, on behalf of the underwriters participating in the purchase of the Obligations, that the underwriters will neither offer nor sell unsold Obligations of any maturity to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of (a) the close of the fifth business day after the sale date (the “End of the Holding Period”), or (b) the date on which the underwriters have sold at least 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public; and (iii) promptly advise the City when the underwriters have sold 10% of each maturity of the Obligations that is subject to the hold-the-offering-price rule to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the End of the Holding Period.

Reliance on Agreements with Participating Underwriters, Dealers, and Broker-Dealers. In making the representations set forth above, the winning bidder agrees to obtain and, if obtained, may rely, in part, on: (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires; (ii) if a selling group has been created in connection with the initial sale of the Obligations to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires; and (iii) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Obligations to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires; provided, however, that the representation set forth above relating to the Hold-the-Offering Price may not solely be based on such agreements but must be based upon actual knowledge of the successful bidder and/or representations of members of a selling group or parties acting pursuant to a retail distribution agreement as to actual compliance with the Hold-the-Offering Price requirements.

If appropriate agreements have been obtained, the City acknowledges that each underwriter will be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter will be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Obligations.

In addition, by submitting a bid, each bidder confirms that any agreement among underwriters, any selling group agreement, and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (i) report the prices at which it sells to the public the unsold Obligations of each maturity allotted to it until either it is notified by the winning bidder that the 10% test has been satisfied as to the Obligations of that maturity or the End of the Holding Period, whichever occurs first, and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires.

Further, by submitting a bid, each bidder confirms that (i) any agreement among underwriters relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Obligations to the public to require each broker-dealer that is a party to such retail distribution agreement to: (a) report the prices at which it sells to the public the unsold Obligations of each maturity allotted to it until either it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Obligations of that maturity or the end of the Holding Period, whichever occurs first; and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires, and (ii) the successful bidder will certify as to compliance with the hold-the-offering-price rule in its certificate as to issue price, in substantially the applicable form attached to this Notice of Sale, which certification may include or rely upon separate certifications obtained by the successful bidder from any other underwriters as to compliance with the hold-the-offering-price rule, any such additional certifications to be in form and substance satisfactory to Special Counsel.

Other Terms. Sales of any Obligations to any person that is a related party to an underwriter will not constitute sales to the public for purposes of the representations of the bidder pursuant to this Official Notice of Sale, including any representations to be made in an Issue Price Certificate. Further, for purposes of this Official Notice of Sale and the Issue Price Certificate:

- (i) “public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party to an underwriter;
- (ii) “underwriter” means (a) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) to participate in the initial sale of the Obligations to the

public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the public);

(iii) a purchaser of any of the Obligations is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (a) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (c) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(i) “sale date” means the date that the Obligations are awarded by the City to the winning bidder.

Questions regarding the form of expected Issue Price Certificate should be directed to the City’s Financial Advisor or its Special Counsel. See “Contact Information.”

Legal Opinion

The approving opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel, of Portland, Oregon, substantially in the form attached to the Preliminary Official Statement as Appendix A, will be delivered to the City at closing. A reliance letter will be provided at no cost to the purchaser.

Tax-Exempt Status

In the opinion of Special 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, the portion of each Financing Payment designated as and constituting interest paid by the City under the Financing Agreement and received by registered owners of the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of Oregon personal income taxes. In the further opinion of Special Counsel, such interest is not a specific preference item for purposes of the federal individual alternative minimum tax. Special Counsel observes that the interest portion of each Financing Payment included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Obligations, or the amount, accrual or receipt of the portion of each Financing Payment constituting interest.

Not Bank Qualified

The City has not designated the Financing Agreement as “qualified tax-exempt obligation” under Section 265(b)(3) of the Code.

Delivery

It is expected that delivery of the Obligations will be made to the Paying Agent under DTC’s Fast Automated Securities Transfer (FAST) program, without cost to the bidder. Delivery of the Obligations will be made on or about June 25, 2026.

CUSIP

The Municipal Advisor will apply for CUSIP numbers prior to the sale date. The charge of the CUSIP Service Bureau will be paid by the City.

CUSIP identification numbers will appear on the Obligations, but neither the failure to insert such numbers on the Obligations nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Obligations in accordance with the terms of this Official Notice of Sale.

Continuing Disclosure

The City will undertake to provide continuing disclosure for the benefit of the Obligation Owners in compliance with SEC Rule 15c2-12. The form of the undertaking is attached as Appendix D to the Preliminary Official Statement.

Compliance with SEC Rules

The City agrees to provide the successful bidder with one copy of the Final Official Statement in Adobe Portable Document Format (PDF), not later than the seventh business day following the date on which bids are due, to enable the successful bidder to satisfy its responsibilities under the SEC rules, at the expense of the City. The City will also provide paper copies of the Final Official Statement at the request and expense of the bidder. Bidders should expect that the Final Official Statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This provision will constitute a contract with the successful bidder upon acceptance of its bid by the City, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations.

Bidder's Option Insurance

Bids for the Obligations may not be conditioned upon obtaining insurance or any other credit enhancement. The City does not intend to qualify the Obligations for municipal bond insurance. If the successful bidder wishes to obtain municipal bond insurance for any of the Obligations, the City will cooperate with the bidder and the insurer to allow the insurance to be issued, but only if doing so does not increase the City's risks or expense. All costs related to municipal bond insurance for the Obligations must be paid by the successful bidder, and no difficulty with, or failure to obtain, any municipal bond insurance will excuse the successful bidder from its obligation to purchase the Obligations pursuant to its bid.

Closing Certificates

At the time of payment for the delivery of the Obligations, the City will furnish the successful bidder a certificate confirming that there is no material litigation pending that is not disclosed in the Official Statement, and that the portions of the Official Statement describing the City do not contain any material misstatements or omissions.

Municipal Advisor

Requests for additional information about this sale should also be directed to Lauren MacMillan, Piper Sandler & Co. (the "Municipal Advisor") at (503) 275-8302.

Preliminary Official Statement and Additional Information

The Preliminary Official Statement for the Obligations (with this Official Notice of Sale) is available in electronic form from i-Deal Prospectus. For information on electronic delivery, please call the i-Deal Prospectus at (212) 849-5024 or contact the Municipal Advisor.

- End of Official Notice of Sale -

FORM OF ISSUE PRICE CERTIFICATE FOR THE OBLIGATIONS

\$ _____
City of West Linn, Clackamas County, Oregon
Full Faith and Credit Obligations, Series 2026

_____ (the "Underwriter"), of the \$ _____ aggregate principal amount of City of West Linn, Oregon Full Faith and Credit Obligations, Series 2026 (the "Obligations"), certifies the following facts for purpose of determining the issue price of the Obligations:

THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

[AT LEAST 3 BIDS RECEIVED]

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by the Underwriter are the prices listed on Schedule 1 (the "Initial Offering Prices"). The Initial Offering Prices are the prices for the Maturities of the Obligations used by the Underwriter in formulating its bid to purchase the Obligations. Attached as Schedule 2 is a true and correct copy of the bid provided by the Underwriter to purchase the Obligations.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm offer to purchase the Obligations.

[LESS THAN 3 BIDS RECEIVED, HOLD-THE-OFFERING-PRICE APPLIES]

1. As of [_____] (the "Sale Date"), all of the Obligations were the subject of an offering to the Public at the initial offering prices or yields of the Obligations to the Public by the Underwriter are the prices or yields listed on Schedule 1 (the "Initial Offering Prices").

2. As of the date hereof, other than the Obligations listed on Schedule 1 hereto as undersold maturities (the "Undersold Maturities"), the first price or yield at which at least 10% of each Maturity of the Obligations was sold to the Public was the respective [Initial Offering Price **OR IF ACTUAL SALES AT OTHER THAN IOP** price set forth on Schedule 1 hereto]. Attached hereto as Schedule [2] is a copy of the final pricing wire for each Undersold Maturity or an equivalent communication. With respect to the Undersold Maturities, as set forth in the Official Notice of Sale and bid award, the Underwriter has agreed in writing that, for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of the respective Maturity was sold at one or more prices no higher than or yields no lower than the Initial Offering Price or (b) the close of the fifth business day following the Sale Date (the "Holding Period"), (i) for each Maturity of the Obligations, it would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "Hold-the-Offering-Price Rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Obligations at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.

2. Defined Terms.

(a) *Issuer* means the City of West Linn, Oregon.

(b) *Maturity* means principal payment dates with the same credit and payment terms. Obligations with different payment dates, or Obligations with the same payment date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(d) *Related Party* means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is _____, 2026.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Obligations, and by Orrick, Herrington & Sutcliffe LLP, Special Counsel, in connection with rendering its opinion that the interest evidenced by the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

Dated: _____, 2026.

[NAME OF UNDERWRITER]

By: _____

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OFFICIAL STATEMENT
City of West Linn
Clackamas County, Oregon

\$43,830,000⁽¹⁾

Full Faith and Credit Obligations, Series 2026

The City of West Linn (the “City”), located in Clackamas County, Oregon, a political subdivision duly organized and existing under and by virtue of the laws of the State of Oregon (the “State”) furnishes this Official Statement in connection with the offering of \$43,830,000⁽¹⁾ aggregate principal amount of Full Faith and Credit Obligations, Series 2026 (the “Obligations”), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, Notice of Sale, bid form and appendices, provides information concerning the City and the Obligations.

Certain statements contained in this Official Statement do not reflect historical facts but are forecasts and “forward-looking statements.” 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. In this respect, words such as “estimated,” “projected,” “anticipate,” “expect,” “intend,” “plan,” “believe” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. All projections, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

Capitalized terms used and not defined herein shall have the meanings assigned to such terms in “Appendix E—Form of Financing Agreement and Form of Escrow Agreement,” which is attached hereto and incorporated by reference herein.

Description of the Obligations

The Obligations evidence and represent undivided proportionate interests of the Beneficial Owners thereof in payments (the “Financing Payments”) to be made by the City pursuant to the Financing Agreement dated as of the Date of Delivery (the “Financing Agreement”), between the City and U.S. Bank Trust Company, National Association, as paying agent, registrar and escrow agent (the “Escrow Agent” and “Paying Agent”). The Obligations are executed and delivered pursuant to an escrow agreement (the “Escrow Agreement”) dated as of the Date of Delivery, between the City and the Escrow Agent.

Authorization for Issuance

The City is authorized pursuant to the Constitution and laws of the State, namely, Oregon Revised Statutes (“ORS”) Section 271.390, to enter into financing agreements, lease-purchase agreements or other contracts of purchase to finance or refinance real or personal property and to authorize certificates of participation in the payment obligations of the City under such financing agreements, lease-purchase agreements or other contracts of purchase.

The Obligations are being issued pursuant to Resolution No. 2025-18 (the “Resolution”) adopted by the City’s City Council (the “Council”) on December 9, 2025 that authorized the City to enter into the Financing Agreement, Escrow Agreement and a purchase agreement for the execution and delivery of the Obligations. Such execution and delivery of the Obligations does not require a vote of the people.

(1) Preliminary, subject to change.

Pursuant to the Resolution, the City has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon ("Article XI, Sections 11 and 11b") to make the Financing Payments.

Financing Amount, Date, Interest Rates and Maturities

The sum of the principal components of the Financing Payments evidenced and represented by the Obligations 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 principal components of the Financing Payments will mature on the dates and in the amounts set forth on the inside cover of this Official Statement. The interest components of the Financing Payments ("Interest") are payable semiannually on June 1 and December 1 of each year, commencing December 1, 2026, until the maturity or earlier redemption of the Obligations and will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Disbursement Features

Financing Payments. The Financing Payments will be payable by the Escrow Agent to the Depository Trust Company ("DTC"), which, in turn, is obligated to remit such principal and interest components to its participants ("DTC Participants") for subsequent disbursement to the persons in whose names such Obligations are registered (the "Beneficial Owners") as further described in Appendix C attached hereto.

Book-Entry System. The Obligations will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as owner and as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Obligations. Individual purchases and sales of the Obligations may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Obligations. See "Appendix C – Book Entry Only System" for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. If DTC ceases to act as depository for the Obligations, the City will request the Escrow Agent to, and the Escrow Agent and the City shall, amend the Escrow Agreement to provide for an alternative system of registration and payment for the Obligations that is of general acceptance in the municipal bond markets. If no better system is then available, the Escrow Agent and the City shall amend the Escrow Agreement to provide that printed, registered Obligations shall be issued to Beneficial Owners of the Obligations and providing the payment, transfer and exchange process, and shall give notice of those amendments to all Owner.

Redemption Provisions

Optional Redemption. The Obligations maturing in years 2027 through 2036, inclusive, are not subject to optional redemption prior to maturity. The City reserves the right to redeem all or any portion of the Obligations maturing on or after June 1, 2037 at the option of the City on June 1, 2036 and on any date thereafter in whole or in part, in any order of maturity with maturities selected by the City, at a price of par, plus accrued interest to the date of redemption. [A Term Obligation subject to optional redemption and redeemed in part will have the principal amount redeemed within the respective mandatory redemption dates selected by the City.]

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

[*Mandatory Redemption.* If not previously redeemed under the provisions for optional redemption, the Term Obligations maturing on June 1 in the years ____ and ____ are subject to mandatory redemption (in such manner as the Paying Agent and DTC will determine or by lot by the Paying Agent) on June 1 of the following years in the following principal amounts, at a price of par plus accrued interest to the date of redemption.]

[TO BE PROVIDED IN FINAL OFFICIAL STATEMENT]

Notice of Redemption (Book-Entry). So long as the Obligations are in book-entry only form and unless DTC consents to a shorter period, the Paying Agent shall notify DTC of any redemption not less than 20 days and not more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by a letter of representation submitted to DTC. Unless waived by the Paying Agent, the City shall give written notice of the intended redemption of the Financing Agreement to the Paying Agent not later than five business days before the date notice of redemption of the Obligations is required to be made. The City reserves the right to rescind any redemption notice.

Notice of Redemption (No Book-Entry). During any period in which the Obligations are not in book-entry only form, unless waived by any Owner of the Obligations to be redeemed, official notice of any redemption of Obligations shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice in a form generally accepted in the municipal markets by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption, to the Owners of the Obligations to be redeemed at the address shown on the Obligation Register or at such other address as is furnished in writing by such Owner to the Paying Agent. Unless waived by the Paying Agent, the City shall give written notice of the intended redemption of the Financing Agreement to the Paying Agent not later than five business days before the date notice of redemption of the Obligations is required to be made. The City reserves the right to rescind any redemption notice.

Conditional Notice. Any notice of optional redemption to the Paying Agent or to the Owners may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such Obligations 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 Paying Agent to affected Owners of Obligations as promptly as practicable.

Defeasance

The City may defease its Obligations under the Financing Agreement by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the principal and interest components of the Financing Agreement to be defeased, cash or direct obligations of the United States of America, including obligations of any federal agencies to the extent they are unconditionally guaranteed by the United States of America, in an amount which, in the opinion of a nationally recognized expert in the field of mathematical calculations relating to tax-exempt obligations, is sufficient without reinvestment to pay all principal components and interest components of the defeased Financing Agreement until the principal payment date or any earlier prepayment date. The obligations of the City under the Financing Agreement that have been defeased pursuant to this Section shall be deemed paid and no longer outstanding, and shall cease to be entitled to any lien, benefit or security under this Resolution, the Financing Agreement or the Escrow Agreement except the right to receive payment from such special escrow account.

Events of Default

The occurrence of one or more of the following shall constitute an Event of Default under the Agreements:

- a. Failure by the City to pay the Financing Payments, when due;
- b. Failure by the City to comply with any other covenant, condition or agreement of the City under the Agreements for a period of sixty (60) days after written notice from the Escrow Agent absent an extension of time by the Escrow Agent; or
- c. The commencement by the City of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the City for the benefit of its creditors, or the entry by the City for the benefit of its creditors, or the entry by the

City into an agreement of composition with creditors or the taking of any action by the City in furtherance of any of the foregoing.

Remedies

Upon the occurrence and continuance of any Event of Default, the Escrow Agent may proceed, and upon written request the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding shall proceed to take whatever action may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by the Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Escrow Agreement or in aid of the exercise of any power granted in the Escrow Agent or for the enforcement of any other legal or equitable right vested in the Escrow Agent by the Escrow Agreement or by law. **Provided, however, that upon an Event of Default the Escrow Agent will not have the right to declare the unpaid principal components of the Financing Payments immediately due and payable.**

Purpose and Use of Proceeds

Purpose

The proceeds from the sale of the Obligations will be used to finance costs related to the development, construction and equipping of a centralized Operations Center and related improvements. The facility will serve as a centralized operations hub for all City utilities and parks and facilities maintenance services. It will also include accommodations for City fueling and materials storage needs, support spaces for staff during extended emergency events, and areas for City-wide staff events and training sessions. In addition to the construction of the described buildings and materials storage, construction includes extensive site development including new road connecting to Salamo Road.

Sources and Uses of Funds

The proceeds of the Obligations are estimated to be applied as follows:

Estimated Sources and Uses of Funds

Sources of Funds ⁽¹⁾	
Par Amount of Obligations	\$ 43,830,000 ⁽²⁾
Original Issue Premium/(Discount)	
Total Sources of Funds	<u>\$</u>
Uses of Funds ⁽¹⁾	
Available for the Project	\$
Underwriting, Credit Enhancement (if any) and Issuance Costs	
Total Uses of Funds	<u>\$</u>

(1) Amounts will be provided in the final Official Statement.

(2) Preliminary, subject to change.

Security for the Obligations

General

The Obligations evidence and represent undivided proportionate ownership interests in the installment payments of principal and interest due (the "Financing Payments") from the City under the Financing Agreement. Under the Financing Agreement, the Financing Payments are secured by and payable from the City's general non-restricted revenues and other funds that may be available for that purpose. The obligation to pay the Financing Payments is a full faith and credit obligation of the City.

In the Resolution, the City has covenanted that the Financing Payments are payable from all legally available funds of the City. Pursuant to ORS 287A.315, the City has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon to make the Financing Payments. The obligation of the City to make the Financing Payments is a full faith and credit obligation of the City and is not subject to appropriation.

The City has covenanted to budget and appropriate in each Fiscal Year, in accordance with the law, sums sufficient to pay when due the Financing Payments and other amounts due under the Financing Agreement.

The Financing Agreement is not a general obligation of the City, Clackamas County, the State of Oregon or any other political subdivision. The Obligations are secured solely by the Financing Payments and any sums realized in connection with the remedies available upon the occurrence of an Event of Default all as provided in the Financing Agreement.

THE OBLIGATION OF THE CITY TO MAKE THE FINANCING PAYMENTS AND ADDITIONAL CHARGES IS ABSOLUTE AND UNCONDITIONAL, AND SHALL NOT BE SUBJECT TO ANNUAL APPROPRIATION. THE REGISTERED OWNERS OF THE OBLIGATIONS DO NOT HAVE A LIEN OR SECURITY INTEREST IN THE PROJECT FINANCED WITH THE PROCEEDS OF THE OBLIGATIONS OR ANY SPECIFIC PROPERTIES OR REVENUES OF THE CITY.

The City's obligation to make Financing Payments and Additional Charges is not subject to any of the following:

- (1) any setoff, counterclaim, recoupment, defense or other right which the City may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;
- (2) any insolvency, bankruptcy, reorganization or similar proceedings by the City;
- (3) abatement through damage, destruction or nonavailability of the Project; or
- (4) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

The City's obligation to make Financing Payments is binding for the term of the Financing Agreement.

Each Obligation owner is entitled proportionately to the principal component of Financing Payments due on the payment date, which is the same as the maturity date of the Obligations. In addition, each Obligation owner is entitled proportionately to receipt of an amount of the interest component of Financing Payments on each payment date attributable to the interest accruing on the principal component attributable to such Obligations at the interest rate set forth for said principal component.

Sources of Payment

The City expects to use revenues from the five departments housed in the new operations center (Streets, Sewer, Stormwater, Water and Parks) to make the Financing Payments when due. The Streets Fund is expected to be responsible for 30 percent of the annual Financing Payments while the other departments are each responsible for 17.5 percent.

Beginning in Fiscal Year 2026, the Parks Fund is now a component of the General Fund, however, the other revenues are accounted outside the General Fund. The City charges a Parks maintenance fee on utility bills and the City Council approved increasing the fee beginning March 1, 2026, to help cover the Parks component of the Financing Payments.

Such amounts are not pledged as security for the Obligations and there is no guaranty that any such revenues will be available.

Bonded Indebtedness

Debt Limitation

Full Faith and Credit Obligations/Limited Tax Obligations. School districts, education service districts, community colleges and local governments may pledge their full faith and credit for “limited tax bonded indebtedness” or “full faith and credit obligations”. The Oregon Constitution and statutes do not limit the amount of limited tax bonded indebtedness that a city may issue. Full faith and credit obligations can take the form of certificates of participation, notes or capital leases. 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. **The Obligations are limited tax obligations.**

General Obligation Bonds. ORS 287A.050 establishes a limit on bonded indebtedness for cities. Cities may issue an aggregate principal amount up to three percent of the Real Market Value of all taxable properties within the city if the city’s voters approve the general obligation bonds. A lower limit may be applied by an individual city’s charter. The statutory 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 of 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. General obligation bonds are secured by the power to levy an additional tax outside the limitations of Article XI, Sections 11 and 11b. **The Obligations are not general obligation bonds.**

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. **The Obligations are not pension bonds and the City has no Pension Bonds outstanding at this time.**

Special Fund Obligations. Several Oregon statutes authorizes cities to issue special fund obligations that are secured only by specified sources of revenue, such as water revenue bonds secured only by the net revenues of the water system. **The Obligations are not special fund obligations.**

Outstanding Long-Term Debt

Issue Description	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding ⁽¹⁾
<i>General Obligation Bonds</i> ⁽²⁾ :				
Series 2012	01/25/12	12/01/31	\$ 8,500,000	\$ 3,700,000
Series 2018	08/30/18	06/01/38	20,000,000	17,360,000
Total General Obligation Bonds				<u>21,060,000</u>
<i>Full Faith and Credit Obligations:</i>				
Series 2015 ⁽³⁾	12/16/15	06/01/35	5,265,000	1,895,000
Series 2023 ⁽⁴⁾	02/22/23	06/01/43	11,470,000	10,475,000
Series 2026 ⁽⁵⁾	06/25/26	06/01/51	43,830,000	43,830,000
Total Full Faith and Credit Obligations				<u>56,200,000</u>
Total Long-Term Debt				<u><u>\$ 77,260,000</u></u>

(1) As of Date of Delivery.

(2) Also secured by the full faith and credit of the City.

(3) Proceeds were used to finance a portion of the capital costs associated with improvements to the Bolton Reservoir, refund the outstanding Water Revenue Bonds, Series 2000, advance refund all of the outstanding Full Faith and Credit Obligations, Series 2009B. Debt service is paid from the City's Water Fund, Streets Fund, and General Fund.

(4) Proceeds were used to finance the capital costs associated with water line replacements required by Oregon Department of Transportation highway construction and other water system capital projects. Debt service is paid from the Water Fund.

(5) This issue. Preliminary, subject to change.

Source: City of West Linn Audited Financial Reports for the Fiscal Year Ended June 30, 2025.

**Full Faith and Credit Obligations
Projected Debt Service Requirements**

Fiscal Year	Outstanding Obligations		The Obligations ⁽¹⁾		Total Debt Service ⁽¹⁾
	Principal	Interest	Principal	Interest	
2026	\$ 755,000	\$ 551,925			\$ 1,306,925
2027	785,000	517,775	\$ 885,000	\$ 1,851,045	4,038,820
2028	810,000	487,775	995,000	1,939,013	4,231,788
2029	845,000	456,650	1,045,000	1,889,263	4,235,913
2030	600,000	422,200	1,095,000	1,837,013	3,954,213
2031	625,000	394,600	1,150,000	1,782,263	3,951,863
2032	655,000	365,750	1,205,000	1,724,763	3,950,513
2033	685,000	335,500	1,270,000	1,664,513	3,955,013
2034	710,000	303,850	1,330,000	1,601,013	3,944,863
2035	745,000	270,950	1,395,000	1,534,513	3,945,463
2036	640,000	236,400	1,465,000	1,464,763	3,806,163
2037	670,000	210,800	1,540,000	1,391,513	3,812,313
2038	695,000	184,000	1,620,000	1,314,513	3,813,513
2039	720,000	156,200	1,700,000	1,233,513	3,809,713
2040	750,000	127,400	1,785,000	1,148,513	3,810,913
2041	780,000	97,400	1,875,000	1,059,263	3,811,663
2042	810,000	66,200	1,950,000	984,263	3,810,463
2043	845,000	33,800	2,025,000	906,263	3,810,063
2044	-	-	2,105,000	825,263	2,930,263
2045	-	-	2,190,000	741,063	2,931,063
2046	-	-	2,280,000	653,463	2,933,463
2047	-	-	2,370,000	559,413	2,929,413
2048	-	-	2,475,000	458,688	2,933,688
2049	-	-	2,580,000	353,500	2,933,500
2050	-	-	2,690,000	240,625	2,930,625
2051	-	-	2,810,000	122,938	2,932,938
	<u>\$ 13,125,000</u>	<u>\$ 5,219,175</u>	<u>\$ 43,830,000</u>	<u>\$ 29,280,945</u>	<u>\$ 91,455,120</u>

(1) Principal and interest are provided for illustrative purposes only; amounts and structure are preliminary, subject to change.

Summary of Overlapping Debt
(As of April 21, 2026)

Overlapping Issuer Name	Percent Overlapping	Gross Direct Debt ⁽¹⁾	Net Direct Debt ⁽²⁾
Clackamas Cty SD 3J (W.Linn-Wilsonville)	43.97%	\$ 186,522,411	\$ 186,522,411
Clackamas Community College	9.09%	21,696,026	20,939,109
Clackamas Cty ESD	6.95%	1,747,508	1,747,508
Clackamas County	6.69%	5,929,514	5,929,514
Clackamas Soil & Water Conservation	6.69%	310,417	310,417
Tualatin Valley Fire & Rescue District	5.57%	2,512,255	2,342,263
Metro	1.83%	16,645,311	16,526,582
Port Of Portland	1.66%	400,884	0
Clackamas Cty SD 7J (Lake Oswego)	0.31%	1,144,729	1,144,729
Portland Community College	0.02%	109,875	105,279
		<u>\$ 237,018,930</u>	<u>\$ 235,567,812</u>

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt. Limited tax pension obligations are included.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

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

Debt Ratios

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

Debt Ratios

Total Real Market Value ⁽¹⁾ (Fiscal Year 2026)	\$ 8,906,737,038	
Estimated Population	27,601	
Per Capita Real Market Value	\$ 322,696	
Debt Information	Gross Direct Debt ⁽²⁾	Net Direct Debt ⁽³⁾
City Direct Debt ⁽⁴⁾	\$ 77,260,000	\$ 66,785,000
Overlapping Direct Debt	<u>237,018,930</u>	<u>235,567,812</u>
Total Direct Debt ⁽⁴⁾	<u>\$ 314,278,930</u>	<u>\$ 302,352,812</u>
Bonded Debt Ratios⁽⁴⁾		
City Direct Debt to Real Market Value	0.87%	0.75%
Total Direct Debt to Real Market Value	3.53%	3.39%
Per Capita City Direct Debt	\$ 2,799	\$ 2,420
Per Capita Total Direct Debt	\$ 11,387	\$ 10,954

(1) Value represents the total Real Market Value of taxable properties, without the reduction available to specially assessed properties such as farm and forestland.

(2) Gross Direct Debt includes all debt with an unlimited (general obligation bonds) and limited (full faith and credit obligations) tax pledge. Limited tax pension obligations are included.

(3) Net Debt is Gross Direct Debt less any self-supporting obligations which are paid from other revenue sources. Does not include Full Faith and Credit Obligations, Series 2023 which are paid from water revenues. Include Full Faith and Credit Obligations, Series 2015 and the Obligations which are only partially paid from other revenues sources.

(4) Includes the Obligations. Preliminary, subject to change.

Sources: Clackamas County Department of Assessment and Taxation, Portland State University Population Research Center, Debt Management Division, The Office of the State Treasurer as of January 9, 2026 and City of West Linn Audited Financial Reports for the Fiscal Year Ended June 30, 2025.

Debt Payment Record

The City has promptly met principal and interest payments on outstanding borrowings in the past ten years when due.

Future Financings

Long-term Borrowings. The City has no authorized but unissued borrowings, nor does it anticipate issuing additional long-term borrowings within the next twelve months.

Short-term Borrowings. The City does not anticipate issuing short-term borrowings within the next twelve months.

The City

General Description

The City is located in Clackamas County (the “County”) in northwestern Oregon approximately 14 miles southeast of the City of Portland and approximately one mile north and across the Willamette River from the City of Oregon City, the Clackamas County seat. 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 City had an estimated 2025 population of 27,601.

Administration

The City was incorporated in 1913 and operates under the provision of its own charter (the “West Linn Charter”) and applicable State law with a Manager-Council form of government. The City is overseen by a five-member City Council. The City Council is composed of a Mayor and four elected Council members. City Council member positions are for a term of four years with overlapping terms to provide for the election of two new council members every two years. The Mayor is the presiding officer of the City Council. The City Council is responsible for establishing policy to meet the needs of the community, are members of the budget committee and participate in fiscal planning. The City Council also appoints the City Manager.

The City Council

Current members of the City Council are shown in the following table:

City Council

Name	Position	Occupation	Service Began	Term Expires
Rory Bialostosky	Mayor	Law School Student	June 20, 2023	Dec. 31, 2028
Mary Baumgardner	Council President	Retired Educator	June 1, 2021	Dec. 31, 2028
Kevin Bonnington	Councilor	Real Estate Broker	March 11, 2024	Dec. 31, 2026
Carol Bryck	Councilor	Retired CFO	August 28, 2023	Dec. 31, 2028
Leo Groner	Councilor	Educator	March 14, 2023	Dec. 31, 2026

Source: The City.

Key Administrative Officials

The day-to-day affairs of the City are managed by a professional administrative staff which includes the following principal officials:

John Williams, City Manager. John was appointed to the position of City Manager in 2022. He has worked for the City since 2017 as Community Development Director, Deputy City Manager and now City Manager. He has over 25 years of Oregon governmental experience, which includes positions at the Oregon Department of

Transportation, the City of Canby and at Metro. He holds a Bachelor of Science in Geological Science from Tufts University, a Master of Science in Geology from the University of North Carolina at Chapel Hill, and a Master of Public Administration from Lewis & Clark College.

Lauren Breithaupt, Finance Director. Lauren joined the City in November 2011. She comes from an auditing and private accounting background having worked for Talbot, Korvola and Warwick, LLP. She holds a Bachelor of Science degree from California Polytechnic State University, San Luis Obispo, with concentrations in Accounting and Agricultural Finance and Appraisal. She obtained her Certified Public Accountant (CPA) designation in 2010, was admitted to the Municipal Auditor Roster in 2012, and obtained her Certified Management Accountant (CMA) designation in 2015.

City Staff and Bargaining Units

As of January 20, 2026, the City had 112 full-time employees and 37 part-time employees. The majority of City employees who are eligible under State law to be represented by a labor organization are employed under provisions of negotiated contracts with the three labor organizations. The City enters into written bargaining agreements with each of the bargaining organizations. The agreements contain provisions on such matters as salaries, vacation, sick leave, medical and dental insurance, working conditions, and grievance procedures.

Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
Clackamas County Peace Officers Association (Officers)	17	June 30, 2028
Clackamas County Peace Officers Association (Sergeants)	7	June 30, 2028
American Federation of State, County and Municipal	66	June 30, 2027

Source: *The City.*

Revenue Sources

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

Local Revenue Sources - 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. Most local governments also have the authority to levy property taxes for debt service associated with general obligation bonds outside of the Operating Tax Rate Limit upon receiving voter approval.

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").

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

The City does not currently have a Local Option Levy. The City Council has discussed the option of placing a local option levy on the ballot in November 2026 or May 2027 but no formal action has been taken at this time.

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

Valuation of Property – Real Market Value. "Real Market Value" is the minimum amount in cash which could reasonably be 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 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." This differential affects the City's value (See "Taxable Property Values" table herein.) 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 an assessed 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. When property is newly constructed or reassessed because it 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 within the county. Counties are generally responsible for managing the assessment and taxation process, with some exceptions (see "Property Tax Collections" herein.)

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, often called "Measure 5") separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, "Education Taxes") and one to fund government operations other than the public school system ("General Government Taxes"). Education Taxes are limited to \$5 per \$1,000 and General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the "Measure 5 Limits"). 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. 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 2026, 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 costs approved by the electors of the issuer and bonds issued to refinance such bonds. **Property taxes imposed to pay the principal of and interest on the Obligations are subject to the limitations of Article XI, Sections 11 and 11b.**

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 each year. All tax levy revenues collected by a

county for all taxing districts within the county are required to be placed in an unsegregated pool, and each taxing district 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.

Taxpayers may choose to make payments in one lump sum by 15th of November of the same Fiscal Year, or in installments. 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.

The following tables represent historical tax information for the City.

Taxable Property Values

Fiscal Year	Total Real Market Value	% Change	M5 Real Market Value ⁽¹⁾	% Change	Total Assessed Valuation	Urban Renewal Excess ⁽²⁾	AV Used to Calculate Rates ⁽³⁾	% Change
2026	\$ 8,906,737,038	2.6%	\$ 8,160,179,469	2.6%	\$ 4,779,801,763	\$ 14,117,933	\$ 4,765,683,830	3.5%
2025	8,680,137,677	1.4%	7,952,998,702	2.7%	4,616,947,755	10,925,810	4,606,021,945	3.2%
2024	8,563,336,883	7.0%	7,743,395,376	4.6%	4,463,514,066	-	4,463,514,066	3.6%
2023	8,004,298,854	18.2%	7,400,274,823	18.1%	4,308,325,558	-	4,308,325,558	3.6%
2022	6,770,344,301	6.9%	6,266,755,606	7.0%	4,159,558,660	-	4,159,558,660	3.4%
2021	6,331,305,201	---	5,856,229,897	---	4,024,473,273	-	4,024,473,273	---

- (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) Includes City of West Linn urban renewal areas.
- (3) Assessed value of property in the City on which the Permanent Rate is applied to derive *ad valorem* property taxes, excluding urban renewal, exempt property within enterprise zones and any other offsets.

Note: General obligation bonds may be levied on the Total Assessed Value, the Assessed Value Used to Calculate Rates, or a combination of the two, depending on the type of urban renewal plan and the original approval date of the bond issue.

Source: Clackamas County Department of Assessment and Taxation.

Property Tax Exemption Programs. Oregon statutes authorize a wide variety of full and partial property tax exemptions, including exemptions for property owned or used by cities, counties, schools and other local governments, property of the federal government, property used by religious and charitable entities, property used for low-income housing, historical properties or transit-oriented property.

The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions for three to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by State statutes and the local sponsor.

The Low-Income Housing program allows land acquired and held by a nonprofit corporation for the purpose of building residences to be sold to certain individuals is exempt from property tax. This exemption only applies to the land on which the residences are to be built.

The Strategic Investments Program ("SIP") provides tax incentives for capital investments by "traded-sector" businesses, including manufacturing. SIP recipients receive a 15-year property tax exemption on new construction over \$25 million outside of urban areas, and over \$100 million in urban areas. The exemption value (\$25 million or \$100 million) then increases three percent per year. SIP recipients pay an annual Community Service Fee which is equal to 25 percent of the value of the tax break, which is allocated to local governments through local negotiations. The Community Service Fee is not considered a property tax and thus is outside of the Measure 5 Limit. There are no SIP Agreements within the City's boundaries.

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

ORS 307.250 allows a portion of the assessed value of a disabled veteran's or a veteran's surviving spouse's/partner's residential property to be exempt from property tax. The amount of the initial exemption is \$15,000 or \$18,000 of the assessed value of the property, dependent on meeting certain qualifications. Once the initial exemption is granted, the exemption amount increases by three percent each year.

GASB Statement No. 77 requires local governments to disclose information related to tax abatement programs and amounts abated. Tax abatements result from agreements entered into by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government's tax revenues. In Fiscal Year 2025, there was no loss in tax revenues due to tax abatement programs in the City.

Tax Rates and Collections. The following table presents the Fiscal Year 2026 tax rates for the City and other taxing jurisdictions within Clackamas County which overlap the City. The City's Operating Tax Rate Limit is \$2.12 per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. 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 2026 Representative Levy Rate
(Rates per \$1,000 of Assessed Value)**

General Government	Permanent Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate	Urban Renewal Portion of the Consolidated Rate⁽²⁾
City of West Linn	\$ 2.1200	\$ 0.3872	\$ 0.0000	\$ 2.5072	\$ 0.0062
Clackamas County (City)	2.4042	0.0901	0.0000	2.4943	0.0085
County Extension & 4H	0.0500	0.0000	0.0000	0.0500	0.0004
County Library	0.3974	0.0000	0.0000	0.3974	0.0038
County Public Safety	0.0000	0.0000	0.3680	0.3680	0.0000
County Soils Conservation District	0.0500	0.0000	0.0000	0.0500	0.0004
Tualatin Valley Fire & Rescue District	1.5252	0.1062	0.6900	2.3214	0.0045
Port of Portland	0.0701	0.0000	0.0000	0.0701	0.0006
Metro	0.0966	0.3829	0.0960	0.5755	0.0011
Vector Control	0.0065	0.0000	0.0250	0.0315	0.0000
Total General Government	6.7200	0.9664	1.1790	8.8654	0.0255
Education					
Clackamas Community College	0.5582	0.2313	0.0000	0.7895	0.0068
Clackamas ESD	0.3687	0.0000	0.0000	0.3687	0.0036
West Linn-Wilsonville School District	4.8684	2.8796	1.5000	9.2480	0.0145
Total Education	5.7953	3.1109	1.5000	10.4062	0.0249
Total Tax Rate	\$ 12.5153	\$ 4.0773	\$ 2.6790	\$ 19.2716	\$ 0.0504

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 "Local Revenue Sources - 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 overlapping jurisdictions' Permanent Rates.
- (2) A portion of a taxing district's consolidated rate is contributed to the Clackamas County Urban Renewal Agency, and the City of West Linn Urban Renewal Agency through division of tax.

Source: Clackamas County Department of Assessment and Taxation. Note that there are 4 tax codes in the County that overlap the District and Tax Code 003-002 has the highest property value of these tax codes. Total tax levies in the District range from \$18.7957 to \$19.2716 per \$1,000 of assessed property value.

**Clackamas County ⁽¹⁾
Tax Collection Record**

Fiscal Year	Percent Collected as of Levy Year⁽²⁾ 6/30/2025⁽³⁾
2025	98.09 %
2024	98.13 %
2023	98.53 %
2022	98.01 %
2021	98.48 %
2020	98.40 %

- (1) Percentage of total tax levy collection in Clackamas County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) 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 shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2025.

Source: Clackamas County Department of Assessment and Taxation.

Major Taxpayers
(As of Fiscal Year 2026)
City of West Linn

Taxpayer	Business/Service	Assessed Value ⁽¹⁾	Percent of Value	Tax ⁽²⁾
Portland General Electric ⁽³⁾	Electrical Utility	\$ 68,848,064	1.44%	\$ 1,195,738
Simpson Realty Group LP	Apartments	37,799,602	0.79%	728,459
West Linn Shopping Ctr. Assoc. LLC	Retail	28,357,979	0.59%	546,504
B10 Mountain A OR LLC	Retail	39,600,840	0.83%	763,172
Northwest Natural Gas Co.	Natural Gas Utility	22,817,193	0.48%	387,923
Blackhawk Nevada LLC	Contractor	20,500,025	0.43%	348,525
Willamette Marketplace LLC	Retail	19,159,269	0.40%	337,804
S & G Summerlinn LLC	Apartments	14,580,049	0.31%	280,981
Summerlin Evergreen Spe LLC	Apartments	13,187,344	0.28%	254,141
Comcast Corporation	Telecommunications	12,234,183	0.26%	228,586
Subtotal - City's ten largest taxpayers		277,084,548	5.80%	
All other City's taxpayers		4,502,717,215	94.20%	
Total District		<u>\$ 4,779,801,763</u>	<u>100.00%</u>	

Clackamas County

Taxpayer	Business/Service	Assessed Value ⁽¹⁾	Percent of Value	Tax ⁽²⁾
Portland General Electric ⁽³⁾	Electrical Utility	\$ 1,383,483,766	2.01%	\$ 20,008,268
Fred Meyer Stores Inc.	Retail	301,202,177	0.44%	5,559,012
General Growth Properties Inc.	Town Center Mall	323,057,844	0.47%	5,427,289
Northwest Natural Gas Co.	Natural Gas Utility	315,947,583	0.46%	5,256,184
PCC Structurals, Inc.	Manufacturing/ Aerospace	286,547,672	0.42%	4,989,170
Shorenstein Properties LLC	Kruse Way Office Buildings	235,597,341	0.34%	4,282,383
B10 Mountain A OR LLC	Retail	165,139,845	0.24%	3,182,782
Kaiser Foundation Hospital	Healthcare	81,862,535	0.12%	1,449,854
HS Mercantile Village Venture LLC	Apartments	70,770,455	0.10%	1,358,219
Lincoln Advisory Group LTC	Commercial	67,866,870	0.10%	1,356,184
Subtotal - County's ten largest taxpayers		3,231,476,088	4.70%	
All other County's taxpayers		65,479,992,588	95.30%	
Total County		<u>\$ 68,711,468,676</u>	<u>100.00%</u>	

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

(2) Tax amount is the total tax paid by the taxpayer within the boundaries of the City 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.

(3) Portland General Electric is an electrical utility company with service area covering about 4,000 square miles and a population of about 1,508,000 people. The company generates electricity using hydropower, coal and gas combustion, and wind power. PGE has several power generating facilities in the County. Source: www.portlandgeneral.com

Source: *Clackamas County Department of Assessment and Taxation.*

Local Government Fees

Oregon cities and counties generally have broad authority to impose and collect fees for services. Many cities and counties collect sewer, water, electric and other enterprise fees, building permit fees, and surface water management fees.

Other local governments, such as special purpose districts, generally require legislative authorization to impose fees for services. Local governments that are authorized to operate utility systems generally are authorized to impose fees for services that are sufficient to pay for their costs of operating and financing their utility systems.

The Legislative Assembly generally has the authority to limit or prohibit local governments from imposing fees for services. Cities are currently authorized to collect franchise fees from utilities, while other local governments are prohibited from doing so. In Fiscal Year 2025, the City collected \$2.3 million in franchise fees.

State of Oregon Funding

Oregon cities and counties receive a share of the revenues the State receives from taxing motor vehicle fuels and from tobacco taxes and liquor taxes. In Fiscal Year 2025, the City received \$2.2 million in motor vehicle fuel taxes, and \$431,358 in alcoholic beverage taxes. These taxes are accessed by the State and allocated to the City based upon population.

The Oregon Constitution requires that motor vehicle fuel tax revenues be used only to pay for costs of public roads. The State of Oregon also appropriates money to Oregon counties to operate the justice system, and it provides a wide variety of funding for other purposes. The State of Oregon is generally not obligated to continue to provide these revenues to local governments.

Federal Funding

Oregon local governments receive federal funding for a variety of purposes. Such funding is generally restricted to specific purposes. Federal funding may be subject to reduction or withdrawal. See "Certain Investment Considerations – Federal and State Actions" herein.

Other Taxes

Oregon cities and counties generally have broad authority to impose taxes on activities within their boundaries. Certain Oregon cities and counties currently impose business license taxes, food and beverage taxes, motor vehicle fuel taxes, transient room taxes and other taxes. Generally, these taxes must be either approved by the voters or may be subject to referral by the voters.

The Legislative Assembly generally has the authority to limit or prohibit local governments from imposing taxes, and has limited a number of local government taxes, including transient room taxes and real estate transfer taxes. Each local government has its own mix of taxes, as well as fees and other revenue sources.

Financial Factors

Financial Reporting and Accounting Policies

The City's basic financial statements were prepared using modified accrual accounting in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

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 2025 is attached hereto as Appendix B.

Auditing

Each Oregon political subdivision 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. Political subdivisions having annual expenditures of less than \$150,000, 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 political subdivisions. Municipal Audit Law, ORS 297.405 to 297.555 and ORS 297.990, requires Oregon local governments to submit annual financial reports to the Secretary of State within six months of the end of the fiscal year.

The City's audits for the Fiscal Years 2021 through 2025 ("City Audited Financial Statements") were performed by Merina & Co., CPAs, Tualatin, Oregon (the "Auditor"). The audit report for Fiscal Year 2025 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 Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of their report on the 2025 Fiscal Year.

Future financial statements may be obtained from the Electronic Municipal Market Access (“EMMA”) system, a centralized repository operated by the Municipal Securities Rulemaking Board (“MSRB”), currently located at: www.emma.msrb.org.

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

Statement of Net Position
(Fiscal Years)

Assets	2021	2022	2023	2024	2025
Cash and investments	\$ 13,020,931	\$ 19,152,640	\$ 25,827,022	\$ 26,530,304	\$ 26,667,920
Restricted cash and investments	18,770,265	19,159,020	18,072,336	15,538,732	14,894,792
Property taxes receivable	320,438	381,253	429,262	398,057	480,734
Accounts receivable, net of allowance	1,837,125	1,869,893	2,196,765	1,909,094	1,931,368
Loans receivable	665,796	298,136	146,208	595,043	222,446
Prepaid expenses	335,714	389,437	382,463	374,429	359,302
Net OPEB asset	92,765	195,304	217,988	173,271	266,762
Capital assets not being depreciated:					
Land and easements	192,929,093	192,929,093	192,929,093	192,929,093	192,929,093
Construction in progress	9,767,642	5,947,407	9,849,141	14,584,985	6,211,537
Capital assets net of accumulated depr. and amort.:					
Buildings and improvements	23,431,133	29,262,722	27,757,321	28,384,708	38,943,841
Vehicles and equipment	2,155,061	2,079,885	2,096,725	2,251,224	2,008,333
Infrastructure	14,677,981	13,780,975	14,139,867	13,844,277	13,410,837
Subscription Based I.T. Agreements (SBITA)	-	-	-	306,793	382,484
Total Assets	<u>278,003,944</u>	<u>285,445,765</u>	<u>294,044,191</u>	<u>297,820,010</u>	<u>298,709,449</u>
Deferred Outflows of Resources					
Deferred charge on refunding	28,779	25,181	21,583	17,985	14,387
Deferred outflows of resources - pension	5,364,253	5,520,048	4,680,794	5,712,425	7,038,821
Deferred outflows of resources - OPEB	112,355	60,363	137,389	157,041	237,272
Total Deferred Outflows of Resources	<u>5,505,387</u>	<u>5,605,592</u>	<u>4,839,766</u>	<u>5,887,451</u>	<u>7,290,480</u>
Liabilities					
Accounts payable	1,023,867	954,594	2,686,726	2,655,573	1,392,642
Accrued salaries and payroll taxes payable	303,489	487,305	546,905	99,776	789,421
Accrued interest payable	72,024	69,471	66,533	62,937	59,078
Deposits and other liabilities	635,564	924,621	1,084,567	1,131,849	1,153,784
Noncurrent liabilities:					
Due within one year	1,577,549	1,664,747	1,898,173	1,980,586	2,778,240
Due in more than one year	45,509,309	37,021,940	38,417,455	41,267,423	41,444,739
Total Liabilities	<u>49,121,802</u>	<u>41,122,678</u>	<u>44,700,359</u>	<u>47,198,144</u>	<u>47,617,904</u>
Deferred Inflows of Resources					
Deferred inflows of resources - pension	1,738,637	8,471,279	4,462,729	1,675,735	2,188,355
Deferred inflows of resources - OPEB	240,835	263,674	221,587	161,806	188,511
Total Deferred Inflows of Resources	<u>1,979,472</u>	<u>8,734,953</u>	<u>4,684,316</u>	<u>1,837,541</u>	<u>2,376,866</u>
Net Position					
Net investment in capital assets	225,470,231	225,639,041	226,682,958	229,937,237	231,874,879
Restricted for:					
Library endowment, nonexpendable	157,300	157,300	157,300	157,300	157,300
Debt service	280,286	341,441	498,883	602,541	712,844
Building operations	847,774	1,617,884	1,530,290	1,757,403	2,050,800
OPEB Asset	92,765	195,304	217,988	173,271	266,762
Opioid Settlement	-	-	-	115,718	163,695
McLean House	-	-	55,493	43,208	43,200
Capital projects	6,075,529	7,529,357	8,125,287	8,169,678	9,492,022
Unrestricted	(515,828)	5,713,399	12,231,083	13,715,420	11,243,657
Total Net Position	<u>\$ 232,408,057</u>	<u>\$ 241,193,726</u>	<u>\$ 249,499,282</u>	<u>\$ 254,671,776</u>	<u>\$ 256,005,159</u>

Source: City Audited Financial Statements.

Statement of Activities
(Fiscal Years)

Revenues:	2021	2022	2023	2024	2025
Program Revenues:					
Charges for services	\$ 15,783,720	\$ 18,023,571	\$ 16,023,209	\$ 18,618,835	\$ 26,919,150
Operating grants and contributions	5,949,080	8,489,917	10,415,415	5,568,370	5,770,388
Capital grants and contributions	254,838	68,242	185,794	376,935	249,526
General Revenues:					
Property taxes, levied for general purposes	8,375,160	8,616,249	8,887,757	9,147,229	9,658,036
Property taxes, levied for debt service	1,595,173	1,641,264	1,691,866	1,742,205	1,679,258
Franchise taxes	1,937,469	1,981,008	2,274,049	2,175,994	2,324,875
Grants and contributions not restricted to specific programs	165,220	106,146	128,259	118,274	122,822
Unrestricted investment earnings	161,107	107,606	1,354,934	1,505,396	1,263,315
Total Revenues	34,221,767	39,034,003	40,961,283	39,253,238	47,987,370
Expenses:					
General government	10,350,938	8,952,212	10,193,072	10,855,130	12,940,745
Culture and recreation	8,319,703	8,080,715	8,643,585	9,057,664	13,338,873
Public safety	9,158,351	8,932,716	9,560,757	9,909,522	13,753,709
Highways and streets	5,495,639	3,411,081	3,421,138	3,453,024	4,037,236
Interest on long-term debt	910,888	871,610	839,473	809,612	972,340
Total Expenses	34,235,519	30,248,334	32,658,025	34,084,952	45,042,903
Increase (decrease) in net position	(13,752)	8,785,669	8,303,258	5,168,286	2,944,467
Net position- July 1	232,421,809	232,408,057	241,193,726	249,499,282	254,671,776
Restatement of Net Position ⁽¹⁾	-	-	2,298	4,208	(1,611,084)
Total Net Position	\$ 232,408,057	\$ 241,193,726	\$ 249,499,282	\$ 254,671,776	\$ 256,005,159

(1) Fiscal Year 2025 restatement of Net Position related to (i) the implementation of GASB Statement No. 101 which establishes updated accounting for compensated absences; and (ii) a correction of error in which the payroll accrual record at June 30, 2024 did not include all wages and benefits earned but unpaid at year-end.

Source: City Audited Financial Statements.

A five-year summary of the City's Combined General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance follows.

Combined General Fund Balance Sheet
(Fiscal Years)

Assets	2021	2022	2023	2024	2025
Cash and investments	\$ 7,868,799	\$ 12,853,128	\$ 16,156,237	\$ 16,751,657	\$ 15,886,694
Restricted cash and investments	157,300	157,300	212,793	316,226	364,195
Property taxes receivable	267,381	318,404	359,605	333,497	404,375
Accounts receivable (net)	1,133,916	1,072,969	1,434,810	1,141,793	1,141,780
Loans receivable	15,648	5,195	1,064	16,227	4,584
Prepaid expenditures	335,714	389,437	382,463	374,429	359,302
Total Assets	9,778,758	14,796,433	18,546,972	18,933,829	18,160,930
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities:					
Accounts payable	416,591	361,236	560,445	665,990	800,172
Accrued salaries and payroll taxes	283,087	457,523	510,358	96,885	749,499
Deposits and other liabilities	425,396	687,196	812,423	792,705	672,346
Total Liabilities:	1,125,074	1,505,955	1,883,226	1,555,580	2,222,017
Deferred Inflow of Resources:					
Unavailable revenue - court fines	218,013	166,232	156,743	114,809	144,113
Unavailable revenue - Bancroft loans	15,648	5,195	1,064	16,227	4,584
Unavailable revenue - property taxes	218,077	283,751	222,432	262,884	331,169
Unavailable revenue - misc.	49,868	-	102,125	93,900	-
Total Deferred Inflow of Resources:	501,606	455,178	482,364	487,820	479,866
Fund Balances:					
Non-spendable	493,014	546,737	539,763	531,729	516,602
Restricted	-	-	55,493	158,926	206,895
Committed ⁽¹⁾	5,172,556	6,025,069	6,552,975	7,356,267	-
Unassigned	2,486,508	6,263,494	9,033,151	8,843,507	14,735,550
Total Fund Balances	8,152,078	12,835,300	16,181,382	16,890,429	15,459,047
Total Liabilities, Deferred Inflow of Resources and Fund Balance	\$ 9,778,758	\$ 14,796,433	\$ 18,546,972	\$ 18,933,829	\$ 18,160,930

Note: Includes General Fund, Parks and Recreation Fund, Public Safety Fund, Library Fund, and Planning Fund. On June 23, 2025 the West Linn City Council approved Resolution 2025-08, abolishing the Parks and Recreation Fund, Public Safety Fund, Library Fund, and Planning Fund as of June 30, 2025. Per the resolution all remaining balances were transferred to the General Fund.

- (1) Prior to consolidating the Parks and Recreation Fund, Public Safety Fund, Library Fund, and Planning Fund within the General Fund in Fiscal Year 2025, they were considered special revenue funds under GASB No.54 and their respective fund balances were considered committed to that purpose. Beginning in Fiscal Year 2025, the fund balances are now considered unassigned.

Source: City Audited Financial Statements.

**Combined General Fund Statement of Revenues, Expenditures and
Changes in Fund Balance
(Fiscal Years – Budgetary Basis)**

Revenues	2021	2022	2023	2024	2025
Property taxes	\$ 8,369,343	\$ 8,550,575	\$ 8,949,076	\$ 9,106,777	\$ 9,458,519
Intergovernmental	3,491,244	5,786,978	6,714,401	2,912,239	2,964,387
Charges for services	2,315,737	2,964,217	3,269,959	3,501,511	3,572,828
Franchise taxes	1,799,753	1,816,158	2,084,277	1,973,360	2,115,879
Fines and forfeitures	289,078	258,012	344,670	310,568	387,643
Licenses and permits	387,777	467,500	367,795	547,951	496,085
Investment earnings	25,475	21,632	327,851	511,944	452,418
Miscellaneous	153,580	77,569	113,263	90,994	106,602
Total Revenues	16,831,987	19,942,641	22,171,292	18,955,344	19,554,361
Expenditures					
City Attorney	-	-	-	382,800	760,307
City council	585,332	576,012	784,459	186,763	114,184
City management	761,068	1,161,859	1,254,760	1,246,098	1,445,964
Economic development	487,612	76,753	125,743	101,506	4,726
Human resources	539,158	610,328	446,766	419,701	587,261
Finance	761,604	819,797	911,485	1,079,698	1,266,769
Information technology	1,491,773	1,305,628	1,561,881	1,588,742	1,509,134
Facility services	635,417	653,194	725,862	853,630	863,591
Municipal court	486,577	484,544	466,002	485,453	536,630
Public works support services	1,258,364	1,457,078	1,607,647	1,523,683	1,687,892
Vehicle and equipment maintenance	332,212	299,013	250,624	323,871	291,042
Public Safety	4,951,232	4,924,284	5,512,748	5,587,149	6,328,567
Library	1,624,672	1,742,786	1,810,427	1,909,615	2,112,913
Parks	1,733,394	1,899,083	2,232,958	2,316,294	2,263,775
Planning	471,633	582,197	610,140	702,578	679,019
Nondepartmental - Materials & Services	2,749,327	2,434,736	3,356,778	3,099,219	4,144,551
Nondepartmental - Debt Service	64,831	64,640	72,050	548,015	438,879
Capital outlay	77,014	241,039	1,210,390	424,400	390,920
Total Expenditures	19,011,220	19,332,971	22,940,720	22,779,215	25,426,124
Excess (deficiency) of revenues over expenditures	<u>(2,179,233)</u>	<u>609,670</u>	<u>(769,428)</u>	<u>(3,823,871)</u>	<u>(5,871,763)</u>
Other Financing Sources (Uses)					
Transfers from other funds ⁽¹⁾	7,775,000	8,807,000	8,746,000	9,606,000	17,360,744
Transfers to other funds ⁽¹⁾	(4,832,000)	(4,897,000)	(4,920,542)	(5,345,000)	(12,805,744)
Issuance of debt (lease obligations)	25,313	139,469	97,920	35,346	38,712
Issuance of debt (SBITAs)	-	-	140,751	198,809	345,430
Proceeds from sale of capital assets	22,919	24,083	51,381	37,763	55,983
Total Other Financing Sources (Uses)	2,991,232	4,073,552	4,115,510	4,532,918	4,995,125
Change in fund balance	811,999	4,683,222	3,346,082	709,047	(876,638)
Fund balance at beginning of year	7,340,079	8,152,078	12,835,300	16,181,382	16,890,429
Restatement ⁽²⁾	-	-	-	-	(564,879)
Fund balance - beginning as restated	7,340,079	8,152,078	12,835,300	16,181,382	16,325,550
Ending fund balance	<u>\$ 8,152,078</u>	<u>\$ 12,835,300</u>	<u>\$ 16,181,382</u>	<u>\$ 16,890,429</u>	<u>\$ 15,448,912</u> ⁽³⁾

Note: Includes General Fund, Parks and Recreation Fund, Public Safety Fund, Library Fund, and Planning Fund. On June 23, 2025 the West Linn City Council approved Resolution 2025-08, abolishing the Parks and Recreation Fund, Public Safety Fund, Library Fund, and Planning Fund as of June 30, 2025. Per the resolution all remaining balances were transferred to the General Fund.

- (1) Includes transfers between the funds described above in Fiscal Years 2021 through 2024. In Fiscal Year 2025, includes the transfer of fund balance to close the other funds.
- (2) Fiscal Year 2025 restatement related to (i) the implementation of GASB Statement No. 101 which establishes updated accounting for compensated absences; and (ii) a correction of error in which the payroll accrual record at June 30, 2024 did not include all wages and benefits earned but unpaid at year-end.
- (3) Reconciliation to GAAP fund balance of \$15,459,047 includes \$10,135 of unrealized investment gains.

Source: City Audited Financial Statements.

Fiscal Year 2026 Estimate. There have been no material changes to the City's General Fund financial condition or results of operations since the issuance of the Fiscal Year 2025 audited financial statements. The City currently projects Fiscal Year 2026 General Fund revenues of approximately \$33,800,000, expenditures of \$31,800,000, and an ending balance of \$17,500,000.

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 Board 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 odd-numbered year.

The budget may be amended during the applicable biennial period through the adoption of a supplemental budget. Supplemental budgets may be adopted by the Board pursuant to ORS 294.471.

General Fund Adopted Budget
(Biennial Years - \$ in thousands)

Resources	2023-25 Biennial Budget	2025-27 Biennial Budget		
		2026	2027	Total
Beginning Fund Balance	\$ 15,913	\$ 22,895	\$ 15,029	\$ 22,895
Property Taxes	18,343	9,684	9,957	19,641
Library District Levy	3,768	2,000	2,050	4,050
Intergovernmental	2,255	1,020	940	1,960
Franchise fees	3,621	1,908	1,907	3,815
Fees & Charges	1,649	1,132	1,133	2,265
Fees & Charges - Park Main. Fee	5,283	2,850	2,980	5,830
Fines & Forfeitures	512	277	274	551
Interest	21	288	255	543
Licenses & Permits	129	118	120	238
Miscellaneous	79	85	85	170
Transfers from Other Funds	19,595	6,353	6,394	12,747
SBITA Proceeds	-	220	220	440
Lease proceeds	186	-	-	-
Proceeds from Debt Issuance	5,096	-	-	-
Total Resources	\$ 76,450	\$ 48,830	\$ 41,344	\$ 75,145
Requirements				
Personal Services	\$ 36,137	\$ 20,225	\$ 21,241	\$ 41,466
Materials & Services	13,339	7,072	7,155	14,227
Debt Service	1,084	1,085	1,083	2,168
Transfers to Other Funds	10,779	-	-	-
Capital Outlay	6,541	5,419	4,420	9,839
Reserves:				-
Contingency	-	12,872	5,288	5,288
Cont. Reserve for Caufield Endowment	157	157	157	157
Unappropriated Ending Fund Balance	8,413	2,000	2,000	2,000
Total Requirements	\$ 76,450	\$ 48,830	\$ 41,344	\$ 75,145

Note: 2023-25 Biennium includes Public Safety, Library, Parks, and Planning Funds which were merged into the General Fund beginning in Fiscal Year 2026.

Source: City Adopted 2025-2027 Biennial Budget.

Investments

ORS 294.035 authorizes Oregon political subdivisions 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 by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon political subdivisions 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. The City has its own investment policy which is available upon request.

Political subdivisions are also authorized to invest approximately \$63.387 million (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" at [http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx).

Pension System

General. The City participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System ("PERS" or the "System"). After six full months of employment, all City employees are required to participate in PERS. Employer contribution rates are calculated as a percentage of covered payroll. Employees are required to contribute six percent of their annual salary as well; however, employers are allowed to pay the employees' contribution in addition to the required employers' contribution. See "Employer Contribution Rates" herein.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the "Tier 1" or "Tier 2" pension programs (the "T1/T2 Pension Programs"). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and 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. Between January 1, 2004 and June 30, 2020, six percent of each employee's salary was contributed to fund individual retirement accounts under a separate defined contribution program known as the Individual Account Program (the "IAP"). Effective July 1, 2020, the six percent contribution for employees who earn in excess of \$2,500 per month (indexed annually for inflation) was split in two, with two-and-one-half percent of the employee's salary deposited in the "Employee Pension Stability Account" ("EPSA") and 3.50 percent of salary sent to the IAP. The threshold amount was raised in June 2021 to \$3,333 per month (indexed annually for inflation). Effective January 1, 2026, the monthly threshold for this contribution is \$3,890 per month. This policy will apply until the funded status reaches 90 percent.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan ("OPSRP") unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a defined benefit pension plan, but also provides access to the IAP. As stated above, effective July 1, 2020, the six percent contribution for employees that earn in excess of \$2,500 per month (indexed annually for inflation) was split in two, with 0.75 percent of the employee's salary deposited in the EPSA and 5.25 percent of salary sent to the IAP. Effective January 1, 2026, the monthly threshold for this contribution split is \$3,890 per month. This policy will apply until the funded status reaches 90 percent.

RHIA/RHIPA. The Oregon PERS Health Insurance Program offers optional medical, dental, and long-term care insurance plans to eligible T1/T2 retirees, their spouses, and dependents. See "Other Postemployment Benefits, Retirement Health Insurance Account" herein.

Actuarial Valuation. Actuarial valuations are performed annually as of December 31 of each year and are designed to measure the liabilities, assets and funded status of the System for each employer, as well as determine employer contribution rates. The valuations are based on complex models which utilize assumptions on rates of return, payroll growth rates and demographic trends. The valuations as of December 31 of odd-number years are used by the Oregon Public Employees Retirement System Board (the "PERB") to set employer contribution rates; valuations as of even-numbered years are used for advisory purposes only. Should the assumptions used in the actuarial model prove inaccurate, liabilities of the System may be higher or lower than estimated. Any increases or decreases in liabilities will be absorbed into future contribution rates assessed against employer payrolls. An employer's unfunded actuarial liability ("UAL") is equal to the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing assets available to pay those benefits. PERS' current actuary is Milliman, Inc. ("Milliman," or the "Actuary").

Actuarial valuations are performed for the entire System (the "System Valuation"), and for most participating employers, including the City (the "City Valuation"). Valuations are released nine to eleven months after the

valuation date. Current payroll rates are based on the System’s actuarial valuation report as of December 31, 2023 (the “2023 System Valuation”), and those rates will extend through June 30, 2027, including the rates for the City. The System’s actuarial valuation report as of December 31, 2024 (the “2024 System Valuation”), which was released on December 17, 2025 provides projections of contribution rates for the 2027-2029 biennium. See “Actuarial Assumptions” and “Employer Contribution Rates” herein. Actual contribution rates for the 2027-2029 biennium will be set by the System’s actuarial valuation report as of December 31, 2025, which is expected to be released late in calendar year 2026.

Valuation Date	Release Date	Rates Effective
December 31, 2021	October 2022	July 1, 2023 – June 30, 2025
December 31, 2022	December 2023	Advisory only for July 1, 2025 – June 30, 2027
December 31, 2023	October 2024	Current Rates: July 1, 2025 – June 30, 2027
December 31, 2024	December 2025	Advisory only for July 1, 2027 – June 30, 2029

System Actuarial Organization. An employer participates in PERS either on an independent basis, or through an actuarial pool, as follows:

T1/T2 Pension Programs

- *Independents:* An Independent Employer is one for whom its T1/T2 Pension Programs assets and liabilities are based on an actuarial analysis performed on its employee base. The City is not an independent employer.
- *School District Pool:* All kindergarten through grade 12 public school district and education service district public employers are pooled for actuarial purposes for the T1/T2 pension programs (the “School District Pool”). Each School District Pool member’s allocated share of the pool’s assets and liabilities is based on the member’s proportionate share of the School District Pool’s pooled payroll, which share may shift in the future due to relative growth in payroll. Further, a school district’s Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. The City is not a member of the School District Pool.
- *State and Local Government Rate Pool:* For the T1/T2 Pension Programs, all State agencies, certain Oregon local governments and all community college public employers are pooled (the “State and Local Government Rate Pool” or “SLGRP”). Each SLGRP member’s allocated share of the pool’s assets and liabilities is based on the member’s proportionate share of the SLGRP’s pooled payroll which share may shift in the future due to relative growth in payroll. Further, the City’s Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. **The City is a member of the SLGRP.**

OPSRP

- OPSRP’s assets and liabilities are pooled on a System-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.

Actuarial Assumptions. Actuarial assumptions are set each biennium and are applied to the System’s valuations. Significant actuarial assumptions and methods used since the 2020 System Valuation included (a) the Entry Age Normal method, (b) asset valuation method based on market value, (c) the assumed earnings rate (the “Assumed Rate”) on the investment of present and future assets of 6.90 percent, (d) payroll growth rate of 3.40 percent, (e) consumer price inflation of 2.40 percent per year, (f) UAL amortization method of a level percentage of payroll, with the 2019 UAL attributable to the Tier 1 and Tier 2 pension programs amortized over a 22-year period, and all subsequent UALs attributable to Tier 1 and Tier 2 amortized over a 20-year period. Any UAL attributable to OPSRP is amortized over 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is

recognized, (g) a rate collar to limit increases or decreases in employer contribution rates from biennium to biennium (the “Rate Collar”) (see “Rate Collar” herein), and (h) a portion of the IAP is redirected to the EPSA resulting in a direct offset and reduction of Employer contribution.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the Oregon Public Employees Retirement Fund (“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, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute six percent of their annual salary to the IAP and, if applicable, the EPSA. Employers are allowed to pay the employees’ contribution in addition to the required employers’ contribution. The City has elected to make the employee contribution.

Rate Collar. The PERB uses a rate collar (the “Rate Collar”) to limit increases (or decreases) in employer contribution rates from biennium to biennium in order to smooth the impact of significant increases or decreases from one valuation to the next.

Beginning with the 2023-25 biennium, for employers participating in either the School District pool or the SLGRP, the collar will be applied as a fixed percentage of payroll, with a limit of three percent of pay for the Tier 1/Tier 2 UAL rate and one percent of pay for OPSRP rate. Further, reductions in the UAL rate would not be allowed unless a funded level threshold of at least 88 percent is reached, at which point a portion of the reduction would be allowed, gradually increasing until the funded status reaches 90 percent, when the full reduction would be permitted. A wider rate collar was adopted for independent employers who do not participate in either the School District pool or the SLGRP.

System Funded Status & UAL. According to the 2024 System Valuation, the UAL for the System as of December 31, 2024 was \$29.2 billion, and the funded status, excluding Side Accounts for the System, was approximately 73 percent. This maintains approximately the same UAL and funded status as in the 2023 Valuation, which estimated that the UAL for the System was \$29.4 billion and the funded status was approximately 72 percent, excluding side accounts.

The funded status of PERS and related contribution rates of the City will change over time depending on a variety of factors, including the market performance of the investments in which the OPERF is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, legislative or judicial actions, and other actions taken by the PERB. The annual rate of return on the OPERF in 2025 was 9.68 percent, which was higher than the assumed earnings rate of 6.90 percent. Returns through April 2026 on a one-year basis were 10.47 percent. Total returns in 2026 and thereafter, along with the factors mentioned above, may affect the System-wide and City UALs and related contribution rates in future valuations. Under current PERS policies, modification to contribution rates based upon investment performance in 2024 and 2025 will occur during the 2027-29 biennium.

The table below includes the UAL and funded status for the System and the pool in which the City participates from the five most recent actuarial valuations.

Unfunded Actuarial Liability and Funded Status⁽¹⁾
(\$ in millions)

Valuation Date	System ⁽²⁾		SLGRP	
	UAL	Funded Status	UAL	Funded Status
12/31/24	\$ 29,187.0	73.1%	\$ 14,612.1	70.1%
12/31/23	29,381.3	72.4%	14,681.8	69.9%
12/31/22	28,032.9	72.8%	14,126.9	75.9%
12/31/21	20,038.2	79.6%	10,839.3	77.0%
12/31/20	28,043.8	70.6%	14,497.3	68.7%

(1) Does not take into account offsets for deposits made by individual employers from pension bond proceeds or cash on hand in side accounts (see “Side Accounts and Pension Bonds” herein).

(2) System UAL includes total of SLGRP, School District Pool, Independent Employers, and OPSRP.

Source: *System Valuations and PERS*.

Net Unfunded Actuarial Liability. 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 reported in the City’s actuarial valuation reports as of December 31, 2021 (the “2021 City Valuation”), December 31, 2022 (the “2022 City Valuation”) December 31, 2023 (the “2023 City Valuation”) and as of December 31, 2024 (the “2024 City Valuation”) is shown in the following table.

City of West Linn
Net Unfunded Pension Liability

	2021 Valuation	2022 Valuation	2023 Valuation	2024 Valuation
Allocated pooled T1/T2 UAL	\$ 13,906,847	\$ 17,738,430	\$ 18,644,817	\$ 18,375,711
Allocated pre-SLGRP pooled liability/(surplus)	-	-	-	-
Transition liability/(surplus)	(2,313,749)	(1,999,853)	3,058,980	3,255,370
Allocated pooled OPSRP UAL	1,172,868	2,546,103	(1,609,328)	(1,157,588)
City Side Account	-	-	-	-
Net unfunded pension actuarial accrued liability/(surplus)	<u>\$ 12,765,966</u>	<u>\$ 18,284,680</u>	<u>\$ 20,094,469</u>	<u>\$ 20,473,493</u>

Note: The pre-SLGRP pooled liability/(surplus) is the liability or surplus that existed when the State/Community College pool and the LGRP were discontinued and the SLGRP was formed. These are pooled liabilities/surpluses. The transition liability/(surplus) is the liability or surplus that was created when the individual employer joined the SLGRP and is solely the individual employer’s.

Source: *City Valuations*.

City Contribution Rates. The City’s prior contribution rates for the 2023-25 biennium under the 2021 City Valuation, current rates for the 2025-27 biennium under the 2023 City Valuation, and the projected rates for the 2027-29 biennium under the 2024 City Valuation are provided in the following table.

City of West Linn
Pension Contribution Rates (Percent of Covered Payroll)

	2021 Valuation			2023 Valuation			2024 Valuation		
	<u>2023-25 Biennium</u>			<u>2025-27 Biennium</u>			<u>Advisory Only 2027-29 Biennium</u>		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	15.53	9.89	14.68	15.16	10.47	15.74	14.65	10.35	15.74
T1/T2 UAL rate	12.61	12.61	12.61	12.52	12.52	12.52	12.52	12.52	12.52
OPSRP UAL rate	1.69	1.69	1.69	2.69	2.69	2.69	2.92	2.92	2.92
Pre-SLGRP pooled liability rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transition liability/(surplus) rate	(4.52)	(4.52)	(4.52)	(2.15)	(2.15)	(2.15)	(2.30)	(2.30)	(2.30)
Side account rate relief	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Member redirect offset ⁽¹⁾	(2.40)	(0.65)	(0.65)	(2.40)	(0.65)	(0.65)	(2.40)	(0.65)	(0.65)
Retiree Healthcare rate (RHIA) ⁽²⁾	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total net contribution rate (%)	22.91	19.02	23.81	25.82	22.88	28.15	25.39	22.84	28.23

- (1) Redirected member contributions (2.50 percent of payroll for Tier 1/Tier 2 and 0.75 percent of payroll for OPSRP) will be used to offset employer contribution rates. The redirect of the IAP does not apply to members with monthly pay below a certain threshold. The values shown in the table incorporate an estimate of the effect of this limitation. (See "Pension System herein).
- (2) Contribution rates to fund RHIA benefits are included in the total City employer contribution rate, but are not a cost related to pensions. See "Other Postemployment Benefits – Retirement Health Insurance Account" below.

Source: 2021 City Valuation, 2023 City Valuation, 2024 City Valuation.

City Contributions. The City's historical and projected annual contributions to PERS are provided in the following table.

City of West Linn Pension Contributions

Fiscal Year	City 6%		
	City Contribution ⁽¹⁾	Employee Contribution	Total
2025	\$ 2,575,181	\$ 718,000	\$ 3,293,181
2024	2,464,395	657,000	3,121,395
2023	2,102,259	598,000	2,700,259
2022	1,986,193	577,000	2,563,193
2021	1,782,752	562,000	2,344,752

- (1) City's contribution to PERS. Does not include the employee contribution paid by the City.

Source: City Audited Financial Statements.

GASB 67 and GASB 68. GASB Statements No. 67 and No. 68 modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67 ("GASB 67"), Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68 ("GASB 68"), Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements for governments that provide their employees with pensions. The PERS System is subject to GASB 67; each participating employer, including the City is subject to GASB 68. PERS contracted with Milliman to provide information for local governments to use in their financial statements.

The City's proportionate share of the System's net pension liability and pension expense under GASB 68 follows.

City of West Linn
Pension Amounts under GASB 68

Measurement Date	City's Share of Net Pension Liability	City's Proportionate Share	Pension Expense
6/30/2025	\$ 18,990,041	0.0850%	\$ 2,484,998
6/30/2024	18,740,008	0.0843%	2,655,786
6/30/2023	17,700,236	0.0945%	2,547,033
6/30/2022	13,438,442	0.0878%	1,280,871
6/30/2021	10,724,621	0.0896%	1,174,957

Source: Oregon Public Employees Retirement System- GASB 68 Exhibits prepared by Milliman.

Other Postemployment 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 2024 Valuation, this program had a surplus of approximately \$434 million as of December 31, 2024. 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 2024 City Valuation, the City's allocated share of the RHIA program's surplus was \$324,976.

Medical Benefits - Implicit Subsidy. Under ORS 243.303 the City is required to offer 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 Statement No. 75 refers to this as an "implicit subsidy" and requires that the corresponding liability be determined and reported. The benefits under this program are entirely paid by the retired employees.

The City's projections of total OPEB Liability under GASB 75 follows:

Projection of Total OPEB Liability - Implicit Rate Subsidy

	2021	2022	2023	2024	2025
Total Liability Beginning of Fiscal Year	\$ 907,586	\$ 690,319	\$ 709,561	\$ 834,834	\$ 876,230
Changes for the year:					
Service cost	\$ 50,014	\$ 60,387	\$ 62,165	\$ 66,821	\$ 68,242
Interest	32,029	15,932	16,355	31,047	33,421
Difference between expected and actual experience	(28,681)	-	-	-	(31,242)
Effect of changes to benefit terms	-	-	(18,725)	-	-
Changes of assumptions or other inputs	(184,917)	2,890	94,695	(6,802)	109,855
Benefit payments	(85,712)	(59,967)	(29,217)	(49,670)	(58,163)
Balance end of Fiscal Year	<u>\$ 690,319</u>	<u>\$ 709,561</u>	<u>\$ 834,834</u>	<u>\$ 876,230</u>	<u>\$ 998,343</u>

Source: City Audited Financial Statements.

See the City's audited financial statements for Fiscal Year 2025 attached hereto as Appendix B for more information on the City's liability under GASB 75.

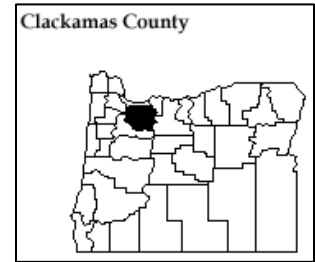
Risk Management

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 2025 is attached hereto as Appendix B. See also "Certain Investment Considerations" herein.

Demographic Information

General

The City is located between the Willamette and Tualatin rivers in the northwest portion of Clackamas County, south of the Portland metropolitan area. It is located approximately 30 miles northeast of the City of Salem, and 14 miles southeast of the City of Portland.



The County is part of the Portland- Vancouver-Hillsboro Primary Metropolitan Statistical Area (hereinafter, the “Portland PMSA”), which includes Clackamas, Columbia, Multnomah, Washington and Yamhill Counties in Oregon, and Clark and Skamania Counties in Washington. Historical data has been collected from generally accepted standard sources, usually from public bodies. This section bases information on the City, the County and the Portland PMSA.

Population

The following table shows the historical population for the State, the County and the City:

Population

July 1⁽¹⁾	State of Oregon	Clackamas County	City of West Linn
2025	4,300,464	432,473	27,601
2024	4,286,443	431,035	27,576
2023	4,269,152	428,540	27,519
2022	4,255,112	426,125	27,485
2021	4,234,736	423,593	27,431
April 1⁽²⁾			
2020	4,237,256	421,401	27,373
2010	3,831,074	375,992	25,109
2000	3,421,399	338,391	22,261

(1) Source: Center for Population Research and Census, Portland State University; revised estimates as of July 1, 2025.

(2) Source: U.S. Census Count on April 1.

Economic Overview

The County’s economic base includes metals fabrication, machinery, high technology firms, and retail trade and distribution as well as participation in the Portland-metropolitan area economy. In addition, the County contains prime agricultural land, and tourist-related land affiliated with the State’s largest mountain, Mt. Hood. Large employers in the City include West Linn-Wilsonville School District, Leaps & Bounds, LLC, the City, Market of Choice, West Linn Care Center Operating Co., and Walmart Neighborhood Market.

As of April 2026, transportation and utilities accounts for 19 percent of the total non-farm employment in the County, while private education and health services accounts for 17.5 percent, professional and business services 13.9 percent, government jobs 10.6 percent, and manufacturing 10.1 percent.

Income. Historical personal income and per capita income levels for the County and the State are shown below:

**Clackamas County and State of Oregon
Total Personal and Per Capita Income**

Year	Clackamas County				State of Oregon			
	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2025 ⁽¹⁾	N/A	N/A	N/A	N/A	\$ 319,996,900	\$ 64,939,300	\$ 74,867	\$ 15,193
2024	\$ 35,786,923	\$ 8,495,888	\$ 84,035	\$ 19,950	302,582,283	63,384,210	70,823	14,836
2023	34,051,421	7,975,646	80,235	18,793	286,979,914	59,918,213	67,467	14,086
2022	31,905,496	7,025,962	75,388	16,601	270,427,867	52,771,399	63,669	12,424
2021	30,490,280	6,116,602	71,929	14,430	266,544,637	50,392,940	62,653	11,845
2020	27,330,070	5,397,367	64,685	12,774	240,450,386	44,192,436	56,659	10,413

Note: Dollar estimates are in current dollars (not adjusted for inflation).

(1) Data for fourth quarter, preliminary and subject to change. April 9, 2026.

Source: U.S. Department of Commerce, Bureau of Economic Analysis; County data as of February 5, 2026.

Employment. Non-farm employment within the County is described in the following tables:

**Clackamas County
Labor Force Summary ⁽¹⁾
(by place of residence)**

							2026 Change from				
	2021	2022	2023	2024	2025	2026 ⁽²⁾	2021	2022	2023	2024	2025
Civilian Labor Force	220,399	224,428	225,977	227,460	227,004	225,054	4,655	626	-923	-2,406	-1,950
Unemployment	10,734	8,140	7,682	8,771	11,108	10,981	247	2,841	3,299	2,210	-127
Percent of Labor Force	4.9%	3.6%	3.4%	3.9%	4.9%	4.9%	---	---	---	---	---
Total Employment	209,665	216,288	218,295	218,689	215,896	214,073	4,408	-2,215	-4,222	-4,616	-1,823

Non-Agricultural Wage & Salary Employment ⁽³⁾

							2026 Change from				
	2021	2022	2023	2024	2025	2026 ⁽²⁾	2021	2022	2023	2024	2025
Total Nonfarm Payroll Employment	161,800	168,700	171,600	173,000	173,000	172,100	10,300	3,400	500	-900	-900
Total Private	145,100	151,600	154,400	155,000	155,000	154,100	9,000	2,500	-300	-900	-900
Mining, logging and construction	14,700	15,500	15,600	15,000	14,700	14,400	-300	-1,100	-1,200	-600	-300
Manufacturing	17,300	17,800	17,700	17,900	17,800	17,400	100	-400	-300	-500	-400
Trade, transportation, and utilities	33,500	33,800	34,400	33,800	33,000	32,700	-800	-1,100	-1,700	-1,100	-300
Information	2,500	2,600	2,700	2,700	2,700	2,500	0	-100	-200	-200	-200
Financial activities	9,200	9,600	9,200	9,400	9,500	9,600	400	0	400	200	100
Professional and business services	22,100	24,100	24,600	24,600	24,300	24,000	1,900	-100	-600	-600	-300
Private education and health services	24,300	24,500	26,300	28,300	29,400	30,100	5,800	5,600	3,800	1,800	700
Leisure and hospitality	15,000	16,700	17,000	16,800	16,900	16,600	1,600	-100	-400	-200	-300
Other services	6,400	6,900	6,900	6,600	6,700	6,800	400	-100	-100	200	100
Government	16,700	17,100	17,200	17,900	18,000	18,200	1,500	1,100	1,000	300	200

(1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.

(2) Data for month of April; preliminary and subject to change.

(3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department.

Major Employers in the City

Company	Service	No. Employees
West Linn-Wilsonville School District	K-12 Public Education	909
Leaps & Bounds, LLC	Staffing Agency	170
City of West Linn	Government	137
Market of Choice	Grocery Store	110
West Linn Care Center Operating Co.	Memory Care/ Assisted Living Facility	92
Walmart Neighborhood Market	Grocery Store	71
DC West Linn Owner, LLC	Assisted Living Facility	60
Icon Construction & Development	Construction	57
Lamont Bros LLC	Construction	43
Safeway Inc.	Grocery Store	26

Note: Total number of employees may include full, part-time, temporary and seasonal employment.

Source: City of West Linn Comprehensive Annual Financial Report for Fiscal Year 2025.

Building Permits. Residential building permits are an indicator of growth within a region. The number and valuation of new single-family residential building permits in the City are listed below. Note, no multi-family building permits have been issued in the past five years.

City of West Linn Residential Building Permits

Year	<u>New Single Family</u>	
	Number	Construction Cost
2026 ⁽¹⁾	10	\$ 7,106,924
2025	29	18,044,574
2024	47	27,205,071
2023	16	9,443,081
2022	27	16,592,014
2021	37	18,118,768

(1) As of April.

Source: U.S. Census Bureau.

Higher Education. Portland PMSA Institutions of higher learning include independent institutions such as Reed College, Lewis and Clark College, Pacific University, the University of Portland, Warner Pacific College, and George Fox University. Public institutions include Portland State University, and the Oregon Health & Science University, also located in the Portland PMSA. Portland Community College, Clackamas Community College and Mt. Hood Community College are part of the State's community college system.

Transportation: The Portland area is a major transportation hub of the Pacific Northwest. Located at the confluence of the Columbia and Willamette rivers, Portland is approximately 110 river miles from the Pacific Ocean at Astoria. Major north-south (I-5) and east-west (I-84) highways connect the area with other major metropolitan areas of the western states. BNSF Railway Company (Burlington Northern Santa Fe) and Union Pacific railroads provide rail freight service to the area and Amtrak provides rail passenger service. Interstate bus transportation is available through Greyhound and local bus service is provided by the Tri-County Metropolitan Transportation District (Tri-Met).

Commercial air transportation is available at Portland International Airport ("PDX"). PDX, operated by the Port of Portland (the "Port"), is served by 16 scheduled passenger air carriers and eight cargo carriers. The Port also operates general aviation airports in Troutdale and Hillsboro. The Hillsboro Airport, 29 miles west of the City

of Portland, is the State's second busiest general aviation site and maintains the largest corporate jet fleet in the state.

Certain Investment Considerations

In addition to factors set forth elsewhere in this Official Statement, this section describes certain factors and considerations that purchasers of the Obligations should carefully consider in connection with an investment in the Obligations. The following is not meant to present an exhaustive list of the risks and considerations associated with the purchase of any Obligations (and other considerations that may be relevant to particular investors) and the order in which the information is presented does not necessarily reflect the relative importance of the various factors. Prospective investors are advised to consider the following factors, along with all other information contained or incorporated by reference in this Official Statement, in evaluating whether to purchase the Obligations. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Obligations. There can be no assurance that other risk factors not discussed herein will not become material in the future.

General

Economic Considerations. Global and national economic conditions may have had, and may in the future have, significant effects on the finances and operations of the City and its property taxes and revenues. No assurance can be given that future changes in economic conditions will not have an effect on the City and its finances and operations, nor can there be any assurances the changes in economic conditions will not have an impact on the taxpayers of the City. It is difficult for the City to predict the occurrence of such economic changes or the potential effect on the finances and operations of the City and its property taxes and revenues until the extent and duration of such changes are known.

Public Health Considerations. The financial and operating condition of the City may be materially affected by a national or localized outbreak of an infectious disease, such as the outbreak of avian influenza, measles, COVID-19, or other highly contagious or epidemic disease (an "Outbreak"). There can be no assurances that an Outbreak, including COVID-19 in the State, nationally and globally, will not materially affect the City, state and national economies and accordingly, materially adversely affect the operations and financial condition of the City. The City cannot predict the effects of such events.

Cybersecurity

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. The City and its departments routinely face cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information technology systems to misappropriate assets and/or information or to cause operational disruption and damage. The City has not had a material Cybersecurity incident in the past five years.

To reduce and mitigate the risk of business operations impact and/or damage from cybersecurity incidents, the City has invested in multiple forms of cybersecurity and operational safeguards. No assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat and attack.

The results of any attack on the computer and information technology systems could have a material adverse impact on the operations of the City and damage the digital networks and systems. The City cannot predict the outcome of any such attack, nor its effect on the operations and finances of the City.

Environmental Considerations

The City, like all communities in the State, may be subject to unpredictable natural or man-made disasters, such as seismic events, seasonal storms, excessive/high winds, flood, fire, toxic dumping or acts of terrorism, any of which could adversely affect the City and the collection and receipt of revenues. In the event of such calamities,

there may be significant damage to both City property and infrastructure. The occurrence of a severe natural disaster could have negative effects on the economic, financial and operational status of both the City and its citizens, which could have an adverse impact on the City's ability to make payments of principal of and interest on the Obligations.

Seismic and Tsunami Risks. The City is located in an area of seismic activity, with frequent small earthquakes and occasional moderate to larger earthquakes on the coast. The scientific consensus is that the Pacific Northwest region is subject to periodic great earthquakes along the Cascadia Subduction Zone, a large fault that runs offshore from Northern California to British Columbia. Historically, the Pacific Northwest has experienced 8.7 to 9.1 magnitude earthquakes every 300 to 400 years, and such seismic event has not occurred since at least 1700. Such an earthquake would cause widespread damage to structures and infrastructure in affected portions of the State, and potentially catastrophic damage in coastal areas inundated by a possible accompanying tsunami. The City cannot predict how such seismic activity could impact its revenue sources. This kind of regional disaster could result in a significant, and perhaps permanent, loss of population and business as well as significant damage to both property and infrastructure.

Wildfire Risks. In recent years, portions of the State have experienced wildfires that have burned millions of acres and destroyed thousands of homes and structures. Within the last five years, the City has not experienced material wildfire damage within its boundaries. Property damage due to future wildfires could result in a significant decrease in the assessed value of property of the City. It is not possible for the City to make any representation or prediction regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the City or the extent to which wildfires may affect the value of taxable property within the City.

Drought. Areas of the State have experienced varying levels of drought conditions in recent years, and may experience extended drought conditions in the future. As of May 28, 2026, the U.S. Drought Monitor reports that areas within the City and County are currently experiencing abnormally dry and moderate drought conditions. Extended drought conditions may affect development of undeveloped properties and the value of properties within the boundaries of the City, which may negatively affect the financial condition and operations of the City.

Severe Weather. Many areas across the State have experienced severe weather events such as heavy rainfall, windstorms, and snow and ice storms. The Portland Metro area is vulnerable to severe winter weather, and these storms can have negative impacts on property. The City has not withstood damage as a result of any material severe weather event in the past five years.

No Acceleration; Limitation of Remedies

The Obligations are not subject to acceleration. The rights of holders are limited by the terms of the Financing Agreement and Escrow Agreement. See "Description of the Obligations" – Events of Default" and " – Remedies" herein.

Change in Law

State legislation is introduced before the Oregon Legislative Assembly and as described below, initiatives and referenda are placed on the ballot from time to time that could affect the finances or operations of the City. The City cannot predict whether any such legislation, initiative or referenda will be introduced, enacted or approved in the future, nor can it predict the potential implications on the finances or operations of the City.

Federal and State Actions

Federal and State statutory and regulatory changes, administrative rulings, interpretations of policy, funding restrictions, whether taken as part of federal or State budgetary actions or otherwise, may reduce funds made available to the City to support certain programs and operations. At the same time, the federal or State government may maintain or increase the responsibilities of the City in certain areas, notwithstanding reductions in federal or State funding for such activities. It is difficult for the City to predict the occurrence of such federal or State government changes or the potential effect on the finances and operations of the City until the extent and duration of such changes are known.

Federal Funding Uncertainty. The City receives federal funding for various purposes including program grants. See “Revenue Sources – Federal Funding” herein. The Trump administration has recently issued a series of executive orders and implemented policies purporting to suspend or limit federal spending and funding to state and local governments. Certain of these actions have been challenged in court and in some cases enjoined. These federal policies, and potentially future federal policies, if implemented, may adversely impact federal revenues received by the City.

Federal tariffs imposed on international products could increase the cost and timeline of the Project and other capital projects of the City. As a result, the City could be required to adjust the scope of the Project, however, it is not expected to impact its ability to pay debt service on the Obligations.

The Initiative and Referendum Process

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State’s office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State’s office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed statewide initiative measures are submitted to the Oregon Secretary of State’s office that do not qualify for the ballot, the City does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. The City also does not formally or systematically monitor efforts to qualify measures for the ballot that would initiate new provisions for, or amend, the City’s charter and ordinances. Consequently, the City does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

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.

Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years.

A statewide initiative petition must be submitted to 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. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure’s financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historical Initiative Petitions. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

Recent Initiative Petitions

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that were Approved
2014	4	2
2016	4	3
2018	4	0
2020	2	2
2022	2	2
2024	2	1

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

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.

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 upon request from the City.

Legal Matters and Litigation

Legal Matters

Legal matters incident to the authorization, issuance and sale of Obligations are subject to the approving legal opinion of Special Counsel, substantially in the form attached hereto as Appendix A. Special Counsel has reviewed this document only to confirm that the portions of it describing the Obligations and the authority to issue them conform to the Obligations and the applicable laws under which they are issued.

Land use Appeal. The West Linn Planning Commission issued its final decision and order on March 11, 2026, approving the City’s land use application for the Project. The Planning Commission’s approval was based on substantial evidence and findings that the Project meets all applicable approval criteria. That decision was appealed by a neighborhood association located close to the Project site (the “Appellants”).

An Oregon-licensed land use attorney was hired by the City to serve as the hearings officer (the “Hearings Officer”) for the appeal hearing, which took place on May 27, 2026. The hearings officer is bound by the same approval criteria as the Planning Commission and the standard of substantial evidence. Following the hearing, the Appellants and the City can submit additional evidence and make additional arguments. The deadline for

the Appellants to submit any new evidence was June 10, 2026. The City has until June 17, 2026 to submit its final legal arguments, after which the matter is formally submitted to the Hearings Officer.

The hearing officer's decision will be the final decision of the City and is anticipated to be issued in mid-July. While the City cannot predict the final decision of the Hearings Officer, the City does not expect that the Hearings Officer's decision will differ from the Planning Commission's approval because the City's application is supported by substantial evidence from relevant experts. The City does not expect to update the Preliminary Official Statement or the final Official Statement with information about the results of the hearing officer's decision.

The Hearings Officer's decision may be appealed to the State Land Use Board of Appeals ("LUBA") by any party that participated in the City's proceedings. If the Hearings Officer approves the City's application, but the decision is appealed to LUBA, that approval of the City's land use permits continues to be effective, and work on the Project can continue while LUBA considers the appeal, unless a stay is issued by LUBA. The issuance of stay requires the party seeking that stay to show irreparable harm, a difficult standard to meet. If LUBA or a State appellate court ultimately remands the land use permits, it would be sent back to the City for additional proceedings to address the identified error and for a new decision to be issued. While on remand, construction on the Project related to the land use permits must be paused. Once reapproved, such work could continue. The City cannot predict whether the decision of the Hearings Officer will be appealed to LUBA, nor the outcome of any appeal heard by LUBA or a State appellate court.

Litigation

There is no litigation pending questioning the validity of the Obligations nor the power and authority of the City to issue the Obligations. 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 Obligations.

Under the Oregon law local public bodies, such as the City, are 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 \$879,200, for causes of action arising on or after July 1, 2025, and before July 1, 2026. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence may not exceed \$1,758,300 for causes of action arising on or after July 1, 2025, and before July 1, 2026.

Property Damage or Destruction Claim. The liability limits 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, 2025: (a) \$144,200, adjusted as described below, to any single claimant, and (b) \$721,000, adjusted as described below, to all claimants.

For causes of action arising on or after July 1, 2026, 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 statutory formula. The adjustment may not exceed three percent for any year.

Tax Matters

In the opinion of Special 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, the portion of each Financing Payment designated as and constituting interest paid by the City under the Financing Agreement and received by the registered owners of the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of Oregon personal income taxes. Special Counsel is of the further opinion

that such interest is not a specific preference item for purposes of the federal individual alternative minimum tax. Special Counsel observes that such interest included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of the Obligations, or the amount, accrual or receipt of the portion of each Financing Payment constituting interest. A complete copy of the proposed form of opinion of Special Counsel is set forth in APPENDIX A hereto.

To the extent the issue price of any maturity of the Obligations is less than the amount to be paid at maturity of such Obligations (excluding amounts stated to be interest and payable at least annually over the term of such Obligations), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest which is excluded from gross income for federal income tax purposes and exempt from State of Oregon personal income taxes. For this purpose, the issue price of a particular maturity of the Obligations is the first price at which a substantial amount of such maturity of the Obligations 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 any maturity of the Obligations accrues daily over the term to maturity of such Obligations 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 Obligations to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Obligations. Beneficial Owners of the Obligations should consult their own tax advisors with respect to the tax consequences of ownership of Obligations with original issue discount, including the treatment of Beneficial Owners who do not purchase such Obligations in the original offering to the public at the first price at which a substantial amount of such Obligations is sold to the public.

The Obligations purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Obligations") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of debt obligations, like the Premium Obligations, the interest with respect to which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Obligation, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Obligations 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 evidenced by obligations such as the Obligations. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that the interest evidenced by the Obligations will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest evidenced by the Obligations being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Obligations. The opinion of Special Counsel assumes the accuracy of these representations and compliance with these covenants. Special Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Counsel's attention after the date of issuance of the Obligations may adversely affect the value of, or the tax status of interest evidenced by, the Obligations. Accordingly, the opinion of Special Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Counsel is of the opinion that the interest portion of each Financing Payment paid by the City under the Financing Agreement and received by the registered owners of the Obligations 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 the Obligations, or the accrual or receipt of amounts treated as interest, may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Special Counsel expresses no opinion regarding any other such tax consequences.

Current and future federal and state legislative proposals, if enacted into law, clarification of the Code or court decisions may cause the interest evidenced by the Obligations to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

The opinion of Special Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Counsel's judgment as to the proper treatment of the interest evidenced by the Obligations for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Special Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Special Counsel's engagement with respect to the Obligations ends with the issuance of the Obligations, and, unless separately engaged, Special Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the Obligations in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Obligations for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Obligations, and may cause the City or the Beneficial Owners to incur significant expense.

Payments on the Obligations generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Obligations may be subject to backup withholding with respect to "reportable payments," which include interest paid with respect to the Obligations and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Obligations. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Qualified Tax-Exempt Obligations

The City has not designated the Obligations as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Continuing Disclosure

The Securities and Exchange Commission Rule 15c2-12 (the "Rule") requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Obligations. Pursuant to the Rule, the City has agreed to provide audited financial information and certain financial information or operating data at least annually, and timely notice of certain events (collectively, "Continuing Disclosure") to the MSRB

through its EMMA system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes).

Prior Undertakings. During the last five fiscal years, the City was obligated to provide Continuing Disclosure filings for its General Obligation Bonds, Series 2012; General Obligation Bonds, Series 2018; Full Faith and Credit Project and Refunding Obligations, Series 2015; and Full Faith and Credit Obligations, Series 2023 (“Outstanding Debt”). The City’s undertakings require its annual financial information filing within 270 days of the end of the Fiscal Year (usually March 27).

A copy of the form of the City’s Continuing Disclosure Certificate for the Obligations is attached hereto as Appendix D.

Municipal Advisor

In connection with the authorization and issuance of the Obligations, the City has retained Piper Sandler & Co., Portland, Oregon, as its Municipal Advisor (the “Municipal Advisor”).

The Municipal 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.

Preliminary Official Statement

The City has executed a “deemed final” letter that deemed final the Preliminary Official Statement pursuant to Securities and Exchange Commission Rule 15c2-12 (except for the omission of the following information: offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, credit enhancement, if any, ratings, insurance, and other terms of the securities depending on such matters). The City has also represented to the Municipal Advisor that the information in this Preliminary Official Statement, except for matters relating to DTC and its book-entry system, the Paying Agent, the information under the heading “Municipal Advisor” and the statement regarding the Municipal Advisor in the italicized paragraph on page ii, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Rating

As noted on the cover page of this Official Statement, S&P Global Ratings, a Division of Standard & Poor’s Financial Services LLC, has assigned their underlying rating of “AA+” to the Obligations. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Obligations.

Purchaser of the Obligations

The Obligations are being purchased by _____ and they will receive compensation of \$_____. The purchaser of the Obligations may offer and sell the Obligations to certain dealers (including dealers depositing the Obligations into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on page i of this Official Statement, and such initial offering prices may be changed from time to time by such purchaser. After the initial public offering, the public offering prices may be varied from time to time.

In connection with the offering of the Obligations, the purchaser of the Bonds may overallocate or effect transactions which stabilize or maintain the market price of the Obligations at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued or recommenced at any time.

Certificate with Respect to Official Statement

At the time of the original delivery of and payment for the Obligations, the City will deliver a certificate of its authorized representative to the effect that the representative has examined this Official Statement and the financial and other data concerning the City contained herein and that to the best of the representative's knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the Obligations, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Obligations there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the City except as set forth in or contemplated by the Official Statement.

Appendix A

Form of Special Counsel Opinion

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[____], 2026

City of West Linn, Oregon
West Linn, Oregon

\$[____]
City of West Linn, Oregon
Full Faith and Credit Obligations, Series 2026
(Final Opinion)

Ladies and Gentlemen:

We have acted as special counsel to the City of West Linn, Oregon (the “City”) in connection with execution and delivery of a Financing Agreement between U.S. Bank Trust Company, National Association, as escrow agent (the “Escrow Agent”), and the City, dated as of [____], 2026 (the “Financing Agreement”), that establishes the terms for the \$[____] aggregate principal amount of the City’s Full Faith and Credit Obligations, Series 2026 (the “Obligations”), which are executed and delivered by the Escrow Agent, pursuant to an Escrow Agreement, dated as of [____], 2026 (the “Escrow Agreement”) between the Escrow Agent and the City. The Obligations represent undivided proportionate interests in the Financing Payments made by the City under the Financing Agreement. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Agreement and Escrow Agreement.

In such connection, we have reviewed the Financing Agreement, the Escrow Agreement, Resolution No. 2025-18 adopted by the City Council of the City on December 9, 2025 (the “Resolution”), the Tax Certificate, dated the date hereof (the “Tax Certificate”), of the City, certificates of the City, the Escrow Agent and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Obligations on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Obligations on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed that each document and each signature thereon provided to us is genuine and that each such document has been duly and legally executed by, and constitutes a valid and binding agreement of, each party thereto other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents

referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Financing Agreement, the Escrow Agreement, the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the portion of each Financing Payment designated as and constituting interest paid by the City under the Financing Agreement with respect to the Obligations to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations with respect to the Obligations, the Financing Agreement, the Escrow Agreement, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities in the State of Oregon. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Financing Agreement or the Escrow Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Obligations and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Financing Agreement and the Escrow Agreement have been duly executed and delivered by, and constitute the valid and binding obligations of, the City.

2. The Obligations are payable from Financing Payments made by the City under the Financing Agreement from the City's general non-restricted revenues and other funds which may be lawfully available therefor.

3. The portion of each Financing Payment designated as and constituting interest paid by the City under the Financing Agreement with respect to the Obligations and received by the registered owners of the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of Oregon personal income taxes. Such interest is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that such interest included in financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership

City of West Linn, Oregon

[____], 2026

Page 3

or disposition of the Obligations, or the amount, accrual or receipt of the portion of each Financing Payment constituting interest.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

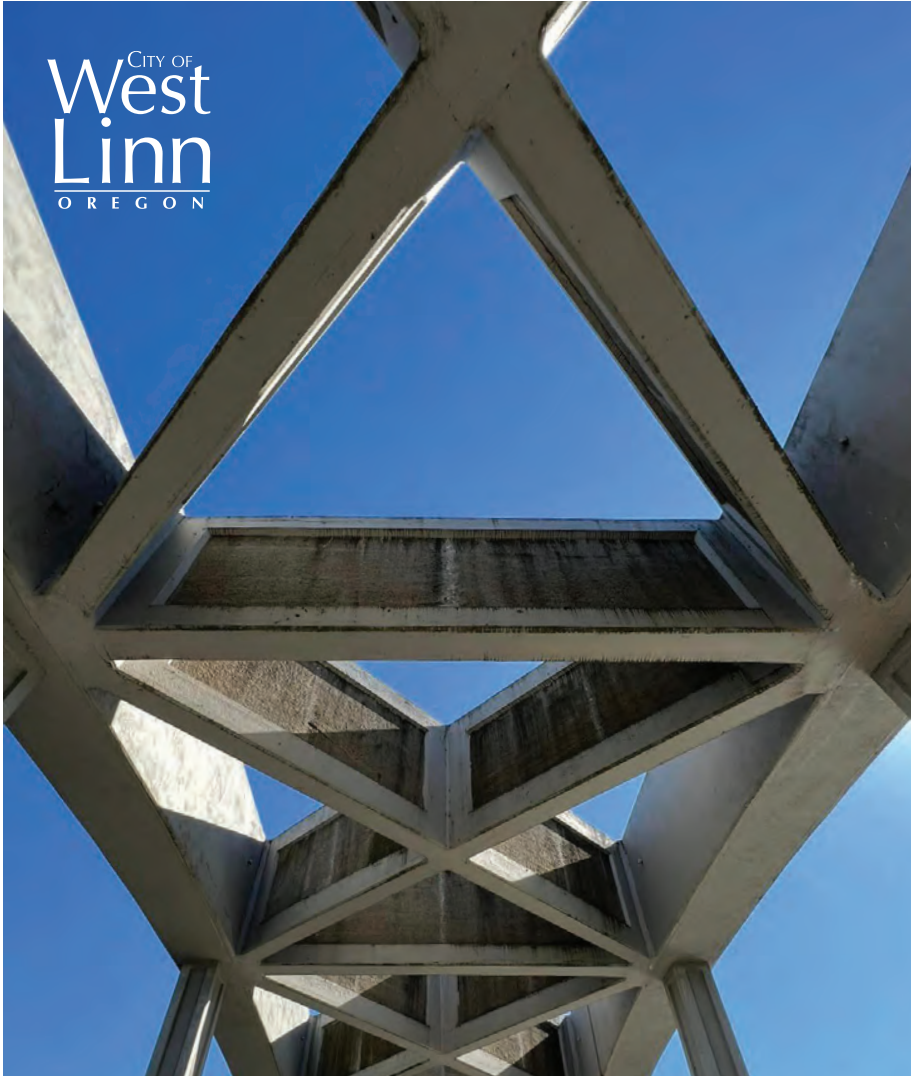
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Appendix B

Financial Statements

The City's Auditor has not performed any further review of the City's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2025 Fiscal Year.

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CITY OF
**West
Linn**
OREGON

CITY OF WEST LINN, OREGON
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2025

prepared by

Finance Department
City of West Linn, Oregon

available online at
<http://westlinnoregon.gov>

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025



THIS REPORT WAS PRINTED
ON RECYCLED PAPER

CITY OF WEST LINN, OREGON

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

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CITY OF WEST LINN, OREGON
ANNUAL COMPREHENSIVE FINANCIAL REPORT

SECTION I

INTRODUCTORY SECTION



December 18, 2025

Mayor, City Councilors, Audit Committee and
Citizens of the City of West Linn, Oregon

The Annual Comprehensive Financial Report (ACFR) of the City of West Linn, Oregon (the City) for the fiscal year ended June 30, 2025 is hereby submitted.

This report presents the financial position of the City as of June 30, 2025 and the results of its operations for the fiscal year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards prescribed by the Oregon Secretary of State Audits Division. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

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

Merina & Company LLP, Certified Public Accountants, have issued an unmodified or "clean" opinion on the City's financial statements for the fiscal year ended June 30, 2025. The independent auditor's report is located at page 12 in the Financial Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located at page 15 immediately following the independent auditor's report.

Profile of the Government

West Linn is a community where citizens, civic organizations, businesses and city government work together to ensure that the community retains its hometown identity, high quality of life and its natural beauty. The City incorporated in 1913 and today serves a population of 27,568. It is close to the region's business core and urban amenities, with Portland approximately twenty miles to the north. At the same time, the City provides a

small-town atmosphere and distinct neighborhoods that range from the Historic Willamette District with its pioneer-era dwellings, to the contemporary architecture of newer homes. The City is approximately twenty miles from Portland International Airport.

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

Municipal services are provided by City employees under the direction of the City Manager. The City operates its own police department, municipal court, water, sewer and surface water utilities, street operations, planning, engineering, fleet management, library and extensive year-round park and recreation programs.

Tualatin Valley Fire and Rescue District provides fire and emergency services to the community. The City lies within Clackamas County, which is headed by a board of commissioners and based in neighboring Oregon City. The City is also part of Metro, the tri-county urban services district based in Portland.

Local Economy

The City's economy is linked with that of the entire Portland Metropolitan area, but is more insulated from economic downturns because of the high education and skill level of its population. Per capita income is one of the highest of any city in the state of Oregon.

West Linn is primarily a residential community with a low ratio of heavy industry and retail-based commercial activity. The largest employers are West Linn Wilsonville School District and Willamette Falls Paper Company.

Long-term Financial Planning

Long-term financial planning is performed on an ongoing basis. The controlling document is the City's five year financial forecasting plan which includes reserves by fund that fall within the policy guidelines set by Council and reviewed by the Citizens' Budget Committee during the budget process. Reserve policy guidelines are measured as 15 percent of annual operating expenses per fund.

Along with the adoption of the 2026-2027 biennial budget, certain utility rate fee increases were approved by City Council with the support of the Citizens' Budget Committee and the Utility Advisory Board. Effective July 1, 2025, a five percent rate increase was approved for the residential street fees and a five percent rate increase was approved for parks maintenance fees. Effective January 1, 2026, a five percent rate increase was approved for water, sewer, and surface water management.

In regards to the City's long-term debt obligations, the City had \$22.2 million outstanding in two general obligation bond issues, and \$13.1 million outstanding in two full faith and credit obligations, for a total of \$35.3 million in long-term debt outstanding as of June 30, 2025.

City's Credit Ratings

On November 23, 2015, Standard & Poor's Ratings Services raised its long-term rating to 'AA+' from 'AA' on the City's general obligation bonds and full faith and credit obligations outstanding due to the city's improved budgetary performance. The rating agency cited very strong economic characteristics, budgetary flexibility and strong management with "good" financial policies. The City maintained this rating in the November 2, 2023 review.

On February 23, 2017, Moody's Investors Services raised its long-term rating to 'Aa2' from 'Aa3' on the City's full faith and credit obligations Series 2010 outstanding due to an overall review undertaken by Moody's in conjunction with the publication on December 16, 2016 of the US Local Government General Obligation Debt Methodology. The City maintained this rating in the February 2025 review.

History of City's Low Permanent Property Tax Rate

Two serial levies were in place for the City of West Linn in fiscal years 1994-95, 1995-96 and 1996-97. Both of these serial levies expired before the Measure 50 permanent property tax rates were established. Hence, neither of these two serial levies rolled into the permanent rate for the City of West Linn. In March 1997, West Linn voters approved two local option levies which replaced the two serial levies; however, this election was too late for the permanent rate calculation which occurred in late 1996. Today, the permanent property tax rate for the City of West Linn is at \$2.12 per thousand of assessed value, the lowest property tax rate for cities in the surrounding area.

Major Initiatives

The City has continued to establish and work toward clearly defined goals and objectives. During the budget review process, goals and objectives are developed and prioritized by the City Council and staff. The process is a continuing cycle of setting goals and objectives, reviewing short- and long-term goals, evaluating results, and reassessing the goals and their priority.

In preparing the budget for the 2026-2027 biennium, the City Council adopted various goals that were then incorporated into budgeted operations. The City Council updated their previous goal list and established guidelines for achievement in the following major areas: transportation safety and funding; feasibility of and indoor recreation/community center; clarifying community advisory group work programs; fund drinking water system capital needs; waterfront vision; Vision43 project; environmental protection and sustainable City operations; diversity, equity, inclusion and belonging; and constructing a new Operations Facility.

The Citizens' Budget Committee continued with biennial budgeting and approved the City's seventh biennial budget allowing better alignment of the City's budget with the State's and an increased focus on a longer term. With this financial report for the fiscal year ended June 30, 2025, the actual results reflect the second year of the biennium. Additionally, the City's Audit Committee, consisting of Councilors Carol Bryck and Lou Groner, partnering with Abby Farber who is a West Linn resident, continue their focus on audit oversight and improving all finance processes.

Awards

Annual Comprehensive Financial Reporting Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This was the sixteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a *Certificate of Achievement*, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A *Certificate of Achievement* is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Distinguished Budget Presentation Award. The GFOA presented a *Distinguished Budget Presentation Award* to the City for its biennial budget for the biennium beginning July 1, 2025. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

This award is valid for a period of two years only. We will continue to submit future budgets to GFOA for the award.

Acknowledgements

The preparation of this Annual Comprehensive Financial Report was a combined effort of the dedicated Finance staff. We wish to express our appreciation to everyone who contributed to the preparation of this report. Credit is also given to the Mayor, the Councilors and the Audit Committee for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Lauren Breithaupt, CPA CMA CGMA
Finance Director

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of West Linn
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrell
Executive Director/CEO

CITY OF WEST LINN, OREGON

Elected and Appointed Officials

Elected Officials

Rory Bialostosky, Mayor
Mary Baumgardner, Council President
Kevin Bonnington, Councilor
Leo (Lou) Groner, Councilor
Carol Bryck, Councilor
Rhett Bernstein, Municipal Court Judge

Term Expires

December 31, 2028
December 31, 2028
December 31, 2026
December 31, 2026
December 31, 2028
December 31, 2026

Appointed Officials

John Williams
Kaylie Klein

Position

City Manager
Legal Counsel/City Attorney

Management Team:

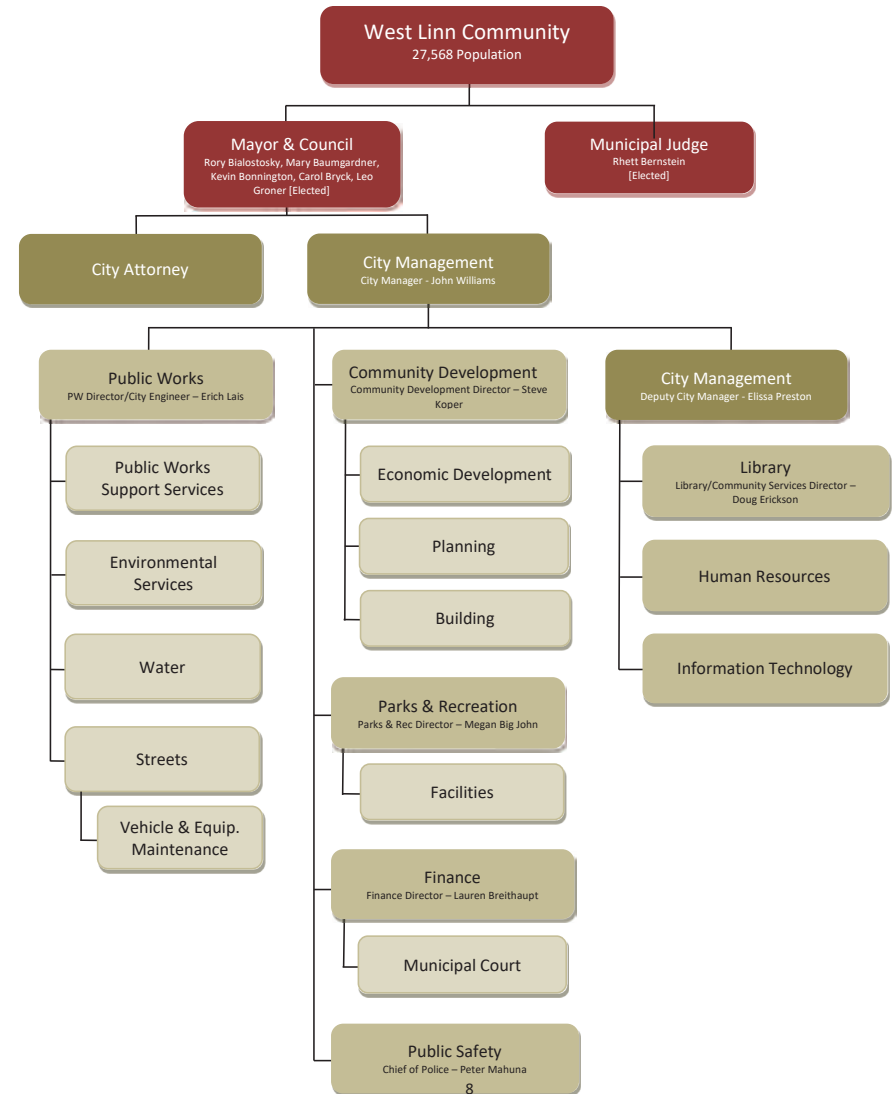
Lauren Breithaupt, CPA
Doug Erickson
Steve Koper
Erich Lais
Peter Mahuna
Kathy Mollusky, CMC
Elissa Preston
John Williams
Shaun Chiarmonte
Megan Big John

Finance Director
Library and Community Services Director
Community Development Director
Public Works Director
Chief of Police
City Recorder
Human Resources/Deputy City Manager
City Manager
Information Tech. Manager
Parks and Recreation Director



PERSONNEL

ORGANIZATIONAL CHART



CITY OF WEST LINN, OREGON
Audit Committee

Resolution 06-33 adopted in July 2006 established an Audit Committee to ensure that audits are completed annually in accordance with Oregon state law, provide oversight of the independent auditors, assist in the review and selection of audit firms, and ensure transparent communication back to the Council and citizens of West Linn.

Resolution 09-11 adopted in June 2009 added one citizen member to the Audit Committee for a four-year term with an interest and experience in City government financial operations, preferably a Certified Public Accountant residing within City limits.

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Audit Committee Members	Term Expires
Council Members:	
Carol Bryck, Councilor	December 31, 2028
Leo (Lou) Groner, Councilor	December 31, 2026
Citizen Member:	
Abby Farber	December 31, 2025

CITY OF WEST LINN, OREGON ANNUAL COMPREHENSIVE FINANCIAL REPORT

SECTION II

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, City Council, and Audit Committee
City of West Linn, Oregon

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Linn, Oregon, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of South Fork Water Board which represents 15 percent, 19 percent, and 5 percent, respectively, of the assets, net position, and revenues of the business-type activities of the City of West Linn, Oregon, as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the City of West Linn, Oregon are based solely on the report of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of West Linn, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of South Fork Water Board was not audited in accordance with *Government Auditing Standards*.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, in 2025, the City of West Linn adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Linn's ability to continue as a going concern for twelve

Focused on Your Wants and Understanding Your Needs

months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedule of the changes in the City's total OPEB liability and related ratios, schedule of the City's proportionate share of the net OPEB (asset)/liability, schedule of funding progress – other postemployment benefits plan, schedule of the City's proportionate share of the net pension (asset)/liability, and schedule of City pension plan contributions, as listed in the table of contents under required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Linn, Oregon's basic financial statements. The accompanying supplementary information, as listed in the table of contents including the combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025 on our consideration of the City of West Linn, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Linn, Oregon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of West Linn, Oregon's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 18, 2025 on our consideration of the City of West Linn, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.


Tonya Moffitt, Partner
For Merina+Co
Tualatin, Oregon
December 18, 2025

CITY OF WEST LINN, OREGON
Management's Discussion and Analysis
For the fiscal year ended June 30, 2025

Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the City of West Linn (the City) for the fiscal year ended June 30, 2025. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

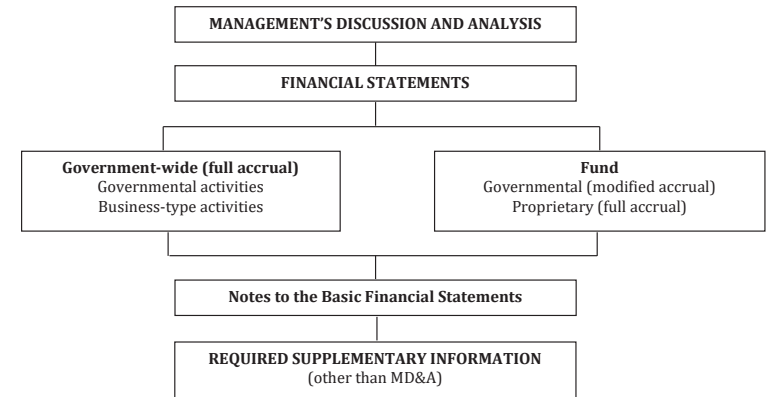
- The City's assets and deferred outflows of resources totaled \$398.5 million at June 30, 2025, consisting of \$304.8 million in capital assets, \$50.8 million in unrestricted cash and investments, \$14.9 million in restricted cash and investments, and \$28.0 million in investment in joint venture, other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$5.2 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$67.7 million at June 30, 2025 consisting of \$59.5 million in long-term liabilities and \$5.2 million in accounts payable and other liabilities, and \$3.0 million in deferred inflows related leases, pensions and other postemployment benefits.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$330.8 million at the close of fiscal year 2024-25. Unrestricted net position totaled \$34.8 million with the remainder of the City's net position invested in capital assets (\$282.9 million) and restricted for endowment, capital projects, debt service, and other purposes (\$13.0 million).
- For its governmental activities, the City generated \$26.9 million in charges for services, received \$5.8 million in operating and capital grants and contributions, and \$0.3 million in capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$45.0 million for the year, resulting in a net direct expense of \$12.1 million. \$15.0 million of general revenues received resulted in an increase of \$2.9 million in net position.
- For its business-type activities, the City generated \$12.5 million in charges for services and capital grants and contributions to fund direct expenses of \$11.0 million.
- Fund balance in the City's governmental funds was \$40.5 million at June 30, 2025, an increase of \$0.1 million from June 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of this annual report contains the *basic financial statements*, *required supplementary information*, and *other supplementary information*, including the *combining statements and schedules* of the nonmajor funds.

The basic financial statements also include *notes* that explain the information in the financial statements and provide additional details. The following chart illustrates how the various sections of this annual report are arranged relative to one another.

**Chart 1 - Required Elements of the
Annual Comprehensive Financial Report**



Government-wide Statements

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

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

- Over time, increases or decreases in the City's net position are indicators of whether its *financial health* is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.

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

- Governmental activities—Most of the City's basic services are included here, such as police, parks and recreation, library, public works, and general administration. Property taxes, charges for services, and operating and capital grants and contributions fund most of these activities.

- **Business-type activities**—The City charges fees to customers to help cover the costs of certain services it provides. The City's water and environmental services, including sanitary sewer and surface water management systems, are included here.

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$330.8 million at June 30, 2025.

By far, the largest portion of the City's net position (86 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure), less any related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves either cannot or are not expected to be used or liquidated to repay these liabilities.

Table 1 – Net Position as of June 30th (in millions)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 44.8	\$ 45.5	\$ 40.8	\$ 41.4	\$ 85.6	\$ 86.9
Capital assets	253.9	252.3	50.9	47.7	304.8	300.0
Total assets	298.7	297.8	91.7	89.1	390.4	386.9
Deferred outflows of resources	7.3	5.9	0.8	0.6	8.1	6.5
Long-term liabilities	44.2	43.2	15.3	15.6	59.5	58.8
Other liabilities	3.4	4.0	1.9	1.2	5.3	5.2
Total liabilities	47.6	47.2	17.2	16.8	64.8	64.0
Deferred inflows of resources	2.4	1.8	0.6	0.7	3.0	2.5
Net position:						
Net investment in capital assets	231.9	229.9	51.1	45.5	283.0	275.4
Restricted for:						
Library endowment	0.2	0.2	-	-	0.2	0.2
Debt service	0.6	0.6	-	-	0.6	0.6
Building operations	2.0	1.8	-	-	2.0	1.8
OPEB Assets	0.3	0.2	-	-	0.3	0.2
Opioid Settlement	0.2	0.1	-	-	0.2	0.1
McLean House	-	-	-	-	-	-
Capital projects	9.6	8.2	-	-	9.6	8.2
Unrestricted	11.2	13.7	23.6	26.7	34.8	40.4
Total net position	\$ 256.0	\$ 254.7	\$ 74.7	\$ 72.2	\$ 330.7	\$ 326.9

A portion of the City's net position (\$12.9 million or about four percent) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* (\$34.9 million or about ten percent) may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2025, the City had positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Total net position increased by \$3.9 million during the fiscal year.

Statement of Activities

As with the *Statement of Net Position*, the City reports governmental activities on a consolidated basis. A summary of the *Statement of Activities* follows:

Table 2 – Changes in Net Position (in millions)

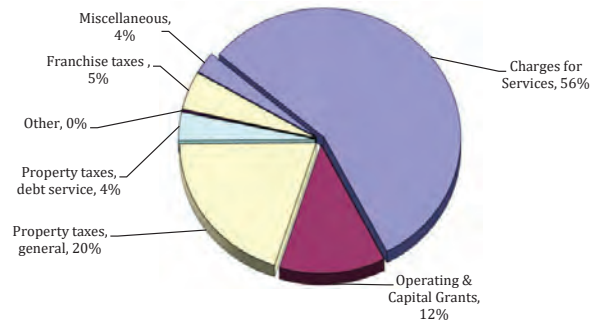
	Governmental Activities		Business-type Activities		Total	
	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024
Revenues						
Program revenues						
Charges for services	\$ 26.9	\$ 18.6	\$ 12.5	\$ 12.5	\$ 39.4	\$ 31.1
Operating grants and contributions	5.8	5.6	-	-	5.8	5.6
Capital grants and contributions	0.3	0.4	0.1	0.7	0.4	1.1
General revenues						
Property taxes	11.4	10.9	-	-	11.4	10.9
Franchise taxes	2.3	2.2	-	-	2.3	2.2
Grants and contributions not restricted to specific programs	0.1	0.1	-	-	0.1	0.1
Miscellaneous	1.3	1.5	1.1	0.9	2.4	2.4
Total revenues	48.1	39.3	13.7	14.1	61.8	53.4
Expenses						
Governmental activities						
General government	13.0	10.8	-	-	13.0	10.8
Culture and recreation	13.3	9.1	-	-	13.3	9.1
Public safety	13.8	9.9	-	-	13.8	9.9
Highways and streets	4.0	3.5	-	-	4.0	3.5
Interest on long-term debt	1.0	0.8	-	-	1.0	0.8
Business-type activities						
Water	-	-	6.5	6.1	6.5	6.1
Environmental services	-	-	4.5	4.1	4.5	4.1
Total expenses	45.1	34.1	11.0	10.2	56.1	44.3
Change in net position	3.0	5.2	2.7	3.9	5.7	9.1
Net position - beginning (restated)	253.0	249.5	72.0	68.3	325.0	317.8
Net position - ending	\$ 256.0	\$ 254.7	\$ 74.7	\$ 72.2	\$ 330.7	\$ 326.9

Governmental Activities

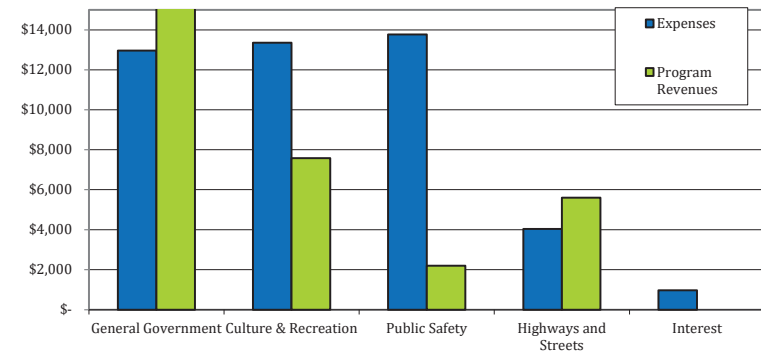
Governmental activities increased the City's net position by \$1.3 million in fiscal year 2024-25, as compared to an increase of \$5.2 million in the prior fiscal year. Revenue increase by \$8.8 million from the prior year and expenses, excluding transfers, increased by \$11.0 million. Key elements of these changes, as illustrated in Table 2 above, are primarily the results of an increase in charges for services for the consolidation of funds into the General Fund and the corresponding transfers.

The revenues charted in the following pie chart include all program and general revenues for governmental activities such as property taxes, franchise taxes, charges for services, operating and capital grants and contributions, and miscellaneous revenues. Property taxes continue to be the major source of revenue for the City's governmental activities, once interfund service payments are factored out of charges for services. Property taxes increased due to increases in Assessed Values of properties. Charges for services increased significantly due to the transfers to the General Fund to close four funds. Expenditures in the corresponding departments also increased because of this.

Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities
(in thousands)

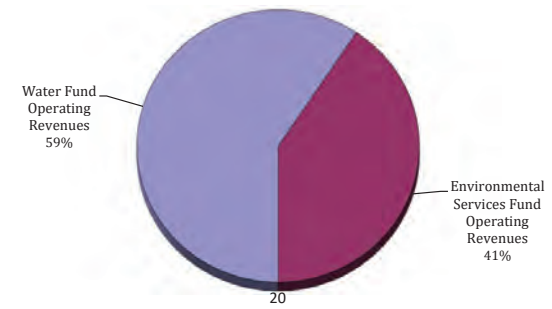


Business-type Activities

Water fund revenues represent approximately 59 percent of all utility revenues for the City. The City continues to contribute capital investment to the water system while maintaining a consistent level of service. Revenues and expenditures remained fairly consistent with prior years with adjustments for inflation.

Environmental services fund revenues represent approximately 41 percent of all utility revenues for the City. The fund provides sewer collection services and surface water management services. Overall, the fund continues to realize improved operating results. Both sewer and surface water management operations realized negative margins due to transfers out. Otherwise they would both be positive. Revenues and expenditures remained fairly consistent with prior years with adjustments for inflation.

Utility Revenues - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

As of June 30, 2025, the City's governmental funds reported a combined ending fund balance of \$40.5 million, an increase of \$0.1 million when compared to the prior year. Unassigned fund balance as of June 30, 2025, was \$14.7 million and is available for spending at the City's discretion.

General Fund

The general fund is the chief operating fund of the City. At June 30, 2025, total fund balance was \$15.5 million, reflecting an increase of \$6.2 million from the prior year. This increase is due to closing four funds and transferring the fund balances to the general fund. Within the general fund ending balance, \$14.7 million is considered unassigned. The City's general fund continues to be funded with charges for services from other funds, including the three special revenue funds receiving property tax revenues: public safety, parks and recreation, and library. General fund revenues increased from \$9.7 million in the prior year to \$17.5 million due increase in transfers from other funds from the closing of four special revenue funds. Expenditures in the general fund increased by \$1.6 million from \$10.0 million in the prior year to \$11.6 million in the current year. The increases were across multiple departments. One larger expenditure in this year was for legal fees related to the Oppenlander trial.

Public Safety Fund

This special revenue fund accounts for police, 911 dispatch, and overall safety activities within city limits. Revenues increased from \$9.2 million in the prior year and \$9.6 million in the current year. Expenditures in the public safety fund also increased from the prior year from \$8.8 million to \$12.7 million in the current year. The increase in expenditures is due to closing the fund in FY 2025 and transferring the balance of \$2.6 million to the General Fund. This fund is closed as of June 30, 2025.

Parks and Recreation Fund

This special revenue fund is used to account for funding parks and recreation programs throughout the City. Overall revenues increased to \$5.6 million in the current year from \$5.4 million in the prior year due to slight increases in Parks Maintenance Fees. Expenditures increased to \$8.2 million from 4.9 million in the prior year. The increase in expenditures is due to closing the fund in FY 2025 and transferring the balance of \$3.2 million to the General Fund. This fund is closed as of June 30, 2025.

Library Fund

This special revenue fund is used to account for funding the City's library operations. Overall revenues increased to \$3.3 million in the current year from \$3.1 million in the prior year. Overall expenditures increased to \$4.0 million in the current year from \$3.2 million in the prior year. The increase in expenditures is due to closing the fund in FY 2025 and transferring the balance of \$0.7 million to the General Fund. This fund is closed as of June 30, 2025.

Street Fund

This special revenue fund accounts for the operation and maintenance of the City's street and sidewalk systems, including medians. Revenue increased to \$5.9 million from \$5.6 million in the prior year due to increases in utility rates. Overall street expenditures decreased to \$4.1 million from \$5.5 million in the prior year. The street fund had an overall increase in fund balance of \$1.8 million for the fiscal year ended June 30, 2025.

Systems Development Charges Fund

This capital projects fund accounts for systems development charges and improvements including those for the street, water, surface water, sewer, park, and bike/pedestrian systems. Revenues increased to \$2.2 million from \$1.1 million in the prior year. Expenditures in the systems development charges fund decreased to \$0.1 million from \$0.1 million. Major projects in this fund generally include street improvements, parks and bike/pedestrian projects.

City Facilities, Parks and Transportation Bond Fund

This capital projects fund was created in fiscal year 2019 to track spending related to the G.O. Bond issuance in August 2018. Revenues decreased from \$341k in the prior year to \$157k in the current year, due to a decrease in investment earnings as interest rates are declining and the balance of the fund is being reduced. Capital outlay decreased from \$3.4 million in the prior year to \$2.9 million in the current year due to a decrease in project work over the last fiscal year, as projects are being finalized.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. The original appropriated budget was adjusted as shown below during the fiscal year. The final appropriated budget amounts to \$27.9 million, which includes \$4.2 million for contingencies.

General Fund Appropriated Budget	Original Budget	Final Budget	Difference
Expenditures	\$ 21,166,000	\$ 21,964,000	\$ 798,000
Transfers to other funds	1,725,000	1,725,000	-
Contingency	5,015,000	4,217,000	(798,000)
	<u>\$ 27,906,000</u>	<u>\$ 27,906,000</u>	<u>\$ -</u>

Final budgeted revenues compared to actual revenues. The most significant difference between estimated revenues that were budgeted in the first year of the biennium and actual revenues were as follows:

General Fund Estimated Revenues	Biennium Estimated Revenues	Less FY 2024 Estimated Revenues	FY 2025 Estimated Revenues	FY 2025 Actual Revenues	Difference
Investment Earnings	\$ 21,000	\$ (10,000)	\$ 11,000	\$ 253,827	\$ 242,827
Transfers from Other Funds	17,870,000	(8,746,000)	9,124,000	16,495,744	7,371,744
Proceeds from SBITA	-	-	-	345,430	345,430

Interest revenues came in significantly higher than budget due to higher interest rates than expected. Transfers from Other Funds did not have a budget for the closing of four funds that were transferred to the General Fund as of June 30, 2025. Revenues from SBITAs have come in higher as it was not originally budgeted for. GASB 96 was new standard implemented after the biennial budget was adopted and therefore was not budgeted for.

Final budgeted expenditures compared to actual expenditures. The most significant differences between estimated expenditures that were budgeted in the second year of the biennium and actual expenditures were as follows:

General Fund Estimated Expenditures	Biennium Estimated Expenditures	Less FY 2024 Estimated Expenditures	FY 2025 Estimated Expenditures	FY 2025 Actual Expenditures	Difference
Information Technology	3,288,000	(1,570,000)	1,718,000	1,509,134	208,866
Vehicle and Equipment Maintenance	936,000	(447,000)	489,000	291,042	197,958

Expenditures in the Information Technology department came in \$208,866 under budget. This is due to timing of projects and ordering. In addition, with the implementation of GASB 96, the SBITAs were paid out as non-departmental debt service. They were originally budgeted in materials and services. This is due to personnel not being hired until the second year of the biennium but budgeted for in the current year. The Vehicle and Equipment Maintenance department of the general fund came in \$197,958 under second year estimates. The variance is due to timing of projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the City had invested \$304.8 million in capital assets, net of depreciation as reflected in the following table. This represents a net increase (additions, deductions and depreciation) of \$4.8 million in fiscal year 2024-25. Governmental capital assets totaled \$253.9 million while business-type capital assets totaled \$50.9 million.

Table 3
Capital Assets as of June 30th
(net of depreciation, in millions)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and easements	\$ 192.9	\$ 192.9	\$ 0.5	\$ 0.5	\$ 193.4	\$ 193.4
Buildings and improvements	39.0	28.4	0.2	0.3	39.2	28.7
Vehicles and equipment	2.4	2.6	1.5	1.4	3.9	4.0
Infrastructure	13.4	13.8	41.6	41.7	55.0	55.5
Construction in progress	6.2	14.6	7.1	3.8	13.3	18.4
Capital assets, net	<u>\$ 253.9</u>	<u>\$ 252.3</u>	<u>\$ 50.9</u>	<u>\$ 47.7</u>	<u>\$ 304.8</u>	<u>\$ 300.0</u>

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

Table 4
Change in Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024
Beginning balance	\$ 252.3	\$ 246.9	\$ 47.7	\$ 46.1	\$ 300.0	\$ 293.0
Additions	1.8	8.3	3.2	3.7	5.0	12.0
Reductions and adjustments	3.1	-	2.2	-	5.3	-
Depreciation	(3.3)	(2.9)	(2.2)	(2.1)	(5.5)	(5.0)
Ending balance	<u>\$ 253.9</u>	<u>\$ 252.3</u>	<u>\$ 50.9</u>	<u>\$ 47.7</u>	<u>\$ 304.8</u>	<u>\$ 300.0</u>

Assets utilized in governmental activities increased by a net \$1.6 million. This change includes increases in building, machinery and equipment, and sidewalk improvements, offset by depreciation. Capital asset additions include completion of various projects throughout the community. Additional detail on the City's capital assets can be found in the capital assets note on page 47 of this report.

Debt Outstanding

As of the end of the fiscal year, the City had \$35.3 million in long-term bonded debt obligations outstanding – a decrease of 5% from the prior year – as shown in Table 5. Additional detail on the City's long-term debt obligations can be found in the long-term debt obligations note on page 50 of this report.

Table 5
Outstanding Long-term Debt Obligations as of June 30th
(in millions)

	2025	2024
Governmental Activities:		
General obligation bonds	\$ 22.2	\$ 23.2
Full faith and credit obligations	1.0	1.3
Sub-total	23.2	24.5
Business-type Activities:		
Full faith and credit obligations	12.1	12.5
Total	<u>\$ 35.3</u>	<u>\$ 37.0</u>

Under Oregon Revised Statutes, general obligation debt issues are limited to three percent of the real market value of all taxable property within the City's boundaries. The \$22.2 million in general obligation debt applicable to this limit is well below the City's \$238.6 million maximum limitation.

Economic Factors

The City of West Linn is predominantly residential in nature, with commercial property representing less than five percent of the City's taxable assessed value. Therefore, the City receives a significant share of its revenue directly from local residents in the form of property taxes and charges for services.

The State of Oregon does not have a sales tax, making property taxes a primary funding source for general government, public safety, and culture and recreation services provided by the City. The underlying taxable assessed values continue to be below real market values, and are currently about 57 percent; therefore, real market values would have to decrease by approximately 43 percent before the City's property tax revenues would be negatively impacted.

The largest resource used for governmental activities, at 49 percent, consisted of charges for service, including permits, licenses, recreation charges, and system development charges. Property tax revenue, the next largest revenue source, provided 24 percent of the resources used for governmental activities. To maintain service levels and reduce the reliance on a local option levy requiring a vote every five years, the City implemented fees for parks and street maintenance to offset the foregone property tax revenue. Property taxes for general operations increased slightly over the last year and investment earnings increased slightly due to the increase in interest rates.

The business-type activities are funded with utility fees and charges. Utility rate increases are restricted by a Charter provision limiting annual utility rate increases to no more than five percent without a vote of the citizens. These annual five percent rate increases are consistent with financial proformas. Similar rate increases are anticipated over the next several years to generate sufficient revenue to fund operations and provide adequate funds for anticipated capital replacement projects.

Requests for Information

This City's financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability of the resources it receives and expends. If you have questions about this report, or need additional financial information, contact the Finance Director at City of West Linn, 22500 Salamo Road, West Linn, Oregon 97068 or e-mail lbreithaupt@westlinnoregon.gov.

BASIC FINANCIAL STATEMENTS

Statement of Net Position

Statement of Activities

Fund Financial Statements

Notes to Basic Financial Statements

CITY OF WEST LINN, OREGON

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 26,667,920	\$ 24,118,425	\$ 50,786,345
Restricted cash and investments	14,894,792	-	14,894,792
Property taxes receivable	480,734	-	480,734
Accounts receivable, net of allowance	1,931,368	1,991,688	3,923,056
Loans receivable	222,446	20,060	242,506
Lease receivable	-	354,277	354,277
Prepaid expenses	359,302	-	359,302
Net OPEB asset	266,762	27,744	294,506
Investment in joint venture	-	14,332,727	14,332,727
Capital assets not being depreciated:			
Land and easements	192,929,093	482,625	193,411,718
Construction in progress	6,211,537	7,128,132	13,339,669
Capital assets net of accumulated depr. and amort:			
Buildings and improvements	38,943,841	246,749	39,190,590
Vehicles and equipment	2,008,333	1,464,987	3,473,320
Infrastructure	13,410,837	41,600,635	55,011,472
Subscription Based I.T. Agreements (SBITA)	382,484	-	382,484
TOTAL ASSETS	298,709,449	91,768,049	390,477,498
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	14,387	-	14,387
Deferred outflows of resources - pension	7,038,821	736,101	7,774,922
Deferred outflows of resources - OPEB	237,272	24,676	261,948
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,290,480	760,777	8,051,257
LIABILITIES:			
Accounts payable	1,392,642	1,706,422	3,099,064
Accrued salaries and payroll taxes payable	789,421	62,025	851,446
Accrued interest payable	59,078	43,363	102,441
Deposits and other liabilities	1,153,784	-	1,153,784
Noncurrent liabilities:			
Due within one year	2,778,240	658,263	3,436,503
Due in more than one year	41,444,739	14,629,305	56,074,044
TOTAL LIABILITIES	47,617,904	17,099,378	64,717,282
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources - pension	2,188,355	228,852	2,417,207
Deferred inflows of resources - OPEB	188,511	19,606	208,117
Deferred inflows of resources - leases	-	435,176	435,176
TOTAL DEFERRED INFLOWS OF RESOURCES	2,376,866	683,634	3,060,500
NET POSITION:			
Net investment in capital assets	231,874,879	51,064,192	282,939,071
Restricted for:			
Library endowment, nonexpendable	157,300	-	157,300
Debt service	712,844	-	712,844
Building operations	2,050,800	-	2,050,800
OPEB Asset	266,762	27,744	294,506
Opioid Settlement	163,695	-	163,695
McLean House	43,200	-	43,200
Capital projects	9,492,022	-	9,492,022
Unrestricted	11,243,657	23,653,878	34,897,535
TOTAL NET POSITION	\$ 256,005,159	\$ 74,745,814	\$ 330,750,973

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

CITY OF WEST LINN, OREGON

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

FUNCTION / PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 12,940,745	\$ 17,264,723	\$ 292,410	\$ -	\$ 4,616,388	\$ -	\$ 4,616,388
Culture and recreation	13,338,873	5,570,044	2,012,514	-	(5,756,315)	-	(5,756,315)
Public safety	13,753,709	1,534,083	665,463	-	(11,554,163)	-	(11,554,163)
Highways and streets	4,037,236	2,550,300	2,800,001	249,526	1,562,591	-	1,562,591
Interest on long-term debt	972,340	-	-	-	(972,340)	-	(972,340)
TOTAL GOVERNMENTAL ACTIVITIES	45,042,903	26,919,150	5,770,388	249,526	(12,103,839)	-	(12,103,839)
BUSINESS-TYPE ACTIVITIES:							
Water	6,449,208	7,383,632	-	22,800	-	957,224	957,224
Environmental services	4,493,751	5,099,092	-	29,310	-	634,651	634,651
TOTAL BUSINESS-TYPE ACTIVITIES	10,942,959	12,482,724	-	52,110	-	1,591,875	1,591,875
TOTAL ACTIVITIES	<u>\$ 55,985,862</u>	<u>\$ 39,401,874</u>	<u>\$ 5,770,388</u>	<u>\$ 301,636</u>	<u>(12,103,839)</u>	<u>1,591,875</u>	<u>(10,511,964)</u>
GENERAL REVENUES:							
Property taxes, levied for general purposes					9,658,036	-	9,658,036
Property taxes, levied for debt service					1,679,258	-	1,679,258
Franchise taxes					2,324,875	-	2,324,875
Grants and contributions not restricted to specific programs					122,822	-	122,822
Unrestricted investment earnings					1,263,315	1,150,043	2,413,358
TOTAL GENERAL REVENUES					<u>15,048,306</u>	<u>1,150,043</u>	<u>16,198,349</u>
CHANGE IN NET POSITION					2,944,467	2,741,918	5,686,385
NET POSITION - beginning					254,671,776	72,212,958	326,884,734
RESTATEMENT (see note)					(1,611,084)	(209,062)	(1,820,146)
NET POSITION - beginning, restated					<u>253,060,692</u>	<u>72,003,896</u>	<u>325,064,588</u>
NET POSITION - ending					<u>\$ 256,005,159</u>	<u>\$ 74,745,814</u>	<u>\$ 330,750,973</u>

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

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CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2025

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	City Facilities, Parks, and Transportation Bond Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS:									
Cash and investments	\$ 15,886,694	\$ -	\$ -	\$ -	\$ 10,781,226	\$ -	\$ -	\$ -	\$ 26,667,920
Restricted cash and investments	364,195	-	-	-	-	9,493,190	2,208,212	2,829,195	14,894,792
Property taxes receivable	404,375	-	-	-	-	-	-	76,359	480,734
Accounts receivable (net)	1,141,780	-	-	-	648,096	-	-	13,492	1,803,368
Loans receivable	4,584	-	-	-	14,570	203,292	-	-	222,446
Prepaid expenditures	359,302	-	-	-	-	-	-	-	359,302
TOTAL ASSETS	<u>\$ 18,160,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,443,892</u>	<u>\$ 9,696,482</u>	<u>\$ 2,208,212</u>	<u>\$ 2,919,046</u>	<u>\$ 44,428,562</u>
LIABILITIES:									
Accounts payable	\$ 800,172	\$ -	\$ -	\$ -	\$ 339,978	\$ 1,170	\$ 42,330	\$ 80,992	\$ 1,264,642
Accrued salaries and payroll taxes	749,499	-	-	-	27,871	-	-	12,051	789,421
Deposits and other liabilities	672,346	-	-	-	263,949	-	217,489	-	1,153,784
TOTAL LIABILITIES	<u>2,222,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>631,798</u>	<u>1,170</u>	<u>259,819</u>	<u>93,043</u>	<u>3,207,847</u>
DEFERRED INFLOWS OF RESOURCES:									
Unavailable revenue - court fines	144,113	-	-	-	-	-	-	-	144,113
Unavailable revenue - bancroft loans	4,584	-	-	-	14,571	203,290	-	-	222,445
Unavailable revenue - property taxes	331,169	-	-	-	-	-	-	62,359	393,528
TOTAL DEFERRED INFLOWS	<u>479,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,571</u>	<u>203,290</u>	<u>-</u>	<u>62,359</u>	<u>760,086</u>
FUND BALANCES:									
Non-spendable	516,602	-	-	-	-	-	-	-	516,602
Restricted	206,895	-	-	-	-	9,492,022	1,948,393	2,763,644	14,410,954
Committed	-	-	-	-	10,797,523	-	-	-	10,797,523
Unassigned	14,735,550	-	-	-	-	-	-	-	14,735,550
TOTAL FUND BALANCES	<u>15,459,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,797,523</u>	<u>9,492,022</u>	<u>1,948,393</u>	<u>2,763,644</u>	<u>40,460,629</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 18,160,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,443,892</u>	<u>\$ 9,696,482</u>	<u>\$ 2,208,212</u>	<u>\$ 2,919,046</u>	

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

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

253,886,125

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

Deferred charge on refunding	\$ 14,387	
Deferred outflows of resources - pension	7,038,821	
Net OPEB benefit resource	266,762	
Deferred outflows of resources - OPEB	<u>237,272</u>	7,557,242

Liabilities and deferred inflows of resources, including accrued liabilities and bonds payable are not due and payable in the current period and, therefore, are not reported in funds:

Unavailable revenue - court fines	144,113	
Unavailable revenue - bancroft loans	222,445	
Unavailable revenue - property taxes	393,528	
Accrued compensated absences	(2,380,263)	
Accrued interest	(59,078)	
Net pension liability	(16,965,772)	
Long-term bonded debt obligations	(23,220,000)	
Bond premium	(300,777)	
Lease Obligations	(151,615)	
SBITA Obligations	(300,256)	
Deferred inflows of resources - pension	(2,188,355)	
Deferred inflows of resources - OPEB	(188,511)	
Total other postemployment benefit liability	<u>(904,296)</u>	(45,898,837)

Net position of governmental activities

\$ 256,005,159

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

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CITY OF WEST LINN, OREGON

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	City Facilities, Parks, and Transportation Bond Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES:									
Property taxes	\$ -	\$ 6,343,277	\$ 1,890,240	\$ 1,225,002	\$ -	\$ -	\$ -	\$ 1,799,021	\$ 11,257,540
Intergovernmental	3,698	659,463	-	2,012,514	2,800,001	-	-	288,712	5,764,388
Franchise taxes	-	1,980,660	-	-	208,996	-	-	135,219	2,324,875
Fines and forfeitures	355,275	14,571	-	17,797	-	-	-	-	387,643
Licenses and permits	318,217	35,189	-	-	-	-	-	1,182,002	1,535,408
Charges for services	16,495,744	445,000	3,572,828	30,000	2,550,300	-	-	390,000	23,483,872
Systems development charges	263,962	90,873	82,495	24,633	279,378	1,949,419	-	-	1,949,419
Investment earnings	-	-	-	-	-	-	157,428	98,434	1,263,315
Miscellaneous	76,589	6,598	22,009	1,406	16,220	-	-	-	122,822
TOTAL REVENUES	17,513,485	9,575,631	5,567,572	3,311,352	5,854,895	2,215,531	157,428	3,893,388	48,089,282
EXPENDITURES:									
Current:									
General government	10,548,481	-	-	-	-	-	-	1,738,377	12,286,858
Cultural and recreation	-	-	7,938,259	3,969,482	-	16,177	-	-	11,923,918
Public safety	-	12,522,482	-	-	-	-	-	779,744	13,302,226
Highways and streets	-	-	-	-	2,825,059	-	-	-	2,825,059
Debt service:									
Principal	313,928	-	85,153	-	133,039	-	-	1,023,261	1,555,381
Interest	226,583	-	12,470	-	22,298	-	-	714,847	976,198
Capital outlay	485,733	220,808	170,112	-	1,111,162	71,006	2,878,853	5,845	4,943,519
TOTAL EXPENDITURES	11,574,725	12,743,290	8,205,994	3,969,482	4,091,558	87,183	2,878,853	4,262,074	47,813,159
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,938,760	(3,167,659)	(2,638,422)	(658,130)	1,763,337	2,128,348	(2,721,425)	(368,686)	276,123
OTHER FINANCING SOURCES (USES):									
Issuance of debt (lease obligations)	-	-	38,712	-	3,241	-	-	5,845	47,798
Issuance of debt (SBITAs)	345,430	-	-	-	-	-	-	-	345,430
Proceeds from sale of capital assets	18,441	10,925	26,617	-	-	-	-	-	55,983
TOTAL OTHER FINANCING SOURCES (USES)	363,871	10,925	65,329	-	3,241	-	-	5,845	449,211
NET CHANGE IN FUND BALANCES	6,302,631	(3,156,734)	(2,573,093)	(658,130)	1,766,578	2,128,348	(2,721,425)	(362,841)	725,334
FUND BALANCES - beginning	9,333,654	3,362,035	2,663,693	725,043	9,057,073	7,363,674	4,669,818	3,165,948	40,340,938
RESTATEMENT	(177,238)	(205,301)	(90,600)	(66,913)	(26,128)	-	-	(39,463)	(605,643)
FUND BALANCES - beginning as restated	9,156,416	3,156,734	2,573,093	658,130	9,030,945	7,363,674	4,669,818	3,126,485	39,735,295
FUND BALANCES - ending	\$ 15,459,047	\$ -	\$ -	\$ -	\$ 10,797,523	\$ 9,492,022	\$ 1,948,393	\$ 2,763,644	\$ 40,460,629

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

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CITY OF WEST LINN, OREGON

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

Net change in fund balances - total governmental funds (page 31) \$ 725,334

Governmental funds report capital outlay as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation and amortization expense. This is the
amount by which depreciation and amortization expense exceeded capital outlay.

Capital outlay	\$ 4,943,519	
Depreciation and amortization expense	(3,385,974)	1,557,545

The net effect of transactions involving capital assets
(i.e., sales, trade-ins, donations, and transfers) is to increase net position. 27,502

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenues in the funds. (357,439)

The issuance of long-term debt (e.g., bonds, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of bond premiums, discounts, and similar items when
debt is first issued, whereas these amounts are deferred and amortized in the
Statement of Activities. This amount is the net effect of these differences in the
treatment of long-term debt and related items.

Issuance of lease obligations	(47,798)	
Issuance of SBITAs	(345,430)	
Amortization of bond premium	28,944	
Principal repayments on long-term debt	1,558,090	1,193,806

Some expenses reported in the Statement of Activities do not require the use of
current financial resources and therefore are not reported as expenditures in
governmental funds.

Accrued compensated absences payable	(169,962)	
Accrued interest payable	3,858	
Net other postemployment benefit liability	36,408	
Net pension liability	(68,987)	
Amortization of deferred charge on refunding	(3,598)	(202,281)

Change in net position of governmental activities (page 29) \$ 2,944,467

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

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CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2025

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 19,316,631	\$ 4,801,794	\$ 24,118,425
Accounts receivable, net of allowance for doubtful accounts	904,416	1,087,272	1,991,688
Lease receivable	354,277	-	354,277
Loans receivable	547	1,702	2,249
Total current assets	<u>20,575,871</u>	<u>5,890,768</u>	<u>26,466,639</u>
Noncurrent assets:			
Net OPEB asset	14,939	12,805	27,744
Capital assets not being depreciated	2,791,393	4,819,364	7,610,757
Capital assets, net of accumulated depreciation	20,613,156	22,699,215	43,312,371
Loans receivable	4,337	13,474	17,811
Investment in joint venture	<u>14,332,727</u>	<u>-</u>	<u>14,332,727</u>
Total noncurrent assets	<u>37,756,552</u>	<u>27,544,858</u>	<u>65,301,410</u>
TOTAL ASSETS	<u>58,332,423</u>	<u>33,435,626</u>	<u>91,768,049</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources - pension	339,739	396,362	736,101
Deferred outflows of resources - OPEB	<u>13,287</u>	<u>11,389</u>	<u>24,676</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>353,026</u>	<u>407,751</u>	<u>760,777</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	1,066,614	639,808	1,706,422
Accrued salaries and payroll taxes payable	31,705	30,320	62,025
Accrued compensated absences payable	66,318	61,617	127,935
Net other postemployment benefit liability-current	2,959	2,520	5,479
Accrued interest payable	43,363	-	43,363
Lease Payable - due within one year	10,717	14,132	24,849
Bonds payable - due within one year	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Total current liabilities	<u>1,721,676</u>	<u>748,397</u>	<u>2,470,073</u>
Noncurrent liabilities:			
Leases payable	4,388	21,412	25,800
Bonds payable	12,602,106	-	12,602,106
Net pension liability	818,877	955,357	1,774,234
Accrued compensated absences payable	71,845	66,752	138,597
Net other postemployment benefit liability	<u>47,682</u>	<u>40,886</u>	<u>88,568</u>
Total noncurrent liabilities	<u>13,544,898</u>	<u>1,084,407</u>	<u>14,629,305</u>
TOTAL LIABILITIES	<u>15,266,574</u>	<u>1,832,804</u>	<u>17,099,378</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources - pension	105,624	123,228	228,852
Deferred inflows of resources - OPEB	10,557	9,049	19,606
Deferred inflows of resources - leases	<u>435,176</u>	<u>-</u>	<u>435,176</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>551,357</u>	<u>132,277</u>	<u>683,634</u>
NET POSITION:			
Net investment in capital assets	23,581,157	27,483,035	51,064,192
Restricted for OPEB Asset	14,939	12,805	27,744
Unrestricted	<u>19,271,422</u>	<u>4,382,456</u>	<u>23,653,878</u>
TOTAL NET POSITION	<u>\$ 42,867,518</u>	<u>\$ 31,878,296</u>	<u>\$ 74,745,814</u>

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

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 6,520,958	\$ 4,922,634	\$ 11,443,592
Systems development charges	63,552	91,984	155,536
Other operating revenues	<u>148,502</u>	<u>81,369</u>	<u>229,871</u>
TOTAL OPERATING REVENUES	<u>6,733,012</u>	<u>5,095,987</u>	<u>11,828,999</u>
OPERATING EXPENSES:			
Salaries and wages	955,454	850,227	1,805,681
Materials and supplies	4,153,765	2,353,310	6,507,075
Depreciation and amortization	<u>864,273</u>	<u>1,286,847</u>	<u>2,151,120</u>
TOTAL OPERATING EXPENSES	<u>5,973,492</u>	<u>4,490,384</u>	<u>10,463,876</u>
OPERATING INCOME	<u>759,520</u>	<u>605,603</u>	<u>1,365,123</u>
NONOPERATING INCOME (EXPENSE):			
Net gain on investment in joint venture	663,602	-	663,602
Gain (Loss) on disposal of capital assets	(12,982)	3,105	(9,877)
Interest income	827,498	322,545	1,150,043
Interest expense	<u>(475,716)</u>	<u>(3,367)</u>	<u>(479,083)</u>
TOTAL NONOPERATING INCOME (EXPENSE)	<u>1,002,402</u>	<u>322,283</u>	<u>1,324,685</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,761,922	927,886	2,689,808
CAPITAL CONTRIBUTIONS	<u>22,800</u>	<u>29,310</u>	<u>52,110</u>
CHANGE IN NET POSITION	1,784,722	957,196	2,741,918
NET POSITION - beginning	41,209,965	31,002,993	72,212,958
RESTATEMENT (see note)	<u>(127,169)</u>	<u>(81,893)</u>	<u>(209,062)</u>
NET POSITION - beginning, restated	<u>41,082,796</u>	<u>30,921,100</u>	<u>72,003,896</u>
NET POSITION - ending	<u>\$ 42,867,518</u>	<u>\$ 31,878,296</u>	<u>\$ 74,745,814</u>

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

CITY OF WEST LINN, OREGON

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-type Activities - Enterprise Funds		
	Water Fund	Environmental Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users of services	\$ 6,728,743	\$ 5,111,989	\$ 11,840,732
Payments to suppliers for goods and services	(3,501,287)	(2,527,900)	(6,029,187)
Payments to employees for services	(909,756)	(767,063)	(1,676,819)
NET CASH FROM OPERATING ACTIVITIES	2,317,700	1,817,026	4,134,726
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on capital debt	(542,407)	-	(542,407)
Interest paid on capital debt	(477,611)	(3,367)	(480,978)
Acquisition and construction of capital assets	(1,816,030)	(3,513,016)	(5,329,046)
Proceeds from the disposal of capital assets	70	14,487	14,557
NET CASH FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(2,835,978)	(3,501,896)	(6,337,874)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earnings received on investments	827,498	322,545	1,150,043
NET INCREASE IN CASH AND INVESTMENTS	309,220	(1,362,325)	(1,053,105)
CASH AND INVESTMENTS - beginning	19,007,411	6,164,119	25,171,530
CASH AND INVESTMENTS - ending	<u>\$ 19,316,631</u>	<u>\$ 4,801,794</u>	<u>\$ 24,118,425</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income	\$ 759,520	\$ 605,603	\$ 1,365,123
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation expense	864,273	1,286,847	2,151,120
Pension expense (income)	3,329	52,337	55,666
Decrease (increase) in accounts receivable	(139,017)	(26,067)	(165,084)
Decrease (increase) in lease receivable	119,443	-	119,443
Decrease (increase) in loans receivable	15,305	42,069	57,374
Increase (decrease) in accounts payable	703,349	(157,536)	545,813
Increase (decrease) in lease payable	(50,871)	(17,054)	(67,925)
Increase (decrease) in accrued salaries and payroll taxes payable	29,540	28,411	57,951
Increase (decrease) in accrued compensated absences payable	9,866	9,165	19,031
Increase (decrease) in net other postemployment benefit liability	2,963	(6,749)	(3,786)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 2,317,700</u>	<u>\$ 1,817,026</u>	<u>\$ 4,134,726</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Gain (Loss) on disposal of capital assets	\$ (13,052)	\$ 11,382	\$ (1,670)
Contributions of capital assets	22,800	29,310	52,110
Gain on investment in joint venture	663,602	-	663,602

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

CITY OF WEST LINN, OREGON

Notes to Basic Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies

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

Reporting Entity

The City is a municipal corporation, incorporated in 1913. It operates under its own charter with a Council/City Manager form of government. The Councilors, composed of the Mayor and four council members, comprise the legislative branch of the government. Individual departments are under the direction of the City Manager who is appointed by the Council.

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

Basic of Presentation – Government-wide Financial Statements

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

Government-wide financial statements display information about the City as a whole. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the City's business-type

activities/enterprise funds, as well as some special revenue funds, and the general fund. The City allocates charges as reimbursement for services provided by the general fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

Basis of Presentation – Fund Financial Statements

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has only governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported in the fund financial statements and in separate columns in the financial section of the basic financial statements. Nonmajor funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the combining and individual fund statements and schedules, located in the other supplementary information section.

The City reports the following major governmental funds:

- *General Fund*
Accounts for the City's legislative activities and administration, human resources, finance, information technology, municipal court, facilities, public works support services, vehicle and equipment maintenance, and related debt service. The primary revenue sources are reimbursement charges for services to other funds, fines and forfeitures, licenses and permits, and intergovernmental revenues.
- *Public Safety Fund*
Accounts for the activities of the City's police department. The primary revenues are an allocation of the City's property tax levy, franchise taxes, and intergovernmental revenue committed to that purpose.
- *Parks and Recreation Fund*
Accounts for the operation and maintenance of the City's park and recreation programs. The primary sources of revenue include an allocation of the City's property tax levy and charges for services.
- *Library Fund*
Accounts for the operation of the City's library facility. The primary revenue sources include the County's library district levy, an allocation of the City's property tax levy, intergovernmental revenues, and fines and forfeitures.
- *Street Fund*
Accounts for the operation and maintenance of the City's street and sidewalk systems including medians. The primary sources of revenue are intergovernmental revenues and charges for services committed to construction and maintenance of these systems.
- *Systems Development Charges Fund*
Accounts for the receipt and expenditures of systems development charges (SDCs) restricted to streets, surface water, water, sewer, parks, and bike/pedestrian.
- *City Facilities, Parks, and Transportation Bond Fund*
This fund accounts for bond proceeds used for the acquisition of land and improvements.

Additionally, the City reports non-major funds within the governmental fund types:

- *Special Revenue Funds*
These funds account for the receipt and expenditure of restricted and committed revenue sources.
- *Debt Service Fund*
This fund accounts for the accumulation of resources for the payment of general obligation bond principal and interest.

The City reports each of its two proprietary funds as major funds:

- *Water Fund*
This fund accounts for the operation and maintenance of water service and distribution facilities.
- *Environmental Services Fund*
This fund accounts for the operation and maintenance of the sewer and surface water collection and treatment systems.

Measurement Focus and Basis of Accounting

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

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

An unavailable revenue deferred inflow arises on the balance sheets of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes not deemed available to finance operations of the current period. In the government-wide statement of activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow created on the balance sheets of the governmental funds for unavailable revenue, is eliminated.

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

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

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

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

Cash and Investments

Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments consist of funds held in the Oregon State Treasurer's Local Government Investment Pool (LGIP), U.S. Government obligations and U.S. Agencies. Investments in the LGIP are stated at share value, which approximates fair value and is the value at which the shares can be withdrawn. The individual funds' portion of the LGIP's fair value is presented as "Cash and Investments" in the basic financial statements.

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes. Currently, the City's investment portfolio includes investments in the State of Oregon Local Government Investment Pool and U.S. Government Treasury and Agency securities.

Receivables and Revenues

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

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

In the government-wide financial statements, property tax receivables and billings for parks and street fees are recognized as revenue when earned net of an allowance for uncollectible amounts.

In the proprietary funds, receivables include services provided but not billed. The enterprise funds' receivables include billings for residential and commercial customers utilizing the City's water, sewer, and storm water services and are reported net of an allowance for uncollectible amounts, which is determined based upon an estimated percentage of the receivable balance.

Prepaid Expenses

In both government-wide and fund financial statements, certain payments to vendors reflect costs applicable to future City accounting periods and are recorded as prepaid expenses. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Purchased or constructed capital assets acquired prior to June 30, 2008 are recorded at estimated historical cost with subsequent additions at cost. Donated capital assets are recorded at their acquisition value at the time of donation. Infrastructure (bridges, roads, and drainage systems) acquired during the year have been recorded at cost or fair value if donated by developers. The City defines capital assets as assets with an initial cost of more than \$10,000 and an estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are not capitalized.

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

	Useful Lives (in years)
Buildings and structures	25 - 50
Improvements other than buildings	10 - 20
Machinery and equipment	5 - 30
Vehicles	5 - 10
Infrastructure	20 - 50

Investment in Joint Venture

Investment in joint venture with other governments is reported at cost plus or minus the City's share of operating income or loss utilizing the equity method of accounting for investments.

Accrued Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees separate from service and no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Pension Liability

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, the City's net pension liability, deferred inflows and outflows related to pensions, and pension expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS).

Other Postemployment Benefit (Asset)/Liability

In accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), the City's net OPEB (asset)/liability, deferred inflows and outflows related to OPEB, and OPEB expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS). These amounts are recognized in the government-wide financial statements in the General Fund.

Long-term Debt Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statement of net position. When significant, bond premiums, discounts, and amounts deferred on refunding are deferred and amortized over the applicable bond term. Issuance costs are reported as period costs in the year of issue. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs, as period costs in the year of issue. The face amount of debt issued and any related premium is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three types of deferred outflows that qualifies for reporting in this category. They relate to deferred charge on refundings, the City's pension plan consisting of employer contributions to OPERS after the measurement date, and the City's OPEB plans consisting of employer contribution to OPERS after the measurement date.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three type of deferred inflows, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the deferred inflow, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the statement of net position, deferred inflows of resources related to the City's pension plan, leases, and OPEB plans are recognized. This consists of differences between projected and actual investment earnings and changes in employer proportion and differences between employer contributions and the City's proportionate share of contributions.

Fund Balance

The City reports fund balance in the governmental funds within categories according to the relative constraints placed on these balances. These fund balance categories are:

- *Non-spendable* – Includes items that are not in a spendable form because they are either legally or contractually required to be maintained intact.
- *Restricted* – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- *Committed* – Includes items committed by resolution of the City Council. Commitments may be modified or rescinded by similar resolution.
- *Assigned* – Includes items assigned by specific uses, authorized by the City Manager and/or Finance Director/Chief Financial Officer.
- *Unassigned* – This is the residual classification used for those balances not assigned to another category in the General Fund. Deficit fund balance in other governmental funds are also presented as unassigned.

GAAP requires the highest legal authority to approve authorized commitments of fund balance and to approve who can authorize making assignments of fund balance. These requirements, to include designating the City Manager and/or Finance Director/Chief Financial Officer to make assignments of fund balance, were approved by the City Council on June 14, 2010, utilizing the highest relevant means appropriate for such action with Resolution No. 2010-23.

Net Position Flow Assumptions

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

Fund Balance Flow Assumptions

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

Library Endowment

In 1981 the Wallace B. Caufield Trust endowed funds to the City where the principal is to be legally preserved and the interest can be used only to purchase books for the library. Interest is spent immediately and therefore, there are no available amounts at year end. This Trust called for an initial distribution followed by the splitting of the proceeds from the sale of a building with the City of Oregon City. The final distribution of this Trust occurred in 1982 after the Trust completed the sale of the building. As the amount of this endowment is immaterial to the financial statements as a whole, a separate permanent fund is not utilized. The City properly accounts for the legally restricted principal in the net position section of the *Statement of Net Position* as restricted cash and non-spendable fund balance on the general fund's *Balance Sheet*.

Use of Estimates

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

2. Detailed Notes on All Funds

Deposits and Investments

The City maintains a common cash and investment pool for all City funds. The types of investments in which the City may invest are restricted by State of Oregon statutes and a Council adopted investment policy. Authorized investments include U.S. Treasury obligations including treasury notes, bonds and strips; Federal instrumentality securities from specific Federal Agencies; commercial paper rated at least A-1 or an equivalent rating; corporate bonds rated at least Aa or an equivalent rating; bankers acceptances rated at least Aa or an equivalent rating; Oregon State Treasurer's Local Government Investment Pool limited by state statute; certificates of deposits; repurchase agreements and obligations of the states of Oregon, California, Idaho and Washington rated AA or better.

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

	Fair Value + Accrued				Weighted	Rating by	Risk
	N/A	Level 1	Level 2	Total	Average	Standard	Concentration
					Maturity	& Poor's	
Cash on hand	\$ 1,175	\$ -	\$ -	\$ 1,175	-	N/A	0.00%
Deposits with financial institutions	6,260,320	-	-	6,260,320	-	N/A	9.55%
Investments:							
Oregon State Treasurer's Local Government Investment Pool	49,466,383	-	-	49,466,383	-	N/A	75.27%
U.S. Treasury	-	8,940,911	-	8,940,911	2.14	AA+	13.64%
U.S. Agencies	-	-	1,012,348	1,012,348	1.73	AA+	1.54%
Total pooled cash and investments	\$ 55,727,878	\$ 8,940,911	\$ 1,012,348	\$ 65,681,137	1.72		100.00%

	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 26,667,920	\$ 24,118,425	\$ 50,786,345
Restricted Cash & Investments	14,894,792	-	14,894,792
	<u>\$ 41,562,712</u>	<u>\$ 24,118,425</u>	<u>\$ 65,681,137</u>

Deposits. Deposits with financial institutions are comprised of bank demand deposits. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At the fiscal year end, bank balances of \$6,211,872 were covered by federal depository insurance (FDIC) or by collateral held by one or more of the State's authorized collateral pool managers. Cash on hand balances representing petty cash accounts are uninsured and uncollateralized.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the individual maturities in its investment portfolio to eighteen months or less.

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

Concentration of credit risk. All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for custodial officer), ORS 294.805 to 294.895 (Local Government Investment Pool). Any revisions or extensions of these sections of the ORS shall be assumed to be part of this investment policy immediately upon being enacted.

Custodial credit risk. Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its deposits that are in the possession of an outside party. At June 30, 2025 the City has \$250,000 in deposits not exposed to custodial credit risk, as they are covered by FDIC insurance and the balance is covered by the Public Funds Collateralization Program (ORS 295.015) administered by the Oregon State Treasury.

The City participates in an external investment pool, the LGIP. The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies

are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury.

These investments are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies investment types and maturities. The portion of the external investment pool belonging to local government participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report. A copy of the State's Annual Comprehensive Financial Report may be obtained online at <https://www.oregon.gov/treasury/Pages/index.aspx> or by mail at the Oregon State Treasury, 350 Winter St. NE, Salem, Oregon 97301-3896.

Receivables

As of June 30, 2025, accounts receivable are reflected in the basic financial statements net of an allowance for uncollectible accounts. The allowance for uncollectible accounts pertains to utility billing collections for parks, streets, water, sewer and surface water management fees.

Accounts, contracts and grants	\$ 8,043,864
Allowance for uncollectible accounts	<u>(4,120,808)</u>
Total accounts receivable	<u>\$ 3,923,056</u>
Accounts receivable - governmental activities	\$ 1,931,368
Accounts receivable - business-type activities	<u>1,991,688</u>
Total accounts receivable	<u>\$ 3,923,056</u>

Leases and Loans Receivable

The City of West Linn has lease agreements with cellular phone companies to lease a water tower as a site for cellular antennas. The initial term of the leases were five years with options to extend the leases for four to five additional five year terms. Rental income of approximately \$142,000 for the fiscal year ended June 30, 2025, is reported in other operating revenues in the Water Fund.

Future minimum rentals related to the leases are as follows:

2026	\$ 137,567
2027	49,244
2028	52,432
2029	55,769
2030	<u>59,265</u>
Total	<u>\$ 354,277</u>

The City of West Linn entered into a master agreement with real estate developers to defer System Development Charges (SDCs) on newly developed properties within City limits. At the time the SDCs are due, the developer enters into a loan agreement with the City to defer the total SDCs over a period of a period of ten years in accordance with West Linn Municipal Code 4.445 and ORS 223.205 – 223.295 (the “Bancroft Bonding Act”). Liens are placed on each property for the total amount due. Payments are due to the City semi-annually, and the interest rate on each loan is the prime rate plus 1.0 percent at the time the loan is established. As of June 30, 2025, the City had six outstanding loan agreements with developers. Total loans outstanding was \$242,506, a decrease of \$429,970 from the prior year.

Investment in Joint Venture

South Fork Water Board (SFWB) operates a water distribution system jointly with the City of West Linn and the City of Oregon City, each party owning 50 percent. Revenues earned by SFWB are expended for the continued operation and maintenance of facilities within the municipal boundaries of these two cities. Upon dissolution of the SFWB, the net position will be shared 50 percent to each city. The SFWB is governed by a six-member board composed of three appointees from the City of West Linn and three from the City of Oregon City. The City's net investment and its share of the operating results of the SFWB are reported in the City's water fund. Net position of the City's water fund increased \$663,602 from a net gain in fiscal year 2024-25. Complete financial statements for the SFWB can be obtained from the City of Oregon City Finance Department, 625 Center Street, Oregon City, Oregon 97045. The City's \$14.3 million investment in South Fork Water Board is accounted for using the equity method.

Capital Assets

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

	Beginning balance as of June 30, 2024	Additions	Reductions and adjustments	Transfers	Ending balance as of June 30, 2025
Governmental activities:					
Capital assets not being depreciated					
Land and easements	\$ 192,929,093	\$ -	\$ -	\$ -	\$ 192,929,093
Construction in Progress	14,584,985	1,931,226	-	(10,304,674)	6,211,537
Total capital assets not being depr.	207,514,078	1,931,226	-	(10,304,674)	199,140,630
Capital assets being depreciated:					
Buildings and improvements	54,179,506	2,174,825	-	10,290,511	66,644,842
Vehicles and equipment	4,724,574	444,241	(323,518)	-	4,845,297
Infrastructure	72,821,576	249,527	-	-	73,071,103
Total capital assets being depreciated	131,725,656	2,868,593	(323,518)	10,290,511	144,561,242
Less accumulated depreciation for:					
Buildings and improvements	(25,794,798)	(1,906,203)	-	-	(27,701,001)
Vehicles and equipment	(2,815,394)	(390,067)	235,768	-	(2,969,693)
Infrastructure	(58,977,299)	(682,967)	-	-	(59,660,266)
Total accumulated depreciation	(87,587,491)	(2,979,237)	235,768	-	(90,330,960)
Total capital assets being depr., net	44,138,165	(110,644)	(87,750)	10,290,511	54,230,282
Lease assets					
Vehicle and equipment	485,104	47,798	(141,227)	-	391,675
Total lease assets being amortized	485,104	47,798	(141,227)	-	391,675
Less accumulated amortization					
Vehicle and equipment	(143,062)	(134,399)	18,515	-	(258,946)
Total accumulated amortization	(143,062)	(134,399)	18,515	-	(258,946)
Total lease assets being amortized, net	342,042	(86,601)	(122,712)	-	132,729
Subscription-based information technology arrangement (SBITA) assets					
SBITA	643,383	345,431	(342,311)	-	646,503
Total SBITA assets	643,383	345,431	(342,311)	-	646,503
Less accumulated amortization					
SBITA	(336,588)	(272,338)	344,907	-	(264,019)
Total accumulated amortization	(336,588)	(272,338)	344,907	-	(264,019)
Total SBITA assets being amortized, net	306,795	73,093	2,596	-	382,484
Total capital assets, net	\$ 252,301,080	\$ 1,807,074	\$ (207,866)	\$ (14,163)	\$ 253,886,125

	Beginning balance as of June 30, 2024	Additions	Reductions and adjustments	Ending balance as of June 30, 2025
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 482,625	\$ -	\$ -	\$ 482,625
Construction in progress	3,778,660	4,944,592	(1,595,120)	7,128,132
Total capital assets not being depreciated	4,261,285	4,944,592	(1,595,120)	7,610,757
Capital assets being depreciated				
Buildings and improvements	1,605,673	-	-	1,605,673
Vehicles and equipment	2,724,254	323,228	(166,886)	2,880,596
Infrastructure	91,078,698	77,517	1,595,120	92,751,335
Total capital assets being depreciated	95,408,625	400,745	1,428,234	97,237,604
Less accumulated depreciation for:				
Buildings and improvements	(1,326,811)	(32,113)	-	(1,358,924)
Vehicles and equipment	(1,434,432)	(225,810)	166,886	(1,493,356)
Infrastructure	(49,312,400)	(1,838,300)	-	(51,150,700)
Total accumulated depreciation	(52,073,643)	(2,096,223)	166,886	(54,002,980)
Total capital assets being depreciated, net	43,334,982	(1,695,478)	1,595,120	43,234,624
Lease assets				
Vehicles and equipment	165,072	35,818	(24,432)	176,458
Total lease asset being amortized	165,072	35,818	(24,432)	176,458
Less accumulated amortization				
Vehicles and equipment	(43,814)	(54,897)	-	(98,711)
Total accumulated amortization	(43,814)	(54,897)	-	(98,711)
Total lease asset, net	121,258	(19,079)	(24,432)	77,747
Total capital assets, net	\$ 47,717,525	\$ 3,230,035	\$ (24,432)	\$ 50,923,128

Depreciation expense for governmental activities in the amount of \$3,385,974 and for business-type activities the amount of \$2,151,120 was charged to functions/programs as follows:

	Governmental Activities	Business Type Activities	Total
General government	\$ 524,358	\$ -	\$ 524,358
Culture and recreation	1,290,105	-	1,290,105
Public safety	371,133	-	371,133
Highways and streets	1,200,378	-	1,200,378
Water	-	864,273	864,273
Environmental services	-	1,286,847	1,286,847
Depreciation expense	\$ 3,385,974	\$ 2,151,120	\$ 5,537,094

Vehicle Lease Agreement/Leases Payable

The City entered into a master leasing agreement with a fleet management company to lease vehicles for the City's operations. Each vehicle lease term is 60 months and transfers ownership to the lessee at the end of the lease. Under this agreement, the City leased twenty-five vehicles totaling \$568,133, with an accumulated amortization of \$357,657. The City has recorded these transactions as debt obligations resulting from a financed purchase.

	Original Amount	Outstanding June 30, 2024	Additions	Decreases	Outstanding June 30, 2025
Governmental Activities					
Fleet vehicles, due 2029, interest rates 2.31 - 7.69%	\$ 229,693	\$ 213,759	\$ 47,809	\$ (109,953)	\$ 151,615
Business-type Activities					
Fleet vehicles, due 2029, interest rates 3.21 - 3.85%	172,701	80,030	35,818	(65,199)	50,649
	<u>\$ 402,394</u>	<u>\$ 293,789</u>	<u>\$ 83,627</u>	<u>\$ (175,152)</u>	<u>\$ 202,264</u>

Future maturities are as follows:

Fiscal Year	Governmental Activities	Business-type Activities
2026	\$ 73,320	\$ 24,849
2027	38,221	9,193
2028	31,861	9,408
2029	8,213	7,199
2030	-	-
	<u>\$ 151,615</u>	<u>\$ 50,649</u>

Subscription Based Information Technology Agreements (SBITA)

As of 06/30/2025, City of West Linn, OR had 15 active subscriptions. The subscriptions have payments that range from \$1,750 to \$83,157 and interest rates that range from 1.7100% to 3.6310%. As of 06/30/2025, the total combined value of the subscription liability is \$300,256, and the total combined value of the short-term subscription liability is \$149,710. The combined value of the right to use asset, as of 06/30/2025 of \$646,503 with accumulated amortization of \$264,019 is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Subscription Asset Value	Accumulated Amortization
Software	646,503	264,019
Total Subscriptions	646,503	264,019

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	149,710	6,488	156,199
2027	133,280	3,078	136,358
2028	11,421	371	11,792
2029	5,845	53	5,896
Total Principal Payments	300,256		
Cumulative Variance as of Fiscal Year-End	-		
Total Remaining Liability	300,256		

Interfund Transfers

Transfers between funds provide support for various City programs in accordance with budgetary authorizations and are utilized to cover administrative services, provide for additional funding for reserve purposes, contribute towards the cost of capital projects, and to provide for other operational resources. For the fiscal year ended June 30, 2025, all City cash transfers are properly classified as charges for services for financial reporting purposes. Transfers of capital assets are also made between funds to ensure full utilization of useable assets and are classified as transfers for financial statement purposes.

Long-term Debt Obligations

In the following sections, long-term debt information is presented separately with respect to governmental and business-type activities. Any liability for claims, judgments, pensions, OPEB, or compensated absences are generally liquidated by the general fund.

The following table presents current year changes in all long-term debt obligations and the current portions due for each issue.

Long-term Debt Obligations (continued):

	Restated Beginning balance as of June 30, 2024	Additions	Reductions	Ending balance as of June 30, 2025	Due within one year
Governmental activities:					
General Obligation bonds					
Series 2012 Police Station, interest at 1.0-2.75%, original issue of \$8,500,000, due 2032	\$ 4,680,000	\$ -	\$ (475,000)	\$ 4,205,000	\$ 505,000
Series 2018 City Facilities, Parks, and Transportation, interest at 3.0-5.0%, original issue of \$20,000,000, due 2038	18,500,000	-	(540,000)	17,960,000	600,000
Full Faith and Credit obligations					
Series 2015 Streets/Parks Refunding, interest at 2.0-4.0%, original issue of \$2,625,000, due 2035	1,300,000	-	(245,000)	1,055,000	255,000
Plus: bond issuance premium - General Obligation	203,447	-	(17,465)	185,982	-
Plus: bond issuance premium - Full Faith and Credit Oblig.	126,274	-	(11,479)	114,795	-
Long-term bonded debt obligations	24,809,721	-	(1,288,944)	23,520,777	1,360,000
Lease Obligations	213,759	47,798	(109,942)	151,615	73,320
SBITA Obligations	142,974	345,430	(188,148)	300,256	149,710
Compensated absences (Restated)	2,210,301	1,238,412	(1,068,450)	2,380,263	1,142,526
Net pension liability	16,083,008	882,764	-	16,965,772	-
Total OPEB liability	793,687	110,609	-	904,296	52,684
Total governmental activities	44,253,450	2,625,013	(2,655,484)	44,222,979	2,778,240
Business-type activities:					
Full Faith and Credit obligations					
Series 2015 Water Refunding, interest at 2.0-4.0%, original issue of \$2,640,000, due 2035	1,300,000	-	(100,000)	1,200,000	105,000
Full Faith and Credit obligations					
Series 2023 Water, interest at 3.0-5.0%, original issue of \$11,470,000, due 2043	11,245,000	-	(375,000)	10,870,000	395,000
Plus: bond issuance premium - Full Faith and Credit Oblig.	1,099,513	-	(67,407)	1,032,106	-
Long-term bonded debt obligations	13,644,513	-	(542,407)	13,102,106	500,000
Lease Obligations	80,030	35,812	(65,193)	50,649	24,849
Compensated absences (Restated)	247,501	138,672	(119,641)	266,532	127,935
Net pension liability	1,617,228	157,006	-	1,774,234	-
Total OPEB liability	82,543	12,544	(1,040)	94,047	5,479
Total business-type activities	15,671,815	344,034	(728,281)	15,287,568	658,263
Total long-term debt obligations					
General Obligation bonds	23,180,000	-	(1,015,000)	22,165,000	1,105,000
Full Faith and Credit obligations	13,845,000	-	(345,000)	13,125,000	755,000
Plus: bond issuance premium - General Obligation	203,447	-	(17,465)	185,982	-
Plus: bond issuance premium - Full Faith and Credit Oblig.	1,225,787	-	(78,886)	1,146,901	-
Long-term bonded debt obligations	38,454,234	-	(1,456,351)	36,622,883	1,860,000
Lease Obligations	293,789	83,610	(175,135)	202,264	98,169
SBITA Obligations (restated)	142,974	345,430	(188,148)	300,256	149,710
Compensated absences	2,457,802	1,377,084	(1,188,091)	2,646,795	1,270,461
Net pension liability	17,700,236	1,039,770	-	18,740,006	-
Total OPEB liability	876,230	123,153	(1,040)	998,343	58,163
Total long-term debt obligations	\$ 59,925,265	\$ 2,969,047	\$ (3,008,765)	\$ 59,510,547	\$ 3,436,503

Future Principal and Interest. Future maturities of bond principal and interest at June 30, 2025, are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,360,000	\$ 722,100	\$ 500,000	\$ 507,200	\$ 1,860,000	\$ 1,229,300
2027	1,455,000	682,569	525,000	483,850	1,980,000	1,166,419
2028	1,550,000	645,044	545,000	459,500	2,095,000	1,104,544
2029	1,650,000	604,400	570,000	434,000	2,220,000	1,038,400
2030	1,480,000	550,525	600,000	407,350	2,080,000	957,875
2031-2035	8,925,000	1,976,219	3,420,000	1,616,050	12,345,000	3,592,269
2036-2040	6,800,000	448,606	3,475,000	914,800	10,275,000	1,363,406
2041-2046	-	-	2,435,000	197,400	2,435,000	197,400
	<u>\$ 23,220,000</u>	<u>\$ 5,629,463</u>	<u>\$ 12,070,000</u>	<u>\$ 5,020,150</u>	<u>\$ 35,290,000</u>	<u>\$ 10,649,613</u>

Credit Rating. In November 2023, Standard and Poors maintained its long term rating of AA+ on the City's general obligation and full faith and credit obligations. On August 24, 2018, Moody's Investors Services maintained its long-term rating of 'Aa2' on the City's general obligations Series 2018 outstanding due to an overall review undertaken by Moody's in conjunction with the publication on December 16, 2016 of the US Local Government General Obligation Debt Methodology.

Terms Specified in Debt Agreements.

Full Faith and Credit Water Project, Series 2023 (\$11.5 million) were sold at a premium in February 2023. The bonds have interest rates ranging from 3.0 percent to 5.0 percent and maturity dates from June 1, 2024 to June 1, 2043. The net proceeds of \$12.7 million will be used to finance the capital costs associated with water line replacements required by Oregon Department of Transportation highway construction and other water system capital projects, and pay for costs of issuance. The City has pledged its full faith and credit and taxing powers for repayment of the bonds. If the bonds are defaulted, by failure to make required principal or interest payments or other covenants, actions to enforce the financing agreement may take place for the amount of the obligation then outstanding to its satisfaction. The portion of the bonds maturing in years 2024 through 2032 inclusive, are not subject to optional prepayment prior to maturity. The portion of the bonds maturing on June 1, 2033, and on any date thereafter are subject to redemption prior to maturity in whole or in part at the option of the City on any day on or after June 1, 2032, at principal (100%) plus accrued interest thereon to the date of redemption. The Obligations stated to mature on June 1, 2041 and June 1, 2043 are term obligations subject to mandatory sinking fund prepayment, in part, at a prepayment price equal to 100% of the principal amount to be prepaid, plus accrued interest, if any, to the date fixed for prepayment.

General Obligation Bonds, Series 2018 (\$20.0 million) were sold at a premium in August 2018. The bonds have interest rates ranging from 3.0 percent to 5.0 percent and maturity dates from June 1, 2021 to June 1, 2038. The net proceeds of \$20.2 million were used to fund capital costs related to improvements to roads, parks, and city facilities, fund a capitalized interest fund, and pay the costs of issuing the bonds. The City has pledged its full faith and credit and taxing powers for repayment of the bonds. If the bonds are defaulted, by failure to make required principal or interest payments or other covenants, actions to enforce the financing agreement may take place for the amount of the obligation then outstanding to its satisfaction. The bonds are subject to redemption prior to maturity in whole or in part at the option of the City on any day on or after June 1, 2028, at par (100%) plus accrued interest thereon to the date of redemption.

Full Faith and Credit Project and Refunding Obligations, Series 2015 (\$5.2 million) were sold at a premium in December 2015. The bonds have interest rates ranging from 2.5 percent to 4.0 percent and maturity dates from June 1, 2017 to June 1, 2028. The net proceeds of \$5.6 million were used to finance a portion of the capital costs associated with improvements to the Bolton Reservoir, refund on a current basis all of the outstanding Water Revenue Bonds, Series 2000, advance refund all of the outstanding Full Faith and Credit Obligations, Series 2009B, together with the Refunded 2000 Water

Bonds, and pay for costs of issuance, sale, and delivery of the obligations. The City has pledged its full faith and credit and taxing powers for repayment of the bonds. If the bonds are defaulted, by failure to make required principal or interest payments or other covenants, actions to enforce the financing agreement may take place for the amount of the obligation then outstanding to its satisfaction. The portion of the bonds maturing in years 2017 through 2025 inclusive, are not subject to optional prepayment prior to maturity. The portion of the bonds maturing on June 1, 2026, and on any date thereafter are subject to redemption prior to maturity in whole or in part at the option of the City on any day on or after December 1, 2025, at par (100%) plus accrued interest thereon to the date of redemption.

General Obligation Bonds, Series 2012 (\$8.5 million) were sold at a premium in January 2012. The bonds have interest rates ranging from 1.0 percent to 2.75 percent and maturity dates from June 1, 2013 to December 1, 2031. The net proceeds of \$8.6 million were used to fund property acquisition and capital construction including, but not limited to design, construct, equip and furnish a new police station, acquire four parcels of land to locate the police station, and pay costs of issuing the bonds. The City has pledged its full faith and credit and taxing powers for repayment of the bonds. If the bonds are defaulted, by failure to make required principal or interest payments, actions to enforce the financing agreement may take place for the amount of the obligation then outstanding to its satisfaction. The portion of the bonds maturing in years 2013 through 2022 are not subject to optional prepayment prior to maturity. The portion of the bonds maturing on June 1, 2023, and on any date thereafter are subject to redemption prior to maturity in whole or in part at the option of the City on any day on or after June 1, 2022, at par (100%) plus accrued interest thereon to the date of redemption.

Employee Retirement Pension Plan

Plan Description. The City is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon.

ORS 238 Defined Benefit Plan Benefits. OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

Benefits under the defined benefit pension plan program include a retirement allowance payable monthly for life. It may be selected from thirteen retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier one general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of eligible service. Police and fire

member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier two general service members are eligible for full benefits at age 60.

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

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

Benefit Changes after Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the fair value of equity investments.

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent. Under current law the cap on the cost-of-living changes in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

ORS 238A OPSRP Defined Benefit Plan Benefits. This portion of the defined benefit pension plan of OPERS provides benefits to members hired on or after August 29, 2003. Benefits under this portion of OPSRP provide a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age.

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

For general service members, 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65 or age 58 with 30 years of retirement credit.

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

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

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

Benefit Changes after Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

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

Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. The City's rates for the year ended June 30, 2025 were 22.91 percent for OPERS and 19.02 percent for OPSRP – general employees, and 23.81 percent for OPSRP – police employees, of salary covered under the plan. These rates are reported inclusive of the retiree healthcare rates disclosed in a separate note disclosure. The contribution requirements for plan members and the City are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Employer contributions for the year ended June 30, 2025, were approximately \$2,575,181. The City does not have a specific employer liability related to pensions.

A ten-year schedule of the City's pension plan contributions can be found on page 81 this report.

Plan Audited Financial Report. Both OPERS and OPSRP are administered by the Oregon Public Employees Retirement Board (OPERB). The annual comprehensive financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (888) 320-7377, or by accessing the OPERS web site at <https://www.oregon.gov/pers>.

Pension Liabilities, Pension Expense, and Deferred Inflows and Deferred Outflows of Resources related to Pensions

At June 30, 2025 and 2024, the City reported a pension liability of \$18,740,006 and \$17,700,236, respectively for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2024 and the net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 and rolled forward to June 30, 2024. The City's proportionate share was based on a projection of the City's long term share of contributions to the pension plan relative to the projected contributions of all participating members of the cost sharing pool, actuarially determined. At June 30, 2025 and 2024, the City's proportion was 0.08431099 and 0.09449860 percent respectively.

For the year ended June 30, 2025 and 2024, the City recognized pension expense of \$2,655,786 and pension expense of \$2,547,033, respectively. At June 30, 2025 and 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Balance as of June 30, 2025		Balance as of June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,110,172	\$ 44,726	\$ 865,596	\$ 70,183
Change of assumptions	1,884,127	2,414	1,572,384	11,723
Net difference between projected and actual earnings on pension plan investments	1,190,515	-	318,146	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,014,927	2,370,067	1,066,317	1,762,333
City contributions subsequent to the measurement date	2,575,181	-	2,464,395	-
Net Deferred Outflows/Inflows of Resources	<u>\$ 7,774,922</u>	<u>\$ 2,417,207</u>	<u>\$ 6,286,838</u>	<u>\$ 1,844,239</u>

\$2,575,181 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	(270,045)
2027	1,803,269
2028	845,442
2029	363,709
2030	40,159
	<u>\$ 2,782,534</u>

Actuarial Valuations. The employer contribution rates effective July 1, 2024, through June 30, 2025, were set using the entry age normal cost method.

For the ORS 238 Tier One/Tier Two component of the OPERS defined benefit plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over twenty years.

For the ORS 238A OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over sixteen years.

Actuarial Methods and Assumptions.

• Valuation Date	December 31, 2022 rolled forward to June 30, 2024
• Experience Study Report	2022, published July 20, 2023
• Actuarial cost method	Entry Age Normal
• Amortization method	Amortized as a level percentage of payroll; Tier One/Tier Two UAL (20 year) and OPSRP pension UAL (16 year); Amortization periods are closed
• Asset valuation method	Fair value of assets
• Actuarial assumptions	
o Inflation rate	2.40 percent
o Investment rate of return	6.90 percent
o Projected salary increases	3.40 percent
o Cost of Living Adjustments	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
• Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

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

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

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

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

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the City's share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of net pension liability	\$ 29,561,602	\$ 18,740,006	\$ 9,676,395

Long-Term Expected Rate of Return. The long term expected rate of return is based on a consistent set of underlying assumptions for each asset class and includes adjustment for the inflation assumption. These assumptions are not based on historical return, but instead are based on a forward-looking capital market economic model. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2024 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

Asset Class	Target Allocation		
	Low Range	High Range	Target
Debt Securities	20.0 %	30.0 %	25.0 %
Public Equity	22.5	32.5	27.5
Real Estate	7.5	17.5	12.5
Private Equity	15.0	27.5	20.0
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	0.0	5.0	0.0
			<u>100.0 %</u>

Asset Class	Target Allocation	Compound Annual Return (Geometric)
Global Equity	27.50 %	7.07 %
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnership	0.75	6.02
Infrastructure	1.50	6.51
Hedge Fund of Funds - Multistrategy	1.25	6.27
Hedge Fund Equity - Hedge	0.63	6.48
Hedge Fund - Macro	5.62	4.83
US Cash	0.00	0.00
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.35

Payable to OPERS. At June 30, 2025, the City had no payable due to OPERS for defined benefit contributions. This amount represents legally required contributions to the plan for services incurred in the current fiscal year.

Changes in Plan Provisions Subsequent to the Measurement Date. There were no changes subsequent to the June 30, 2024 measurement period that require disclosure.

Individual Account Program.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment.

Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The City makes this contribution on behalf of its employees. The City contributed approximately \$718,000 for the year ended June 30, 2025.

Postemployment Healthcare Plans

The City does not have a formal postemployment benefits plan for employees; however the City is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. The District provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to Oregon PERS cost-sharing multiple-employer defined benefit health insurance plan.

Financial Statement Presentation

The plans are aggregated on the District's Statement of Net position as follows:

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total
Net OPEB Asset	\$ -	\$ 294,506	\$ 294,506
Deferred Outflows of Resources			
Difference in earnings	-	8,292	8,292
Change in proportionate share	-	6,457	6,457
Change in assumptions	170,994	-	170,994
Contributions after the measurement date	76,194	11	76,205
Total Deferred outflows of Resources	247,188	14,760	261,948
Total OPEB Liability	(998,343)	-	(998,343)
Deferred Inflows of Resources			
Difference in expected and actual experience	(60,547)	(5,759)	(66,306)
Change in proportionate share	-	(38,338)	(38,338)
Change in assumptions	(99,748)	(3,725)	(103,473)
Difference in earnings	-	-	-
Total Deferred inflows of Resources	(160,295)	(47,822)	(208,117)
OPEB (Income)Expense	86,990	(50,880)	36,110
(included in program expenses on Statement of Activities)			

Plan Description (implicit subsidy). The City's single-employer defined benefit postemployment health care plan is administered by Allegiance Benefit Plan Management, Inc. Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by City Council. The plan does not issue its own financial statements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The plan provides eligible retirees and their dependents under age 65 the same group health and dental insurance offered to active employees, at the same premium rates. Retirees pay 100% of the premium and coverage may lapse if their premium is unpaid. As of the valuation date of July 1, 2024, the following employees were covered under the plan:

Eligible retirees	4
Spouses of ineligible retirees	1
Active employees	113
Total participants	118

Total OPEB Liability, OPEB Expense, and Deferred Inflows and Outflows of resources related to OPEB

The City's total OPEB liability of \$998,343 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

For the fiscal year ended June 30, 2025, the City recognized OPEB income from this plan of \$86,990. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 60,547
Changes of assumptions	170,994	99,748
Contributions subsequent to the measurement date	76,194	-
Total	\$ 247,188	\$ 160,295

Deferred outflows of resources related to OPEB of \$76,194 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2026	\$ (14,673)
2027	(10,231)
2028	(4,481)
2029	(6,758)
2030	11,824
Therafter	35,018
Total	\$ 10,699

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2024 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost method	Entry age normal
Inflation	2.4 percent
Salary increases	3.4 percent
Healthy mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependants, with a one-year set back for male general service employees and female safety employees
Discount rate	3.93 percent (change from 3.65 percent in previous measurement period)
Healthcare cost trend rate	Medical and vision: Starting from 3.75 percent in 2020 fluctuating between 4.00 percent to 6.75 percent per year, ending at 4.00 percent in 2027. Dental: -1.25% in 2020, 4.00 percent until 2027, then 3.75 percent after

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2024	\$ 876,230
Changes for the year:	
Service Cost	68,242
Interest on Total OPEB Liability	33,421
Effect of economic demographic gains or loss	(31,242)
Effect of assumptions changes or inputs	109,855
Benefit Payments	(58,163)
Balance as of June 30, 2025	<u>998,343</u>

Changes in assumptions is the result of the change in the discount rate from 3.65 to 3.93.

Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 1,075,294	\$ 998,343	\$ 927,350

Healthcare Cost Trend:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB Liability	\$ 899,796	\$ 998,343	\$ 1,114,497

Plan Description (PERS Retirement Health Insurance Account).

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, by calling (888) 320-7377, or by accessing the OPERS web site at <https://www.oregon.gov/pers>.

Benefits Provided

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered-employee payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2022 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. The City's contribution rates for the period were 0.05% for Tier One/Tier Two members, and 0.00% for OPSRP members. The City's total contributions for the year ended June 30, 2025 was zero.

Total OPEB Asset, OPEB Expense, and Deferred Inflows and Outflows of resources related to OPEB

At June 30, 2025, the City reported an asset of \$294,506 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2025, the City's proportionate share was 0.07291375%, which is a decrease from its proportionate share of 0.05224217% as of June 30, 2024.

For the fiscal year ended June 30, 2025, the City recognized OPEB income from this plan of \$50,880. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ -	\$ 5,759
Net difference between projected and actual earnings	8,292	-
Change in assumptions	-	3,725
Changes in proportionate share	6,457	38,338
Contributions subsequent to the measurement date	11	-
Total	<u>\$ 14,760</u>	<u>\$ 47,822</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2026	\$ (45,112)
2027	6,580
2028	4,499
2029	960
Total	<u>\$ (33,073)</u>

Actuarial Methods and Assumptions

The actuarial methods and assumptions used to determine the total OPEB liability in the December 31, 2022 valuation are consistent with those disclosed for the OPERS Pension Plan. See **Employee Retirement Pension Plan - Actuarial Methods and Assumptions** footnote for additional information on Actuarial Methods and Assumptions, the Long-term Expected Rate of Return, and the Discount Rate.

Sensitivity of the City's proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.90%, as well as the what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net OPEB Liability (Asset)	\$ (272,622)	\$ (294,506)	\$ (313,347)

OPEB Plan Fiduciary Net Position

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

Changes in Plan Provisions Subsequent to Measurement Date

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

Deferred Compensation Plan

The City has a Deferred Compensation Plan (Plan) created in accordance with the Internal Revenue Code Section 457(b). The Plan is managed by independent plan administrators. The Plan is available to all employees of the City. Employees may defer a portion of their salary until future years. Pursuant to collective bargaining agreements, the City contributes 3.0 percent of salaries to the plan for its eligible employees under the American Federation of State, County, and Municipal Employees (AFSCME) collective bargaining unit and 4.5 percent of salaries to the plan for its eligible employees under the Clackamas County Peace Officers Association (CCPOA) collective bargaining unit. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of the City's creditors, nor can they be used by the City for any purpose other than the payment of benefits to the Plan participants. Accordingly, these Plan assets and related liability are not recorded in the City's basic financial statements. Employees are immediately vested in all contributions to the plan.

For the year ended June 30, 2025, employees contributed approximately \$731,000 and the City contributed approximately \$260,000.

3. Other Information

Commitments

Sewage Treatment Arrangement – The City has an intergovernmental agreement with the Tri-City Service District to treat sewage wastewater. Pertinent terms of this agreement are as follows:

- The City will process and review all permit applications for hookup and inspection thereof; operate and maintain local collections facilities; bill and collect user charges, and bill and collect connection charges.
- Should the District fail to perform services outlined in the agreement, the City can terminate the agreement upon thirty-day written notice.

Public Safety 911/Communication Services – The City has an intergovernmental agreement with the City of Lake Oswego to provide public safety dispatch services for West Linn's Police Department. Pertinent terms of this agreement are as follows:

- An intergovernmental agreement was entered into in May 2016 for dispatch of public safety services and has been renewed through fiscal year 2024-25.
- Dispatch services include, but are not limited to 24-hour-per-day answering of emergency telephone lines (including 911 calls) for fire, police, and emergency medical service requests; radio communications with police personnel regarding emergency and routine police matters; and other dispatching services for law enforcement purposes.
- As part of this agreement, the State redirects the City's state-allocated 911 monies directly to the City of Lake Oswego to help offset the annual contract costs summarized below. These annual monies from the State average approximately \$257,000 per fiscal year.
- Following is a summary of the annual contract costs going forward:

Year	Contract Amt
2024-25	\$ 640,500

Contingencies

The City is a defendant in various litigation proceedings. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Risk Management

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

Settled claims have not exceeded coverage for any of the past three fiscal years. Claim liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been Incurred But Not Reported (IBNR). The result of the process to estimate the claims liability is not exact as it depends on many complex factors, such as, inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including

frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

Changes in the balance of claims liabilities during the past two years are as follows:

	General and Property Damage
Liability - June 30, 2023	\$ 177,000
Claims incurred	24,459
Claims payments	(4,459)
Changes to prior year estimates	69,287
Liability - June 30, 2024	266,287
Claims incurred	20,000
Claims payments	-
Changes to prior year estimates	(147,387)
Liability - June 30, 2025	\$ 138,900

Property Tax Limitation

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

A second property tax limitation was approved in November 1996 and later modified in May 1997 – Measures 47 and 50, respectively. This limitation set a maximum permanent tax rate for the City exclusive of bonded debt at \$2.12 per thousand of assessed value. Assessed values can only grow by a maximum of 3 percent per year, exclusive of new construction and annexations.

Fund Balance Classification

In accordance with the requirements of GASB Statement 54, below are schedules of ending fund balances as of June 30, 2025:

	General Fund	Public Safety Fund	Parks and Recreation Fund	Library Fund	Street Fund	Systems Development Charges Fund	City Facilities Parks, and Transportation Bond Fund	Total Nonmajor Funds	Total Governmental Funds
Non-spendable									
Prepaid expenditures	\$ 359,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,302
Library endowment	157,300	-	-	-	-	-	-	-	157,300
	<u>516,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>516,602</u>
Restricted									
Systems development	-	-	-	-	-	9,492,022	-	-	9,492,022
City improvements	-	-	-	-	-	-	1,948,393	-	1,948,393
McLean House	43,200	-	-	-	-	-	-	-	43,200
Opioid Funding	163,695	-	-	-	-	-	-	-	163,695
Building operations	-	-	-	-	-	-	-	2,050,800	2,050,800
Debt service	-	-	-	-	-	-	-	712,844	712,844
	<u>206,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,492,022</u>	<u>1,948,393</u>	<u>2,763,644</u>	<u>14,410,954</u>
Committed									
Street services	-	-	-	-	10,797,523	-	-	-	10,797,523
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,797,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,797,523</u>
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	14,735,550	-	-	-	-	-	-	-	14,735,550
	<u>\$ 15,459,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,797,523</u>	<u>\$ 9,492,022</u>	<u>\$ 1,948,393</u>	<u>\$ 2,763,644</u>	<u>\$ 40,460,629</u>

Restatements

Changes in Accounting Principle

During the fiscal year ended June 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This statement establishes updated recognition and measurement guidance for compensated absences, including vacation, sick leave, and other paid leave benefits. GASB 101 requires governments to recognize a liability for leave when it is attributable to services already rendered and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Implementation of GASB 101 resulted in a change in the method of accounting for compensated absences. The City evaluated all categories of leave and adjusted the beginning balances of compensated absence liabilities to reflect the new recognition criteria. The implementation also resulted in restatement for South Fork Water Board (Investment in Joint Venture).

Correction of Error

The City discovered that the payroll accrual recorded at June 30, 2024 did not include all wages and benefits earned but unpaid at year-end. The prior year's expenses and liabilities were understated. The beginning fund balance (or net position) for fiscal year 2025 has been reduced by \$663,228 to correct this error.

As a result of these changes, beginning net position (or fund balance, as applicable) as of July 1, 2024 was restated as follows:

	June 30, 2024 As Previously Reported	Adjustment for GASB 101	Adjustment for GASB 101- South Fork Water Board	Error Correction Payroll Adjustment	June 30, 2024 As Restated
Government-Wide					
Governmental Activities	\$ 254,671,776	\$ (1,005,441)	\$ -	\$ (605,643)	\$ 253,060,692
Business-type Activities	72,212,958	(112,586)	(38,891)	(57,585)	72,003,896
Total Primary Government	<u>\$ 326,884,734</u>	<u>\$ (1,118,027)</u>	<u>\$ (38,891)</u>	<u>\$ (663,228)</u>	<u>\$ 325,064,588</u>
Governmental Funds					
Major Funds:					
General Fund	\$ 9,333,654	\$ -	\$ -	\$ (177,238)	\$ 9,156,416
Public Safety Fund	3,362,035	-	-	(205,301)	3,156,734
Parks and Recreation Fund	2,663,693	-	-	(90,600)	2,573,093
Library Fund	725,043	-	-	(66,913)	658,130
Streets Fund	9,057,073	-	-	(26,128)	9,030,945
System Development Charges Fund	7,363,674	-	-	-	7,363,674
City Facilities, Parks, and Transportation Bond Fund	4,669,818	-	-	-	4,669,818
Nonmajor Funds	3,165,948	-	-	(39,463)	3,126,485
Total Governmental Funds	<u>\$ 40,340,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (605,643)</u>	<u>\$ 39,735,295</u>
Proprietary Funds					
Major Funds:					
Water Fund	\$ 41,209,965	\$ (58,361)	\$ (38,891)	\$ (29,917)	\$ 41,082,796
Environmental Services Fund	31,002,993	(54,225)	-	(27,668)	30,921,100
Total Proprietary Funds	<u>\$ 72,212,958</u>	<u>\$ (112,586)</u>	<u>\$ (38,891)</u>	<u>\$ (57,585)</u>	<u>\$ 72,003,896</u>

Changes Within the Reporting Unit - Fund Termination

At fiscal year end June 30, 2025, the Public Safety, Parks and Recreation, Library and Planning Funds were terminated. All remaining assets of the funds were transferred to the General Fund. Any remaining liabilities related to the funds were paid from the General Fund upon transfer. The fund balances of the Public Safety, Parks and Recreation, Library and Planning Funds were reduced to zero at the time of termination.

The consolidation streamlines financial operations, reduces administrative overhead, and provides greater flexibility in budgeting and reporting. ORS 294.353 permits the governing body to abolish funds created by ordinance or resolution when the fund is no longer necessary. In June 2025, the City Council approved Resolution 2025-08 to abolish the four funds and consolidate them into the General Fund.

Changes Within the Reporting Unit - Urban Renewal

The West Linn Redevelopment Agency (WLRA) is a separate entity from the City. The West Linn City Council serves as the WLRA Board and is financially accountable for its operations. In accordance with Oregon budget law, the WLRA prepares its own budget and the WLRA Board approves its biennial appropriations. The WLRA is reported as a blended component unit.

At fiscal year end June 30, 2025, the WLRA Urban Renewal General Fund and WLRA Urban Renewal Debt Service Fund were included in the financial statements as non-major governmental funds.

REQUIRED SUPPLEMENTARY INFORMATION

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

*Schedule of the Changes in the City's Total
OPEB Liability and Related Ratios*

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

Schedule of Funding Progress

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

Schedule of City Pension Plan Contributions

Notes to Required Supplementary Information

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

General Fund

Special Revenue Funds

Public Safety Fund
Parks and Recreation Fund
Library Fund
Street Fund

CITY OF WEST LINN, OREGON

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year	2nd Year	Total	
			FY 2023-24	FY 2024-25		
REVENUES:						
Intergovernmental	\$ 40,000	\$ 40,000	\$ -	\$ 3,698	\$ 3,698	\$ (36,302)
Fines and forfeitures	450,000	450,000	284,756	355,275	640,031	190,031
Licenses and permits	393,000	393,000	304,872	318,217	623,089	230,089
Investment earnings	21,000	21,000	297,477	253,827	551,304	530,304
Miscellaneous	20,000	20,000	53,752	76,589	130,341	110,341
TOTAL REVENUES	924,000	924,000	940,857	1,007,606	1,948,463	1,024,463
EXPENDITURES:						
City Attorney	1,538,000	1,538,000	382,800	760,307	1,143,107	394,893
City council	265,000	365,000	186,763	114,184	300,947	64,053
City management	2,862,000	2,762,000	1,246,098	1,445,964	2,692,062	69,938
Economic development	269,000	125,000	101,506	4,726	106,232	18,768
Human resources	1,092,000	1,092,000	419,701	587,261	1,006,962	85,038
Finance	2,456,000	2,456,000	1,079,698	1,266,769	2,346,467	109,533
Information technology	3,288,000	3,288,000	1,588,742	1,509,134	3,097,876	190,124
Facility services	1,539,000	1,800,000	853,630	863,591	1,717,221	82,779
Municipal court	1,063,000	1,063,000	485,453	536,630	1,022,083	40,917
Public works support services	3,857,000	3,527,000	1,523,683	1,687,892	3,211,575	315,425
Vehicle and equipment maintenance	936,000	936,000	323,871	291,042	614,913	321,087
Nondepartmental - Materials & Services	1,698,000	2,098,000	451,081	1,300,969	1,752,050	345,950
Nondepartmental - Debt Service	303,000	914,000	464,600	341,256	805,856	108,144
Contingency	5,015,000	4,217,000	-	-	-	4,217,000
TOTAL EXPENDITURES	26,181,000	26,181,000	9,107,626	10,709,725	19,817,351	6,363,649
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(25,257,000)	(25,257,000)	(8,166,769)	(9,702,119)	(17,868,888)	7,388,112
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	17,870,000	17,870,000	8,746,000	16,495,744 *	25,241,744	7,371,744
Transfers to other funds	(1,725,000)	(1,725,000)	(860,000)	(865,000)	(1,725,000)	-
Issuance of lease obligations	96,000	96,000	-	-	-	(96,000)
Issuance of SBITAs	-	-	198,809	345,430	544,239	544,239
Proceeds from sale of capital asset	-	-	-	18,441	18,441	18,441
TOTAL OTHER FINANCING SOURCES (USES)	16,241,000	16,241,000	8,084,809	15,994,615	24,079,424	7,838,424
NET CHANGE IN FUND BALANCES	(9,016,000)	(9,016,000)	(81,960)	6,292,496	6,210,536	15,226,536
FUND BALANCES - beginning	9,513,000	9,513,000	9,415,614	9,333,654	9,415,614	(97,386)
RESTATEMENT	-	-	-	(177,238)	-	-
FUND BALANCES - beginning as restated	9,513,000	9,513,000	9,415,614	9,156,416 **	9,415,614	(97,386)
FUND BALANCES - ending	\$ 497,000	\$ 497,000	\$ 9,333,654	15,448,912	\$ 15,626,150	\$ 15,129,150
RECONCILIATION TO GAAP BASIS:						
Unrealized gain (loss) on investments				10,135		
FUND BALANCE, GAAP BASIS				\$ 15,459,047		

* On June 23, 2025 - West Linn City Council approved Resolution 2025-08, abolishing the Parks and Recreation Fund, Public Safety Fund, Library Fund, and Planning Fund as of June 30, 2025. Per the resolution all remaining balances shall be transferred to the General Fund.

** Beginning fund balance for FY 2025 was decreased by \$177,238 to correct an understatement of FY 2024 accrued salaries and payroll taxes discovered after the completion of FY 2025 report. FY 2024 results have not been restated.

CITY OF WEST LINN, OREGON

PUBLIC SAFETY FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year	2nd Year	Total	
			FY 2023-24	FY 2024-25		
REVENUES:						
Property taxes	\$ 12,448,000	\$ 12,448,000	\$ 6,179,599	\$ 6,343,277	\$ 12,522,876	\$ 74,876
Intergovernmental	1,426,000	1,426,000	583,818	659,463	1,243,281	(182,719)
Franchise taxes	3,297,000	3,297,000	1,822,114	1,980,660	3,802,774	505,774
Fines and forfeitures	18,000	18,000	10,577	14,571	25,148	7,148
Licenses and permits	39,000	39,000	37,198	35,189	72,387	33,387
Investment earnings	-	-	104,560	90,873	195,433	195,433
Miscellaneous	10,000	10,000	11,267	6,598	17,865	7,865
TOTAL REVENUES	17,238,000	17,238,000	8,749,133	9,130,631	17,879,764	641,764
EXPENDITURES:						
Personnel services (1)	12,660,000	12,660,000	5,587,149	6,328,567	11,915,716	744,284
Materials and services (1)	2,058,000	2,058,000	927,798	1,076,431	2,004,229	53,771
Capital outlay (1)	512,000	512,000	226,728	220,808	447,536	64,464
Contingency	770,000	770,000	-	-	-	770,000
TOTAL EXPENDITURES	16,000,000	16,000,000	6,741,675	7,625,806	14,367,481	1,632,519
EXCESS OF REVENUES OVER EXPENDITURES	1,238,000	1,238,000	2,007,458	1,504,825	3,512,283	2,274,283
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	885,000	885,000	440,000	445,000	885,000	-
Transfers to other funds	(4,172,000)	(4,172,000)	(2,085,000)	(5,117,484) *	(7,202,484)	(3,030,484)
Proceeds from sale of capital asset	-	-	19,950	10,925	30,875	30,875
TOTAL OTHER FINANCING SOURCES (USES)	(3,287,000)	(3,287,000)	(1,625,050)	(4,661,559)	(6,286,609)	(2,999,609)
NET CHANGE IN FUND BALANCES	(2,049,000)	(2,049,000)	382,408	(3,156,734)	(2,774,326)	(725,326)
FUND BALANCES - beginning	2,425,000	2,425,000	2,979,627	3,362,035	2,979,627	554,627
RESTATEMENT	-	-	-	(205,301)	-	-
FUND BALANCES - beginning as restated	2,425,000	2,425,000	2,979,627	3,156,734 **	2,979,627	554,627
FUND BALANCES - ending	\$ 2,801,000	\$ 2,801,000	\$ 3,362,035	\$ -	\$ 205,301	\$ (170,699)

(1) - Components grouped together for budget appropriation.

* On June 23, 2025 - West Linn City Council approved Resolution 2025-08, abolishing the Parks and Recreation Fund, Public Safety Fund, Library Fund, and Planning Fund as of June 30, 2025. Per the resolution all remaining balances shall be transferred to the General Fund.

** Beginning fund balance for FY 2025 was decreased by \$205,301 to correct an understatement of FY 2024 accrued salaries and payroll taxes discovered after the completion of FY 2025 report. FY 2024 results have not been restated.

CITY OF WEST LINN, OREGON

PARKS AND RECREATION FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual		Total	Variance with Final Budget
	Original	Final	1st Year FY 2023-24	2nd Year FY 2024-25		
REVENUES:						
Property taxes	\$ 3,493,000	\$ 3,493,000	\$ 1,734,624	\$ 1,890,240	\$ 3,624,864	\$ 131,864
Intergovernmental	-	-	105,127	-	105,127	105,127
Charges for services	6,523,000	6,523,000	3,501,511	3,572,828	7,074,339	551,339
Investment earnings	-	-	79,185	82,495	161,680	161,680
Miscellaneous	-	-	25,492	22,009	47,501	47,501
TOTAL REVENUES	10,016,000	10,016,000	5,445,939	5,567,572	11,013,511	997,511
EXPENDITURES:						
Personnel services (1)	4,959,000	4,959,000	2,316,294	2,263,775	4,580,069	378,931
Materials and services (1)	2,550,000	2,550,000	1,299,039	1,342,836	2,641,875	(91,875)
Debt service	781,000	781,000	83,415	97,623	181,038	599,962
Capital outlay (1)	5,804,000	5,804,000	197,672	170,112	367,784	5,436,216
Contingency	1,204,000	1,204,000	-	-	-	1,204,000
TOTAL EXPENDITURES	15,298,000	15,298,000	3,896,420	3,874,346	7,770,766	7,527,234
EXCESS OF REVENUES OVER EXPENDITURES	(5,282,000)	(5,282,000)	1,549,519	1,693,226	3,242,745	8,524,745
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(2,119,000)	(2,119,000)	(1,029,000)	(4,331,648) *	(5,360,648)	(3,241,648)
Issuance of debt	5,000,000	5,000,000	-	-	-	(5,000,000)
Issuance of lease obligations	186,000	186,000	35,346	38,712	74,058	(111,942)
Proceeds from sale of capital assets	-	-	17,813	26,617	44,430	44,430
TOTAL OTHER FINANCING SOURCES (USES)	3,067,000	3,067,000	(975,841)	(4,266,319)	(5,242,160)	(8,309,160)
NET CHANGE IN FUND BALANCES	(2,215,000)	(2,215,000)	573,678	(2,573,093)	(1,999,415)	215,585
FUND BALANCES - beginning	2,406,000	2,406,000	2,090,015	2,663,693	2,090,015	(315,985)
RESTATEMENT	-	-	-	(90,600)	-	-
FUND BALANCES - beginning as restated	2,406,000	2,406,000	2,090,015	2,573,093 **	2,090,015	(315,985)
FUND BALANCES - ending	\$ 191,000	\$ 191,000	\$ 2,663,693	\$ -	\$ 90,600	\$ (100,400)

(1) - Components grouped together for budget appropriation.

* On June 23, 2025 - West Linn City Council approved Resolution 2025-08, abolishing the Parks and Recreation Fund, Public Safety Fund, Library Fund, and Planning Fund as of June 30, 2025. Per the resolution all remaining balances shall be transferred to the General Fund.

** Beginning fund balance for FY 2025 was decreased by \$90,600 to correct an understatement of FY 2024 accrued salaries and payroll taxes discovered after the completion of FY 2025 report. FY 2024 results have not been restated.

CITY OF WEST LINN, OREGON

LIBRARY FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual		Total	Variance with Final Budget
	Original	Final	1st Year FY 2023-24	2nd Year FY 2024-25		
REVENUES:						
Property taxes	\$ 2,402,000	\$ 2,402,000	\$ 1,192,554	\$ 1,225,002	\$ 2,417,556	\$ 15,556
Intergovernmental	3,768,000	3,768,000	1,867,229	2,012,514	3,879,743	111,743
Fines and forfeitures	30,000	30,000	15,235	17,797	33,032	3,032
Investment earnings	-	-	30,722	24,633	55,355	55,355
Miscellaneous	13,000	13,000	483	1,406	1,889	(11,111)
TOTAL REVENUES	6,213,000	6,213,000	3,106,223	3,281,352	6,387,575	174,575
EXPENDITURES:						
Personnel services (1)	4,019,000	4,039,000	1,909,615	2,112,913	4,022,528	16,472
Materials and services (1)	547,000	547,000	249,940	251,414	501,354	45,646
Contingency	243,000	223,000	-	-	-	223,000
TOTAL EXPENDITURES	4,809,000	4,809,000	2,159,555	2,364,327	4,523,882	285,118
EXCESS OF REVENUES OVER EXPENDITURES	1,404,000	1,404,000	946,668	917,025	1,863,693	459,693
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	60,000	60,000	30,000	30,000	60,000	-
Transfers to other funds	(2,065,000)	(2,065,000)	(1,021,000)	(1,605,155) *	(2,626,155)	(561,155)
TOTAL OTHER FINANCING SOURCES (USES)	(2,005,000)	(2,005,000)	(991,000)	(1,575,155)	(2,566,155)	(561,155)
NET CHANGE IN FUND BALANCES	(601,000)	(601,000)	(44,332)	(658,130)	(762,462)	(101,462)
FUND BALANCES - beginning	717,000	717,000	769,375	725,043	769,375	52,375
RESTATEMENT	-	-	-	(66,913)	-	-
FUND BALANCES - beginning as resta	717,000	717,000	769,375	658,130 **	769,375	52,375
FUND BALANCES - ending	\$ 833,000	\$ 833,000	\$ 725,043	\$ -	\$ 776,288	\$ 3,288

(1) - Components grouped together for budget appropriation.

* On June 23, 2025 - West Linn City Council approved Resolution 2025-08, abolishing the Parks and Recreation Fund, Public Safety Fund, Library Fund, and Planning Fund as of June 30, 2025. Per the resolution all remaining balances shall be transferred to the General Fund.

** Beginning fund balance for FY 2025 was decreased by \$66,913 to correct an understatement of FY 2024 accrued salaries and payroll taxes discovered after the completion of FY 2025 report. FY 2024 results have not been restated.

CITY OF WEST LINN, OREGON

STREET FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual		Variance with Final Budget
	Original	Final	1st Year FY 2023-24	2nd Year FY 2024-25	Total
REVENUES:					
Intergovernmental	\$ 5,402,000	\$ 5,402,000	\$ 2,656,131	\$ 2,800,001	\$ 5,456,132
Franchise taxes	360,000	360,000	202,634	208,996	411,630
Charges for services	4,971,000	4,971,000	2,408,684	2,550,300	4,958,984
Investment earnings	4,000	4,000	300,125	272,654	572,779
Miscellaneous	22,000	22,000	27,280	16,220	43,500
TOTAL REVENUES	10,759,000	10,759,000	5,594,854	5,848,171	11,443,025
EXPENDITURES:					
Personnel services (1)	1,496,000	1,496,000	723,168	804,172	1,527,340
Materials and services (1)	1,451,000	1,451,000	728,796	934,887	1,663,683
Debt service	888,000	888,000	149,763	155,337	305,100
Capital outlay (1)	13,691,000	13,691,000	2,841,673	1,111,162	3,952,835
Contingency	3,623,000	3,623,000	-	-	-
TOTAL EXPENDITURES	21,149,000	21,149,000	4,443,400	3,005,558	7,448,958
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,390,000)	(10,390,000)	1,151,454	2,842,613	3,994,067
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	-	-	23,836	-	23,836
Transfers to other funds	(2,157,000)	(2,157,000)	(1,071,000)	(1,086,000)	(2,157,000)
Issuance of debt	5,000,000	5,000,000	-	-	-
Issuance of lease obligations	-	-	38,859	3,241	42,100
TOTAL OTHER FINANCING SOURCES (USES)	2,843,000	2,843,000	(1,008,305)	(1,082,759)	(2,091,064)
NET CHANGE IN FUND BALANCES	(7,547,000)	(7,547,000)	143,149	1,759,854	1,903,003
FUND BALANCES - beginning	7,622,000	7,622,000	8,913,924	9,057,073	8,913,924
RESTATEMENT	-	-	-	(26,128)	-
FUND BALANCES - beginning as restated	7,622,000	7,622,000	8,913,924	9,030,945 *	8,913,924
FUND BALANCES - ending	\$ 75,000	\$ 75,000	\$ 9,057,073	10,790,799	\$ 10,816,927
RECONCILIATION TO GAAP BASIS:					
Unrealized gain (loss) on investments				6,724	
FUND BALANCE, GAAP BASIS				\$ 10,797,523	

(1) - Components grouped together for budget appropriation.

* Beginning fund balance for FY 2025 was decreased by \$26,128 to correct an understatement of FY 2024 accrued salaries and payroll taxes discovered after the completion of FY 2025 report. FY 2024 results have not been restated.

CITY OF WEST LINN, OREGON

Schedule of the Changes in the City's Total OPEB Liability and Related Ratios

Implicit Rate Subsidy Plan

for the last eight fiscal years ^{1, 2}

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	\$ 68,242	\$ 66,821	\$ 62,165	\$ 60,387	\$ 50,014	\$ 44,485	\$ 83,282	\$ 87,521
Interest	33,421	31,047	16,355	15,932	32,029	34,746	34,181	27,704
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(31,242)	-	-	-	(28,681)	-	-	-
Effect of changes to benefit terms	-	-	(18,725)	-	-	-	-	-
Changes of assumptions or other inputs	109,855	(6,802)	94,695	2,890	(184,917)	25,053	(44,269)	(53,879)
Benefit payments	(58,163)	(49,670)	(29,217)	(59,967)	(85,712)	(99,139)	(83,752)	(65,359)
Net Change in OPEB Liability	122,113	41,396	125,273	19,242	(217,267)	5,145	(10,558)	(4,013)
Total OPEB Liability - beginning	876,230	834,834	709,561	690,319	907,586	902,441	912,999	917,012
Total OPEB Liability - ending	\$ 998,343	\$ 876,230	\$ 834,834	\$ 709,561	\$ 690,319	\$ 907,586	\$ 902,441	\$ 912,999
City's covered-employee Payroll	\$ 12,356,820	\$ 11,321,000	\$ 10,217,000	\$ 9,830,000	\$ 9,548,000	\$ 9,242,000	\$ 8,668,000	\$ 8,993,000
Total OPEB Liability as a percentage of its covered-employee payroll	8.08%	7.74%	8.17%	7.22%	7.23%	9.82%	10.41%	10.15%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively.

² Amounts presented are for the measurement period reported during the fiscal year, which for FY 2025 is July 1, 2024 - June 30, 2025.

CITY OF WEST LINN, OREGON
Schedule of the City's Proportionate Share of the Net OPEB (Asset)/Liability
Oregon Public Employees Retirement System, Retirement Health Insurance Account
for the last nine fiscal years^{1,2}

Measurement Date June 30,	City's proportion of the net OPEB liability (asset)	City's proportionate share of the net OPEB liability (asset)	Covered-employee payroll	City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2017	0.09219008%	\$ 25,035	\$ 9,189,000	0.272%	108.88%
2018	0.08995006%	(37,540)	9,390,000	-0.400%	123.99%
2019	0.08483126%	(94,695)	8,993,000	-1.053%	144.36%
2020	0.08024130%	(155,055)	8,668,000	-1.789%	150.07%
2021	0.05037134%	(102,636)	9,242,000	-1.111%	183.86%
2022	0.06324214%	(217,174)	9,548,000	-2.275%	194.66%
2023	0.06823360%	(242,460)	9,830,000	-2.467%	201.60%
2024	0.05224217%	(191,293)	10,217,000	-1.872%	220.60%
2025	0.07291375%	(294,506)	11,321,000	-2.601%	n/a

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively.

² Amounts presented are for the measurement period reported during the fiscal year, which for FY 2025 is July 1, 2023 - June 30, 2024.

CITY OF WEST LINN, OREGON
Schedule of Funding Progress
Oregon Public Employees Retirement System, Retirement Health Insurance Account
for the last ten fiscal years

Fiscal year ended	Contractually required contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2016	\$ 54,200	\$ (54,200)	-	\$ 9,189,000	0.59 %
2017	55,400	(55,400)	-	9,390,000	0.59
2018	41,100	(41,100)	-	8,993,000	0.46
2019	44,800	(44,800)	-	8,668,000	0.52
2020	41,000	(41,000)	-	9,242,000	0.44
2021	39,800	(39,800)	-	9,548,000	0.42
2022	3,203	(3,203)	-	9,830,388	0.03
2023	1,874	(1,874)	-	10,217,000	0.02
2024	41	(41)	-	11,321,000	0.00
2025	11	(11)	-	12,356,820	0.00

CITY OF WEST LINN, OREGON
Schedule of the City's Proportionate Share of the Net Pension (Asset)/Liability
*for the last ten fiscal years*¹

Oregon Public Employee Retirement Pension Plan (OPERS)

Fiscal year ended ²	City's proportion of the net pension (asset)/liability	City's proportionate share of the net pension (asset)/liability	City's covered payroll (rounded)	City's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension (asset)/liability
2016 ³	0.10656086 %	6,118,000	\$ 8,275,000	73.93 %	91.875 %
2017 ³	0.09952936	14,942,000	9,189,000	162.61	80.526
2018 ³	0.10294248	13,877,000	9,390,000	147.78	83.119
2019 ³	0.09921771	15,030,000	8,993,000	167.13	82.068
2020 ³	0.09528934	16,483,000	8,668,000	190.16	80.232
2021 ³	0.08644967	18,866,000	9,242,000	204.13	75.790
2022 ³	0.08962219	10,725,000	9,548,000	112.33	87.570
2023 ³	0.08776408	13,438,000	9,830,000	136.70	84.546
2024 ³	0.09449860	17,700,000	10,217,000	173.24	81.676
2025 ³	0.08431099	18,740,000	11,321,000	165.53	79.290

¹ Amounts presented are for the measurement period reported during the fiscal year, which for FY 2025 is July 1, 2023 - June 30, 2024.

² Amounts presented for each fiscal year were determined as of December 31.

³ Actuarial information for these fiscal years was provided by the actuary for OPERS.

CITY OF WEST LINN, OREGON
Schedule of City Pension Plan Contributions
*for the last ten fiscal years*¹

Oregon Public Employee Retirement Pension Plan (OPERS)

Fiscal year ended	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency/ (excess)	City's covered payroll	Contributions as a percentage of of covered payroll
2016 ²	\$ 1,124,255	\$ (1,124,255)	\$ -	9,189,000	12.23 %
2017 ²	1,069,881	(1,069,881)	-	9,390,000	11.39
2018 ²	1,391,540	(1,391,540)	-	8,993,000	15.47
2019 ²	1,353,596	(1,353,596)	-	8,668,000	15.62
2020 ²	1,774,832	(1,774,832)	-	9,242,000	19.20
2021 ²	1,782,752	(1,782,752)	-	9,548,000	18.67
2022 ²	1,986,193	(1,986,193)	-	9,830,000	20.21
2023 ²	2,102,259	(2,102,259)	-	10,217,000	20.58
2024 ²	2,464,395	(2,464,395)	-	11,321,000	21.77
2025 ²	2,575,181	(2,575,181)	-	12,356,820	20.84

¹ Amounts presented are for the measurement period reported during the fiscal year, which for FY 2025 is July 1, 2023 - June 30, 2024.

² Actuarial information for these fiscal years was provided by the actuary for OPERS.

CITY OF WEST LINN, OREGON
Notes to Required Supplementary Information
June 30, 2025

Required Supplementary Information includes budgetary comparisons for the general fund, public safety fund, parks and recreation fund, library fund, and street fund. The budgetary comparison information for all other funds can be found in Supplementary Information which follows this section.

1. Budgetary Information

Municipal budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The City Manager is responsible for submitting a proposed budget to the Citizens' Budget Committee comprised of the City Council and an equal number of citizens of the City. The City is required to prepare a budget for each fund that is balanced in accordance with Oregon Revised Statutes. Each fund is budgeted on the modified accrual basis of accounting. The basis of budgeting is the same as GAAP.

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

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures cannot legally exceed appropriations. In the general fund, the levels of budgetary control established by resolution are set at the department level. For all other funds, the levels of budgetary control are personnel services, materials and services, debt service, transfers, capital outlay and contingency. Appropriations lapse at the end of the biennium for goods or services not yet received.

The City Council may modify the budget by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council.

Changes in Benefit Terms – PERS Pension

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015, compared to June 30, 2014 total pension liability.

Changes of Assumption – PERS Pension

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering the assumed inflation to 2.50 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay. For June 30, 2025, the long-term expected rate of return was kept at 6.90 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

Changes in Actuarial Methods and Allocation Procedures – PERS Pension

Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.

Changes in Plan Provisions During the Measurement Period

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age.

For GASB 67 and GASB 68, the benefits valued in the Net Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Net Pension Liability. The increase in the Net Pension Liability resulting from Senate Bill 111, measured as of June 30, 2021, is shown in Exhibit A as the "Effect of plan changes" during the measurement period. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Net Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Net Pension Liability as of those two respective Measurement Dates.

Changes of Assumptions – OPEB (Oregon Public Employees Retirement System, Retirement Health Insurance Account)

The PERS Board adopted assumption changes that were used to measure the June 30, 2021 net OPEB liability. The changes include lowering of the long-term expected rate of return to 6.90 percent. In

addition, healthy retiree participation and healthy mortality assumptions were changed to reflect updated trends and mortality improvement scale for all groups.

In the July 1, 2024 actuarial valuation for the City's implicit subsidy single-employer defined benefit postemployment health care plan, the valuation includes a change in the discount rate increasing from 3.65 percent to 3.93 percent. This change was reflected in the valuation for the measurement date of June 30, 2024, used to calculate the total OPEB liability as of June 30, 2025.

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SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

For Major and Nonmajor Governmental Funds

MAJOR

Capital Projects Fund

City Facilities, Parks & Transportation Bond Fund – accounts for the voter-approved general obligation bond funds for the acquisition of land and construction of park facilities.

Systems Development Charges Fund – accounts for the receipt and expenditure of systems development charges (SDCs) dedicated to streets, surface water, water, sewer, parks, and bike/pedestrian.

NONMAJOR

Special Revenue Funds

These nonmajor funds are used to account for specific revenues that are legally restricted or committed to expenditure of a particular purpose.

WLRA Urban Renewal General Fund – accounts for the West Linn Redevelopment Agency (WLRA) activities within the Urban Renewal Area, construction projects, and property purchases.

WLRA Urban Renewal Debt Service Fund – accounts WLRA property tax revenue and the annual payments on outstanding debt.

Building Inspections Fund – accounts for the City's building inspection activities. The primary revenue source is license and permit fees.

Planning Fund – accounts for the City's planning activities. Primary revenue sources are license and permit fees, intergovernmental revenues, franchise taxes, and charges for services.

Debt Service Fund

Debt Service Fund – accounts for the payment of general obligation bond principal and interest. The principal source of revenue is property taxes, which for general obligation debt is exempt from tax limitation.

CITY OF WEST LINN, OREGON
MAJOR GOVERNMENTAL FUND - CAPITAL PROJECTS
CITY FACILITIES, PARKS, AND TRANSPORTATION BOND FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2023-24	2nd Year FY 2024-25	Total	
REVENUES:						
Investment earnings	\$ 230,000	\$ 230,000	\$ 340,788	\$ 156,050	\$ 496,838	\$ 266,838
TOTAL REVENUES	<u>230,000</u>	<u>230,000</u>	<u>340,788</u>	<u>156,050</u>	<u>496,838</u>	<u>266,838</u>
EXPENDITURES:						
Capital outlay	<u>7,407,000</u>	<u>7,407,000</u>	<u>3,412,150</u>	<u>2,878,853</u>	<u>6,291,003</u>	<u>1,115,997</u>
TOTAL EXPENDITURES	<u>7,407,000</u>	<u>7,407,000</u>	<u>3,412,150</u>	<u>2,878,853</u>	<u>6,291,003</u>	<u>1,115,997</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	(7,177,000)	(7,177,000)	(3,071,362)	(2,722,803)	(5,794,165)	1,382,835
FUND BALANCES - beginning	<u>7,819,000</u>	<u>7,819,000</u>	<u>7,741,180</u>	<u>4,669,818</u>	<u>7,741,180</u>	<u>(77,820)</u>
FUND BALANCES - ending	<u>\$ 642,000</u>	<u>\$ 642,000</u>	<u>\$ 4,669,818</u>	1,947,015	<u>\$ 1,947,015</u>	<u>\$ 1,305,015</u>
RECONCILIATION TO GAAP BASIS:						
Unrealized gain (loss) on investments				<u>1,378</u>		
FUND BALANCE, GAAP BASIS				<u>\$ 1,948,393</u>		

CITY OF WEST LINN, OREGON

MAJOR GOVERNMENTAL FUND - CAPITAL PROJECTS
SYSTEMS DEVELOPMENT CHARGES FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		1st Year Actual
	Original	Final	FY 2023-24
REVENUES:			
Systems development charges:			
Street - systems development charges	\$ 140,000	\$ 140,000	\$ 50,885
Surface water - systems development charges	30,000	30,000	7,864
Water - systems development charges	550,000	550,000	431,215
Sewer - systems development charges	123,000	123,000	43,182
Parks - systems development charges	270,000	270,000	229,284
Bike/Pedestrian - systems development charges	80,000	80,000	38,120
Investment earnings	32,000	32,000	258,622
TOTAL REVENUES	1,225,000	1,225,000	1,059,172
EXPENDITURES:			
Materials and services (1)	116,000	116,000	52,990
Capital outlay (1)	3,249,000	3,249,000	841,044
Contingency	1,741,000	1,741,000	-
TOTAL EXPENDITURES	5,106,000	5,106,000	894,034
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	(3,881,000)	(3,881,000)	165,138
FUND BALANCES - beginning	7,095,000	7,095,000	7,198,536
FUND BALANCES - ending	<u>\$ 3,214,000</u>	<u>\$ 3,214,000</u>	<u>\$ 7,363,674</u>

RECONCILIATION TO GAAP BASIS:
Unrealized gain (loss) on investments

FUND BALANCE, GAAP BASIS

Continued on next page
(1) - Components grouped together for budget appropriation.

2nd Year Actual FY 2024-25							Actual Total Biennium	Variance with Final Budget
Street	Surface Water	Water	Sewer	Parks	Bike/ Pedestrian	Total		
\$ 122,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,072	\$ 172,957	\$ 32,957
-	17,348	-	-	-	-	17,348	25,212	(4,788)
-	-	939,209	-	-	-	939,209	1,370,424	820,424
-	-	-	133,530	-	-	133,530	176,712	53,712
-	-	-	-	633,101	-	633,101	862,385	592,385
-	-	-	-	-	104,159	104,159	142,279	62,279
19,374	20,053	98,561	57,467	51,087	13,648	260,190	518,812	486,812
141,446	37,401	1,037,770	190,997	684,188	117,807	2,209,609	3,268,781	2,043,781
-	-	2,910	11,341	1,926	-	16,177	69,167	46,833
-	-	-	-	69,718	1,288	71,006	912,050	2,336,950
-	-	-	-	-	-	-	-	1,741,000
-	-	2,910	11,341	71,644	1,288	87,183	981,217	4,124,783
141,446	37,401	1,034,860	179,656	612,544	116,519	2,122,426	2,287,564	6,168,564
459,518	701,266	2,732,365	1,968,145	1,145,508	356,872	7,363,674	7,198,536	103,536
\$ 600,964	\$ 738,667	\$ 3,767,225	\$ 2,147,801	\$ 1,758,052	\$ 473,391	9,486,100	\$ 9,486,100	\$ 6,272,100

5,922

\$9,492,022

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

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS:			
Restricted cash and investments	\$ 2,262,058	\$ 567,137	\$ 2,829,195
Property taxes receivable	3,109	73,250	76,359
Accounts receivable	13,492	-	13,492
TOTAL ASSETS	\$ 2,278,659	\$ 640,387	\$ 2,919,046
LIABILITIES:			
Accounts payable	\$ 80,992	\$ -	\$ 80,992
Accrued salaries and payroll taxes	12,051	-	12,051
TOTAL LIABILITIES	93,043	-	93,043
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	2,370	59,989	62,359
FUND BALANCES:			
Restricted	2,183,246	580,398	2,763,644
TOTAL FUND BALANCES	2,183,246	580,398	2,763,644
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,278,659	\$ 640,387	\$ 2,919,046

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

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:			
Property taxes	\$ 128,862	\$ 1,670,159	\$ 1,799,021
Intergovernmental	288,712	-	288,712
Franchise taxes	135,219	-	135,219
Licenses and permits	1,182,002	-	1,182,002
Charges for services	390,000	-	390,000
Investment earnings	61,861	36,573	98,434
TOTAL REVENUES	2,186,656	1,706,732	3,893,388
EXPENDITURES:			
Current:			
General government	1,738,377	-	1,738,377
Public safety	779,744	-	779,744
Debt service:			
Principal	8,261	1,015,000	1,023,261
Interest	972	713,875	714,847
Capital outlay	5,845	-	5,845
TOTAL EXPENDITURES	2,533,199	1,728,875	4,262,074
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(346,543)	(22,143)	(368,686)
OTHER FINANCING SOURCES (USES):			
Issuance of lease obligations	5,845	-	5,845
TOTAL OTHER FINANCING SOURCES (USES)	5,845	-	5,845
NET CHANGE IN FUND BALANCES	(340,698)	(22,143)	(362,841)
FUND BALANCES - beginning	2,563,407	602,541	3,165,948
RESTATEMENT	(39,463)	-	(39,463)
FUND BALANCES - beginning as restated	2,523,944	602,541	3,126,485
FUND BALANCES - ending	\$ 2,183,246	\$ 580,398	\$ 2,763,644

CITY OF WEST LINN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2025

	WLRA Urban Renewal General Fund	WLRA Urban Renewal Debt Service Fund	Building Inspections Fund	Planning Fund	Total
ASSETS:					
Restricted cash and investments	\$ -	\$ 131,707	\$ 2,130,351	\$ -	\$ 2,262,058
Property taxes receivable	-	3,109	-	-	3,109
Accounts receivable	-	-	13,492	-	13,492
TOTAL ASSETS	\$ -	\$ 134,816	\$ 2,143,843	\$ -	\$ 2,278,659
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 80,992	\$ -	\$ 80,992
Accrued salaries and payroll taxes	-	-	12,051	-	12,051
TOTAL LIABILITIES	-	-	93,043	-	93,043
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	-	2,370	-	-	2,370
FUND BALANCES:					
Restricted	-	132,446	2,050,800	-	2,183,246
TOTAL FUND BALANCES	-	132,446	2,050,800	-	2,183,246
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 134,816	\$ 2,143,843	\$ -	\$ 2,278,659

CITY OF WEST LINN, OREGON
NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	WLRA Urban Renewal General Fund	WLRA Urban Renewal Debt Service Fund	Building Inspections Fund	Planning Fund	Total
REVENUES:					
Property taxes	\$ -	\$ 128,862	\$ -	\$ -	\$ 128,862
Intergovernmental	-	-	-	288,712	288,712
Franchise taxes	-	-	-	135,219	135,219
Licenses and permits	-	-	1,039,323	142,679	1,182,002
Charges for services	-	-	-	390,000	390,000
Issuance of lease obligations	-	-	5,845	-	5,845
Investment earnings	-	3,584	57,687	590	61,861
TOTAL REVENUES	-	132,446	1,102,855	957,200	2,192,501
EXPENDITURES:					
Current:					
General government	-	-	-	1,738,377	1,738,377
Public safety	-	-	779,744	-	779,744
Debt service:					
Principal	-	-	8,261	-	8,261
Interest	-	-	972	-	972
Capital outlay	-	-	5,845	-	5,845
TOTAL EXPENDITURES	-	-	794,822	1,738,377	2,533,199
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	-	132,446	308,033	(781,177)	(340,698)
FUND BALANCES - beginning	-	-	1,757,403	806,004	2,563,407
RESTATEMENT	-	-	(14,636)	(24,827)	(39,463)
FUND BALANCES - beginning as restated	-	-	1,742,767 *	781,177 *	2,523,944
FUND BALANCES - ending	\$ -	\$ 132,446	\$ 2,050,800	\$ -	\$ 2,183,246

* Beginning fund balance for FY 2025 were decreased by \$14,636 in the Building Inspections Fund and \$24,827 in the Planning Fund to correct an understatement of FY 2024 accrued salaries and payroll taxes discovered after the completion of FY 2025 report. FY 2024 results have not been restated.

CITY OF WEST LINN, OREGON
 WLRA URBAN RENEWAL GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual		Total	Variance with Final Budget
	Original	Final	1st Year FY 2023-24	2nd Year FY 2024-25		
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:						
Material and services	35,000	35,000	-	-	-	35,000
Contingency	25,000	25,000	-	-	-	25,000
TOTAL EXPENDITURES	60,000	60,000	-	-	-	60,000
EXCESS OF REVENUES OVER EXPENDITURES	(60,000)	(60,000)	-	-	-	60,000
OTHER FINANCING SOURCES (USES):						
Issuance of debt	60,000	60,000	-	-	-	(60,000)
TOTAL OTHER FINANCING SOURCES (USES)	60,000	60,000	-	-	-	(60,000)
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-
FUND BALANCES - beginning	-	-	-	-	-	-
FUND BALANCES - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WEST LINN, OREGON
 WLRA URBAN RENEWAL DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual		Total	Variance with Final Budget
	Original	Final	1st Year FY 2023-24	2nd Year FY 2024-25		
REVENUES:						
Property taxes	\$ 181,000	\$ 181,000	\$ -	\$ 128,862	\$ 128,862	\$ (52,138)
Investment earnings	3,000	3,000	-	3,502	3,502	502
TOTAL REVENUES	184,000	184,000	-	132,364	132,364	(51,636)
EXPENDITURES:						
Debt service	65,000	65,000	-	-	-	65,000
Contingency	100,000	100,000	-	-	-	100,000
TOTAL EXPENDITURES	230,000	230,000	-	-	-	230,000
EXCESS OF REVENUES OVER EXPENDITURES	(46,000)	(46,000)	-	132,364	132,364	178,364
NET CHANGE IN FUND BALANCES	(46,000)	(46,000)	-	132,364	132,364	178,364
FUND BALANCES - beginning	-	-	-	-	-	-
FUND BALANCES - ending	\$ (46,000)	\$ (46,000)	\$ -	132,364	\$ 132,364	\$ 178,364
RECONCILIATION TO GAAP BASIS:						
Unrealized gain (loss) on investments				82		
FUND BALANCE, GAAP BASIS				<u>\$ 132,446</u>		

CITY OF WEST LINN, OREGON

BUILDING INSPECTIONS FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2023-24	2nd Year FY 2024-25	Total	
REVENUES:						
Licenses and permits	\$ 1,205,000	\$ 1,205,000	\$ 1,045,967	\$ 1,039,323	\$ 2,085,290	\$ 880,290
Investment earnings	-	-	53,037	56,358	109,395	109,395
TOTAL REVENUES	1,205,000	1,205,000	1,099,004	1,095,681	2,194,685	989,685
EXPENDITURES:						
Personnel services (1)	1,086,000	1,086,000	525,194	418,513	943,707	142,293
Materials and services (1)	144,000	144,000	22,339	41,231	63,570	80,430
Debt service:						
Principal	22,000	22,000	8,672	8,261	16,933	5,067
Interest	6,000	6,000	599	972	1,571	4,429
Capital outlay (1)	-	-	-	5,845	5,845	(5,845)
Contingency	592,000	592,000	-	-	-	592,000
TOTAL EXPENDITURES	1,850,000	1,850,000	556,804	474,822	1,031,626	818,374
EXCESS OF REVENUES OVER EXPENDITURES	(645,000)	(645,000)	542,200	620,859	1,163,059	1,808,059
OTHER FINANCING SOURCES (USES):						
Issuance of lease obligations	-	-	-	5,845	5,845	5,845
Proceeds from sale of capital assets	-	-	15,913	-	15,913	15,913
Transfers to other funds	(651,000)	(651,000)	(331,000)	(320,000)	(651,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(651,000)	(651,000)	(315,087)	(314,155)	(629,242)	21,758
NET CHANGE IN FUND BALANCES	(1,296,000)	(1,296,000)	227,113	306,704	533,817	1,829,817
FUND BALANCES - beginning	1,326,000	1,326,000	1,530,290	1,757,403	1,530,290	204,290
RESTATEMENT	-	-	-	(14,636)	-	-
FUND BALANCES - beginning as restated	1,326,000	1,326,000	1,530,290	1,742,767	* 1,530,290	204,290
FUND BALANCES - ending	\$ 30,000	\$ 30,000	\$ 1,757,403	2,049,471	\$ 2,064,107	\$ 2,034,107
RECONCILIATION TO GAAP BASIS:						
Unrealized gain (loss) on investments				1,329		
FUND BALANCE, GAAP BASIS				\$ 2,050,800		

(1) - Components grouped together for budget appropriation.

* Beginning fund balance for FY 2025 were decreased by \$14,636 to correct an understatement of FY 2024 accrued salaries and payroll taxes discovered after the completion of FY 2025 report. FY 2024 results have not been restated.

CITY OF WEST LINN, OREGON

PLANNING FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2023-24	2nd Year FY 2024-25	Total	
REVENUES:						
Intergovernmental	\$ 780,000	\$ 780,000	\$ 356,065	\$ 288,712	\$ 644,777	\$ (135,223)
Franchise taxes	324,000	324,000	151,246	135,219	286,465	(37,535)
Licenses and permits	160,000	160,000	205,881	142,679	348,560	188,560
Investment earnings	-	-	-	590	590	590
Miscellaneous	6,000	6,000	-	-	-	(6,000)
TOTAL REVENUES	1,270,000	1,270,000	713,192	567,200	1,280,392	10,392
EXPENDITURES:						
Personnel services (1)	1,585,000	1,585,000	702,578	679,019	1,381,597	203,403
Material and services (1)	460,000	460,000	171,361	172,901	344,262	115,738
Contingency	107,000	107,000	-	-	-	107,000
TOTAL EXPENDITURES	2,152,000	2,152,000	873,939	851,920	1,725,859	426,141
EXCESS OF REVENUES OVER EXPENDITURES	(882,000)	(882,000)	(160,747)	(284,720)	(445,467)	436,533
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	780,000	780,000	390,000	390,000	780,000	-
Transfers to other funds	(698,000)	(698,000)	(350,000)	(886,457) *	(1,236,457)	(538,457)
TOTAL OTHER FINANCING SOURCES (USES)	82,000	82,000	40,000	(496,457)	(456,457)	(538,457)
NET CHANGE IN FUND BALANCES	(800,000)	(800,000)	(120,747)	(781,177)	(901,924)	(101,924)
FUND BALANCES - beginning	852,000	852,000	926,751	806,004	926,751	74,751
RESTATEMENT	-	-	-	(24,827)	-	-
FUND BALANCES - beginning as restated	852,000	852,000	926,751	781,177 **	926,751	74,751
FUND BALANCES - ending	\$ 904,000	\$ 904,000	\$ 806,004	\$ -	\$ 24,827	\$ (27,173)

(1) - Components grouped together for budget appropriation.

* On June 23, 2025 - West Linn City Council approved Resolution 2025-08, abolishing the Parks and Recreation Fund, Public Safety Fund, Library Fund, and Planning Fund as of June 30, 2025. Per the resolution all remaining balances shall be transferred to the General Fund.

** Beginning fund balance for FY 2025 were decreased by \$24,827 to correct an understatement of FY 2024 accrued salaries and payroll taxes discovered after the completion of FY 2025 report. FY 2024 results have not been restated.

CITY OF WEST LINN, OREGON

DEBT SERVICE FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2023-24	2nd Year FY 2024-25	Total	
REVENUES:						
Property taxes	\$ 3,230,000	\$ 3,230,000	\$ 1,734,401	\$ 1,670,159	\$ 3,404,560	\$ 174,560
Investment earnings	40,000	40,000	40,880	36,219	77,099	37,099
TOTAL REVENUES	<u>3,270,000</u>	<u>3,270,000</u>	<u>1,775,281</u>	<u>1,706,378</u>	<u>3,481,659</u>	<u>211,659</u>
EXPENDITURES:						
Debt service:						
Principal	1,940,000	1,940,000	925,000	1,015,000	1,940,000	-
Interest	1,461,000	1,461,000	746,624	713,875	1,460,499	501
TOTAL EXPENDITURES	<u>3,401,000</u>	<u>3,401,000</u>	<u>1,671,624</u>	<u>1,728,875</u>	<u>3,400,499</u>	<u>501</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES	(131,000)	(131,000)	103,657	(22,497)	81,160	212,160
FUND BALANCES - beginning	466,000	466,000	498,884	602,541	498,884	32,884
FUND BALANCES - ending	<u>\$ 335,000</u>	<u>\$ 335,000</u>	<u>\$ 602,541</u>	580,044	<u>\$ 580,044</u>	<u>\$ 245,044</u>
RECONCILIATION TO GAAP BASIS:						
Unrealized gain (loss) on investments				354		
FUND BALANCE, GAAP BASIS				<u>\$ 580,398</u>		

(1) - Components grouped together for budget appropriation.

INDIVIDUAL FUND FINANCIAL
SCHEDULES
Proprietary Funds

Proprietary Funds

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

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

Environmental Services Fund – accounts for the City's sewer and surface water operations. It includes the maintenance and operations of sewer and surface water infrastructure.

CITY OF WEST LINN, OREGON

WATER FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual		Total	Variance with Final Budget
	Original	Final	1st Year FY 2023-24	2nd Year FY 2024-25		
REVENUES:						
Water charges	\$ 11,765,000	\$ 11,765,000	\$ 6,266,435	\$ 6,601,857	\$ 12,868,292	\$ 1,103,292
Intergovernmental	-	-	2,501	-	2,501	2,501
Systems development charges	-	-	36,202	78,857	115,059	115,059
Miscellaneous	491,000	491,000	144,828	148,502	293,330	(197,670)
TOTAL REVENUES	12,256,000	12,256,000	6,449,966	6,829,216	13,279,182	1,023,182
EXPENDITURES:						
Personnel services (1)	1,735,000	1,735,000	909,221	939,296	1,848,517	(113,517)
Materials and services (1)	5,030,000	5,030,000	2,628,443	2,796,765	5,425,208	(395,208)
Debt service	2,674,000	2,674,000	1,032,772	1,035,583	2,068,355	605,645
Capital outlay (1)	20,367,000	20,367,000	384,533	1,816,030	2,200,563	18,166,437
Contingency	2,559,000	2,559,000	-	-	-	2,559,000
TOTAL EXPENDITURES	32,365,000	32,365,000	4,954,969	6,587,674	11,542,643	20,822,357
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(20,109,000)	(20,109,000)	1,494,997	241,542	1,736,539	21,845,539
OTHER FINANCING SOURCES (USES):						
Issuance lease obligations	-	-	8,058	3,241	11,299	11,299
Issuance of debt	5,000,000	5,000,000	-	-	-	(5,000,000)
Proceeds from sale of capital assets	-	-	-	67	67	67
Investment earnings	2,000	2,000	601,880	815,450	1,417,330	1,415,330
Transfers to other funds	(2,569,000)	(2,569,000)	(1,212,000)	(1,357,000)	(2,569,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	2,433,000	2,433,000	(602,062)	(538,242)	(1,140,304)	(3,573,304)
NET CHANGE IN FUND BALANCES	(17,676,000)	(17,676,000)	892,935	(296,700)	596,235	18,272,235
FUND BALANCES - beginning	17,848,000	17,848,000	18,544,362	19,437,297	18,544,362	696,362
RESTATEMENT	-	-	-	(29,917)	-	-
FUND BALANCES - beginning as restated	17,848,000	17,848,000	18,544,362	19,407,380 *	18,544,362	696,362
FUND BALANCES - ending	\$ 172,000	\$ 172,000	\$ 19,437,297	19,110,680	\$ 19,140,597	\$ 18,968,597

(1) - Components grouped together for budget appropriation.

* Beginning fund balance for FY 2025 were decreased by \$29,917 to correct an understatement of FY 2024 accrued salaries and payroll taxes discovered after the completion of FY 2025 report. FY 2024 results have not been restated.

RECONCILIATION TO NET POSITION - GAAP BASIS:

Adjustment for OPEB asset being accrued	14,939
Adjustment for deferred outflows of resources being accrued	353,026
Adjustment for loans receivable being accrued	4,884
Adjustment for lease receivables being accrued	354,277
Adjustment for net pension liability being accrued	(818,877)
Adjustment for compensated absences being accrued	(138,163)
Adjustment for OPEB liability being accrued	(50,641)
Adjustment for deferred inflows of resources being accrued	(551,357)
Adjustment for interest payable being accrued	(43,363)
Adjustment for capital assets not being depreciated	2,791,393
Adjustment for capital assets, net of accumulated depreciation	20,613,156
Adjustment for investment in joint venture	14,332,727
Adjustment for unrealized gain on investments	12,048
Adjustment for bonds payable - due within one year	(500,000)
Adjustment for long term bonds payable	(11,570,000)
Adjustment for leases payable - due within one year	(10,717)
Adjustment for long term leases payable	(4,388)
Adjustment for unamortized bond premium	(1,032,106)
NET POSITION - GAAP BASIS	\$ 42,867,518

CITY OF WEST LINN, OREGON

ENVIRONMENTAL SERVICES FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget for the 2024-2025 Biennium		Actual		Total	Variance with Final Budget
	Original	Final	1st Year FY 2023-24	2nd Year FY 2024-25		
REVENUES:						
Sewer charges	\$ 6,870,000	\$ 6,870,000	\$ 3,426,923	\$ 3,598,527	\$ 7,025,450	\$ 155,450
Surface water charges	2,534,000	2,534,000	1,263,305	1,324,107	2,587,412	53,412
Systems development charges	46,000	46,000	67,398	134,053	201,451	155,451
Miscellaneous	130,000	130,000	70,056	81,369	151,425	21,425
TOTAL REVENUES	9,580,000	9,580,000	4,827,682	5,138,056	9,965,738	385,738
EXPENDITURES:						
Personnel services (1)	1,790,000	1,790,000	671,788	795,481	1,467,269	322,731
Materials and services (1)	1,374,000	1,374,000	559,426	561,307	1,120,733	253,267
Debt service	1,286,000	1,286,000	13,446	52,995	66,441	1,219,559
Capital outlay (1)	16,600,000	16,600,000	2,665,095	3,513,016	6,178,111	10,421,889
Contingency	270,000	270,000	-	-	-	270,000
TOTAL EXPENDITURES	21,320,000	21,320,000	3,909,755	4,922,799	8,832,554	12,487,446
EXCESS OF REVENUES OVER EXPENDITURES	(11,740,000)	(11,740,000)	917,927	215,257	1,133,184	12,873,184
OTHER FINANCING SOURCES:						
Issuance of debt	10,000,000	10,000,000	-	-	-	(10,000,000)
Issuance of lease obligations	84,000	84,000	38,480	32,577	71,057	(12,943)
Proceeds from sale of capital assets	-	-	161,341	14,488	175,829	175,829
Investment earnings	2,000	2,000	355,365	319,550	674,915	672,915
Transfers to other funds	(3,439,000)	(3,439,000)	(1,647,000)	(1,792,000)	(3,439,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	6,647,000	6,647,000	(1,091,814)	(1,425,385)	(2,517,199)	(9,164,199)
NET CHANGE IN FUND BALANCES	(5,093,000)	(5,093,000)	(173,887)	(1,210,128)	(1,384,015)	3,708,985
FUND BALANCES - beginning	5,173,000	5,173,000	6,627,626	6,453,739	6,627,626	1,454,626
RESTATEMENT	-	-	-	(27,668)	-	-
FUND BALANCES - beginning	5,173,000	5,173,000	6,627,626	6,426,071 *	6,627,626	1,454,626
FUND BALANCES - ending	\$ 80,000	\$ 80,000	\$ 6,453,739	5,215,943	\$ 5,243,611	\$ 5,163,611

(1) - Components grouped together for budget appropriation.

* Beginning fund balance for FY 2025 were decreased by \$27,668 to correct an understatement of FY 2024 accrued salaries and payroll taxes discovered after the completion of FY 2025 report. FY 2024 results have not been restated.

RECONCILIATION TO NET POSITION - GAAP BASIS:

Adjustment for OPEB asset being accrued	12,805
Adjustment for deferred outflows of resources being accrued	407,751
Adjustment for loans receivable being accrued	15,176
Adjustment for net pension liability being accrued	(955,357)
Adjustment for compensated absences being accrued	(128,369)
Adjustment for OPEB liability being accrued	(43,406)
Adjustment for deferred inflows of resources being accrued	(132,277)
Adjustment for leases payable - due within one year	(14,132)
Adjustment for long term leases payable	(21,412)
Adjustment for unrealized gain on investments	2,995
Adjustment for capital assets not being depreciated	4,819,364
Adjustment for capital assets, net of accumulated depreciation	22,699,215
NET POSITION - GAAP BASIS	\$ 31,878,296

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OTHER FINANCIAL SCHEDULES

Schedule of Future Debt Service Requirements

Schedule of Property Tax Transactions and Outstanding Balances

Schedule of Accountability of Independently Elected Officials

CITY OF WEST LINN, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

FUTURE BOND PRINCIPAL

Fiscal year	General Obligation Bonds		Full Faith and Credit Obligations		Total
	Series 2012	Series 2018	Series 2015	Series 2023	
	Police Station	City Fac, Parks, & Trans.	Str/Pks/Wtr	Water	
	Jan. 25, 2012	Aug. 30, 2018	Dec. 16, 2015	Feb. 8, 2023	
2026	505,000	600,000	360,000	395,000	1,860,000
2027	530,000	665,000	370,000	415,000	1,980,000
2028	565,000	720,000	375,000	435,000	2,095,000
2029	595,000	780,000	390,000	455,000	2,220,000
2030	630,000	850,000	420,000	480,000	2,080,000
2031	665,000	925,000	420,000	505,000	2,215,000
2032	715,000	995,000	425,000	530,000	2,365,000
2033	-	1,755,000	430,000	555,000	2,440,000
2034	-	1,875,000	430,000	580,000	2,585,000
2035	-	1,995,000	435,000	610,000	2,740,000
2036	-	2,125,000	-	640,000	2,765,000
2037	-	2,265,000	-	670,000	2,935,000
2038	-	2,410,000	-	695,000	3,105,000
2039	-	-	-	720,000	720,000
2040	-	-	-	750,000	750,000
2041	-	-	-	780,000	780,000
2042	-	-	-	810,000	810,000
2043	-	-	-	845,000	845,000
	<u>\$ 4,205,000</u>	<u>\$ 17,960,000</u>	<u>\$ 2,255,000</u>	<u>\$ 10,870,000</u>	<u>\$ 35,290,000</u>

FUTURE BOND INTEREST

Fiscal year	General Obligation Bonds		Full Faith and Credit Obligations		Total
	Series 2012	Series 2018	Series 2015	Series 2015	
	Police Station	City Fac, Parks, & Trans.	Str/Pks/Wtr	Water	
	Jan. 25, 2012	Aug. 30, 2018	Dec. 16, 2015	Feb. 8, 2023	
2026	105,438	571,938	67,524	484,400	1,229,300
2027	94,706	553,937	53,126	464,650	1,166,419
2028	82,781	533,988	43,875	443,900	1,104,544
2029	69,363	512,387	34,500	422,150	1,038,400
2030	54,487	481,188	22,800	399,400	957,875
2031	37,950	447,187	19,200	375,400	879,737
2032	9,831	419,438	15,600	350,150	795,019
2033	-	389,587	11,851	323,650	725,088
2034	-	336,938	7,950	295,900	640,788
2035	-	280,687	4,050	266,900	551,637
2036	-	218,344	-	236,400	454,744
2037	-	151,937	-	210,800	362,737
2038	-	78,325	-	184,000	262,325
2039	-	-	-	156,200	156,200
2040	-	-	-	127,400	127,400
2041	-	-	-	97,400	97,400
2042	-	-	-	66,200	66,200
2043	-	-	-	33,800	33,800
	<u>\$ 454,556</u>	<u>\$ 4,975,881</u>	<u>\$ 280,476</u>	<u>\$ 4,938,700</u>	<u>\$ 10,649,613</u>

CITY OF WEST LINN, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Tax Year	Uncollected Property Taxes as of June 30, 2024	Add Tax Levy Extended by Assessor	Deduct Adjustments and Discounts	Deduct Cash Collections	Uncollected Property Taxes as of June 30, 2025
Current fiscal year 2023-24	\$ -	\$ 11,631,130	\$ (285,564)	\$ (11,077,197)	\$ 268,369
Prior fiscal years 2023-24	238,841	-	(6,856)	(115,300)	116,685
2022-23	73,916	-	(1,247)	(24,398)	48,271
2021-22	42,825	-	(288)	(19,955)	22,582
2020-21	20,416	-	(50)	(14,907)	5,459
2019-20 & prior	22,059	-	(38)	(2,653)	19,368
Sub-total prior	<u>398,057</u>	<u>-</u>	<u>(8,479)</u>	<u>(177,213)</u>	<u>212,365</u>
Total	<u>\$ 398,057</u>	<u>\$ 11,631,130</u>	<u>\$ (294,043)</u>	<u>\$ (11,254,410)</u>	<u>\$ 480,734</u>

General Fund	\$ 404,375
Debt Service Fund	73,250
Urban Renewal Fund	3,109
	<u>\$ 480,734</u>

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

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

CITY OF WEST LINN, OREGON
ANNUAL COMPREHENSIVE FINANCIAL REPORT

SECTION III

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
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Revenue Capacity	114
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Operating Information	128

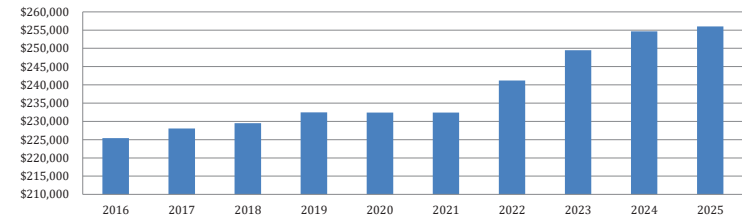
Sources: The information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year, unless otherwise noted.

CITY OF WEST LINN, OREGON

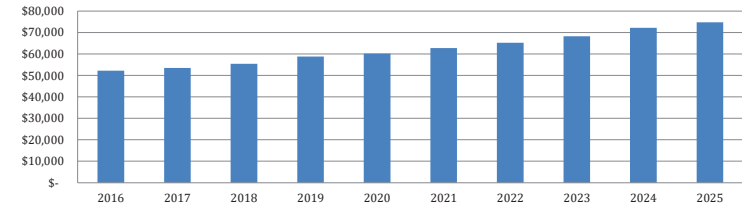
Net Position by Component for the last ten fiscal years (accrual basis of accounting) (in thousands)

	Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 222,408	\$ 225,588	\$ 227,088	\$ 209,419	\$ 226,983	\$ 225,470	\$ 225,639	\$ 226,683	\$ 229,937	\$ 231,875
Restricted	4,774	5,276	5,191	24,023	20,766	7,454	9,841	10,585	11,020	12,886
Unrestricted (deficit)	(1,787)	(2,826)	(2,757)	(962)	(15,327)	(516)	5,714	12,231	13,715	11,244
Total governmental activities net position	225,395	228,038	229,522	232,480	232,422	232,408	241,194	249,499	254,672	256,005
Business-type activities										
Net investment in capital assets	35,361	40,846	42,680	43,285	43,241	43,931	43,625	43,443	45,463	51,064
Restricted	2,823	-	-	-	15	10	22	24	18	28
Unrestricted	13,966	12,600	12,694	15,563	16,996	18,852	21,649	24,821	26,732	23,654
Total business-type activities net position	52,150	53,446	55,374	58,848	60,252	62,793	65,296	68,288	72,213	74,746
Primary government										
Net investment in capital assets	257,769	266,434	269,768	252,704	270,224	269,401	269,264	270,126	275,400	282,939
Restricted	7,597	5,276	5,191	24,023	20,781	7,464	9,863	10,609	11,038	12,914
Unrestricted	12,179	9,774	9,937	14,601	1,669	18,336	27,363	37,052	40,447	34,898
Total primary government net position	\$ 277,545	\$ 281,484	\$ 284,896	\$ 291,328	\$ 292,674	\$ 295,201	\$ 306,490	\$ 317,787	\$ 326,885	\$ 330,751

Net Position - Governmental Activities ('000s)



Net Position - Business-type Activities ('000s)



CITY OF WEST LINN, OREGON

Changes in Net Position
for the last ten fiscal years
(accrual basis of accounting)
(in thousands)

	Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 10,291	\$ 8,213	\$ 9,792	\$ 8,432	\$ 9,541	\$ 10,351	\$ 8,953	\$ 10,193	\$ 10,855	\$ 12,941
Culture and recreation	7,138	6,988	7,477	7,933	7,834	8,320	8,080	8,644	9,058	13,339
Public safety	10,288	8,830	8,717	8,752	9,053	9,158	8,933	9,561	9,909	13,754
Highways and streets	4,303	4,517	4,429	4,249	4,439	5,496	3,410	3,421	3,453	4,037
Interest on long-term debt	625	403	353	860	940	911	872	839	810	972
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>32,645</u>	<u>28,951</u>	<u>30,768</u>	<u>30,226</u>	<u>31,807</u>	<u>34,236</u>	<u>30,248</u>	<u>32,658</u>	<u>34,085</u>	<u>45,043</u>
Business-type activities:										
Water	4,233	3,899	4,173	4,732	4,445	4,869	5,153	5,240	6,096	6,449
Environmental services	3,232	3,249	3,379	3,518	3,453	3,515	3,583	3,952	4,064	4,494
Total business-type activities expenses	<u>7,465</u>	<u>7,148</u>	<u>7,552</u>	<u>8,250</u>	<u>7,898</u>	<u>8,384</u>	<u>8,736</u>	<u>9,192</u>	<u>10,160</u>	<u>10,943</u>
Total primary government expenses	<u>\$ 40,110</u>	<u>\$ 36,099</u>	<u>\$ 38,320</u>	<u>\$ 38,476</u>	<u>\$ 39,705</u>	<u>\$ 42,620</u>	<u>\$ 38,984</u>	<u>\$ 41,850</u>	<u>\$ 44,245</u>	<u>\$ 55,986</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 9,517	\$ 9,596	\$ 8,901	\$ 9,692	\$ 8,547	\$ 10,077	\$ 10,896	\$ 9,553	\$ 11,130	\$ 17,265
Culture and recreation	2,214	2,432	2,495	2,546	2,581	2,316	2,990	3,288	3,547	5,570
Public safety	850	948	2,008	781	1,348	1,289	1,932	860	1,534	1,534
Highways and streets	1,659	1,735	1,791	1,898	1,992	2,102	2,205	2,322	2,409	2,550
Operating grants and contributions	4,192	6,249	4,954	4,645	4,929	5,949	8,490	10,415	5,568	5,770
Capital grants and contributions	101	-	572	1,925	234	255	68	186	377	250
Total governmental activities program revenues	<u>18,533</u>	<u>20,960</u>	<u>20,721</u>	<u>21,487</u>	<u>19,631</u>	<u>21,988</u>	<u>26,581</u>	<u>26,624</u>	<u>24,565</u>	<u>32,939</u>
Business-type activities:										
Charges for services:										
Water	4,427	4,656	5,313	6,262	4,959	6,144	6,466	6,714	7,431	7,384
Environmental services	3,243	3,428	3,563	3,750	3,866	4,158	4,445	4,504	5,032	5,099
Operating grants and contributions	-	-	-	-	-	-	-	-	2	-
Capital grants and contributions	1,218	370	559	1,671	423	620	327	637	662	52
Total business-type activities program revenues	<u>8,888</u>	<u>8,454</u>	<u>9,435</u>	<u>11,683</u>	<u>9,248</u>	<u>10,922</u>	<u>11,238</u>	<u>11,855</u>	<u>13,127</u>	<u>12,535</u>
Total primary government program revenues	<u>\$ 27,421</u>	<u>\$ 29,414</u>	<u>\$ 30,156</u>	<u>\$ 33,170</u>	<u>\$ 28,879</u>	<u>\$ 32,910</u>	<u>\$ 37,819</u>	<u>\$ 38,479</u>	<u>\$ 37,692</u>	<u>\$ 45,474</u>

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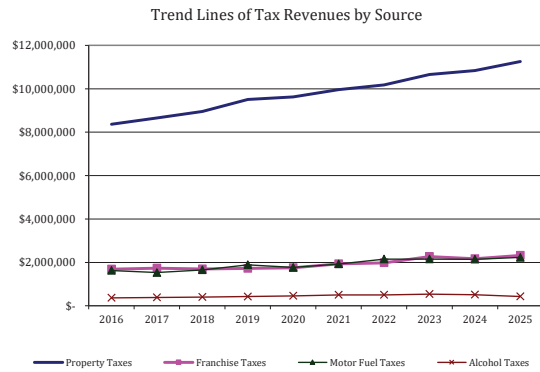
	Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (Expense) Revenue										
Governmental activities	\$(14,112)	\$ (7,991)	\$(10,047)	\$ (8,739)	\$(12,176)	\$(12,248)	\$ (3,667)	\$ (6,034)	\$ (9,520)	\$ (12,104)
Business-type activities	1,423	1,306	1,883	3,433	1,350	2,538	2,502	2,663	2,967	1,592
Total primary government expenses	<u>\$(12,689)</u>	<u>\$ (6,685)</u>	<u>\$ (8,164)</u>	<u>\$ (5,306)</u>	<u>\$(10,826)</u>	<u>\$ (9,710)</u>	<u>\$ (1,165)</u>	<u>\$ (3,371)</u>	<u>\$ (6,553)</u>	<u>\$ (10,512)</u>
General Revenues										
Governmental activities:										
Property taxes, levied for general purposes	\$ 7,020	\$ 7,205	\$ 7,538	\$ 7,691	\$ 8,098	\$ 8,375	\$ 8,616	\$ 8,888	\$ 9,147	\$ 9,658
Property taxes, levied for debt service	1,372	1,476	1,461	1,524	1,542	1,595	1,641	1,692	1,742	1,679
Franchise taxes	1,693	1,738	1,705	1,724	1,754	1,938	1,981	2,274	2,176	2,325
Unrestricted grants and contributions	428	203	164	187	162	165	106	128	118	123
Interest and investment earnings	16	15	32	570	562	161	108	1,355	1,506	1,263
Gain (loss) on disposition of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>10,529</u>	<u>10,637</u>	<u>10,900</u>	<u>11,696</u>	<u>12,118</u>	<u>12,234</u>	<u>12,452</u>	<u>14,337</u>	<u>14,689</u>	<u>15,048</u>
Business-type activities:										
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	41	54	2	2	329	958	1,150
Gain (loss) on disposition of capital assets	-	(8)	(1)	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>(8)</u>	<u>(1)</u>	<u>41</u>	<u>54</u>	<u>2</u>	<u>2</u>	<u>329</u>	<u>958</u>	<u>1,150</u>
Total primary government	<u>\$ 10,529</u>	<u>\$ 10,629</u>	<u>\$ 10,899</u>	<u>\$ 11,737</u>	<u>\$ 12,172</u>	<u>\$ 12,236</u>	<u>\$ 12,454</u>	<u>\$ 14,666</u>	<u>\$ 15,647</u>	<u>\$ 16,198</u>
Changes in Net Position										
Governmental activities	\$ (3,583)	\$ 2,646	\$ 853	\$ 2,957	\$ (58)	\$ (14)	\$ 8,785	\$ 8,303	\$ 5,169	\$ 2,944
Business-type activities	1,423	1,298	1,882	3,474	1,404	2,540	2,504	2,992	3,925	2,742
Total primary government	<u>\$ (2,160)</u>	<u>\$ 3,944</u>	<u>\$ 2,735</u>	<u>\$ 6,431</u>	<u>\$ 1,346</u>	<u>\$ 2,526</u>	<u>\$ 11,289</u>	<u>\$ 11,295</u>	<u>\$ 9,094</u>	<u>\$ 5,686</u>

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CITY OF WEST LINN, OREGON
Governmental Activities Tax Revenues by Source
for the last ten fiscal years
(modified accrual basis of accounting)

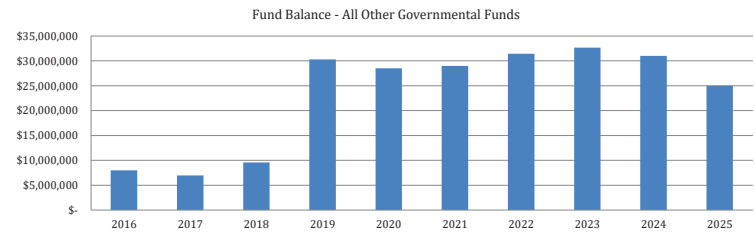
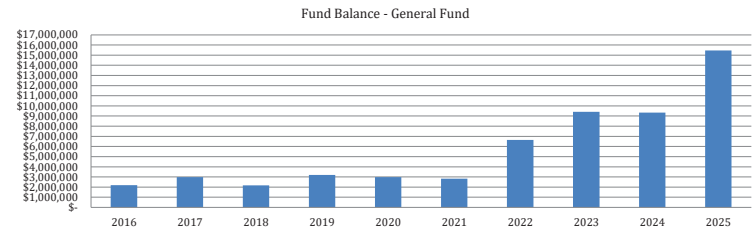
Fiscal year	Property tax	Franchise tax	Motor fuel tax ¹	Alcoholic beverage tax ¹	Total
2016	\$ 8,364,263	\$ 1,692,432	\$ 1,629,684	\$ 367,528	\$ 12,053,907
2017	8,652,842	1,738,158	1,532,122	385,113	12,308,235
2018	8,954,917	1,704,799	1,655,177	409,178	12,724,071
2019	9,506,390	1,723,542	1,889,497	429,479	13,548,908
2020	9,628,761	1,753,650	1,769,336	459,333	13,611,080
2021	9,963,398	1,937,469	1,929,184	506,243	14,336,294
2022	10,179,104	1,981,008	2,150,806	503,241	14,814,159
2023	10,653,865	2,274,049	2,157,730	538,855	15,624,499
2024	10,841,178	2,175,994	2,144,827	516,972	15,678,971
2025	11,257,540	2,324,875	2,230,280	431,358	16,244,053

¹ Motor fuel and alcoholic beverage taxes are not directly assessed by the City of West Linn, but rather by the State of Oregon, then a portion is allocated to the City based upon population.



CITY OF WEST LINN, OREGON
Fund Balances of Governmental Funds
for the last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund										
Nonspendable	\$ 134,755	\$ 136,064	\$ 172,885	\$ 197,432	\$ 314,516	\$ 335,714	\$ 389,437	\$ 382,463	\$ 374,429	\$ 516,602
Restricted	-	-	-	-	-	-	-	-	115,718	206,895
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	2,049,157	2,847,475	1,999,681	2,994,171	2,662,304	2,486,508	6,263,494	9,033,151	8,843,507	14,735,550
Total general fund	\$ 2,183,912	\$ 2,983,539	\$ 2,172,566	\$ 3,191,603	\$ 2,976,820	\$ 2,822,222	\$ 6,652,931	\$ 9,415,614	\$ 9,333,654	\$ 15,459,047
All other governmental funds:										
Nonspendable	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ 157,300	\$ -
Restricted	4,616,228	5,118,429	5,033,604	23,865,890	19,777,780	18,184,623	18,540,698	17,024,382	14,436,644	14,204,059
Committed	3,271,183	1,683,122	4,370,525	6,276,879	8,587,235	10,628,178	12,728,803	15,466,899	16,413,340	10,797,523
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(76,404)	(1,800)	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 7,968,307	\$ 6,957,051	\$ 9,561,429	\$ 30,300,069	\$28,522,315	\$28,970,101	\$31,426,801	\$ 32,648,581	\$ 31,007,284	\$ 25,001,582



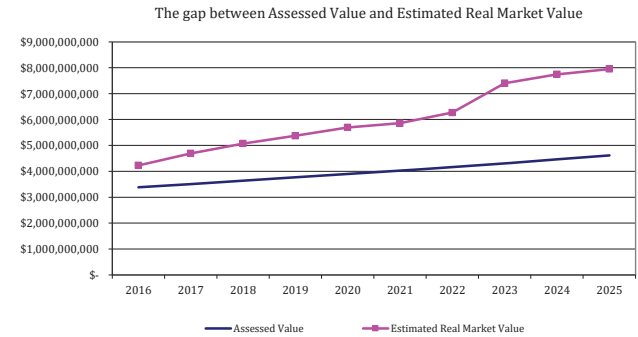
CITY OF WEST LINN, OREGON
Changes in Fund Balances of Governmental Funds
for the last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Property taxes	\$ 8,364,263	\$ 8,652,843	\$ 8,954,917	\$ 9,506,390	\$ 9,628,761	\$ 9,963,398	\$ 10,179,104	\$ 10,653,865	\$ 10,841,178	\$ 11,257,540
Intergovernmental	4,131,820	5,288,670	5,793,979	4,585,428	4,899,193	5,986,580	8,482,917	10,408,415	5,568,370	5,764,388
Franchise taxes	1,692,432	1,738,158	1,704,799	1,723,542	1,753,650	1,937,469	1,981,008	2,274,049	2,175,994	2,324,875
Fines and forfeitures	627,576	574,991	483,750	429,147	350,515	289,078	258,012	344,670	310,568	387,643
Licenses and fees	1,193,511	1,159,526	979,915	926,064	819,626	1,290,664	2,361,212	1,186,443	1,593,918	1,535,408
Charges for services	10,953,927	11,607,602	13,020,322	12,269,293	12,766,228	12,778,429	13,976,210	14,389,803	15,516,195	23,483,872
Systems development charges	1,415,956	1,384,954	699,805	889,965	492,712	1,111,093	1,897,630	160,520	800,550	1,949,419
Investment earnings	16,322	14,775	32,314	570,027	563,101	161,107	107,606	1,354,934	1,505,396	1,263,315
Miscellaneous	428,137	202,446	164,203	186,729	161,736	165,220	106,146	128,259	118,274	122,822
Total revenues	28,823,944	30,623,965	31,834,004	31,086,585	31,435,522	33,683,038	39,349,845	40,900,958	38,430,443	48,089,282
Expenditures:										
Current:										
General government	7,645,271	7,344,181	9,235,355	7,889,174	8,780,967	9,464,312	8,885,173	10,118,360	10,347,275	12,286,858
Culture and recreation	5,652,323	5,891,783	6,055,190	6,311,872	6,105,307	6,605,729	6,963,114	7,590,911	7,824,888	11,923,918
Public safety	8,092,329	8,002,902	7,963,228	8,023,965	8,100,143	8,220,464	8,877,329	9,436,004	9,478,480	13,302,226
Highways and streets	1,819,750	1,962,717	1,987,636	1,956,229	1,869,047	2,946,189	2,426,531	2,431,677	2,522,964	2,825,859
Debt service:										
Principal	1,325,780	1,600,000	1,669,986	1,420,000	1,241,927	1,557,008	1,047,844	1,228,853	1,565,463	1,555,381
Interest	660,136	407,274	357,898	807,868	943,329	914,884	874,165	842,413	813,210	976,198
Capital outlay	4,906,835	5,626,737	3,025,531	3,166,422	6,626,222	3,806,880	4,151,832	5,558,329	7,951,947	4,943,519
Total expenditures	30,102,424	30,835,594	30,294,824	29,575,530	33,666,942	33,515,466	33,225,988	37,206,347	40,504,227	47,813,159
Excess (deficiency) of revenues over (under) expenditures	(1,278,480)	(211,629)	1,539,180	1,511,055	(2,231,420)	167,572	6,123,857	3,694,411	(2,073,784)	276,123
Other financing sources (uses):										
Proceeds from lease obligations	-	-	-	-	-	51,297	139,469	97,920	74,205	47,798
Proceeds from SBITA	-	-	-	-	-	-	-	140,751	198,809	345,430
Proceeds from sale of capital assets	-	-	900	-	-	74,319	24,083	51,381	77,512	55,983
Refunding bonds issued	2,625,000	-	-	-	-	-	-	-	-	-
General obligation bonds issued	-	-	-	20,000,000	233,989	-	-	-	-	-
Bond premium on issuance of debt	229,585	-	-	246,622	4,894	-	-	-	-	-
Payment to refunded bond escrow	(2,804,220)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	50,365	-	900	20,246,622	238,883	125,616	163,552	290,052	350,526	449,211
Net change in fund balances	\$ (1,228,115)	\$ (211,629)	\$ 1,540,080	\$ 21,757,677	\$ (1,992,537)	\$ 293,188	\$ 6,287,409	\$ 3,984,463	\$ (1,723,258)	\$ 725,334
Debt service as a percentage of noncapital expenditures	7.9%	8.0%	7.4%	8.4%	8.1%	8.3%	6.6%	6.5%	7.3%	5.9%

CITY OF WEST LINN, OREGON
Assessed Value and Estimated Real Market Value of Taxable Property
for the last ten fiscal years

	Assessed Value						RMV	
							Estimated real market value (RMV)	Assessed value as a percentage of RMV
Fiscal year	Real property	Personal property	Manuf'd structure	Public utility	Total assessed value	Total direct tax rate		
2016	\$ 3,266,125,238	\$ 23,238,532	\$ 12,540	\$ 100,053,400	\$ 3,389,429,710	\$ 2.5386	\$ 4,232,095,255	80 %
2017	3,388,738,011	23,040,210	13,650	96,824,000	3,508,615,871	2.5386	4,691,525,851	75
2018	3,507,304,886	23,156,295	14,860	112,552,000	3,643,028,041	2.5375	5,073,357,248	72
2019	3,628,957,851	16,697,701	69,806	115,578,000	3,761,303,358	2.5410	5,371,814,731	70
2020	3,760,490,328	16,363,479	15,907	122,187,200	3,899,056,914	2.5401	5,695,501,523	68
2021	3,891,189,202	18,367,271	17,100	114,899,700	4,024,473,273	2.5403	5,856,229,897	69
2022	4,032,036,911	16,616,517	10,032	110,895,200	4,159,558,660	2.5368	6,266,755,606	66
2023	4,180,252,541	16,538,785	10,332	111,523,900	4,308,325,558	2.5250	7,400,274,823	58
2024	4,333,484,399	19,128,976	-	110,900,691	4,463,514,066	2.5250	7,743,395,376	58
2025	4,485,548,923	21,341,249	-	110,057,583	4,616,947,755	2.4884	7,952,998,702	58

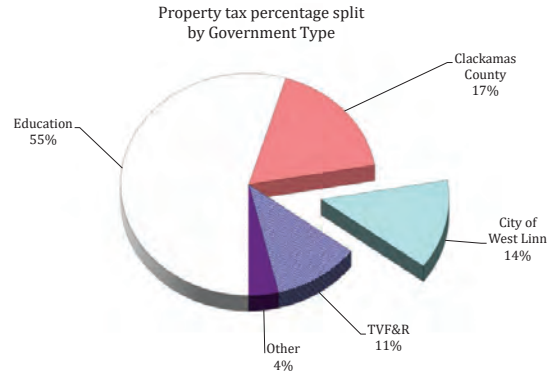
Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON
Property Tax Rates - Direct and Overlapping Governments
for the last ten fiscal years
(rate per \$1,000 of assessed value)

Fiscal year	City direct rates				Overlapping rates						Total direct and overlapping
	Permanent tax rate	Local option levy rate	Bonded debt tax rate	Total direct	West Linn Wilsonville School District	Clackamas County	Clackamas Community College	Education Service District	Tualain Valley Fire and Rescue	Other	
2016	\$ 2.1200	\$ -	\$ 0.4186	\$ 2.5386	\$ 9.24	\$ 3.19	\$ 0.74	\$ 0.37	\$ 2.11	\$ 0.46	\$ 18.64
2017	2.1200	-	0.4186	2.5386	9.23	3.19	0.74	0.37	2.10	0.47	18.63
2018	2.1200	-	0.4175	2.5375	9.07	3.29	0.74	0.37	2.08	0.48	18.56
2019	2.1200	-	0.4210	2.5410	9.19	3.90	0.74	0.37	2.08	0.76	19.59
2020	2.1200	-	0.4201	2.5401	9.33	3.27	0.73	0.37	2.07	0.74	19.05
2021	2.1200	-	0.4203	2.5403	9.70	3.27	0.73	0.37	2.12	0.67	19.40
2022	2.1200	-	0.4168	2.5368	9.05	3.27	0.72	0.37	2.12	0.65	18.71
2023	2.1200	-	0.4050	2.5250	9.30	3.35	0.80	0.37	2.11	0.68	19.13
2024	2.1200	-	0.3837	2.5037	9.32	3.35	0.80	0.37	2.11	0.69	19.14
2025	2.1150	-	0.3734	2.4884	9.29	3.35	0.80	0.37	2.10	0.72	19.11

Source: Clackamas County Assessor's Office



CITY OF WEST LINN, OREGON
Principal Property Taxpayers
current year and nine years ago

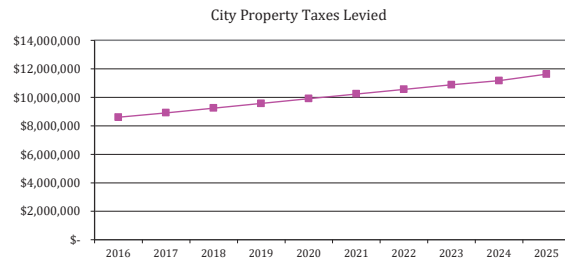
Name	2025			2016		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
Portland General Electric Co	\$ 68,848,064	1	1.5 %	\$ 59,391,000	1	1.8 %
Simpson Realty Group LP	37,799,602	2	0.8	28,126,462	2	0.8
West Linn Shopping Ctr. Assoc. LLC	28,357,979	3	0.6	21,356,560	5	0.6
B10 Mountain A OR LLC	26,047,418	4	0.6			
Northwest Natural Gas Co	22,817,193	5	0.5	11,178,000	8	0.3
Blackhawk Nevada LLC	20,500,025	6	0.4	16,741,115	6	0.5
RI Willamette Marketplace LLC	19,159,269	7	0.4			
S & G Summerlinn LLC	14,580,049	8	0.3	11,241,831	7	0.3
B10 Mountain B OR LLC	13,553,422	9	0.3	10,003,909	10	0.3
Summerlinn Evergreen Spe LLC	13,187,344	10	0.3			
West Linn Paper Company				24,116,646	3	0.7
Comcast Corporation				21,899,400	4	0.6
BHSUM LLC				10,434,337	9	0.3
Sub-total, top ten	264,850,365	5.7		214,489,260	6.3	
All other City taxpayers	4,352,097,390	94.3		3,174,940,450	93.7 %	
Total City taxpayers	<u>\$ 4,616,947,755</u>	<u>100.0 %</u>		<u>\$ 3,389,429,710</u>	<u>100.0 %</u>	

Source: Clackamas County Assessor's Office

CITY OF WEST LINN, OREGON
Property Tax Levies and Collections
for the last ten fiscal years

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
2016	\$ 8,606,218	\$ 8,187,209	95	238,434	\$ 8,425,643	98 %
2017	8,913,604	8,493,826	95	88,359	8,582,185	96
2018	9,251,827	8,808,675	95	117,207	8,925,882	96
2019	9,564,108	9,140,407	96	92,949	9,233,356	97
2020	9,909,274	9,456,222	95	113,699	9,569,921	97
2021	10,246,160	9,798,669	96	98,193	9,896,862	97
2022	10,559,371	10,016,570	95	97,515	10,114,085	96
2023	10,881,966	10,366,253	95	162,263	10,528,516	97
2024	11,175,788	10,659,471	95	115,300	10,774,771	96
2025	11,631,130	11,077,197	95	-	11,077,197	95

Source: Annual financial statements of the City of West Linn

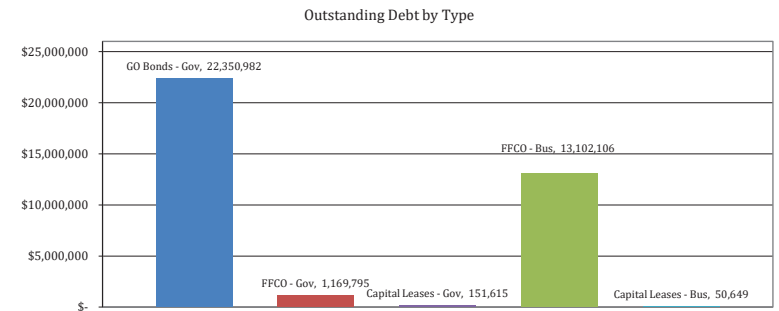


CITY OF WEST LINN, OREGON
Ratios of Outstanding Debt by Type
for the last ten fiscal years

Fiscal year	Governmental Activities				Business-type Activities				Percentage of personal income	Per capita
	General Obligation Bonds	Leases	SBITA obligations	Full Faith and Credit obligations	Full Faith and Credit obligations	Leases	Total primary government			
2016	\$ 10,848,048	\$ -	\$ -	\$ 4,705,393	\$ 2,786,899	\$ -	\$ 18,340,340	* %	\$ 716	
2017	9,679,681	-	-	4,215,626	2,579,167	-	16,474,474	*	643.16	
2018	8,702,936	-	-	3,710,862	2,366,435	-	14,780,233	*	575.22	
2019	27,732,238	-	-	3,205,810	2,148,703	-	33,086,751	*	1,280.94	
2020	26,996,540	197,062	-	2,680,758	1,925,971	248,092	32,048,423	*	1,237.15	
2021	25,970,842	159,349	-	2,140,711	1,688,239	151,945	30,111,086	*	1,159.23	
2022	25,188,377	197,075	-	1,909,232	1,590,507	77,842	28,963,033	*	1,055.04	
2023	24,325,912	226,289	61,011	1,672,753	13,711,920	56,309	40,054,194	*	1,460.77	
2024	23,383,447	213,769	142,974	1,426,274	13,644,513	80,030	38,891,007	*	1,418.34	
2025	22,350,982	151,615	300,256	1,169,795	13,102,106	50,649	37,125,403	*	1,346.68	

* Information unavailable at this time.

Source: Annual financial statements of the City of West Linn



CITY OF WEST LINN, OREGON
Ratios of General Bonded Debt Outstanding
for the last ten fiscal years

Fiscal year	General obligation bonds ¹	Less: amounts available in debt service fund	Net	Percentage of net over assessed value of property ²	Per capita ³
2016	\$ 10,848,048	\$ (167,745)	\$ 10,680,303	0.32 %	\$ 417
2017	9,666,571	(214,332)	9,452,239	0.27	369
2018	8,702,936	(219,646)	8,483,290	0.23	330
2019	27,732,238	(302,230)	27,430,008	0.73	1,068
2020	26,996,540	(289,652)	26,706,888	0.68	1,031
2021	25,970,842	(280,286)	25,690,556	0.64	989
2022	25,188,377	(341,441)	24,846,936	0.60	905
2023	24,325,912	(498,883)	23,827,029	0.55	869
2024	23,383,447	(602,541)	22,780,906	0.51	831
2025	22,350,982	(580,398)	21,770,584	0.47	790

¹ Includes both governmental activities and business-type activities.

² Assessed value data of property can be found on page 111.

³ Population data can be found on page 119.

CITY OF WEST LINN, OREGON
Direct and Overlapping Governmental Activities Debt
as of June 30, 2025

Governmental unit	Real market values of overlapping districts	Tax-supported debt outstanding	Percentage overlapping ¹	Overlapping debt applicable to the City of West Linn
Debt repaid with property taxes:				
West Linn Wilsonville School District	\$ 17,940,153,635	\$ 432,502,321	43.97 %	\$ 190,189,868
Clackamas Community College	86,768,714,550	232,085,031	9.09	21,101,403
Clackamas County	118,955,467,346	88,689,500	6.69	5,929,514
Clackamas County ESD	114,353,282,448	26,816,648	6.95	1,865,044
Clackamas Soil & Water Conservation	118,955,467,346	4,643,000	6.69	310,417
Metro	435,071,818,652	904,080,000	1.83	16,526,582
Tualatin Valley Fire and Rescue	142,691,838,128	42,025,000	5.57	2,342,263
Lake Oswego School District No. 7J	20,572,407,614	372,682,000	0.31	1,158,296
Port of Portland	479,489,971,175	-	-	-
Portland Community College	344,763,411,776	569,075,000	0.02	105,279
Subtotal, overlapping debt	1,879,562,532,670	2,672,598,500		239,528,666
Direct debt outstanding:				
City of West Linn	7,952,998,702	23,972,648	100.00	23,972,648
Total direct and overlapping debt outstanding	\$ 1,887,515,531,372	\$ 2,696,571,148		\$ 263,501,314

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

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

Source: Oregon State Treasury Department, Debt Management Division

CITY OF WEST LINN, OREGON
Legal Debt Margin Information
for the last ten fiscal years

	2016	2017	2018	2019	2020
Debt maximum limitation	\$ 126,962,858	\$ 140,745,776	\$ 152,200,717	\$ 161,154,442	\$ 170,865,046
Debt applicable to maximum limit	10,680,303	9,465,349	8,161,820	27,122,770	26,706,888
Legal debt margin available	<u>\$ 116,282,555</u>	<u>\$ 131,280,427</u>	<u>\$ 144,038,897</u>	<u>\$ 134,031,672</u>	<u>\$ 144,158,158</u>
Debt applicable to the maximum limit as a percentage of debt limitation	10.10%	8.41%	6.73%	16.83%	15.63%
	2021	2022	2023	2024	2025
Debt maximum limitation	\$ 175,686,897	\$ 188,002,668	\$ 222,008,245	\$ 236,364,194	\$ 238,589,961
Debt applicable to maximum limit	27,152,042	21,347,197	8,279,798	7,710,119	21,770,584
Legal debt margin available	<u>\$ 148,534,855</u>	<u>\$ 166,655,471</u>	<u>\$ 213,728,447</u>	<u>\$ 228,654,075</u>	<u>\$ 216,819,377</u>
Debt applicable to the maximum limit as a percentage of debt limitation	15.45%	11.35%	3.73%	3.26%	9.12%

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

Total property real market value	\$ 7,952,998,702
	<u>3%</u>
Debt maximum limitation (3% of total property real market value) ¹	<u>238,589,961</u>
Amount of debt applicable to debt limit:	
Total bonded debt outstanding	36,622,883
Less debt excluded from debt limit:	
Full faith and credit obligations - governmental activities	(1,169,795)
Full faith and credit obligations - business-type activities	(13,102,106)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	<u>(580,398)</u>
Net amount of debt applicable to limit	<u>21,770,584</u>
Legal debt margin - amount available for future indebtedness	<u>\$ 216,819,377</u>
Percentage of City's indebtedness to total allowed	9.12%

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

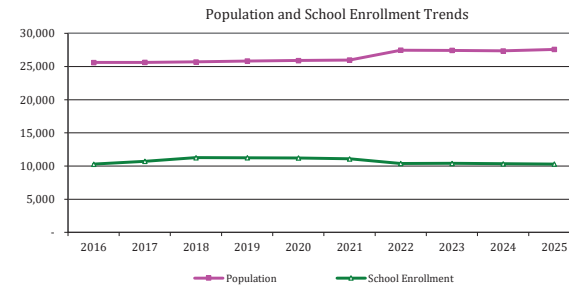
Source: Clackamas County Department of Assessment and Taxation

CITY OF WEST LINN, OREGON
Demographic and Economic Statistics
for the last ten fiscal years

Fiscal year	Population	Personal income (in millions)	Per capita personal income	School enrollment	Unemployment rate
2016	25,605	\$ 125,457	\$ 51,683	10,280	4.8 %
2017	25,615	133,393	54,339	10,730	4.1
2018	25,695	143,215	57,903	11,260	4.1
2019	25,830	149,347	59,921	11,248	3.7
2020	25,905	134,243	53,478	11,229	11.2
2021	25,975	171,729	68,374	11,089	5.6
2022	27,452	174,246	69,435	10,386	3.5
2023	27,420	188,084	74,992	10,411	3.5
2024	27,360	*	*	10,352	4.1
2025	27,568	*	*	10,309	4.9

* Information unavailable at this time.

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



CITY OF WEST LINN, OREGON
Principal Employers
current year and nine years ago

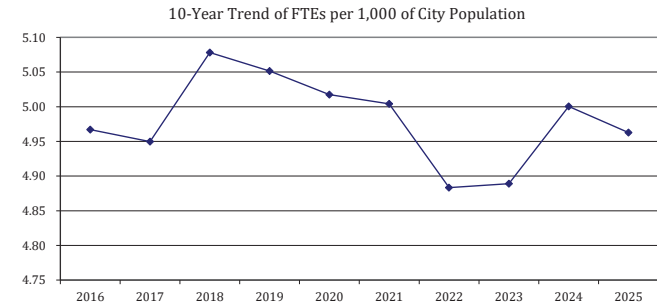
Employer	2025			2016		
	Employees	Rank	Percentage of total City employment	Employees	Rank	Percentage of total City employment
West Linn Wilsonville SD	909	1	7.64 %	753	1	6.61 %
Leaps & Bounds, LLC	170	2	1.43			
City of West Linn	137	3	1.15	126	3	1.11
Market of Choice	110	4	0.92			
West Linn Care Center Operating Co.	92	5	0.77			
Walmart Neighborhood Market	71	6	0.60			
DC West Linn Owner, LLC	60	7	0.50			
Icon Construction & Development	57	8	0.48			
Lamont Bros LLC	43	9	0.36			
Safeway Inc.	26	10	0.22	114	4	1.00
West Linn Paper Company				300	2	2.63
First Transit Inc.				100	5	0.88
Oregon Golf Club				100	6	0.88
Rose Linn Vintage Place				100	7	0.88
Albertsons				90	8	0.79
Pond Maintenance Services				75	9	0.66
Tanner Springs Assisted Living				63	10	0.55
Total	<u>1,675</u>		<u>14.08 %</u>			

Sources: City Business License data, Clackamas County, and ReferenceUSA

CITY OF WEST LINN, OREGON
Full-time Equivalent City Government Employees by Function
for the last ten fiscal years

Function/Program	Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	17.40	17.40	17.60	17.60	16.60	16.60	17.60	17.60	21.55	21.55
Public safety	40.50	37.00	37.50	37.50	37.50	37.50	36.50	36.50	36.50	36.50
Culture and recreation	37.28	37.28	37.88	37.88	37.88	37.88	39.46	39.46	40.26	40.26
Community development	5.50	9.00	9.50	9.50	10.00	10.00	9.00	9.00	8.00	8.00
Highways and streets	6.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Water	5.00	5.00	6.00	6.00	6.00	6.00	7.00	7.00	6.00	6.00
Sewer and surface water	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Public works	8.50	10.00	10.50	10.50	10.50	10.50	13.00	13.00	13.00	13.00
Total full-time equivalent (FTE)	<u>127.18</u>	<u>127.18</u>	<u>130.48</u>	<u>130.48</u>	<u>129.98</u>	<u>129.98</u>	<u>134.06</u>	<u>134.06</u>	<u>136.81</u>	<u>136.81</u>
City population	25,605	25,695	25,695	25,830	25,905	25,975	27,452	27,420	27,360	27,568
FTEs per 1,000 of population	4.97	4.95	5.08	5.05	5.02	5.00	4.88	4.89	5.00	4.96

Source: City of West Linn's Finance department



CITY OF WEST LINN, OREGON
Operating Indicators by Function
for the last ten fiscal years

Function/Program	Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Public safety										
Citations:										
Traffic	2,845	2,239	1,143	1,593	1,481	1,035	606	1,271	1,736	2,155
Criminal	458	424	382	213	176	107	110	103	85	118
Parking	558	741	565	470	545	543	449	325	134	122
City ordinance/non-traffic	125	38	43	37	12	6	21	60	26	31
Impound hearing	-	-	1	-	-	2	-	-	-	-
Culture and recreation										
Library volunteer hours	5,107	4,015	2,384	2,995	2,555	75	2,408	2,903	3,473	3,559
Library - average items circulated per capita	25.47	23.51	22.20	21.40	15.80	10.74	16.31	16.97	17.38	17.97
Community development										
Residential building permits issued	45	57	122	158	168	169	209	184	194	159
Land use applications processed	101	129	104	72	48	65	71	78	78	71
Business-type activities: ¹										
Water										
Service connections	8,852	8,920	8,768	8,921	8,935	8,963	8,985	9,011	9,020	9,050
Average daily consumption (in thousands of gallons)	3,450	2,726	4,336	3,484	2,953	3,447	2,490	3,468	2,742	2,742
Sanitary sewer										
Service connections	8,675	8,678	8,733	8,781	8,761	8,848	8,874	8,837	8,870	8,903
Average daily sewage treatment (in thousands of gallons)	5,185	5,170	5,198	5,221	5,214	5,267	5,279	5,261	5,273	5,291

¹ These are estimated statistics based upon best historic information available.

Source: City of West Linn's Finance department

CITY OF WEST LINN, OREGON
Capital Asset Statistics by Function
current year and nine years ago

Function/Program	2025	2016
Governmental activities:		
General government		
City-owned building facilities	8	5
Public safety		
Police stations	1	1
Patrol units	17	13
Culture and recreation		
Park and open space acreage	584	547
Baseball/softball fields	7	7
Community development		
Value of new building construction (in thousands)	\$40,838	\$20,250
Highways and streets		
Miles of streets	228	215
Miles of bikeways	70 *	70 *
Surface water catch basins	3,821	2,824
Miles of sidewalk	136 *	120 *
Business-type activities:		
Water		
Water mains (miles)	131	119
Maximum daily capacity (in thousands of gallons)	7,500	6,500
Sanitary sewer		
Sanitary sewer (miles)	150	193
Maximum daily treatment capacity (in thousands of gallons)	7,500	8,500

* These are estimated statistics based upon best historic information available.

Source: City of West Linn's Finance department

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CITY OF WEST LINN, OREGON
ANNUAL COMPREHENSIVE FINANCIAL REPORT

SECTION IV

COMPLIANCE SECTION

COMPLIANCE SECTION

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

The following reports from Merina & Company, LLP are contained in this section:

- Independent Auditor's Report Required by Oregon State Regulations
- Independent Auditor's Report Required by Government Auditing Standards



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

The Honorable Mayor, City Council, and Audit Committee
City of West Linn, Oregon

We have audited the basic financial statements of City of West Linn, Oregon, as of and for the year ended June 30, 2025 and have issued our report thereon dated December 18, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report includes a reference to other auditors who audited the financial statements of the following joint venture investment, South Fork Water Board, as described in our report on the City of West Linn, Oregon's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Compliance

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

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

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

Focused on Your Wants and Understanding Your Needs

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

Report On Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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



Tonya Moffitt, Partner
For Merina+Co
Tualatin, Oregon
December 18, 2025



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor, City Council, and Audit Committee
City of West Linn, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Linn, Oregon as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of West Linn, Oregon's basic financial statements, and have issued our report thereon dated December 18, 2025. Our report includes a reference to other auditors who audited the financial statements of the following joint venture investment, South Fork Water Board, as described in our report on the City of West Linn, Oregon's financial statements. The financial statements of South Fork Water Board audited by other auditors were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the joint venture or that are reported on separately by those auditors who audited the financial statements of South Fork Water Board.

Report on Internal Control Over Financial Reporting

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

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

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

Focused on Your Wants and Understanding Your Needs

Report on Compliance and Other Matters

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

Purpose of this Report

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



Tonya Moffitt, Partner
For Merina+Co
Tualatin, Oregon
December 18, 2025



This is the **sixth** publication in a biennial series of financial communications tools:

Biennial Budget

Five Year Financial Forecast

Six Year Capital Improvement Plan

Budget Overview

FY 2024 Annual Comprehensive Financial Report

FY 2025 Annual Comprehensive Financial Report

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West Linn Sustainability
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Appendix C

Book Entry Only System

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**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed

by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

\$(PAR)
CITY OF WEST LINN, OREGON
FULL FAITH AND CREDIT OBLIGATIONS
SERIES 2026

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of West Linn, Oregon (the “City”) in connection with the execution and delivery of the City’s Full Faith and Credit Obligations, Series 2026 (the “Obligations”). The Obligations are being issued pursuant to Resolution No. 2025-18 adopted by the City Council of the City on December 9, 2025 (the “Resolution”). The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Obligations and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission (“S.E.C.”) Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Obligations (including persons holding Obligations through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission,

filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated _____, 2026, prepared and distributed in connection with the initial sale of the Obligations.

“Owner” shall mean the person in whose name the Obligations are registered.

“Participating Underwriter” shall mean the original underwriter of the Obligations required to comply with the Rule in connection with offering of the Obligations.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City’s fiscal year, commencing with the report for the City’s fiscal year ending June 30, 2026, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Obligations by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City) file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the audited financial statements of the City for the preceding fiscal year, prepared in accordance with the laws of the State of Oregon. If the City’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been made available to the public on the MSRB's website. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations in a timely manner not later than ten business days after the occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the City, or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations, if material, in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Obligations or other material events affecting the tax status of the Obligations;

(2) Modifications to rights of Bond holders;

(3) Optional, unscheduled or contingent Bond calls;

(4) Release, substitution, or sale of property securing repayment of the Obligations;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) Appointment of a successor or additional trustee or the change of name of a trustee; or

(8) Incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(d) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Obligations pursuant to the Resolution.

(e) The City intends to comply with the Listed Events described in Section 5(a)(10) and 5(b)(8), and the definition of “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the “2018

Release”), and any further amendments or written guidance provided by the Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations. If such termination occurs prior to the final maturity of the Obligations, the City shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Obligations, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Obligations, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Obligations.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between

the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Obligations may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Clackamas County Circuit Court or if a federal forum is required, in the federal courts of the State of Oregon. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Obligations, and shall create no rights in any other person or entity.

Date: _____, 2026.

CITY OF WEST LINN, OREGON

By: _____
Lauren Breithaupt
Finance Director

CONTINUING DISCLOSURE EXHIBIT A

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of City: CITY OF WEST LINN, CLACKAMAS COUNTY, OREGON

Name of Issue: \$_____ City of West Linn, Oregon, Full Faith and Credit
Obligations, Series 2026

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Obligations as required by Section 4 of the Continuing Disclosure Certificate of the City, dated the Date of Issuance. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

CITY OF WEST LINN, OREGON

By _____ [to be signed only if filed]
Title _____

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Appendix E

Form of Financing Agreement and Form of Escrow Agreement

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FINANCING AGREEMENT

between

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Escrow Agent

and the

CITY OF WEST LINN, OREGON
as City

Relating to

City of West Linn, Oregon
\$[PAR]
Full Faith and Credit Obligations
Series 2026

Dated as of June __, 2026

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EXHIBITS

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FINANCING AGREEMENT

This Financing Agreement is dated as of March 31, 2026, and is entered into by and between **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association (the “Escrow Agent”), and the **CITY OF WEST LINN**, Oregon (the “City”). The parties hereby agree as follows:

ARTICLE I RECITALS, DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Recitals.

(a) The City recites:

The City is authorized to finance real and personal property by a financing agreement pursuant to ORS 271.390, and pursuant to Resolution No. 2025-18 adopted by the City Council on December 9, 2025, and to execute and deliver this Financing Agreement to finance the Project (as defined in Section 1.2) pursuant to that statute.

(b) The City and the Escrow Agent recite:

(i) The Escrow Agent desires to provide to the City the Financing Amount to finance the Project, but only from the proceeds of the City’s Full Faith and Credit Obligations, Series 2026 (the “Obligations”); and

(ii) The City desires to borrow the Financing Amount from the Escrow Agent to finance the Project, subject to the terms and conditions of and for the purposes set forth herein.

Section 1.2 Definitions. All capitalized terms not defined in this Financing Agreement shall have the meanings defined for those terms in the Escrow Agreement. Unless the context clearly requires use of a different definition, the following capitalized terms shall have the meanings defined for those terms in this section:

“**Escrow Agreement**” means the Escrow Agreement between the City and the Escrow Agent, of even date herewith, as it may be amended or supplemented relating to the Obligations.

“**Financing Agreement**” means this Financing Agreement, including the exhibits attached to this Financing Agreement and any amendments to this Financing Agreement and its exhibits.

“**Financing Amount**” means the sum of the principal components of the Financing Payments, as shown in the attached Exhibit A.

“**Financing Payments**” means the installment payments of principal and interest that the City is required to make under this Financing Agreement to repay the Financing Amount. “Financing Payments” include the scheduled payments shown in the attached Exhibit A and any permitted prepayments of those scheduled payments shown in Exhibit B.

“**Principal Office**” means the Corporate Trust office of the Escrow Agent located in Gresham, Oregon.

“Project” means the cost of financing:

- (a) finance and refinance costs related to the development, construction and equipping of a centralized Operations Center and related improvements, and
- (b) related financing and issuance costs.

Section 1.3 Rules of Construction. References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Financing Agreement.

ARTICLE II REPRESENTATIONS AND COVENANTS OF CITY AND ESCROW AGENT

Section 2.1 Representations and Covenants of City. The City represents and covenants for the benefit of the Escrow Agent and its assignees as follows:

- (a) The City is the City of West Linn, Oregon, a municipality of the State of Oregon.
- (b) The City is authorized under Oregon Revised Statutes (ORS) 271.390 to enter into this Financing Agreement and to perform all of its obligations under this Financing Agreement.
- (c) All required action has been taken to ensure the enforceability of this Financing Agreement (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally).
- (d) All Financing Payments and deposits required by Section 3.2(b) below and the Additional Charges required by Sections 3.2(c)(ii), 3.2(c)(iii) and 3.2(c)(iv) below shall be paid to the Escrow Agent at its Principal Office.

Section 2.2 Representations and Covenants of Escrow Agent. The Escrow Agent represents and covenants for the benefit of the City as follows:

- (a) The Escrow Agent is a national banking association organized and existing under the laws of the United States of America and duly qualified to transact business of the type contemplated by this Financing Agreement and the Escrow Agreement in the State of Oregon, and has all necessary power to own its properties and assets and to carry on its business as now conducted.
- (b) The consummation of the transactions contemplated by this Financing Agreement will not violate the provisions of, or constitute a breach or default under, the articles of association of the Escrow Agent or any material agreement to which the Escrow Agent is a party.
- (c) The execution, delivery and performance by the Escrow Agent of this Financing Agreement and all related agreements, instruments and documents to which the Escrow Agent is a party have been duly authorized and constitute legal, valid and binding

obligations of the Escrow Agent, enforceable against the Escrow Agent in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

Section 2.3 Tax Covenants. The City shall comply with the instructions and requirements of the Tax Certificate relating to the Obligations. This covenant shall survive payment in full or defeasance of the Obligations.

ARTICLE III THE FINANCING AND THE PAYMENTS

Section 3.1 The Financing. The Escrow Agent agrees to provide to the City an amount equal to the Financing Amount, but solely from the proceeds of the sale of the Obligations as provided in this Financing Agreement and the Escrow Agreement. The City agrees to borrow the Financing Amount from the Escrow Agent, and to repay that principal amount in installments, with interest, by making the Financing Payments and paying the Additional Charges as provided in this Financing Agreement. This financing for the City will be deemed to have been made when the transfers to the City which are specified in Section 3.5 of the Escrow Agreement have occurred. This Financing Agreement shall commence on the Closing Date and shall end on the date all Financing Payments and Additional Charges that the City is required to pay under this Financing Agreement have been paid or defeased in accordance with Section 11.1 of the Escrow Agreement. The Escrow Agent is not selling, arranging for sale or establishing the terms of the Obligations.

Section 3.2 The Payments and Additional Charges.

(a) The City agrees to pay the Escrow Agent, its successors or assigns, without deduction or offset of any kind, as payment for the financing made under this Financing Agreement, the Financing Payments and the Additional Charges.

(b) The City shall pay the Financing Amount to the Escrow Agent in installments, with interest, on or before 1:00 p.m., prevailing West Linn, Oregon time, on the Business Day preceding the scheduled Payment Dates shown in Exhibit A, as those amounts may be reduced by any prepayment of the Financing Payments.

(i) To secure the performance of its obligation to pay Financing Payments, the City shall deposit an amount equal to each scheduled Financing Payment with the Escrow Agent on the Business Day preceding the scheduled Payment Date into the Payment Account. Each deposit made under this Section 3.2(b) shall be applied toward Financing Payments due from the City as provided in the Escrow Agreement.

(ii) In making deposits under this Section 3.2(b), the City shall be credited on each deposit date for any amounts then on hand in the Payment Account and available to pay the Financing Payment for which such deposit is being made and the City shall only be required to pay the difference, if any, between the amount of the deposit then due and the amounts then on hand in the Payment Account.

(c) In addition to the Financing Payments, the City covenants to pay the following Additional Charges, as and when the same become due and payable:

(i) all applicable rebates due in connection with this Financing Agreement and the Obligations that are required to be paid under Section 148(f) of the Code consistent with the City's representations and covenants contained in any of the certificates or other documents executed by the City as provided under Section 2.3 hereof; and

(ii) to the extent permitted by law, all fees, costs and expenses that the Escrow Agent may incur because of any default by the City under this Financing Agreement, including reasonable attorneys' fees and expenses and costs of suit or action at law to enforce the terms and conditions of this Financing Agreement; and

(iii) the fees, costs and expenses of the Escrow Agent as provided in the Escrow Agreement and the reasonable fees, costs and expenses of any successor Escrow Agent; and

(iv) Additional Charges shall be paid by the City when due, unless such payment may be delayed without penalty or interest, or within 30 days after notice in writing from the Escrow Agent to the City stating the amount of Additional Charges then due and payable and the purpose thereof. Additional Charges described in Sections 3.2(c)(i) shall be paid to the United States Treasury. Additional Charges described in Sections 3.2(c)(ii) and 3.2(c)(iii) above shall be paid to the Escrow Agent.

Section 3.3 Prepayment. The Financing Payments are subject to prepayment as provided in Exhibit B.

(a) Except as provided in Exhibit B, the Financing Payments are not otherwise subject to prepayment. The City may prepay the deposits required by Section 3.2(c)(i) above at any time.

(b) The City shall give notice of optional prepayment of Financing Payments to the Escrow Agent not later than forty-five (45) days before the prepayment date. The notice shall state the date of the prepayment, the maturities and the amounts of the principal components to be prepaid. The Escrow Agent will select the Obligations to be prepaid thereby pursuant to Section 2.10 of the Escrow Agreement. If the prepayment date is other than a Payment Date, the accrued portion of the interest component of Financing Payments due on the prepayment date shall be equal to the interest owed on the prepayment date with respect to the Obligations selected by the Escrow Agent for prepayment pursuant to Section 2.10 of the Escrow Agreement.

(c) If the principal component of a Financing Payment is prepaid, the schedule of Financing Payments in the attached Exhibit A shall be revised to reflect the prepayment, and the City shall provide the Escrow Agent such revised Exhibit A.

Section 3.4 Conditional Notice of Optional Prepayment. Any notice of optional prepayment may state that (i) (a) the optional prepayment is conditional upon receipt by the Paying Agent on the date fixed for prepayment of moneys sufficient to pay the prepayment price of the Obligations that are to be prepaid and/or (b) the optional prepayment is conditional upon the satisfaction of any other condition, and/or that such notice of prepayment may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time prior

to the date fixed for prepayment if any such condition so specified is not satisfied or if any such other event occurs, and that (ii) such notice shall be of no effect if such moneys are not so deposited or if such notice is so rescinded. The Registrar shall give notice to the affected Owners of the Obligations as promptly as practicable upon of the City's failure to make such funds available or of the rescission of such notice.

Section 3.5 Nature of City's Obligations. The payment of the principal and interest components on this Financing Agreement shall be secured by and payable from the City's general non-restricted revenues and other funds that are lawfully available for that purpose, including, the proceeds of the Financing Agreement and revenues from an ad valorem tax authorized to be levied under the City's permanent rate limit under sections 11 and 11b, Article XI of the Oregon Constitution, and revenues derived from other taxes, if any, levied by the City in accordance with and subject to limitations and restrictions imposed under applicable law or contract, that are not dedicated, restricted or obligated by law or contract to an inconsistent expenditure or use. The obligation to pay the principal and interest components of this Financing Agreement is a full faith and credit obligation of the City.

(a) The City hereby covenants to use all taxing power available to the City under the law which is necessary to generate funds sufficient to permit the City to make Financing Payments, subject only to the limitations provided in Sections 11 and 11b, Article XI of the Oregon Constitution and any limitations that are imposed by law.

(b) The City hereby agrees that its obligation to pay all Financing Payments and Additional Charges is absolute and unconditional, and shall not be subject to annual appropriation or any of the following:

(i) any setoff, counterclaim, recoupment, defense or other right which the City may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;

(ii) any insolvency, bankruptcy, reorganization or similar proceedings by the City;

(iii) abatement through damage, destruction or non-availability of the Project; or

(iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

Section 3.6 Estoppel. The City hereby certifies, recites and declares that all things, conditions and acts required by the Constitution and Statutes of the State of Oregon and by this Financing Agreement and the Escrow Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Financing Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Financing Agreement is a valid and binding obligation of the City which is enforceable against the City in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

ARTICLE IV ASSIGNMENT

Section 4.1 By the Escrow Agent. The Escrow Agent may assign its rights under this Financing Agreement only as specifically permitted by Article V of the Escrow Agreement.

Section 4.2 By the City. The rights and obligations of City under this Financing Agreement may be assigned or transferred to any entity which succeeds or replaces the City, or any entity into which the City may be merged, but only if the assignee or transferee assumes all of the City's obligations under this Financing Agreement. The rights and obligations of the City under this Financing Agreement shall not otherwise be assigned or transferred.

ARTICLE V TITLE; FUTURE ENCUMBRANCES AND PARITY OBLIGATIONS

Section 5.1 Title. The Escrow Agent agrees that the City shall be entitled to exclusive possession and enjoyment of the Project while this Financing Agreement is in effect, without interference from the Escrow Agent or the Owners. The Escrow Agent shall have no mortgage, security interest or other right to the Project.

Section 5.2 Future Encumbrances and Parity Obligations. The Obligations are not secured by any interest in the Project, and the City reserves the right to sell, lease or grant other interests in the Project. The City reserves the right to commit its full faith and credit and available general funds for other purposes without limitation.

Section 5.3 Maintenance; Modification; Taxes; Insurance and Other Matters. The Escrow Agent shall have no obligation to maintain or modify the Project, or to pay any taxes, fees or charges associated with the Project, or to take any action related to the Project except actions specifically required by this Financing Agreement or the Escrow Agreement.

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default Defined.

(a) The following shall be events of default under this Financing Agreement and the terms "events of default" and "default" shall mean, whenever they are used in this Financing Agreement, any one or more of the following events:

(i) Failure by the City to pay any Financing Payment required to be paid hereunder in the amount and at the time specified herein.

(ii) Except as provided in Section 6.1(a)(v) below, failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of sixty (60) days after written notice to the City by the Escrow Agent, specifying such failure and requesting that it be remedied, unless the Escrow Agent shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Escrow Agent will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected within 180 days from the original notice to the City by the Escrow Agent;

(iii) The occurrence and continuance of any event of default under the Escrow Agreement; or

(iv) The commencement by the City of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the City for the benefit of its creditors, or the entry by the City into an agreement of composition with creditors, or the taking of any action by the City in furtherance of any of the foregoing.

(v) If by reason of force majeure, the City is unable in whole or in part to carry out its agreement herein contained, other than the obligations on the part of the City contained in Article 3 hereof, the City shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, any of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy; orders or restraints of any kind of the government of the United States of America or of the City wherein the City is located or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any similar or different cause or event not reasonably within the control of the City.

Section 6.2 Remedies on Default.

(a) Whenever any event of default referred to in Section 6.1 above shall have happened and be continuing, the Escrow Agent shall have the right, at its sole option without any further demand or notice, to exercise any remedy described in Section 9.2 of the Escrow Agreement.

(b) The Escrow Agent shall exercise its rights hereunder only in accordance with the Escrow Agreement. No remedy referred to in this Section 6.2 is exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to the Escrow Agent at law or in equity. In the event that the Escrow Agent exercises or begins to exercise any one or more of such remedies, such action shall not preclude the simultaneous or later exercise by the Escrow Agent of any other remedies. No express or implied waiver by the Escrow Agent of an event of default shall constitute a waiver of any other or subsequent event of default.

ARTICLE VII MISCELLANEOUS

Section 7.1 Notices.

(a) Except as otherwise provided in Section 7.1(b) below, all notices, obligations or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid and facsimile, to:

To the Escrow Agent at: U.S. Bank Trust Company, National Association
Columbia Center
17650 NE Sandy Boulevard
PD-OR-C1IV
Gresham, OR 97230
Attention: Corporate Trust Services
Facsimile: (503) 464-4155

To the City at: City of West Linn, Oregon
22500 Salamo Road
West Linn, OR 97068
Attn: Finance Director
Facsimile: (503) 650-9041

With Copy to Special Counsel at: Orrick, Herrington & Sutcliffe LLP
1140 SW Washington Street, Suite 500
Portland, OR 97205
Attn: Greg Blonde, Esq.

(b) **Facsimile Instructions.** The Escrow Agent agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Section 7.1 provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Escrow Agent shall forthwith receive the originally executed instructions and/or directions; (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions; and (c) the Escrow Agent shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 7.2 Binding Effect. This Financing Agreement shall inure to the benefit of and shall be binding upon the Escrow Agent and the City and their respective successors and assigns.

Section 7.3 Severability. In the event any provisions of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 7.4 Amendments. This Financing Agreement may be amended only as provided in the Escrow Agreement.

Section 7.5 Execution in Counterparts. This Financing Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.6 Applicable Law. This Financing Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Financing Agreement or the transactions contemplated hereby shall be brought in the circuit court of Clackamas County, Oregon.

Section 7.7 Headings. The headings, titles and table of contents in this Financing Agreement are provided for convenience and shall not affect the meaning, construction or effect of

this Financing Agreement. All references herein to Sections, and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Financing Agreement.

[Signatures follow next page]

IN WITNESS WHEREOF, the Escrow Agent has executed this Financing Agreement in its corporate name by its duly authorized officer and the City has caused this Financing Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION**, as Escrow
Agent

By: _____
Authorized Officer

CITY OF WEST LINN, OREGON,
as City

By: _____
Lauren Breithaupt
Finance Director

EXHIBIT A
FINANCING PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
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EXHIBIT B

PREPAYMENT PROVISIONS

Optional Prepayment. The Obligations maturing on or after [June 1, 20__] are subject to prepayment prior to maturity at the option of the City, in whole or in part on [June 1, 20__] and on any date thereafter at a price of 100 percent of the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment.

Mandatory Prepayment. The Obligations stated to mature on [June 1, 20__] are term obligations subject to mandatory sinking fund prepayment, in part, at a prepayment price equal to 100 percent of the principal amount to be prepaid, plus accrued interest, if any, to the date fixed for prepayment, on June 1 in the years and in the amounts as set forth below:

Term Obligations Maturing on [June 1, 20__]

Year [(June 1)]	Sinking Fund Prepayment
--------------------	----------------------------

*

± Final maturity.

Upon any partial optional prepayment of such term obligation, the amount of future mandatory sinking fund prepayment with respect thereto will be reduced, as directed by the City, to take into account such partial optional prepayments.

Selection for Prepayment. For as long as the Obligations are in book-entry-only form, if fewer than all of the Obligations of a maturity are called for prepayment, the selection of Obligations within such maturity to be prepaid shall be made by DTC in accordance with its operational procedures as then in effect. If the Obligations are no longer held in book-entry-only form, the Registrar shall select the Obligations within such maturity for prepayment by lot.

Notice of Prepayment. The City shall give notice of prepayment to the Registrar and Paying Agent not less than 45 days before the date fixed for prepayment or such shorter time as may be reasonably acceptable to the Registrar and Paying Agent. The Registrar shall give notice of prepayment, not less than 20 days and not more than 60 days prior to the date fixed for prepayment, to the registered Owners of the Obligations by first class mail, postage paid, at the addresses set forth on the Obligation Register or, so long as the Obligations are in book-entry-only form, in such manner provided for in the blanket letter of representations the City has filed with the Depository and in the operational procedures of DTC as in effect at such time. Each notice of prepayment shall be dated and shall state, without limitation: (1) the date fixed for prepayment; (2) the prepayment price; (3) if less than all outstanding Obligations are to be prepaid, the identification of the Obligations to be prepaid; (4) that on the date fixed for prepayment the prepayment price will become due and payable upon each such Obligation or portion thereof called for prepayment; (5) that interest thereon shall cease to accrue from and after the date fixed for prepayment; (6) the place where such Obligations are to be surrendered for payment of the prepayment price, which place of payment shall be the principal corporate trust office of the Paying Agent; and (7) the assigned CUSIP numbers of all Obligations to be prepaid. So long as the Obligations are in book-entry-only form, the form of notice

shall include such additional information as may be required by the blanket letter of representations the City has filed with the Depository and the operational procedures of the DTC, as in effect from time to time.

Conditional Notice of Prepayment. Any notice of optional prepayment may state that (i) (a) the optional prepayment is conditional upon receipt by the Paying Agent on the date fixed for prepayment of moneys sufficient to pay the prepayment price of the Obligations that are to be prepaid and/or (b) the optional prepayment is conditional upon the satisfaction of any other condition, and/or that such notice of prepayment may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time prior to the date fixed for prepayment if any such condition so specified is not satisfied or if any such other event occurs, and that (ii) such notice shall be of no effect if such moneys are not so deposited or if such notice is so rescinded. The Registrar shall give notice to the affected Owners of the Obligations as promptly as practicable upon of the City's failure to make such funds available or of the rescission of such notice.

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ESCROW AGREEMENT

between

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Escrow Agent

and the

CITY OF WEST LINN, OREGON
as City

Relating to

City of West Linn, Oregon
[PAR]
Full Faith and Credit Obligations
Series 2026

Dated as of June __, 2026

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Exhibit A – Form of Series 2026 Obligation

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is dated as of June __, 2026, and is entered into by and between **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association (the “Escrow Agent”), and the **CITY OF WEST LINN, OREGON**, (the “City”). The parties hereby agree as follows:

ARTICLE I DEFINITIONS; RECITALS; AND TRANSFER OF RIGHTS

Section 1.1 Definitions. Unless the context clearly requires otherwise, capitalized terms not defined in this Section 1.1 shall have the meanings defined for such terms in the Financing Agreement. Capitalized terms used in this Escrow Agreement which are defined in this Section 1.1 shall have the following meanings, unless the context clearly requires otherwise:

“**Additional Charges**” means the amounts specified as such pursuant to Section 3.2 of the Financing Agreement.

“**Business Day**” means any day other than a Saturday, Sunday or a day on which the Escrow Agent is authorized by law to remain closed.

“**City**” means the City of West Linn, Oregon, or its successors.

“**City’s Authorized Representative**” means the City Manager, Finance Director or the person designated in writing by the City Manager or Finance Director to act under this Escrow Agreement or the Financing Agreement.

“**Closing Date**” means the day on which the Obligations are delivered to the Purchaser in exchange for payment.

“**Code**” means the Internal Revenue Code of 1986, as amended, including regulations, rulings and judicial decisions promulgated thereunder.

“**Costs of Issuance Account**” means the Costs of Issuance Account created pursuant to Section 3.3 herein to pay costs of issuance of the Obligations.

“**Defeasance Obligations**” means direct non-callable obligations of the United States, or obligations, the principal of and interest on which, are fully and unconditionally guaranteed by the United States.

“**DTC**” means The Depository Trust Company, New York, New York.

“**EMMA**” means the MSRB’s Electronic Municipal Market Access system.

“**Escrow Agent**” means the entity serving as escrow agent under this Escrow Agreement, which as of the date of this Escrow Agreement, is U.S. Bank Trust Company, National Association.

“**Escrow Agreement**” means this Escrow Agreement, as it may be amended and supplemented.

“Event of Default” has the meaning defined for that term in Section 9.1 of this Escrow Agreement.

“Financing Agreement” means the Financing Agreement for the Project, of even date herewith, and signed by the Escrow Agent and the City, as it may be amended and supplemented.

“Financing Amount” means the sum of the principal components of the Financing Payments for the Obligations, as set forth in Exhibit A of the Financing Agreement.

“Financing Payments” mean the installment payments of principal and interest which the City is required to make under the Financing Agreement to repay the Financing Amount. “Financing Payments” includes both the scheduled payments shown in Exhibit A to the Financing Agreement and any permitted prepayments of those scheduled payments shown in Exhibit B to the Financing Agreement.

“Fiscal Year” means each year beginning on July 1, and ending on the following June 30.

“MSRB” means the Municipal Securities Rule Making Board.

“Obligation Register” means the records kept for the registration of Obligations by the Escrow Agent pursuant to Section 2.9 below.

“Obligations” or **“Series 2026 Obligations”** means the \$[PAR] Full Faith and Credit Obligations, Series 2026, dated June __, 2026, as described in Section 2.1 below evidencing undivided proportionate interests in the Financing Payments set forth in Exhibit A to the Financing Agreement.

“ORS” means the Oregon Revised Statutes, as amended from time to time.

“Outstanding” means, when used as of any particular time with respect to Obligations, all Obligations theretofore executed by the Escrow Agent and registered and delivered by the Escrow Agent under this Escrow Agreement except:

(a) Obligations previously canceled by the Escrow Agent or surrendered to the Escrow Agent for cancellation;

(b) Obligations for the payment or prepayment of the Financing Payments evidenced thereby of which funds or Defeasance Obligations in the necessary amount have previously been deposited with the Escrow Agent (whether upon or prior to the payment or prepayment date of such Obligations); and

(c) Obligations in lieu of or in exchange for which other Obligations have previously been executed and delivered by the Escrow Agent pursuant to Section 2.7 below.

“Owner” means the person in whose name an Outstanding Obligation is registered.

“Payment Account” means the Payment Account established pursuant to Section 3.1 hereof to pay principal and interest on the Obligations.

“Payment Date” means each June 1 and December 1, commencing December 1, 2026, as provided in Exhibit A to the Financing Agreement, or the date on which any Financing Payment will be prepaid in accordance with this Escrow Agreement and the Financing Agreement.

“Principal Office” means the Corporate Trust office of the Escrow Agent located in Gresham, Oregon.

“Project” means the cost of financing:

(a) finance and refinance costs related to water line replacements required by Oregon Department of Transportation highway construction and other water system capital projects, and

(b) related financing and issuance costs.

“Project Account” means the Project Account created pursuant to Section 3.2 hereof to pay costs of the Project.

“Purchaser” means Mesirow Financial, Inc., as purchaser of the Obligations.

“Qualified Investments” means the investments in which the City may invest surplus funds under the laws of the State of Oregon.

“Record Date” means the fifteenth (15th) day of a month immediately preceding a month in which a Payment Date occurs, whether or not such date is a Business Day.

“Registered Owner” means the Registered Owner as described in Section 2.12 below.

“Registrar” means the Escrow Agent, serving as Escrow Agent and Paying Agent hereunder.

“Rule” means Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12).

“SEC” means the Securities and Exchange Commission.

“Special Counsel” means Orrick, Herrington & Sutcliffe LLP, or other nationally recognized special counsel appointed by the City.

Section 1.2 Recitals.

(a) City’s Recitals.

(i) The City is authorized by ORS 271.390 to enter into financing agreements to finance or refinance any real or personal property that its City Council determines is needed.

(ii) The City Council has determined in Resolution No. 2025-18 adopted on December 9, 2025 (the “Resolution”), that the Project is needed, and the Escrow Agent and the City have entered into the Financing Agreement in which the Escrow Agent has agreed to provide to the City an amount equal to the Financing Amount, but solely from the sale of the Obligations as provided in the Financing Agreement and this Escrow Agreement, and the City has agreed to borrow the Financing Amount from the Escrow Agent to finance the Project.

(iii) The City enters into this Escrow Agreement to provide for the execution and delivery of the Obligations that will be paid from Financing Payments the City makes under the Financing Agreement.

(b) The Escrow Agent recites that it has placed its rights under the Financing Agreement, including the right to receive Financing Payments, in trust for the benefit of the Owners of the Obligations, that it accepts its obligations under this Escrow Agreement and the Financing Agreement and has agreed to execute and deliver the Obligations evidencing undivided proportionate interests in the Financing Payments.

(c) Rights Under Financing Agreement Held for Benefit of Owners. The City and the Escrow Agent hereby agree that the following rights shall be held in trust exclusively for the undivided proportionate benefit of the Owners as provided in this Escrow Agreement:

(i) all rights of the Escrow Agent under the Financing Agreement (except for the Escrow Agent’s right to payment from Additional Charges); and,

(ii) all rights of the Escrow Agent and the City to amounts in the Payment Account.

ARTICLE II THE SERIES 2026 OBLIGATIONS

Section 2.1 Authorization, Delivery and Terms of Obligations.

(a) The Obligations shall be dated, shall evidence principal components of the Financing Payments coming due on the dates and shall evidence interest components of the Financing Payments that shall be computed at the rates, as shown in Exhibit A to the Financing Agreement. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

(b) The Escrow Agent is hereby authorized to register, execute, authenticate and deliver the Obligations in substantially the form shown in Exhibit A hereto, to DTC on behalf of the Purchaser or hold the Obligations in the Fast Automated Securities Transfer (FAST) for credit to the account of the Purchaser. The Obligations shall be numbered serially and shall be signed by manual or facsimile signature of an authorized officer of the Escrow Agent. The Escrow Agent agrees to apply the Financing Payments as provided in this Escrow Agreement.

Section 2.2 Payment of Obligations.

(a) Each Obligation represents an undivided ownership interest in and a right to receive:

(i) a proportionate share of the principal component of the Financing Payments due on the payment date of that Obligation, plus

(ii) a proportionate share of the interest components of the Financing Payments that are allocable to that principal component.

(b) The City shall pay the Financing Payments to the Escrow Agent in immediately available funds as provided in the Financing Agreement.

(c) Interest represented by the Obligations shall be payable by the Escrow Agent to the Owners by check or draft mailed to the Owners at their addresses as they appear on the Obligation Register on the Record Date; provided, that interest represented by Obligations of any Owner representing principal of \$1,000,000 or more shall be payable, upon the written request of such Owner in form and substance satisfactory to the Escrow Agent, by wire transfer of immediately available funds to an account within the United States designated by such Owner on or before the Record Date. Principal represented by the Obligations shall be payable upon due presentment and surrender of such obligations at the Principal Office of the Registrar. Notwithstanding the foregoing provisions, for so long as the Obligations are registered in the name of DTC (the "Depository") or its nominee, principal and interest represented by the Obligations shall be payable in accordance with the blanket letter of representations the City has filed with the Depository.

Section 2.3 Book-Entry Only System.

(a) The Obligations shall be initially executed and delivered as a book-entry only security issue with no Obligation certificates being made available to the Owners in accordance with the blanket letter of representations the City has filed with the Depository. While the Obligations are in book-entry form, the Obligations shall be subject to the rules and procedures of the Depository.

(b) If the Depository determines not to continue to act as securities depository for the Obligations, or the City determines that the Depository shall no longer so act, then the City will discontinue the book-entry only system with the Depository. If the City fails to designate another qualified securities depository to replace the Depository or elects to discontinue use of a book-entry only system, the Obligations shall no longer be a book-entry only issue but shall be registered in the registration books maintained by the Escrow Agent in the name of the Owner as appearing on the Obligation Register and thereafter in the name or names of the Owners of the Obligations transferring or exchanging Obligations in accordance with the provisions of this Section 2.3. The Escrow Agent shall authenticate and deliver printed Obligations to such Owners at the City's expense. In connection with any proposed transfer outside the book-entry only system, the City or DTC shall provide or cause to be provided to the Escrow Agent all information necessary to allow the Escrow

Agent to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code. The Escrow Agent may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(c) While the Obligations are in book-entry form, the City and the Escrow Agent shall have no responsibility or obligation to any participant or correspondent of the depository or to any owner of a beneficial interest in the obligations (a “Beneficial Owner”) for:

(i) the accuracy of the records of the Depository, its nominee or any participant, correspondent or Beneficial Owner with respect to any ownership interest in the Obligations;

(ii) the delivery to any participant, correspondent, Beneficial Owner or any other person, other than an Owner as shown in the registration books maintained by the Escrow Agent, of any notice with respect to the Obligations, including any notice of prepayment;

(iii) the selection by the Depository of the beneficial interest in Obligations to be prepaid if the City prepaays the Obligations in part; or

(iv) the payment to any participant, correspondent, or any other person other than the Owner of the Obligations as shown in the registration books maintained by the Escrow Agent, of any amount with respect to principal, premium, if any, or interest with respect to the Obligations.

(d) Notwithstanding the book-entry only system, the City may treat and consider the person in whose name each Obligation is registered in the registration books maintained by the Escrow Agent as the absolute owner of such Obligation for the purpose of payment of principal, premium, if any, and interest with respect to such Obligation, or for the purpose of giving notices of prepayment and other matters with respect to such Obligation, or for the purpose of registering transfers with respect to such Obligation, or for all other purposes whatsoever. The City shall pay or cause to be paid all principal, premium, if any, and interest with respect to the Obligations only to or upon the order of the Owners, as shown in the registration books maintained by the Escrow Agent and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligation with respect to payment thereof to the extent of the sum or sums so paid.

Section 2.4 Form of Obligations. The Obligations shall be executed and delivered in fully registered form in denominations of \$5,000 or any integral multiple thereof within a single payment date. The Obligations and the form of assignment shall be substantially in the form set forth in Exhibit A hereto and shall be numbered beginning with No. R-1.

Section 2.5 Execution. The Obligations shall be executed by and in the name of the Escrow Agent by the manual or facsimile signature of an authorized officer of the Escrow Agent and shall be authenticated by manual signature of an authorized officer of the Escrow Agent. Only Obligations that are substantially in the form set forth in Exhibit A hereto and that have been

manually authenticated by the Escrow Agent shall be valid for any purpose or entitled to the benefits of this Escrow Agreement.

Section 2.6 Registration of Transfer and Exchange. The provisions of this Section 2.6 apply only if the Obligations cease to be a book-entry only issue. The registration of any Obligation may, in accordance with its terms, be transferred upon the Obligation Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Obligation for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Escrow Agent and duly executed by the Owner or his or her authorized attorney. The transferor shall also provide or cause to be provided to the Escrow Agent all information necessary to allow the Escrow Agent to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code. The Escrow Agent may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information. Obligations may be exchanged at the office of the Escrow Agent for Obligations evidencing a like aggregate principal amount or other authorized denominations of the same payment date. The Escrow Agent may require the Obligation Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Whenever any Obligation or Obligations shall be surrendered for registration of transfer or exchange, the Escrow Agent shall execute and deliver a new Obligation or Obligations of the same payment date, for like aggregate principal amount; provided that the Escrow Agent shall not be required to register transfers or make exchanges of:

- (a) Obligations for a period of fifteen (15) days next preceding any selection of the Obligations to be prepaid;
- (b) any Obligations chosen for prepayment; or
- (c) Obligations for a period of fifteen (15) days prior to any Payment Date.

Section 2.7 Mutilated, Lost, Destroyed or Stolen Obligations.

(a) If any Obligation becomes mutilated, the Escrow Agent, at the expense of the Owner of such Obligation, shall execute and deliver a new Obligation of like tenor and payment date but bearing a different number in exchange and substitution for the Obligation so mutilated, but only upon surrender to the Escrow Agent of the Obligation so mutilated. Every mutilated Obligation so surrendered to the Escrow Agent shall be canceled by it.

(b) If any Obligation is lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Escrow Agent and, if such evidence is satisfactory to the Escrow Agent and, if an indemnity satisfactory to the Escrow Agent shall be given, the Escrow Agent, at the expense of the Owner of the Obligation in question, shall execute and deliver a new Obligation of like tenor and payment date and numbered as the Escrow Agent shall determine in lieu of and in substitution for the Obligation so lost, destroyed or stolen.

(c) The Escrow Agent may require payment of an appropriate fee for each new Obligation delivered under this Section 2.7 and of the expenses that may be incurred by the Escrow Agent in carrying out the duties under this Section 2.7.

Section 2.8 Execution of Documents. The Escrow Agent may accept any evidence of execution of documents by Owners which the Escrow Agent reasonably deems sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation.

Section 2.9 Obligation Register. The Escrow Agent will maintain the Obligation Register and shall record the registration and transfer of all Obligations in the Obligation Register. The Obligation Register shall be open to inspection by the City during regular business hours upon reasonable notice.

Section 2.10 Prepayment.

(a) Terms of Prepayment. The Obligations shall be subject to optional and mandatory prepayment as provided in Exhibit B of the Financing Agreement.

(b) Selection of Obligations for Optional Prepayment. For as long as the Obligations are in book-entry-only form, if fewer than all of the Obligations of a maturity are called for prepayment, the selection of Obligations within such maturity to be prepaid shall be made by DTC in accordance with its operational procedures as then in effect. If the Obligations are no longer held in book-entry-only form, the Registrar shall select the Obligations within such maturity for prepayment randomly.

(c) Notice of Prepayment (No Depository).

(i) The provisions of this Section 2.10(c) shall apply only if the Obligations cease to be a book-entry-only issue. If the principal component of Financing Payments is to be prepaid, the City shall give notice of such prepayment to the Escrow Agent not less than forty-five (45) days before the prepayment date pursuant to Section 3.3(b) of the Financing Agreement and, not later than the date of prepayment, shall deposit with the Escrow Agent the amount required to effect the prepayment. The Escrow Agent shall give to the Obligation Owners notice of prepayment (“Notice of Prepayment”) of the Obligations at the expense of the City. Each Notice of Prepayment shall state (a) the prepayment date, (b) the place or places of prepayment (including the name and address of any prepayment agent), (c) if only a portion of the Obligations are being prepaid, the distinctive number of the Obligations to be prepaid, (d) the Obligations or designated portions thereof (in the case of prepayment of the Obligations in part but not in whole), (e) the prepayment price, (f) the CUSIP numbers (if any) assigned to the Obligations to be prepaid and (g) the dated date of the Obligations, the interest rate and stated payment date with respect to each Obligation to be prepaid in whole or in part. Each such Notice of Prepayment shall also state that on said date there shall become due and payable on each of said Obligations the principal amount with respect thereto (or a portion thereof in the case of an Obligation to be redeemed in part only),

together with interest accrued with respect thereto to the prepayment date, and that from and after such prepayment the interest thereon shall cease to accrue, and shall require that such Obligations be then surrendered.

(ii) The Escrow Agent shall take the following actions with respect to such Notice of Prepayment.

(1) At least twenty (20) days before the prepayment date, such Notice of Prepayment shall be given either by (a) registered or certified mail, postage prepaid, (b) confirmed facsimile transmission or (c) overnight delivery service, to the following securities depository:

The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11530
Facsimile transmission:
(516) 227-4039
(516) 227-4190

(2) At least twenty (20) days before the prepayment date, such Notice of Prepayment shall be given either by (a) registered or certified mail, postage prepaid, (b) overnight delivery service, or (c) in electronic format as prescribed by the MSRB, to the MSRB, or any electronic municipal access system established by the MSRB for purposes of the Rule.

(iii) Notice of Prepayment shall be given by mailing, first class, postage prepaid, not more than sixty (60) days nor less than twenty (20) days prior to said prepayment date, copies thereof to the City and the Owners of the Obligations whose Obligations or a portion thereof are to be prepaid.

(iv) Any defect in notices given under Sections (i), (ii), or (iii) above shall not affect the validity of the proceedings for the prepayment of the Obligations or portions thereof.

(d) Notice of Prepayment (Depository). The City shall give notice of prepayment to the Registrar and Paying Agent not less than 45 days before the date fixed for prepayment or such shorter time as may be reasonably acceptable to the Registrar and Paying Agent. The Registrar shall give notice of prepayment, not less than 20 days and not more than 60 days prior to the date fixed for prepayment, to the registered Owners of the Obligations by first class mail, postage paid, at the addresses set forth on the Obligation Register or, so long as the Obligations are in book-entry-only form, in such manner provided for in the blanket letter of representations the City has filed with the Depository and in the operational procedures of DTC as in effect at such time. Each notice of prepayment shall be dated and shall state, without limitation: (1) the date fixed for prepayment; (2) the prepayment price; (3) if less than all outstanding Obligations are to be prepaid, the identification of the Obligations to be prepaid; (4) that on the date fixed for prepayment the prepayment price will become due and payable upon each such Obligation

or portion thereof called for prepayment; (5) that interest thereon shall cease to accrue from and after the date fixed for prepayment; (6) the place where such Obligations are to be surrendered for payment of the prepayment price, which place of payment shall be the principal corporate trust office of the Paying Agent; and (7) the assigned CUSIP numbers of all Obligations to be prepaid. So long as the Obligations are in book-entry-only form, the form of notice shall include such additional information as may be required by the blanket letter of representations the City has filed with the Depository and the operational procedures of the DTC, as in effect from time to time.

(e) Notice of Prepayment Required by Continuing Disclosure Certificate. In addition to the other notices of prepayment required by this Escrow Agreement, the Escrow Agent shall give to the MSRB or such other central repository established by the MSRB, including EMMA, any notices of prepayment.

(f) Partial Prepayment of Obligations. Upon surrender of any Obligation that is not in book entry form and is prepaid in part only, the Escrow Agent shall execute and deliver to the Owner thereof, at the expense of that Owner, a new Obligation or Obligations of authorized denominations equal in aggregate principal amount to the portion of the surrendered Obligation which is not prepaid and with the same stated interest rate and the same payment date. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the City and the Escrow Agent shall be released and discharged from all liability to the extent of such payment.

(g) Effect of Prepayment. If notice of prepayment has been given as provided in this Section 2.10, and the moneys for the prepayment (including the interest to the applicable date of prepayment) have been set aside in the Payment Account, the Obligations shall become due and payable on the date of prepayment upon presentation and surrender thereof at the office or offices specified in said notice, and interest with respect to the Obligations shall cease to accrue after the date fixed for prepayment. All moneys held by or on behalf of the Escrow Agent for the prepayment of Obligations shall be held in trust for the account of the Owners of the Obligations so to be prepaid. All Obligations paid at their payment date or prepaid prior to their payment date pursuant to the provisions of this Section 2.10, if any, shall be canceled upon surrender thereof.

(h) Conditional Notice of Prepayment. Any notice of optional prepayment may state that (i) (a) the optional prepayment is conditional upon receipt by the Paying Agent on the date fixed for prepayment of moneys sufficient to pay the prepayment price of the Obligations that are to be prepaid and/or (b) the optional prepayment is conditional upon the satisfaction of any other condition, and/or that such notice of prepayment may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time prior to the date fixed for prepayment if any such condition so specified is not satisfied or if any such other event occurs, and that (ii) such notice shall be of no effect if such moneys are not so deposited or if such notice is so rescinded. The Registrar shall give notice to the affected Owners of the Obligations as promptly as practicable upon of the City's failure to make such funds available or of the rescission of such notice.

Section 2.11 Reserved.

Section 2.12 Provisions for Printed Obligations. If the City discontinues use of the book-entry only system or termination thereof occurs without designation of a new qualified securities depository, then the provisions of this Section 2.12 shall apply to the Obligations. Upon receipt of a printed Obligation, the Beneficial Owner shall become the Registered Owner. The principal with respect to such Obligations shall be payable upon presentation at the office of the Escrow Agent.

ARTICLE III ACCOUNTS

Section 3.1 Payment Account. The Escrow Agent shall establish and maintain a special fund designated as the “Full Faith and Credit Obligations, Series 2026 Payment Account,” which is defined in this Escrow Agreement as the “Payment Account.” The Escrow Agent shall keep the Payment Account separate and apart from all other funds and moneys held by it and shall administer and maintain the Payment Account as provided in this Escrow Agreement:

(a) To secure the payment of Financing Payments, on the Business Day preceding each Payment Date, the City shall transfer the deposits described in Section 3.2(b)(i) of the Financing Agreement to the Escrow Agent. The Escrow Agent shall credit these deposits in the Payment Account.

(b) On each Payment Date the Escrow Agent shall withdraw from the Payment Account and transfer to Owners an amount equal to the principal and interest components of the Financing Payment due and payable on such Payment Date, but solely from moneys on deposit in the Payment Account.

(c) If on any Payment Date, the amount of the Financing Payment then due and payable exceeds the amounts deposited with the Escrow Agent and available therefor, the Escrow Agent shall pay to the Owners the moneys on hand, and the Escrow Agent shall apply such money first to the payment of the interest component, which shall be distributed by the Escrow Agent pro rata among the Owners if necessary, and second, to the payment of the principal component, which shall be distributed by the Escrow Agent pro rata among the Owners if necessary.

(d) Any amounts in the Payment Account in excess of the amount necessary to pay the principal and interest components of the Financing Payments and any earnings thereon shall be remitted to the City or, retained in the Payment Account and applied as a credit to the next deposit, as directed in writing by the City. The Escrow Agent shall provide the City, not less than thirty (30) days before each date a deposit is required under Section 3.2(b) of the Financing Agreement, an invoice which sets forth the amount of the next deposit.

(e) Any surplus remaining in the Payment Account after payment of all Financing Payments and all Obligations Outstanding and payment of any applicable fees and expenses of the Escrow Agent, or provision for such prepayment or payment of all Financing Payments having been made to the satisfaction of the Escrow Agent in accordance with Section 11.1 below hereof, shall be remitted to the City.

Section 3.2 Project Account. The City shall establish and maintain an account designated as the “Full Faith and Credit Obligations, Series 2026 Project Account,” which is defined in this Escrow Agreement as the “Project Account.” The Escrow Agent shall have no obligations with respect to the Project Account. The City shall keep the Project Account separate and apart from all other funds and moneys held by it and shall administer and maintain the Project Account as provided in this Escrow Agreement:

(a) To pay costs of the Project, the City is authorized to make payments from the Project Account.

(b) Any amounts remaining in the Project Account after completion of the Project may be deposited in the Payment Account or such amounts remaining may be used by the City for uses related to the Project.

Section 3.3 Costs of Issuance Account. The City shall establish an account designated as the “Full Faith and Credit Obligations, Series 2026 Costs of Issuance Account” for payment of costs of execution and delivery of the Obligations, which is defined in this Escrow Agreement as the “Costs of Issuance Account.” The Escrow Agent shall have no obligations with respect to the Costs of Issuance Account. The City shall keep the Costs of Issuance Account separate and apart from all other funds and moneys held by it and shall administer and maintain the Costs of Issuance Account as provided in this Escrow Agreement:

(a) The City is authorized to make payments from the Costs of Issuance Account only for paying the costs of legal, accounting, organization, marketing or other special services and other fees and expenses, incurred or to be incurred by or on behalf of the City in connection with the issuance of the Obligations. The City acknowledges that the moneys in the Costs of Issuance Account available for payment of the foregoing costs may not be sufficient to pay such costs in full, and agrees therein to pay that portion of such costs in excess of the amount in the Costs of Issuance Account from any moneys legally available for such purpose.

(b) Any amounts remaining in the Costs of Issuance Account after payment of the costs of issuance for the Project may be deposited in the Payment Account or such amounts remaining may be used by the City for uses related to the Project.

Section 3.4 Additional Charges. If the Escrow Agent receives Additional Charges pursuant to the Financing Agreement, such Additional Charges shall be applied by the Escrow Agent solely to the payment of any costs in respect of which such Additional Charges were received and shall not be commingled in any way with any other funds received by the Escrow Agent pursuant to the Financing Agreement or this Escrow Agreement, except as provided above.

Section 3.5 Deposits at Closing. A portion of the proceeds of the Obligations in the amount of \$_____ (\$_____ par amount plus original issue premium of \$_____ and less underwriter's discount of \$_____) shall be transferred directly to the City for deposit into the following accounts:

Project Account	\$_____
Costs of Issuance Account	_____
	\$_____

ARTICLE IV MONEYS IN FUNDS; INVESTMENT

Section 4.1 Moneys and Investments Held Under Escrow Agreement. The City shall hold all moneys under this Escrow Agreement and shall invest and reinvest such moneys in Qualified Investments. Notwithstanding the foregoing, the Escrow Agent shall hold all moneys transferred by the City to the Escrow Agent for deposit to the Payment Account as provided in Section 3.1 of this Escrow Agreement and shall, at the written direction of the City, invest and reinvest such moneys in Qualified Investments only until such time as the moneys are required for the payment of the Financing Payments. Such moneys and any other income or interest earned thereon shall be applied only as provided in this Escrow Agreement and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the City, the Escrow Agent or any Owner.

Section 4.2 Deposit and Investment of Moneys in Accounts. The City may commingle any of the funds held by it pursuant to this Escrow Agreement in a separate fund or funds for investment purposes; provided, however, that all funds or accounts held by the City hereunder shall be accounted for separately notwithstanding such commingling by the City.

ARTICLE V THE ESCROW AGENT

Section 5.1 Compensation of the Escrow Agent. The City shall from time to time pay to the Escrow Agent reasonable compensation for its services and will pay or reimburse the Escrow Agent upon its request for all reasonable expenses, disbursements and advances made by the Escrow Agent in accordance with the provisions of this Escrow Agreement (including the reasonable fees, expenses and disbursements of its counsel), except any such expense, disbursement or advance as may be finally determined to have been directly caused by the Escrow Agent's gross negligence or willful misconduct. Fees for the Escrow Agent's services shall be those specified in the contract between the City and the Escrow Agent.

Section 5.2 Removal of Escrow Agent.

(a) The Escrow Agent may be removed and a successor Escrow Agent appointed:

(i) by the City at any time if, in the good faith opinion of the City, expressed in writing and delivered to the Escrow Agent and the successor Escrow Agent, it would not be materially adverse to the interests of the Owners of the

Obligations that the Escrow Agent be removed and a successor Escrow Agent appointed;

(ii) for any breach of obligations of the Escrow Agent set forth herein;
or

(iii) at any time by written demand thereof filed with the Escrow Agent and the successor Escrow Agent by the Owners of a majority in aggregate principal amount evidenced by all Obligations Outstanding. Such removal shall become effective upon acceptance of appointment by the successor Escrow Agent.

(b) Any successor Escrow Agent appointed pursuant to the provisions of this section shall:

(i) be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority;

(ii) have substantial prior experience as a paying agent and registrar for the benefit of the owners of municipal debt securities; and

(iii) be a bank or trust company having (either singly or together with its parent holding company) a combined capital (exclusive of borrowed capital) and surplus of at least Seventy-Five Million Dollars (\$75,000,000) and subject to supervision or examination by federal or state authority.

Section 5.3 Resignation of Escrow Agent.

(a) The Escrow Agent or any successor may at any time resign by giving written notice to the City and by giving notice by first class mail to the Owners as of the date such notice is mailed of its intention to resign and of the proposed date of resignation, which shall be a date not less than thirty (30) days after the mailing of such notice, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been or are approved by the Owners of a majority in aggregate principal amount evidenced by all of the Obligations Outstanding.

(b) Upon receiving such notice of resignation, the City shall promptly appoint a successor Escrow Agent by an instrument in writing; provided, however, that if the City fails to appoint a successor Escrow Agent within thirty (30) days following receipt of such written notice of resignation, the Owners of a majority in aggregate principal amount evidenced by all Obligations Outstanding may appoint a successor Escrow Agent and if the Owners fail to appoint a successor Escrow Agent, within thirty (30) days following the expiration of such initial 30-day period, the resigning Escrow Agent may petition the appropriate court having jurisdiction to appoint a successor Escrow Agent.

(c) Notwithstanding any other provision of this Escrow Agreement, no removal, resignation or termination of the Escrow Agent shall take effect until a successor shall be appointed.

Section 5.4 Merger or Consolidation. A merger or consolidation of the Escrow Agent with another entity shall not be treated as the appointment of a successor, and the entity into which the Escrow Agent is merged or consolidated shall become the successor Escrow Agent without any notice or filing, but only if: the merged or consolidated entity notifies the City that it has assumed the obligations of the Escrow Agent under this Escrow Agreement and the Financing Agreement, and the merged or consolidated entity meets the requirements of Section 5.2(b) above.

Section 5.5 Acceptance of Appointment by Successor Escrow Agent.

(a) Any successor Escrow Agent appointed as provided in Section 5.3 or Section 5.4 above shall execute, acknowledge and deliver to the City and to its predecessor Escrow Agent an instrument accepting its appointment, and the appointment shall take effect on execution of that acceptance. Upon request of any successor Escrow Agent, the City and the prior Escrow Agent shall execute any documents the successor Escrow Agent may reasonably require to confirm its rights and powers under this Escrow Agreement and the Financing Agreement.

(b) Upon acceptance of appointment by a successor Escrow Agent as provided in this Section 5.5, the successor Escrow Agent shall mail, first class, postage prepaid, notice of its appointment to the Owners.

Section 5.6 Duties and Responsibilities of the Escrow Agent Prior to and During Default.

(a) The Escrow Agent undertakes, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, to perform such duties and only such duties as are specifically set forth in this Escrow Agreement. In case any Event of Default has occurred (which has not been cured or waived) the Escrow Agent shall exercise such of the rights and powers vested in it by this Escrow Agreement and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) No provision of this Escrow Agreement shall be construed to relieve the Escrow Agent from liability for its own negligent action, its negligent failure to act or its own willful misconduct, except that:

(i) Prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Escrow Agreement, and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Escrow Agreement, and no covenants or obligations shall be implied into this Escrow Agreement adverse to the Escrow Agent;

(ii) The Escrow Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Escrow Agent, unless it shall be proved that the Escrow Agent was negligent in ascertaining the pertinent facts;

(iii) The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount evidenced by the Obligations at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Escrow Agent, or exercising any trust or power conferred upon the Escrow Agent, under this Escrow Agreement; and

(iv) No provision contained in this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur liability in the performance of any of its duties or the exercise of any of its rights or powers. Under no circumstances shall the Escrow Agent be liable in its individual capacity for the obligations evidenced by the Obligations.

Section 5.7 Protection and Rights of the Escrow Agent.

(a) The Escrow Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Escrow Agreement, and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Escrow Agent shall not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the Escrow Agent or satisfactory evidence of the ownership of such Obligation shall be furnished to the Escrow Agent. The Escrow Agent may consult with counsel, who may be counsel to the City, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(b) Whenever in the administration of its duties under this Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of the Escrow Agent's representative or the City's Representative and such certificate shall be full warranty to the Escrow Agent for any action taken or suffered under the provisions of this Escrow Agreement upon the faith thereof, but in its discretion the Escrow Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(c) The Escrow Agent may become the Owner of Obligations with the same rights it would have if it were not the Escrow Agent; may acquire and dispose of other certificates or evidences of indebtedness of the City with the same rights it would have if it were not the Escrow Agent; and may act as a depository for and permit any of its officers

or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in aggregate principal amount evidenced by the Obligations then Outstanding.

(d) The recitals, statements and representations by the City contained in this Escrow Agreement or in the Obligations shall be taken and construed as made by and on the part of the City, as the case may be, and not by the Escrow Agent, and the Escrow Agent does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

(e) The Escrow Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Escrow Agent shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

Section 5.8 Indemnification. To the extent permitted by law, the City covenants and agrees to indemnify and save the Escrow Agent harmless against any loss, expense or liability which it may incur arising out of or in the exercise or performance of its duties and powers hereunder, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of this Escrow Agreement, excluding any losses or expenses which are due to the Escrow Agent's breach of fiduciary duties, negligence or willful misconduct. The obligations of the City under this Section 5.8 shall survive the resignation or removal of the Escrow Agent under this Escrow Agreement and the payment of the Obligations and discharge under this Escrow Agreement. The damages claimed against the City shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, ORS 30.260, *et seq.*, unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

ARTICLE VI CONCERNING THE OBLIGATION OWNERS

Section 6.1 Evidence of Action Taken by Owners. Whenever in this Escrow Agreement it is provided that the Owners of a specified percentage in aggregate principal amount evidenced by the Outstanding Obligations may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Owners of such specified percentage have joined therein may be evidenced:

(a) by any instrument or any number of instruments of similar tenor executed by Owners in person or by agent or proxy appointed in writing, or

(b) by the record of the Owners voting in favor thereof at any meeting of Owners, or

(c) by a combination of such instrument or instruments and any such record of such a meeting of Owners.

Section 6.2 Action Taken by Owners Irrevocable. Any consent to the taking of any action by any Owner of an Outstanding Obligation shall be irrevocable and shall be conclusive and binding upon such Owner and upon all future Owners of such Obligation and of any Obligation executed and delivered in exchange or substitution therefor, irrespective of whether or not any notation and regard thereto is made upon such Obligation. Any action taken by the Owners of the percentage in aggregate principal amount evidenced by the Outstanding Obligations specified in this Escrow Agreement in connection with such action shall be conclusive and binding upon the City, the Escrow Agent and the Owners of all the Obligations.

Section 6.3 Certain Obligations Disregarded. In determining whether the Owners of the requisite aggregate principal amount evidenced by the Obligations have concurred in any direction or consent under this Escrow Agreement, Obligations which are owned by the Escrow Agent or the City or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the City shall be disregarded and treated as though they were not Outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Escrow Agent shall be protected in relying on any such direction or consent only Obligations which the Escrow Agent knows are so owned shall be so disregarded. Obligations so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this section, if the pledgee shall establish to the satisfaction of the Escrow Agent the pledgee's right to vote such Obligations and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the City. In case of a dispute as to such right, any decision by the Escrow Agent taken upon the advice of counsel shall be full protection to the Escrow Agent.

ARTICLE VII MODIFICATION OF ESCROW AGREEMENT AND FINANCING AGREEMENT

Section 7.1 Limitations. This Escrow Agreement may be modified or amended only in accordance with this Article VII.

Section 7.2 Supplemental Escrow Agreement Without Consent of Owners. The City and the Escrow Agent may at any time enter into supplemental Escrow Agreements without the consent of or notice to the Owners, for the following purposes:

- (a) To cure any formal defect, omission, inconsistency or ambiguity in this Escrow Agreement; provided that such action shall not, in the reasonable judgment of the City, materially and adversely affect the interests of the Owners;
- (b) To grant to or confer or impose upon the Escrow Agent for the benefit of the Owners any additional rights, remedies, or powers or to amend this Escrow Agreement in any other way for the benefit of the Owners; provided that no such amendment may have, in the reasonable judgment of the City, a material and adverse effect on any Owner which has not consented to the Supplemental Escrow Agreement; or
- (c) To modify, alter, amend or supplement this Escrow Agreement in any other respect which is not materially adverse to the Owners and which does not involve a change

described in Sections 7.3(a)(i), 7.3(a)(ii), 7.3(a)(iii), or 7.3(a)(iv) below and which, in the judgment of the Escrow Agent, is not to the prejudice of the Escrow Agent.

Before the Escrow Agent and the City shall enter into any Supplemental Escrow Agreement pursuant to this Section, the City shall deliver to the Escrow Agent an opinion of Special Counsel stating that the supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest payable on the Obligations.

Section 7.3 Supplemental Escrow Agreement with Consent of the Owners.

(a) Any amendment to this Escrow Agreement which is not described in Section 7.2 above requires the consent of the City, the Escrow Agent and the Owners of not less than sixty percent (60%) in aggregate principal amount evidenced by the Obligations then Outstanding. However, the consent of all affected Owners of all the Obligations then Outstanding is required for:

(i) a change in the terms of the payment or prepayment of any portion of the Financing Payments, or

(ii) the creation of a claim or lien upon, or a pledge of the security ranking prior to or (except as expressly permitted by this Escrow Agreement) on a parity with the claim, lien or pledge created by this Escrow Agreement, or

(iii) the creation of a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or

(iv) a reduction in the aggregate principal amount evidenced by the Obligations the consent of the Owners of which is required for any supplemental Escrow Agreement or which is required, under Section 7.6 below, for any modification, alteration, amendment or supplement to the Financing Agreement.

(b) If at any time the City shall request the Escrow Agent to enter into any supplemental Escrow Agreement for any of the purposes of this Section 7.3 which require Owners' consent, the Escrow Agent shall cause notice of the proposed supplemental Escrow Agreement to be given by first class mail, postage prepaid, to all affected Owners at their addresses as they appear in the Obligation Register. Such notice shall briefly set forth the nature of the proposed supplemental Escrow Agreement and shall state that a copy thereof is on file at the office of the Escrow Agent for inspection by all Owners. Within two years after the date of the first mailing, the Escrow Agent and the City may enter into such supplemental Escrow Agreement in substantially the form described in such notice, but only if there shall have first been delivered to the Escrow Agent (i) the required consents, in writing, of Owners of Obligations then Outstanding, and (ii) an opinion of Special Counsel stating that such supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the Escrow Agent and the City in accordance

with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

(c) If the Owners of not less than the percentage of Obligations then Outstanding required by this Section 7.3 shall have consented to and approved the execution and delivery thereof as herein provided, no Owner shall have any right to object to the execution and delivery of such supplemental Escrow Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Escrow Agent or the City from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Section 7.4 Effect of Supplemental Escrow Agreement. Upon the execution and delivery of any supplemental Escrow Agreement pursuant to the provisions of this Section 7.4, this Escrow Agreement shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Escrow Agreement of the Escrow Agent, the City and all Owners of Obligations then Outstanding shall thereafter be determined, exercised and enforced under this Escrow Agreement subject in all respects to such modifications and amendments.

Section 7.5 Amendments to Financing Agreement Not Requiring Consent of Owners.

(a) The City, with the consent of the Escrow Agent but without the consent of or notice to the Owners, may amend, change or modify the Financing Agreement as may be required:

(i) By the provisions of the Financing Agreement and this Escrow Agreement, or

(ii) To cure any ambiguity, formal defect or omission in the Financing Agreement; provided that such action shall not, in the reasonable judgment of the City, materially and adversely affect the interests of the Owners, or

(iii) To make any other change to the Financing Agreement which, in the reasonable judgment of the City, does not materially and adversely affect the Owners.

(b) Before the City shall enter into, and the Escrow Agent shall consent to, any amendment, change or modification pursuant to this Section 7.5 or Section 7.6 below, there shall have been delivered to the Escrow Agent and the City an opinion of Special Counsel stating that such amendment, change or modification is authorized or permitted by this Escrow Agreement and the Financing Agreement, complies with their terms, will, upon the execution and delivery thereof, be valid and binding upon Escrow Agent and the City in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

Section 7.6 Amendments to Financing Agreement Requiring Consent of the Owners.

(a) Any amendment to the Financing Agreement which is not described in Section 7.5 above requires the consent of the City, the Escrow Agent and the Owners of not less than sixty percent (60%) in aggregate principal amount evidenced by the Obligations Outstanding given as provided in this Section 7.6. However, the consent of the Owners of all affected Obligations then Outstanding is required for any amendment, change or modification of the Financing Agreement that would permit the termination or cancellation of the Financing Agreement or a reduction in or postponement of the payments under the said agreement or any change in the provisions relating to the payments thereunder.

(b) If at any time the City shall request the consent of the Escrow Agent to an amendment to the Financing Agreement which is not described in Section 7.5 above, the Escrow Agent shall cause notice to be given of such proposed amendment, change or modification in the same manner as provided by Section 7.3 above with respect to supplemental Escrow Agreements. Such notice shall briefly set forth the nature of such proposed amendment, change or modification, and shall state that copies of the instrument embodying the same are on file at the principal office of the Escrow Agent for inspection by all Owners at any time during reasonable business hours and upon reasonable prior notice. The City may enter into, and the Escrow Agent may consent to, any such proposed amendment, change or modification subject to the same conditions and with the same effect as provided in Section 7.3 above hereof with respect to supplemental Escrow Agreements, provided the City has obtained the opinion of Special Counsel which is described in Section 7.5 above.

ARTICLE VIII COVENANTS; NOTICES

Section 8.1 Compliance With and Enforcement of Financing Agreement.

(a) The City covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement and to enforce such agreement against the Escrow Agent in accordance with its terms.

(b) The Escrow Agent covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement and to enforce such Agreement against the City in accordance with its terms, subject to the rights of the City therein as provided in this Escrow Agreement and the Financing Agreement.

Section 8.2 Notice in Event of Late Financing Payment. If the Escrow Agent does not receive any Financing Payment deposit within one Business Day after the date on which it is due in accordance with the Financing Agreement, the Escrow Agent shall give prompt written notice of such fact to the City.

Section 8.3 Notice of Default. If an Event of Default occurs, the Escrow Agent shall give written notice of such default to the Owners of the Obligations then Outstanding. Such notice shall specify that an Event of Default has occurred, and shall contain a brief description of the

Event of Default. Any failure to give this notice shall not affect any rights of Owners. This shall be mailed by first class mail, postage prepaid, to each Owner within thirty (30) days of the actual knowledge of default by a responsible officer in the corporate trust department of the Escrow Agent. However, except for an Event of Default described in Section 9.1(a) below, the Escrow Agent may withhold such notice if and so long as the Escrow Agent in good faith determines that the withholding of such notice is in the interests of the Owners of Obligations.

Section 8.4 Tax Covenants. The City shall comply with the instructions and requirements of the Tax Certificate or Tax Certificates relating to the Obligations. This covenant shall survive payment in full or defeasance of the Obligations.

Section 8.5 Prosecution and Defense of Suits. The City shall promptly take such action as may be necessary to cure any defect in the title to the Project or any part thereof, or the perfection of security interests in the Project, whether now existing or hereafter developing, and shall prosecute and defend all such suits, actions and all other proceedings as may be appropriate for such purpose.

Section 8.6 Further Assurances. The Escrow Agent and the City will make, execute and deliver any and all such further resolutions, instruments and assurances as the Escrow Agent may deem reasonably necessary or proper to carry out the intention or to facilitate the performance of this Escrow Agreement, and for the better assuring and confirming to the Owners of the Obligations the rights and benefits provided herein.

ARTICLE IX EVENTS OF DEFAULT

Section 9.1 Events of Default. The occurrence of one or more of the following shall constitute Events of Default:

(a) The City shall fail to pay any Financing Payment when due; or

(b) The City shall fail to observe and perform any other covenant, condition or agreement on its part to be observed or performed for a period of sixty (60) days after written notice to the City by the Escrow Agent, specifying such failure and requesting that it be remedied, unless the Escrow Agent shall agree in writing to an extension of such time prior to its expiration; provided however, that if the failure stated in the notice cannot be corrected within the applicable period but can be corrected, the Escrow Agent will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected; or

(c) An “event of default” described in Section 6.1(a) of the Financing Agreement occurs and is continuing.

Section 9.2 Remedies on Default. Upon the occurrence and continuance of any Event of Default, the Escrow Agent may proceed, and upon written request of the Owners of not less than a majority in aggregate principal amount evidenced by the Obligations then Outstanding and upon being indemnified to its satisfaction, shall proceed to take whatever action at law or in equity may appear necessary or desirable to enforce the Financing Agreement or to protect any of the

rights vested in the Escrow Agent or the Owners of Obligations by this Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Escrow Agreement or in aid of the exercise of any power granted in this Escrow Agreement or for the enforcement of any other legal or equitable right vested in the Escrow Agent by this Escrow Agreement or by law. However, the Financing Amount and the Financing Payments shall not be subject to acceleration.

The Escrow Agent may exercise such one or more of the rights and powers conferred by this Article IX as the Escrow Agent in its discretion being advised by its counsel shall deem most expedient and in the interests of the Owners.

Section 9.3 No Remedy Exclusive. No remedy herein conferred upon or reserved is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Escrow Agreement to the Escrow Agent, or given under the Financing Agreement and assigned hereunder to the Escrow Agent, or now or hereafter existing at law or in equity. No delay or omission of the Escrow Agent to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Escrow Agent to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required in this Section 9.3 or by law.

Section 9.4 Agreement to Pay Attorneys' Fees and Expenses. If any party to this Escrow Agreement should default under any of the provisions hereof and any non-defaulting party or parties should employ attorneys or incur other expenses for the collection of moneys on the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay, to the extent permitted by law, to such non-defaulting party or parties the reasonable fees of such attorneys and such other expenses incurred by such non-defaulting party or parties.

Section 9.5 No Additional Waiver Implied by One Waiver. If any agreement contained in this Escrow Agreement should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6 Application of Moneys Upon Default. If at any time after an Event of Default has occurred the moneys in the Payment Account shall not be sufficient to pay the Financing Payments as the same become due and payable, such moneys together with any moneys available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for herein or otherwise, shall be applied by the Escrow Agent as follows:

(a) First: To the payments of costs, expenses and fees, and reasonable compensation of the Escrow Agent, its agents and attorneys, and all expenses and liabilities incurred and advances made by the Escrow Agent;

(b) Second: To the payment to the persons entitled thereto of the interest components of Financing Payments as they become due in the order of the payment date of such Financing Payments, and, if the amount available shall not be sufficient to pay in

full any particular interest component of a Financing Payment, then to the payment ratably, according to the amounts due on such interest portion, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Obligations;

(c) Third: To the payment of the persons entitled thereto of the principal components of Financing Payments as they become due in the order of the payment date of such Financing Payments, and, if the amount available shall not be sufficient to pay in full any particular principal component of a Financing Payment, then to the payment ratably, according to the amounts due on such principal portion, to the persons entitled thereto, without discrimination or preference; and

(d) Fourth: To the City, but only if the Obligations are no longer Outstanding and all Additional Charges have been paid.

Section 9.7 Action by Owners. If the Escrow Agent fails to take any action to eliminate an occurrence of an Event of Default, the Owners of more than fifty percent (50%) in aggregate principal amount evidenced by the Obligations then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Financing Agreement or this Escrow Agreement, but only if the Escrow Agent shall have been given written notice of such default (unless such default shall consist of a failure to make a Financing Payment when due) and the continuance thereof and if such percentage of Owners have first made written request of the Escrow Agent to institute such action or proceedings in its own name as Escrow Agent hereunder and shall have afforded the Escrow Agent sixty (60) days either to proceed to exercise the powers granted therein or granted under law or to institute such action, suit or proceeding in its name and unless also, the Escrow Agent shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Escrow Agent shall have refused or neglected to comply with such request within a reasonable time.

ARTICLE X LIMITATION OF LIABILITY

Section 10.1 Limited Liability of City. Except for the payment of Financing Payments and Additional Charges when due in accordance with the Financing Agreement, and the performance of the other covenants and agreements of the City contained in the Financing Agreement and this Escrow Agreement, the City shall have no obligation or liability to any of the other parties or to the Owners of the Obligations with respect to this Escrow Agreement or the terms, execution, delivery or transfer of the Obligations, or the distribution of Financing Payments to the Owners by the Escrow Agent.

Section 10.2 No Liability of City for Escrow Agent Performance. The City shall not have any obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the performance by the Escrow Agent of any duty imposed upon it under this Escrow Agreement.

Section 10.3 No Liability of Escrow Agent for Financing Payments by City. The Escrow Agent shall not have any obligation or liability to the Owners of the Obligations with

respect to the payment of the Financing Payments by the City when due, or with respect to the performance by the City of any other covenant made by it in the Financing Agreement.

Section 10.4 Opinion of Counsel; Experts.

(a) Before being required to take any action, the Escrow Agent may require an opinion of independent counsel acceptable to the Escrow Agent, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Escrow Agent shall be absolutely protected in relying thereon.

(b) If an Event of Default occurs or a dispute arises under this Escrow Agreement or the Financing Agreement, the Escrow Agent may employ as its agents attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Escrow Agent), as it may deem necessary to carry out any of its obligations hereunder. The City shall reimburse the Escrow Agent for its reasonable expenses in so doing. The Escrow Agent shall not be responsible for any misconduct or negligence of any such agent appointed with due care by the Escrow Agent.

(c) The Escrow Agent may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorizations and protection in respect to any action taken or not taken by the Escrow Agent hereunder in good faith and in reliance thereon.

Section 10.4 Limitation of Rights to Parties and Owners. Nothing in this Escrow Agreement or in the Obligations expressed or implied is intended or shall be construed to give any person other than the City, the Escrow Agent and the Owners of the Obligations, any legal or equitable right, remedy or claims under or in respect of this Escrow Agreement; all covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the Escrow Agent and the Owners.

ARTICLE XI MISCELLANEOUS

Section 11.1 Defeasance.

(a) All or any portion of the Outstanding Obligations may be paid and discharged in any one or more of the following ways:

(i) By paying or causing to be paid the Financing Payments attributable to such Obligations as and when the same become due and payable;

(ii) By irrevocably depositing with the Escrow Agent or an independent escrow agent, in trust, before the payment dates, money which, together with the amounts then on deposit in the Payment Account, is fully sufficient to pay all Financing Payments attributable to such Obligations; or

(iii) By irrevocably depositing with the Escrow Agent or an independent escrow agent, in trust, Defeasance Obligations in such amount which will, together with the interest to accrue thereon, be sufficient to pay all Financing Payments evidenced by such Obligations, as and when the same become due and payable, as evidenced by a verification report, and providing the Escrow Agent with an opinion of Special Counsel that such deposits will not cause the interest component of Financing Payments to be includable in gross income under federal income tax laws.

(b) All obligations of the Escrow Agent and the City under this Escrow Agreement with respect to such Obligations which are paid or deemed paid hereunder shall cease and terminate, except for the obligation of the City to pay the Additional Charges specified in Section 3.2 of the Financing Agreement and to pay Financing Payments from the amount so deposited, and of the Escrow Agent to apply amounts on deposit to the payment of the Financing Payments.

(c) The Escrow Agent shall, so long as any Obligations remain Outstanding, keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement, which shall be available for inspection by the City and any Owner, or the agent of any of them, at any time during reasonable business hours upon reasonable prior notice. Upon written notice, the Escrow Agent shall promptly make such records available to the City, any Owner, or their respective auditors and other representatives, and shall cooperate with them in auditing and reproducing the records.

Section 11.2 Notices.

(a) Except as otherwise provided in Section 11.2(b) below, all written notices to be given under this Escrow Agreement to any party to this Escrow Agreement shall be given by first-class mail, postage prepaid and facsimile to the following addresses (unless the addressee has previously notified the other party in writing of a change in address):

To the Escrow Agent at:	U.S. Bank Trust Company, National Association Columbia Center 17650 NE Sandy Boulevard PD-OR-C1IV Gresham, OR 97230 Attention: Corporate Trust Services Facsimile: (503) 464-4155
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To the City at:	City of West Linn, Oregon 22500 Salamo Road West Linn, OR 97068 Attn: Finance Director Facsimile: (503) 650-9041
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To Special Counsel at:

Orrick, Herrington & Sutcliffe LLP
1140 SW Washington Street, Suite 500
Portland, OR 97205
Attn: Greg Blonde, Esq.

(b) Facsimile Instructions. The Escrow Agent agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Section 11.2 provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Escrow Agent shall forthwith receive the originally executed instructions and/or directions; (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions; and (c) the Escrow Agent shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 11.3 Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of Oregon. Any action regarding this Escrow Agreement or the transactions contemplated hereby shall be brought in the circuit court of Clackamas County, Oregon.

Section 11.4 Partial Invalidity. Any provision of this Escrow Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate any remainder of this Escrow Agreement.

Section 11.5 Binding Effect; Successors. This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Escrow Agreement any party hereto is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all covenants and agreements contained in this Escrow Agreement by or on behalf of any party hereto shall bind and inure to the benefit of the successors and assigns thereof whether so expressed or not.

Section 11.6 Execution in Counterparts. This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 11.7 Destruction of Canceled Obligations. Whenever in this Escrow Agreement provision is made for the surrender to or cancellation by the Escrow Agent of any Obligations, the Escrow Agent shall cancel such Obligations and destroy them pursuant to its retention policies then in effect.

Section 11.8 Headings. The headings, titles and table of contents in this Escrow Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Escrow Agreement. All references herein to "Sections," and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Escrow Agreement.

[Signatures follow next page]

The Escrow Agent has executed this Escrow Agreement in its corporate name by its duly authorized officer and the City has caused this Escrow Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION,** as Escrow
Agent

By: _____
Authorized Officer

CITY OF WEST LINN, OREGON

By: _____
Lauren Breithaupt
Finance Director

EXHIBIT A

(FORM OF SERIES 2026 OBLIGATION)

No. R-1

\$[_____]

**FULL FAITH AND CREDIT OBLIGATION
SERIES 2026**

**Evidencing an Undivided Proportionate Interest of the Owner
Hereof in Certain Financing Payments to be Made
Under a Financing Agreement between the**

**City of West Linn, Oregon
and
U.S. Bank Trust Company, National Association
as Escrow Agent**

<u>Dated Date</u>	Principal Component Interest Rate Per <u>Annum</u>	Principal Component <u>Payment Date</u>	<u>CUSIP Number</u>
[____], 2026	[____]%	June 1, 20[__]	954039 [__]

REGISTERED OWNER: -- CEDE & CO. --

PRINCIPAL AMOUNT: -- [_____] --

This Obligation is executed and delivered by U.S. Bank Trust Company, National Association, pursuant to an Escrow Agreement, dated as of June __, 2026, between U.S. Bank Trust Company, National Association, as escrow agent (the “Escrow Agent”), and the City of West Linn, Oregon (the “City”). The Escrow Agent and the City have entered into that certain Financing Agreement, dated as of June __, 2026 (the “Financing Agreement”), pursuant to which the City is legally required to make financing payments (the “Financing Payments”). The City has assigned to Escrow Agent all of its right, title and interest in the Financing Payments for the benefit of the Owners of the Obligations under the Escrow Agreement.

This Obligation is entitled proportionately to receipt of the principal component of Financing Payments in the amount set forth as Principal Amount above due on the Principal Component Payment Date set forth above and is entitled proportionately to receipt of an amount of the interest component of Financing Payments on each Payment Date attributable to the interest accruing on said principal component at the Principal Component Interest Rate set forth above.

ADDITIONAL PROVISIONS OF THIS OBLIGATION APPEAR ON THE REVERSE SIDE HEREOF AND ON SUBSEQUENT PAGES; THESE PROVISIONS HAVE THE SAME EFFECT AS IF THEY WERE PRINTED HEREIN.

U.S. Bank Trust Company, National Association, in Minneapolis, Minnesota, as the Escrow Agent and Registrar (the “Registrar”), shall pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above on the above Principal Component Payment Date together with interest thereon from the dated date indicated above at the Principal Component Interest Rate per annum indicated above, but solely from amounts received from the City pursuant to the Financing Agreement and the Escrow Agreement. Interest is payable semiannually on June 1 and December 1 of each year until payment, commencing on December 1, 2026 (the “Payment Date”) to the Owners of record as of the Record Date. Principal components of, and interest components of the Financing Payments on this Obligation shall be received by Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), or its registered assigns in same-day funds on each Payment Date. Such payments shall be made payable to the order of “Cede & Co.” All terms used in this Obligation and not otherwise defined herein shall have the respective meanings assigned thereto in the Financing Agreement and the Escrow Agreement. The Obligations are payable from the Payment Account as provided in the Escrow Agreement.

This Obligation is one of a series of Full Faith and Credit Obligations, Series 2026 (the “Obligations”), being executed and delivered evidencing the aggregate principal amount \$[PAR]. The City is authorized to enter into the Financing Agreement and the Escrow Agreement by Resolution No. 2025-18 adopted by the City Council of the City on December 9, 2025 (the “Resolution”).

This Obligation is subject to prepayment in the manner specified in the Financing Agreement and the Escrow Agreement.

The Financing Payments under the Financing Agreement shall be payable from the City’s general non-restricted revenues and other funds that are lawfully available for that purpose, including, the proceeds of the Financing Agreement and revenues from an ad valorem tax authorized to be levied under the City’s permanent rate limit under sections 11 and 11b, Article XI of the Oregon Constitution, and revenues derived from other taxes, if any, levied by the City in accordance with and subject to limitations and restrictions imposed under applicable law or contract, that are not dedicated, restricted or obligated by law or contract to an inconsistent expenditure or use. The City pledges its full faith and credit and taxing powers to the repayment of the Financing Payments as contemplated by Oregon Revised Statutes 271.390. The registered owners of the Obligations will not have a lien or security interest on the Project financed with the proceeds of the Financing Agreement. THE REGISTERED OWNERS OF THE OBLIGATIONS DO NOT HAVE A LIEN OR SECURITY INTEREST ON THE PROJECT FINANCED WITH THE PROCEEDS OF THE OBLIGATIONS.

The Obligations are initially executed and delivered as a Book-Entry System issue with no Obligation certificates provided to the Owners. Records of Obligation ownership will be maintained by the Escrow Agent and DTC and its participants.

Should the book-entry-only security system be discontinued, the Obligations shall be issued in the form of fully registered Obligations without coupons in the denominations of \$5,000 or any integral multiple thereof. Such Obligations may be exchanged for Obligations of the same aggregate principal amount, but different authorized denominations, as provided in the Resolution.

Any transfer of this Obligation must be registered, as provided in the Resolution, upon the Obligation Register kept for that purpose at the Principal Office of the Registrar. Upon registration, a new registered Obligation or Obligations, of the same series and maturity and in the same aggregate principal amount shall be issued to the transferee as provided in the Resolution. The City and the Registrar may treat the person in whose name this Obligation is registered as its absolute owner for all purposes, as provided in the Resolution.

The Obligation owner may exchange or transfer this Obligation only by surrendering it, together with a written instrument of transfer which is satisfactory to the Registrar and duly executed by the registered owner or his duly authorized attorney, at the principal corporate trust office of the Registrar in the manner and subject to the conditions set forth in the Resolution.

Unless this Obligation is presented by an authorized representative of DTC to the City or its agent for registration, transfer, exchange or payment, and any Obligation issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

THE ESCROW AGENT HAS NO OBLIGATION OR LIABILITY TO THE OWNERS OF OBLIGATIONS FOR THE PAYMENT OF THE INTEREST OR PRINCIPAL PORTIONS PERTAINING TO THE OBLIGATION; THE ESCROW AGENT'S ONLY OBLIGATIONS ARE TO ADMINISTER, FOR THE BENEFIT OF THE CITY AND THE OWNERS OF OBLIGATIONS, THE PAYMENT ACCOUNT ESTABLISHED IN THE ESCROW AGREEMENT AND ONLY SUCH DUTIES AS SET FORTH IN THE ESCROW AGREEMENT.

This Obligation shall remain in the Registrar's custody subject to the provisions of the Fast Automated Securities Transfer (FAST) agreement currently in effect between U.S. Bank Trust Company, National Association, as Registrar and The Depository Trust Company, New York, New York.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the execution and delivery of this Obligation have existed, have happened, and have been performed in due time, form and manner.

IN WITNESS WHEREOF, the Escrow Agent has caused this Obligation to be executed by the manual or facsimile signature of an authorized officer as of the date set forth above.

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION**, not
personally but solely in its capacity as
Escrow Agent

By: _____
Authorized Officer

THIS OBLIGATION SHALL NOT BE VALID UNLESS PROPERLY
AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

Date of Authentication: _____, 2026.

CERTIFICATE OF AUTHENTICATION

This is one of the \$[PAR] Full Faith and Credit Obligations, Series 2026, which represents an interest in the Financing Payments due under the Financing Agreement described herein, and is properly registered and authenticated pursuant to the Escrow Agreement.

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**, as Registrar

By: _____
Authorized Officer

This Obligation shall remain in the Registrar's custody subject to the provisions of the Fast Automated Securities Transfer (FAST) agreement currently in effect between U.S. Bank Trust Company, National Association, as Registrar and The Depository Trust Company, New York, New York.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Please insert social security or other identifying number of assignee)
this Obligation and does hereby irrevocably constitute and appoint
_____ as attorney to transfer this Obligation on the books kept for
registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Obligation in every particular, without alteration or enlargement or any change whatever.

NOTICE: The signatures to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Securities Program ("MSP").

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Obligation, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship and not as tenants in common

OREGON CUSTODIANS use the following

CUST UL OREG _____ MIN as custodian for

(as custodian for) (name of minor)

OR UNIF TRANS MIN ACT

(under the Oregon Uniform Transfer to Minors Act)

Additional abbreviations may also be used though not in the list above.