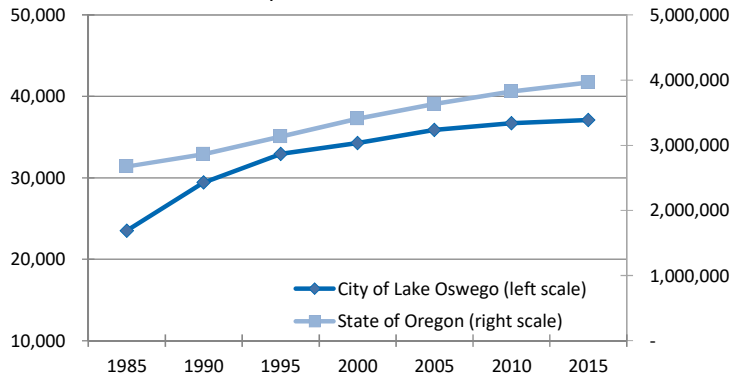


GENERAL AND ECONOMIC INFORMATION

Lake Oswego is located in northwestern Oregon, south of the Portland metropolitan area, in Clackamas, Multnomah, and Washington Counties. These are among the five counties that comprise the Portland-Vancouver Primary Metropolitan Statistical Area. The City's economy is linked with that of the metropolitan area, which is based on manufacturing, national and international trade, and service industries.

Population Trends



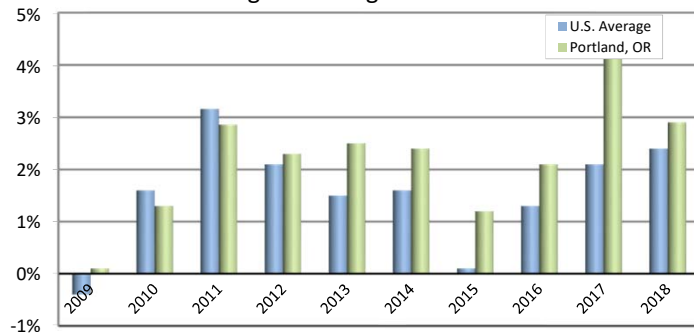
Primarily a residential community, Lake Oswego has a low level of industry and retail-based commercial activity. Most newer commercial development is along Kruse Way, a corridor on the west side near Interstate 5 — a prime section of the beltway around the southwest Portland Metro area.

The city's population increased steadily during the 1980s and early 1990s (about 5% annually), and has increased to an estimated 38,705. The State of Oregon, population is increasing at about 1.2% annually. With new downtown development Lake Oswego grew just under 2% from last year. Future growth is estimated at about 0.6% per year.

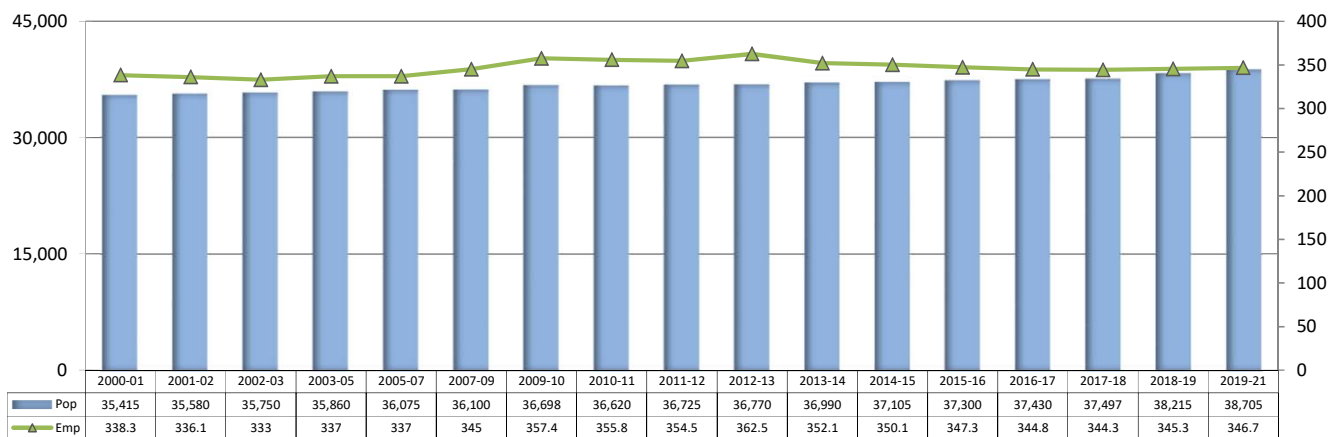
The Bureau of Labor Statistics for the U.S. Department of Labor tracks the Consumer Price Index (CPI-U) for most U.S. cities. The CPI-U is a leading economic indicator that measures inflation, which is central to assessing the cost of living and whether living standards are rising or falling. The graph to the right shows the annual percentage change in this measure and compares the Portland area with the rest of the country.

In 2018, Portland's annual growth rate was greater than the rest of the country; about 2.9% compared to the US average of 2.4%.

Percent Change in Average Annual CPI-U Index



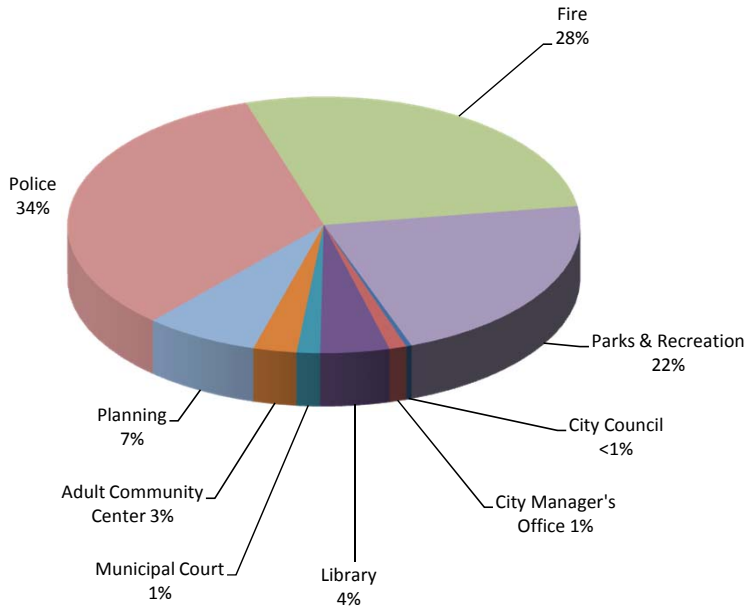
City Population vs. Number of City Employees (FTEs)



This graph compares the City of Lake Oswego's population to the City's number of full-time equivalent (FTE) employees over the past two decades. For the 2019-21 biennium, the City budgeted 346.7 FTE. Expressed in per capita terms, the FTE count is 9.0 employees per thousand of population.

FINANCIAL TRENDS - RESOURCES

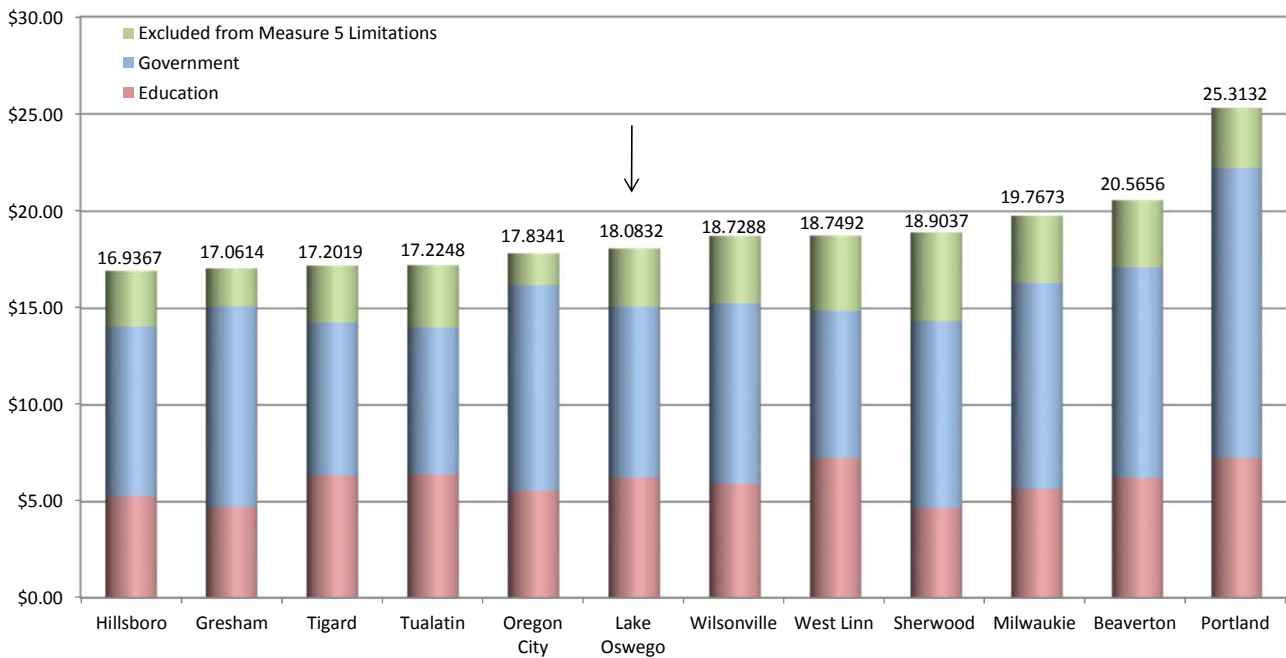
Allocation of General Revenues
2019-21



For the 2019-21 biennium, total General Revenues allocated to various General Fund departments totaled \$75.3 million. A summary of general revenues can be found on page i-22.

Property tax revenue is the major source of general resources for the City. Those revenues along with franchise fees and state shared revenues are included in the allocation.

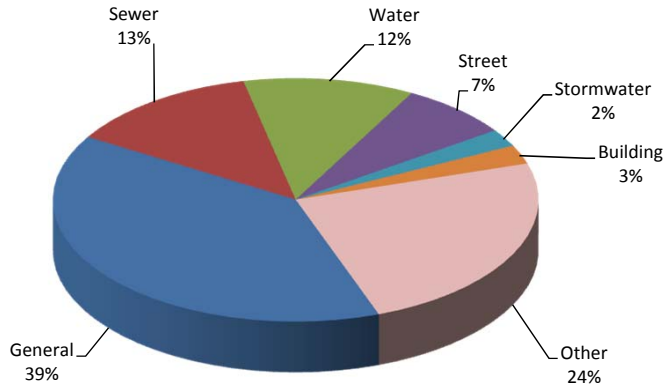
Comparison of Total Property Tax Rates in Portland Metro Area - Fiscal Year 2018-19



The above graph compares the City's total millage rate (based upon the largest tax code area) to other cities in the Portland metro region. Measure 5, passed by voters in 1990, divided property tax levies into three categories and established limits for each category. The categories and limits for each are: Education (\$5.00 per \$1,000 RMV), Government (\$10.00 per \$1,000 RMV), and a third category that is exempt from the limitations (usually general obligation debt).

FINANCIAL TRENDS - REQUIREMENTS

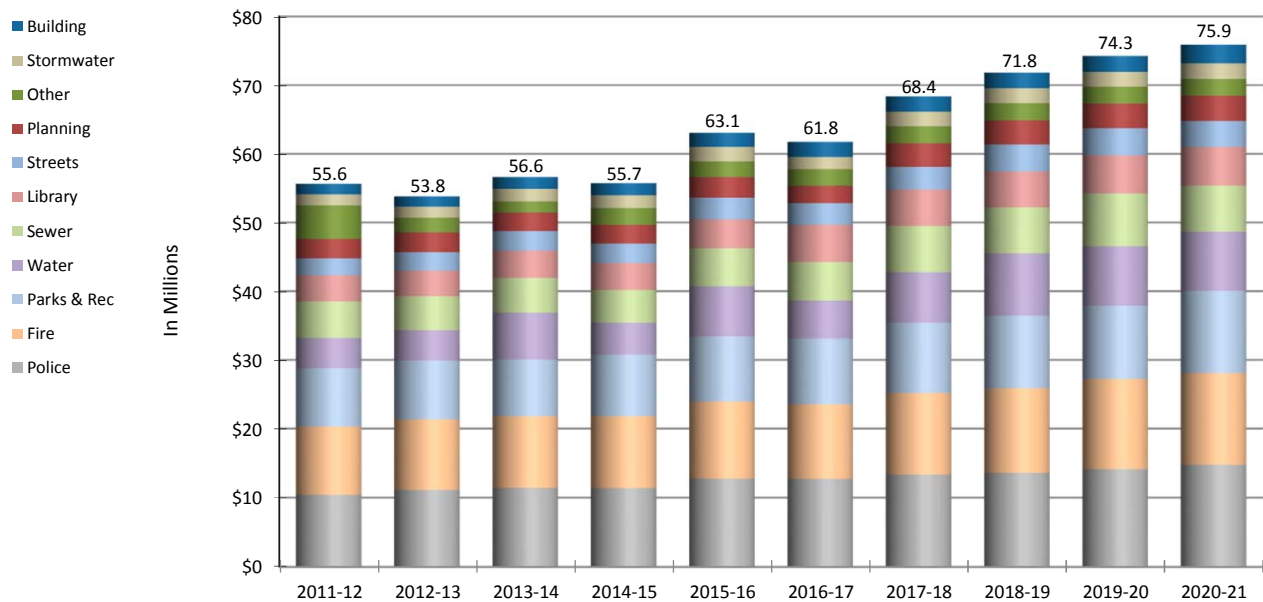
Requirements by Fund
2019-21



Requirements were balanced to 2019-21 resources at \$391.9 million. As the pie chart to the left shows, about 39% of the biennium's requirements are budgeted in the General Fund. The remaining budgeted requirements are allocated between the remaining funds — with small funds grouped in "Other".

The General Fund primary services include Police, Fire, Parks & Recreation, General Administration, Planning, and Library.

Total Budgeted Operating Expenditures by City Service

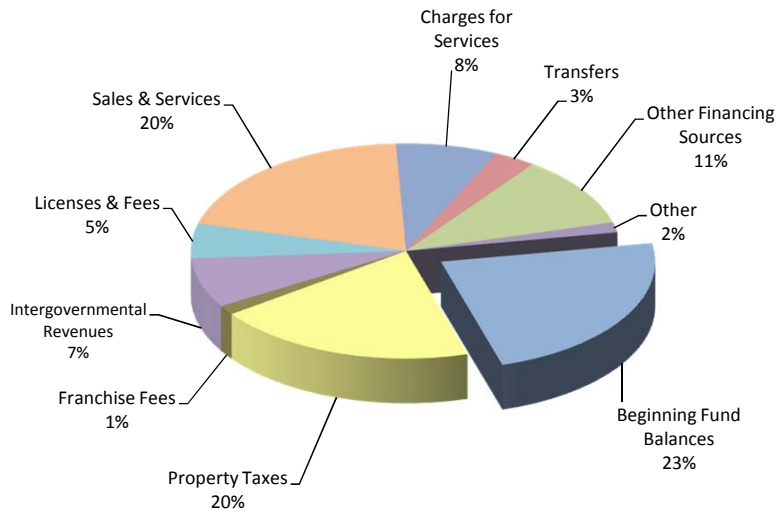


The above graph depicts operating budgets for the direct service programs within the City. For the purpose of this graph, operating budget consists of personnel services, materials and services, and internal fees for service. Actual expenditures were used for fiscal years 2008-09 through 2016-17, and the adopted budget was used for 2017-18 and 2018-19. The "Other" category includes Trolley, Tourism, City Council, Public Affairs, Redevelopment, Nondepartmental, and Municipal Court.

** Original budgets for the fiscal years from 2011-12 through 2013-14 did not include fees for service to the General Fund if the program was included in the General Fund. These amounts have been included for comparison purposes. Beginning July 1, 2019 Golf is included with Parks & Recreation.*

FINANCIAL TRENDS - RESOURCES & REQUIREMENTS

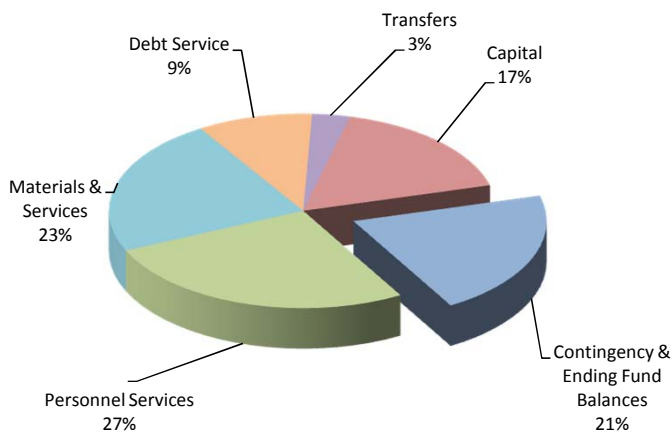
Resources by Source
2019-21



For the 2019-21 biennium, total resources are \$391.9 million -- 7% or \$29.3 million represents intergovernmental revenues, which includes \$8.4 million of State Shared Revenues and a \$6.3 million levy from the County Library District.

Property tax revenues, including delinquencies, continue to be a major source of resources for the City. For the biennium, the rates are held constant for a total of \$76.9 million.

Requirements by Use
2019-21



Requirements were "balanced" to 2019-21 resources at \$391.9 million. As the pie chart to the left shows, about \$83.6 million of this biennium's requirements are budgeted as contingency and ending fund balances. The remaining budgeted requirements are allocated between personnel services, materials & services, and debt service, transfers, and capital.