



Director Approval - Original Approval Date: 12/31/2019
Update Approval Date: 12/31/2022
Signature: _____

PARKS & RECREATION

Date: 12/31/2019 **Updated:** 12/31/2022 **Date To Be Reviewed:** Three Years – 12/31/2025

Title of Document: 5.4.2 LOPR_Budget Recommendations

Background:

A budget as defined by Oregon State Law, is a financial plan containing estimates of revenues and expenditures for a given period or purpose. Local governments in Oregon operate on a fiscal year that begins July 1 and ends the following June 30 or a 2-year biennium that ends on June 30.

Local budget law sets standard procedures for preparing and presenting budgets for most of Oregon's local governments. Citizen involvement in the budget process is encouraged and local budget law offers a way for local governments to outline programs and services in a manner that is informational to the public.

The City of Lake Oswego follows:

General Policies:

1. The City organization will carry out the City Council's goals, objectives, and policies through a service delivery system financed through the Operating and Capital Budgets.
2. The relationship between the Operating and Capital Budgets will be explicitly recognized and incorporated into the budget process. Funding for these budgets shall be sufficient to provide municipal operating services and maintenance or enhancement of fixed assets needed to support public demand for City services.
3. The City will take positive steps to improve the productivity of its programs and employees, and will seek ways to eliminate duplicative functions within the city government and between the City of Lake Oswego and other public agencies in the community. Specifically, intensive reviews of the efficiency and effectiveness of certain City services will be periodically undertaken. A reporting mechanism highlighting the service efforts and accomplishments of the City's major services will also be developed.
4. Whenever feasible, government activities will be considered enterprises if so doing will increase efficiency of service delivery or recover the cost of providing the service from the benefiting entity by user fees.
5. Adequate reserves will be maintained for all known liabilities, including employee leave balances.



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6. Efforts will be coordinated with other governmental agencies to achieve common policy objectives, share the cost of providing governmental services on an equitable basis, and support favorable legislation at the state and federal level.
 7. We will seek out, apply for, and effectively administer federal, state, and foundation grants-in-aid that address the City's current priorities and policy objectives.
 8. Initiate, encourage and participate in economic development efforts to create job opportunities and strengthen the local economy.
 9. Ensure that the Public Employees' Retirement Fund (PERS) is adequately funded and operated for the exclusive benefit of the participants and their beneficiaries.

Revenue Policies

Design, maintain, and administer a revenue system that will assure a reliable, equitable, diversified, and sufficient revenue stream to support desired City services.

1. The City will try to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one source.
2. The City will follow an aggressive policy of collecting revenues.
3. The City will establish all user charges fees at a level related to the full costs (operating, direct, indirect and capital) of providing the service. The City will review fees/charges periodically.
4. The City will consider market rates and charges levied by other municipalities of similar size for like services in establishing rates, fees and charges.
5. Enterprise and Internal Service operations will be self-supporting.

Expenditure Policies

Identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.

1. The City shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues plus the planned use of fund balance accumulated through prior years.
2. The City shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year-



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end. Corrective actions can include a hiring freeze, expenditure reductions, fee increases, or use of contingencies. Expenditure deferrals into the following fiscal year, short-term loans, or use of one-time revenue sources shall be avoided.

3. The City Manager shall undertake periodic staff and third-party reviews of City programs for both efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternatives to service delivery. Programs that are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.

4. The City shall make every effort to maximize any discounts offered by creditors/vendors. Staff shall also use competitive bidding to attain the best possible price on goods and services.

Fund Balance/Contingencies Policies

Maintain the reserves, contingencies, and ending fund balances of the various operating funds at levels sufficient to protect the City's credit as well as its financial position from emergencies. The following summarizes the City's Finance Policy No.1 in reserve levels and ending fund balances:

General Fund:

- Contingency, 14% of operations, plus an amount for risk management
- Ending fund balance, 16% of operations

Tennis Fund:

- Contingency, 10% of operations
- Ending fund balance, sufficient for a pay-as-you-go for CIP

Bonded Debt Service Fund:

- Ending fund balance, 100% for dry period

Note: No more than 25% of the general funds' reserves may be held in land at any one-time.

Fund Contingencies

The Tennis, Street, Water, Sewer, and Stormwater funds shall each maintain general contingencies equal to at least 10% of their operational requirements.

The Systems Development Charges Fund shall maintain general contingencies equal to the net balance of the fund.

The Engineering Fund shall maintain general contingencies equal to at least 5% of operations.

The Public Works Support Services Fund shall maintain general contingencies of at least 3% of operations.

Fund Balance

Order of spending fund balance: the City considers when both restricted and unrestricted fund



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balance is available for use, the City is to use restricted fund balance first, and then unrestricted fund balance as needed. When unrestricted fund balance is spent, the City will consider that committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts last.

The [budget](#) is proposed by the City Manager, approved by the [Budget Committee](#), and then adopted by the City Council. The City Council adopts a budget that is basically the financial plan for the City, which incorporates the 6-year [Capital Improvement Plan](#).

The City Manager has responsibility for management of the overall City budget. Ongoing review and monitoring of revenues and expenditures is performed by the Finance Department and the appropriate operating departments.

City Budget:

The City's [2021-23 Adopted Budget](#) information and the Budget in Brief document is online.

The Budget Committee is made up of the seven City Council members and seven appointed citizens. The [Budget Committee](#) approves the Proposed Budget in the Spring, then the Approved Budget is recommended to the City Council and they review then adopt a budget that is basically the financial plan for the City. The Adopted Budget incorporates the Capital Improvement Plan. The budget forms the basis for budget appropriations and includes any revisions or adjustments made by the Budget Committee.

Any citizen who is interested in reviewing the budget may contact the Finance Department at City Hall or view it [online](#). Copies of the budget in brief are also available for review at the public Library. The actual budget document contains extensive line details and is about an inch thick.

These are some significant steps in a budget process:

- **April 28, 2021** – The City Manager presents the Proposed Budget to the Budget Committee. This provides a starting point for discussions. A Budget Committee meeting is for public review and consideration of the document. The Budget Committee deliberates on the Proposed Budget then approves the Proposed Budget with any amendments after receiving public comment. The Approved Budget is then recommended to the City Council.
- **June 2021** – The **Adopted Budget**. The City Council reviews and considers the Approved Budget, deliberates and, where they determine appropriate, makes further adjustments which are embodied into the Adopted Budget.



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- **July 1** – Implementation of the budget adopted by the City Council. The services and projects within the Adopted Budget are implemented.

In addition, the Budget Committee met on March 18, 2021 for a pre-meeting (*prior to distribution of the budget document at the April meeting*) to go over ground rules and other information.

Tools to make decisions for the LOPR budget include:

Financial Dashboard [LODash \(oswego.or.us\)](http://LODash.oswego.or.us)

Adopted City Budget [Adopted City Budget for the 2021-23 Biennium | City of Lake Oswego](#)

Additional Resources:

Personnel Projection Spreadsheets - see Deputy Directors

Divisional Actual Revenue & Expense Reports from Tyler

Division Cheat sheets - see Deputy Directors

Responsibility/Contacts: Director, Deputy Directors, Administrative Assistants