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Signature: [Handwritten Signature]

PARKS & RECREATION

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Date: 06/30/2016      Updated: 06/30/2024      Date To Be Reviewed: Annually – 06/30/2025

## Title of Document: 5.4.1 LOPR\_Budget Development Guidelines

This document also addresses CAPRA Standards: 5.3.2, 5.5 and 5.5.1

### **Background:**

Beginning with the 2014-15 fiscal year, the City of Lake Oswego adopted a budget management system that gives the managers of the general fund departments the same budget authority and responsibility as the managers of the enterprise and special revenue funds. In the case of enterprise funds (e.g., water or Indoor Tennis Center) or special revenue funds (e.g., streets), the manager is confronted by the discipline of a balanced budget. Expenditures can never exceed available resources, and the manager has to be creative in finding new sources of revenue and in cutting costs. The number and level of positions, the cost of union contracts, and interest earnings on invested cash are all important factors in managing the budget. There is no “spend it or lose it” incentive, because spending in one budget period directly reduces the beginning balance in the following budget period. This major change in budget development has made a significant impact to how department and fund leaders view their respective budgets and are more closely linked into and held accountable for the budget development process.

The City of Lake Oswego Budget Process and Philosophy are stated in the Lake Oswego Adopted Budget 2023-2025, starting on page i-3, or go directly to the specific document using the link below:

[Microsoft Word - Budget Process and Philosophy-23-25 update.docx \(oswego.or.us\)](#)

### **Procedures:**

The City of Lake Oswego operates on a biennial budget, and the fiscal year runs July 1 through June 30. The current budget can be found at [Adopted City Budget for the 2023-25 Biennium | City of Lake Oswego](#). The Finance Department sends out communications to all Department Directors advising them of the pertinent budget requirements and timeline for submission. Custom budget worksheets are made available in Tyler for Departments to access and utilize during budget creation.

City Departments begin creating budgets in late fall and the process continues through early winter. The prepared budget is presented to the budget committee early spring. The budget committee approves the budget late spring. Budget committee agendas and meeting minutes can be found at the link above along with previous years’ budgets. The City Council reviews the committee’s recommendations and may modify budget items prior to approving it in June.



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The respective departments are responsible for inputting budget numbers into the Tyler accounting system in order for the Finance Department to prepare the reports for the Budget Committee. The Finance Department provides the expected completion date for the inputting of budget numbers. The new budget becomes effective July 1.

Complete information about the budget process and timeline can be found online at the link below: [Budget Process with Calendar](#)

### 5.3.2 Position Authorization Procedures

In the Lake Oswego Adopted Budget 2023-2025, page i-6, Item 4 addresses 5.3.2 Position Authorization Procedures.

**4. Responsibility for Personnel Costs.** One could argue that the cost of employees is outside the control of operating managers. Salaries are set by union contracts (approved by the City Council) or by a citywide classification system. Pension costs are set by the state. Healthcare costs are also set by union contracts or through citywide contracts.

However, operating managers set the number and level of positions in their departments. The cost of wages, health care and other benefits are known, and Department Directors are well aware of the trade-offs between personnel spending and other costs, such as materials and equipment.

After the general fund managers receive their share of general revenues, they must balance their costs, including personnel costs. The finance department projects the salary and benefit costs for each current employee, but the department heads have to add them into the budget. In other words, operating managers are responsible for *all* the costs of providing service, including staff costs.

Refer to Appendix A at the end of this document to view the FTE allocations by department.

Lake Oswego Parks & Recreation (LOPR) additionally prepares budget “cheatsheets” for its divisions to provide a easy to use, quick glimpse at their budgets. All staff are able to access Tyler to run specific reports. The Finance Department also provides detailed monthly revenue and expenditure reports which are available through the City’s Private Pages, Finance.

### 5.5 Budget Control Procedures

The City Manager has responsibility for management of the overall City budget and maintaining budgetary control at the approved appropriation level. Ongoing review and monitoring of revenues and expenditures is performed by the Finance Department and the appropriate operating departments. Under the City’s expenditure limitation, total expenditures cannot



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exceed the final appropriation once the budget is adopted. Monthly revenue and expense information is available from the Finance Department and located in the Private Pages, Finance, Budgets. End of year estimates and the future year’s forecasts are also conducted by the Finance Department with the operating departments providing the information. All staff with budget responsibility shall review their status monthly to ensure accuracy and compliance. Corrections or adjustments (i.e. transfers from one account code to another) are negotiated with the Finance Department.

The City also offers a financial dashboard at [LODash \(oswego.or.us\)](http://LODash.oswego.or.us) which allows anyone to observe a fund’s budget, resources and expenditures.

### 5.5.1 Budget Amendments

There will be times when an adopted budget has no authority to make certain expenditures or when revenues are received for which the City had no prior knowledge. The budget may be amended during a budget period (usually mid fiscal year) through adoption of a transfer resolution or supplemental budget to authorize expenditures and/or appropriate additional revenues in the current budget period. Amendments to budget appropriations are approved by Council. By transferring appropriations, the City usually has enough flexibility to carry out the programs prescribed in its adopted budget.

A staff report is developed with the financial information provided and the justification for the requested amendment to the existing budget. City Council has approval authority to authorize the amendment and does so through the utilization of a resolution.

#### **Related Documents:**

- PP&P Section 5, 5.1,5.2 LOPR\_City of Lake Oswego Fiscal Policies and Management Procedures
- PP&P Section 5, 5.1.A,5.2.A LOPR\_Supplemental Fiscal Practices
- PP&P Section 5, 5.1.1 LOPR\_Comprehensive Revenue Policy
- PP&P Section 5, 5.2.2 LOPR\_Purchasing Procedures
- PP&P Section 5, 5.2.2.1 LOPR\_Emergency Purchasing Procedures

**Responsibility/Contacts:** Director, Deputy Directors, Managers, Administrative Assistants

#### **Appendix A FY 2023-25 Organization Chart with Adopted Budgets and FTEs**



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