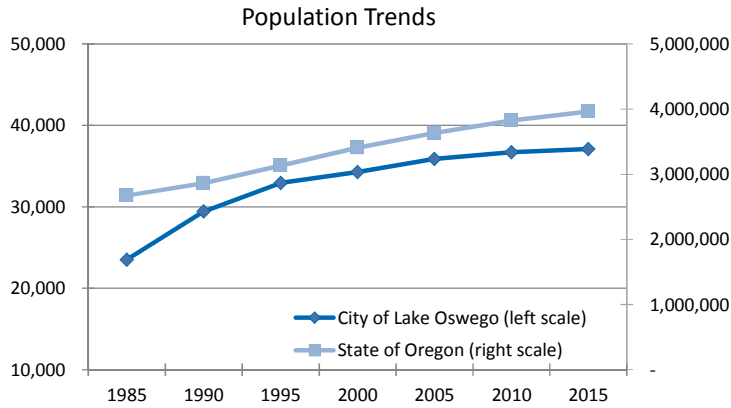


GENERAL AND ECONOMIC INFORMATION

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.

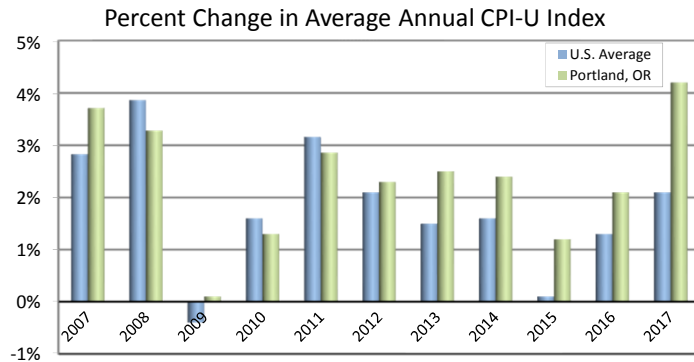


Primarily a residential community, Lake Oswego has a low level of industry and retail-based commercial activity. Most newer commercial development is along Kruse Way, a corridor on the west side near Interstate 5 — a prime section of the beltway around the southwest Portland Metro area.

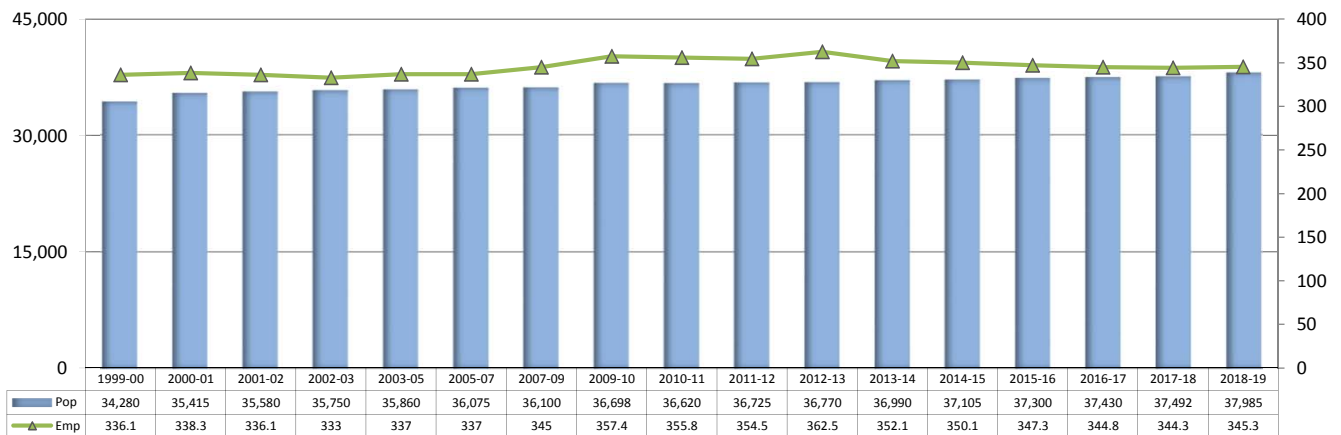
The city's population increased steadily during the 1980s and early 1990s (about 5% annually), and has increased to an estimated 37,985. Compared with the State of Oregon, which is increasing in population at about 1.6% annually, Lake Oswego growth trend has been just under 0.2% annually. With new downtown development next year's growth is estimated at about 1.3%.

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 2017, Portland's annual growth rate was greater than the rest of the country; about 4.2% compared to the US average of 2.1%.

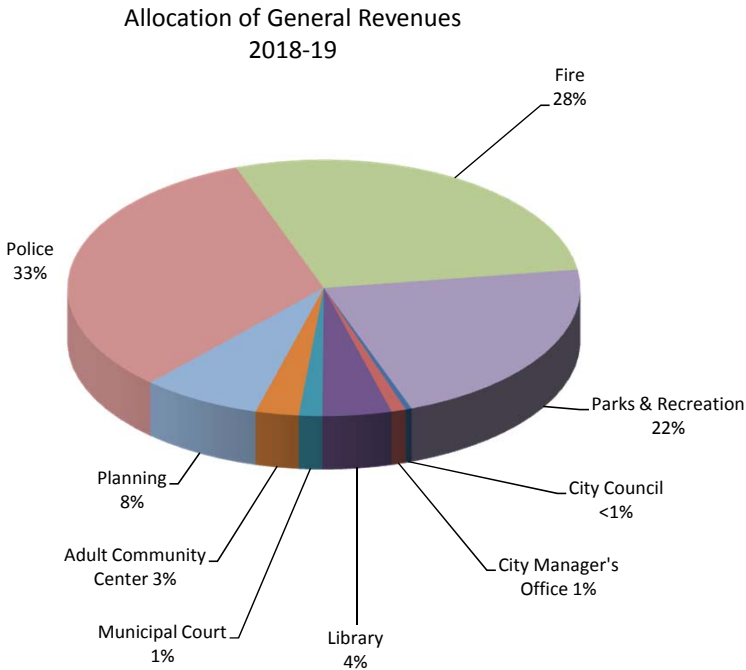


City Population vs. Number of City Employees (FTEs)



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 2018-19 fiscal year, the City budgeted 345.3 FTE. Expressed in per capita terms, the FTE count is 9.1 employees per thousand of population.

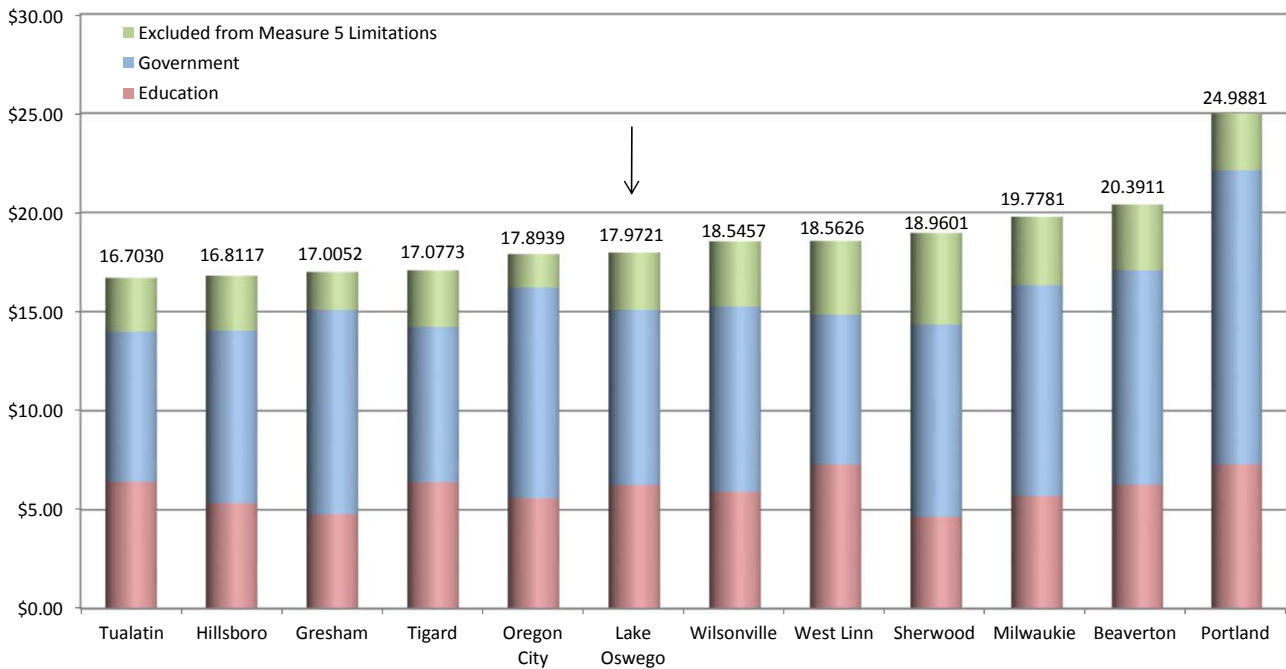
FINANCIAL TRENDS - RESOURCES



For the 2018-19 fiscal year, total General Revenues allocated to various General Fund departments totaled \$35.9 million. A summary of general revenues can be found on page i-18.

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.

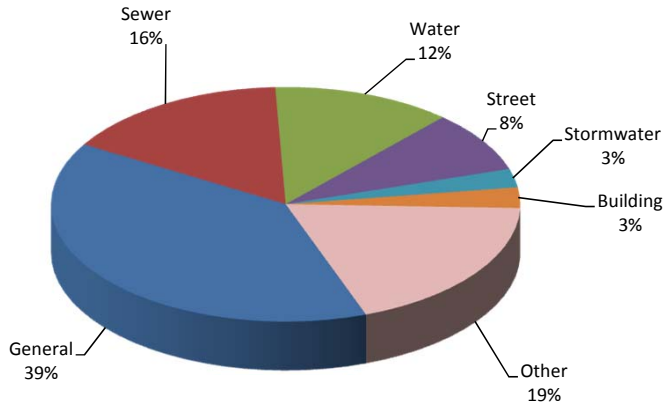
Comparison of Total Property Tax Rates in Portland Metro Area - Fiscal Year 2017-18



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

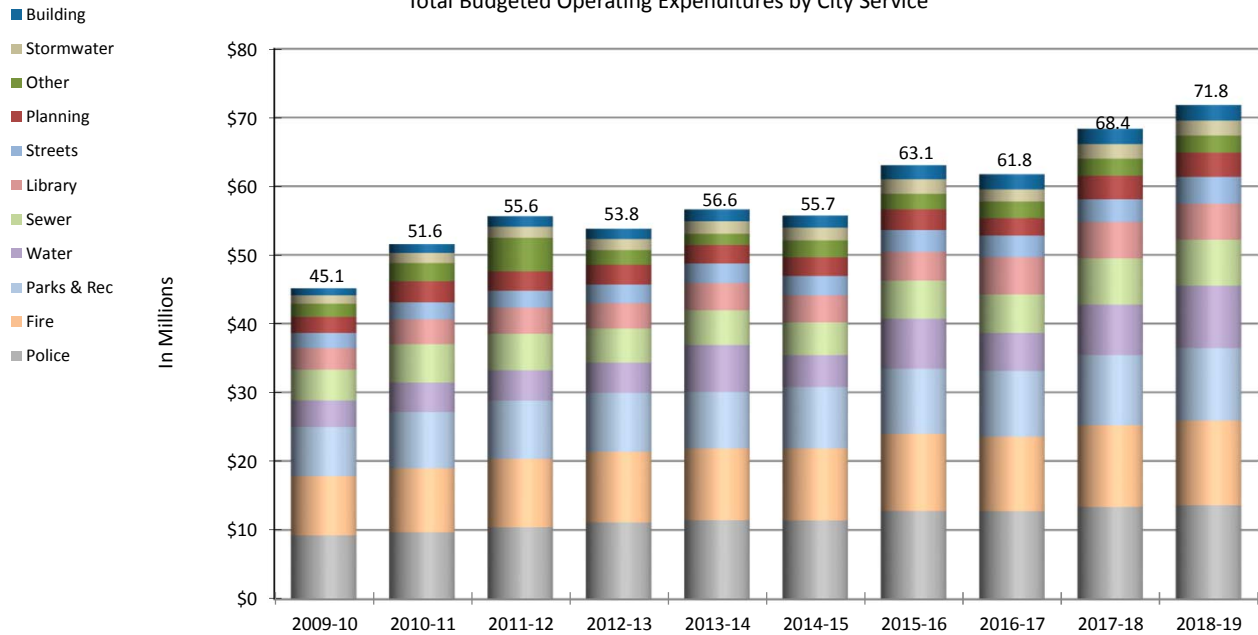
Requirements by Fund
2018-19



Requirements were balanced to 2018-19 resources at \$211.5 million. As the pie chart to the left shows, about 39% of this fiscal year'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

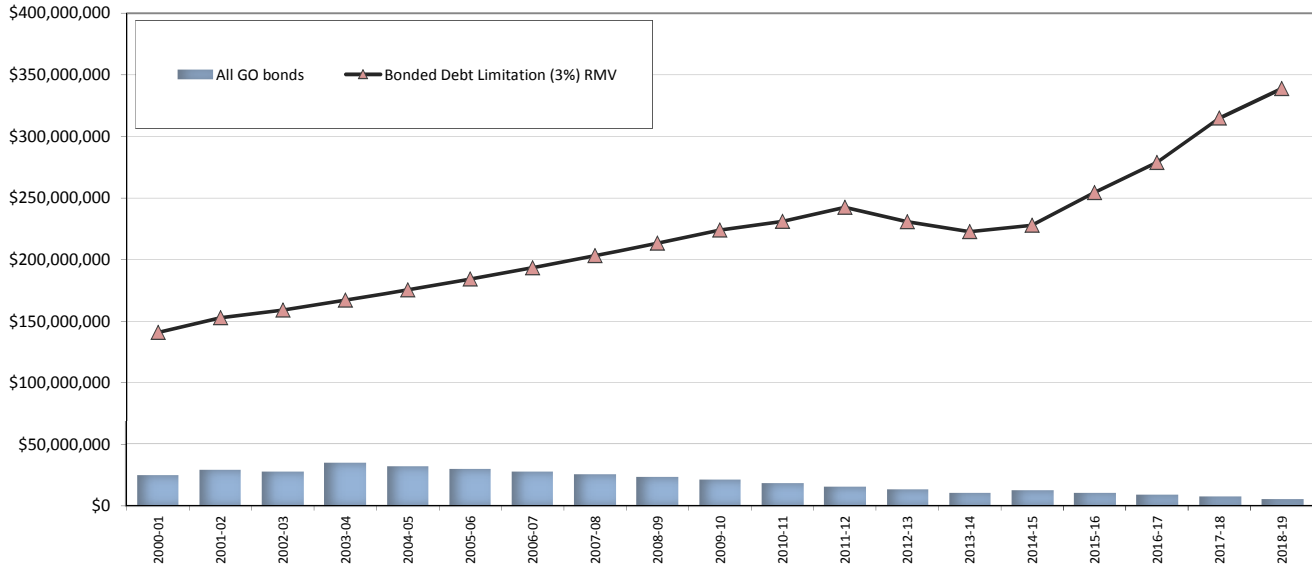


The above graph depicts operating budgets for the direct service programs within the City. For the purpose of this graph, operating budget consists of personnel services, materials and services, and internal fees for service. Actual expenditures were used for 2008-09 through 2016-17, adopted budget was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

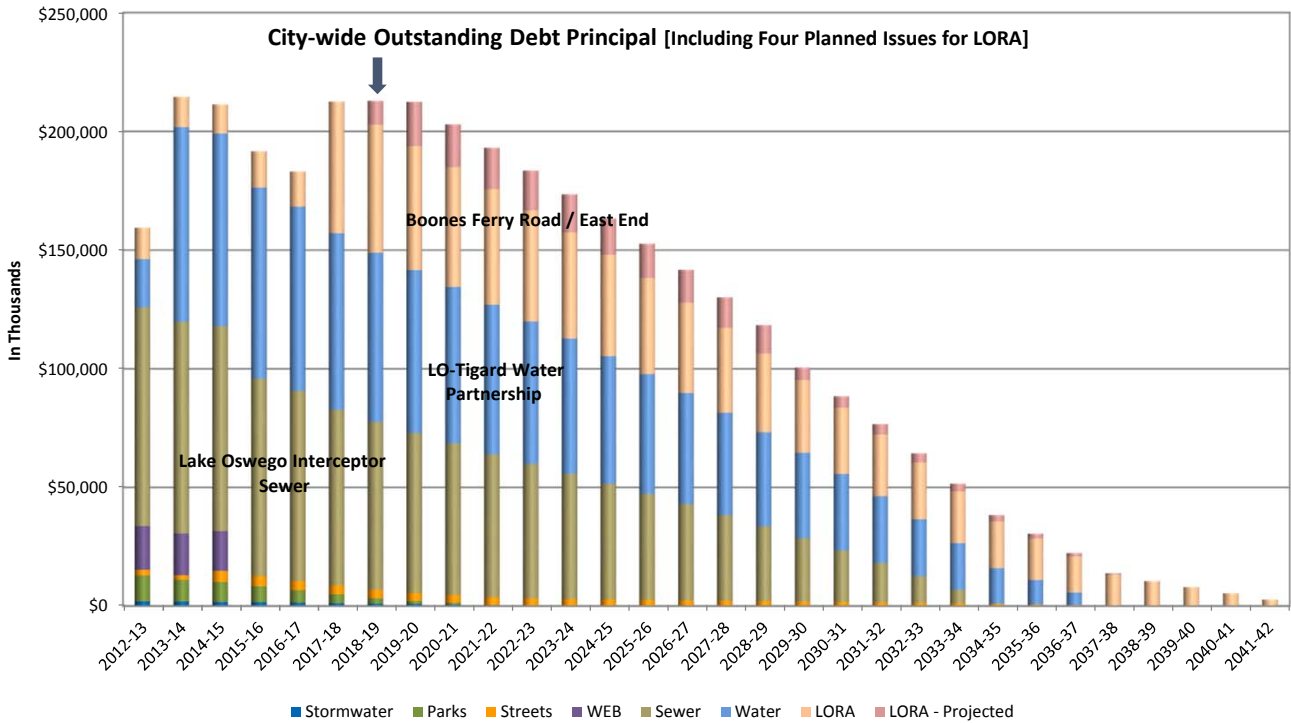
* Original budgets for the fiscal years from 2009-10 through 2013-14 did not include fees for service to the General Fund if the program was included in the General Fund. These amounts have been included for comparison purposes.

FINANCIAL TRENDS - BONDED DEBT

General Obligation Bonded Indebtedness



The columns in the above graph show the City's total general obligation (G.O.) debt. ORS 287A.050 sets a legal limit on G.O. bonded indebtedness at 3% of the total real market value in the city. The City's G.O. bonded indebtedness has stayed less than 1%, well below this limit. The graph reflects existing general obligation bond issues only and does not project for any future ballot measures that may increase general obligation debt.



In the last several years, the City has issued debt to fund large public infrastructure improvement and replacement projects such as the Lake Oswego Interceptor Sewer (\$110 million), and the Lake Oswego Tigard Water Partnership (\$96 million). A City Council adopted policy is for total outstanding indebtedness not to exceed \$250 million, not including voter approved general obligation bonds. The Boones Ferry Road / East End outstanding debt principal is from preliminary estimates.

PROPERTY TAXES

Property Taxes Adopted Fiscal Year 2018-19 Calculation	Inside L.O. School Dist.	Outside L.O. School Dist.	Total	
Prior year's actual assessed value, 2017-18	\$7,027,239,873	\$403,544,501	\$7,430,784,374	
Plus estimated increases in assessed value:				
General growth @ 3%	210,501,722	11,852,138	222,353,860	
Estimation for new construction	69,912,448	-	69,912,448	
Special urban renewal growth	26,000,000	-	26,000,000	
Less urban renewal agency's estimated excess assessed value over its frozen tax base	<u>(387,754,649)</u>	-	<u>(387,754,649)</u>	
2018-19 estimated assessed value	\$6,945,899,394	\$415,396,639	\$7,361,296,033	
Tax rate:				
Permanent tax rate authority (5.0353 / 4.5884)			Gross levy	Net Levy
Proposed tax rate levied	<u>4.9703</u>	4.5884	@ 100%	@ 94%
2018-19 permanent taxes levied	\$34,523,205	\$1,906,006	\$36,429,211	\$ 34,243,000
2018-19 bonded debt tax rate and bonded debt levy		<u>0.2792</u>	\$1,973,404	<u>1,855,000</u>
Total net levy (estimated current property taxes to be collected, excluding delinquencies)				<u><u>\$ 36,098,000</u></u>