

This Reader's Guide provides an overview of the budget document structure, budget process, budget calendar, the City's fund and organization structure, and general City information. This guide is designed to help familiarize the reader with the City and its budget.

The City of Medford's budget document is designed to provide information to assist the reader in understanding how the City plans to meet the needs of the community. The document also includes information on City operations and funding sources so citizens can better understand how their City operates. The City's budget has been divided into fourteen chapters.

Chapter 1, Summary

This chapter contains the City Manager's Budget Message, Reader's Guide, and Budget Overview. The Budget Message discusses the current state of the City and its future plans. The Budget Message highlights the major provisions that have been included in the 2019-2021 Biennial Budget. It also discusses changes from the prior year's budget and budget assumptions used to prepare the budget. The Budget Overview provides a summary of the 2019-2021 Biennial Budget providing the reader with background information, category descriptions and the comprehensive financial policy. It also contains a variety of other budget-related information.

Chapter 2, Budget Issues

The Budget Issues chapter identifies increased needs in Personnel or Material and Services that departments determined are necessary to meet objectives and accomplish performance outcomes set forth in the Budget Narrative for the next biennium. There is also a proposal to increase the Public Safety fee to provide necessary additional revenue.

Chapters 3 through 10

These chapters include a description of each major department, their achievements and accomplishments in the 2017/2019 biennium, department organization and position listing, key objectives and performance measures, current and historical budget appropriations, a listing of equipment purchases and a detailed description of Capital Improvement Projects. These chapters have been significantly revised from previous budget presentations to provide the reader with more information about each department, its function and why the requested funding is needed. The chapters are as follows:

- Chapter 3, Police
- Chapter 4, Fire
- Chapter 5, Parks, Recreation and Facilities
- Chapter 6, Governance and City Management
- Chapter 7, Planning
- Chapter 8, Building
- Chapter 9, Public Works
- Chapter 10, Internal Services

Chapter 11, Resources & Requirements

The Resources & Requirements chapter shows the City's fund structure and detailed fund reconciliations for each fund managed by the City. A fund is a self-balancing set of accounts that is used to track revenues and expenditures for specific operations. Under Oregon law and Generally Accepted Accounting Principles, revenues and expenditures of individual funds may not be co-mingled. This section shows current and historical information on the resources and requirements of each of the City's funds.

Chapter 12, Revenues

The Revenues chapter contains information about the City's primary sources of revenue across all funds and a city-wide summary of revenue by type. This section also provides historical information from the previous two biennia, the current adjusted biennial budget, as well as the proposed 2019-2021 budget information on the City's funds.

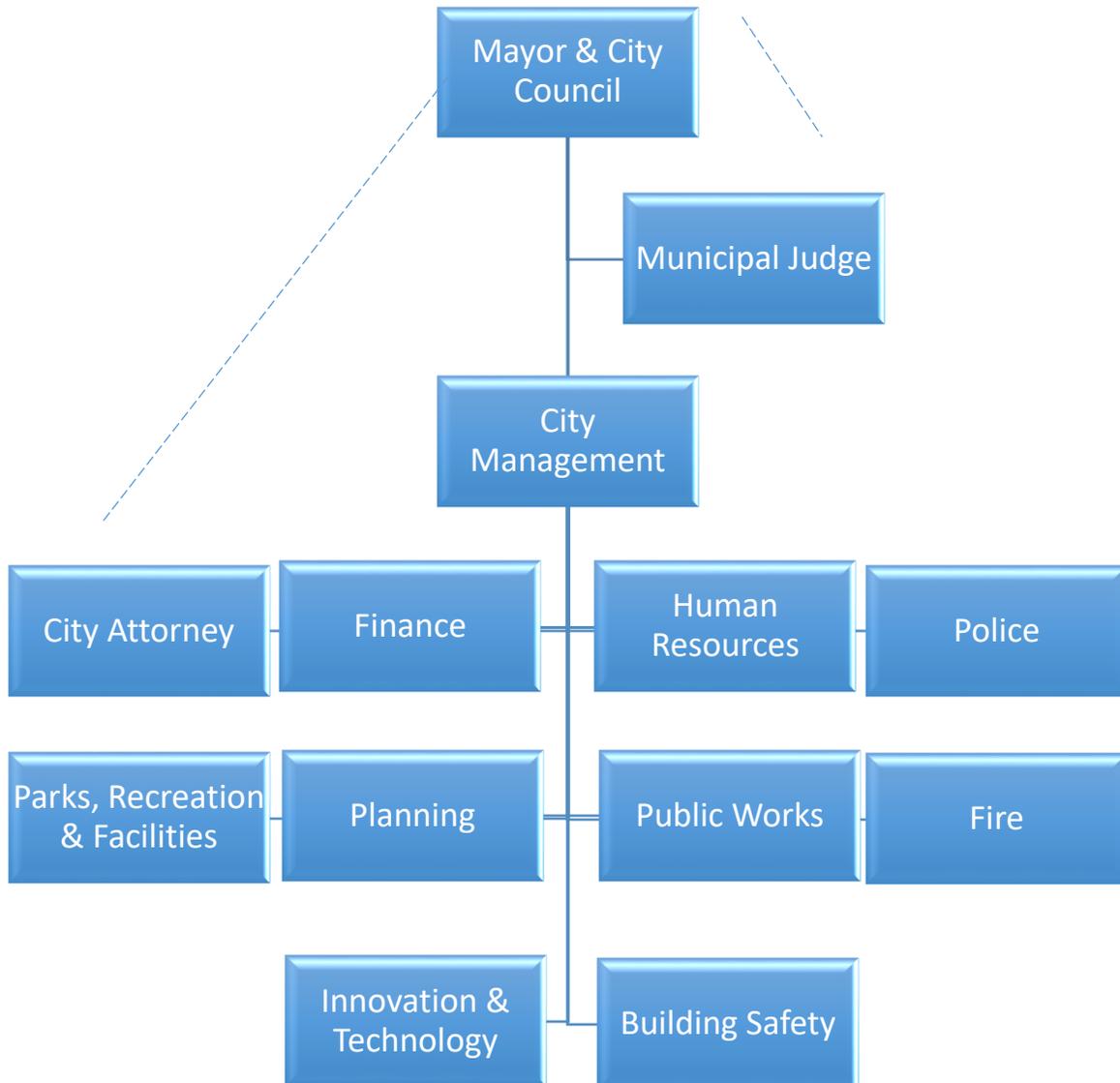
Chapter 13, Expenditure Detail

The Expenditure Detail chapter presents a summary of the City's expenditures by fund and provides detailed Personnel Services, Materials & Services, and Capital Outlay expenditures for each division within the City.

Chapter 14, Future Biennia

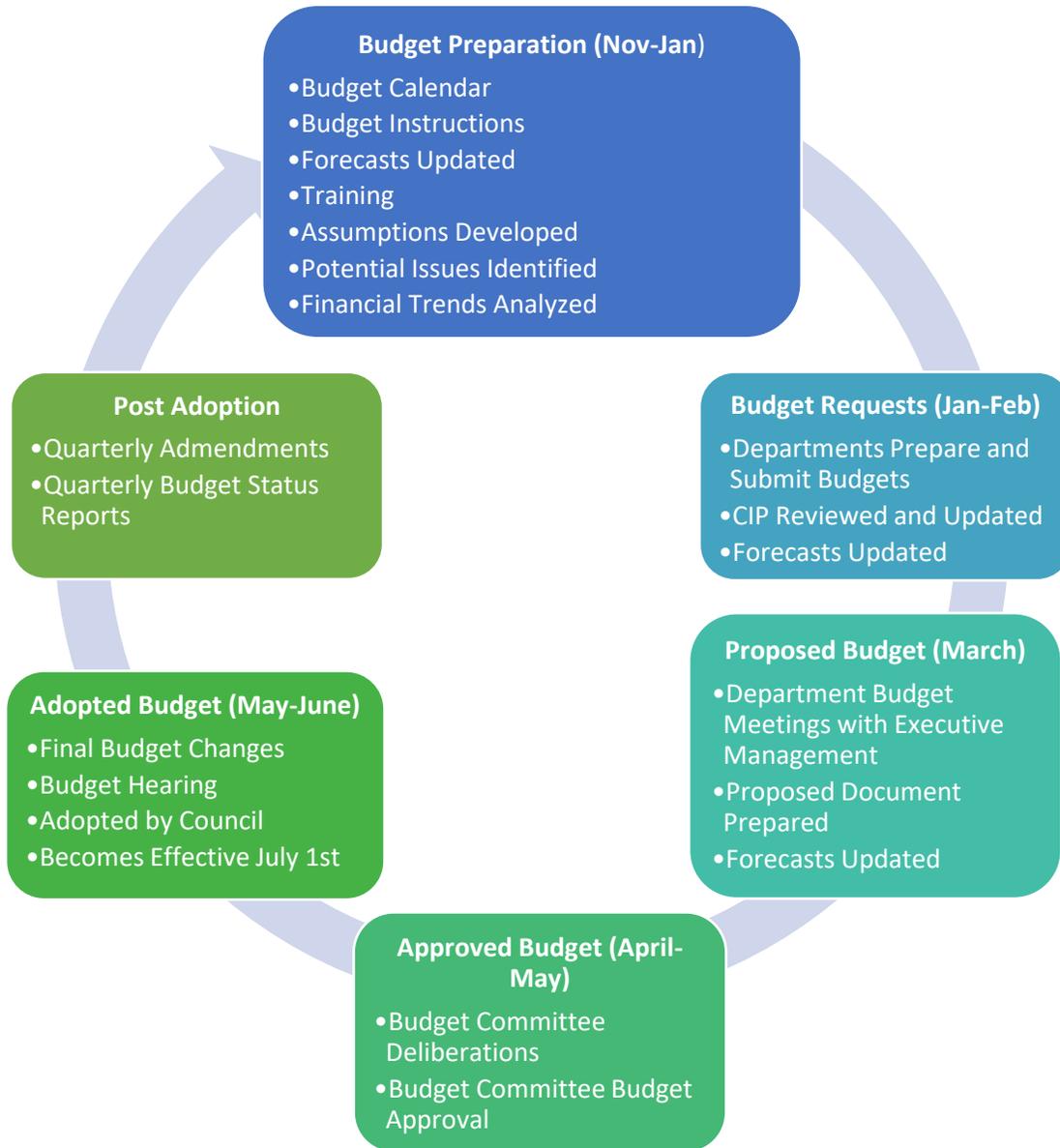
This new chapter provides a high-level forecast of resources and requirements for the next two biennia (2022-2025). Each department analyzed future trends impacting operations and explained any changes outside an assumed growth rate of 1.25% per year.

Organizational Chart



Budget Process

The process followed in the preparation of the City's budget complies with Oregon Local Budget Law established by the State of Oregon under Oregon Revised Statutes. The process of events leading up to the adoption of this budget are as follows:



Oregon Local Budget Law allows public input, participation and deliberation throughout the process. Budget Committee meetings are open to the public and are advertised as such. Advertisement of the public hearing prior to City Council adoption includes a summary of the budget as approved by the Budget Committee.

The proposed budget is submitted to the Budget Committee in April and is available to the public. The approved budget is submitted to the City Council in June.

After the Budget Committee reviews the proposed budget and makes any appropriate changes, the Committee will then recommend and forward to the City Council an approved budget. After a public hearing, the Council will take under consideration and take action on any final changes deemed appropriate, and adopt the budget in June. Should the Council recommend an increase in appropriations greater than 10% of the approved appropriations in any one fund, by law the Budget Committee must reconvene to consider and approve the proposed change(s). Although the budget is detailed by line item within the categories of each fund, the budget will be adopted at the program or department level within each fund. The line item budget will be published and used as a management tool for budgetary control.

Budget Amendment Procedures

Oregon Local Budget Law sets forth procedures to be followed to amend the budget as events occur after budget adoption. The type of event determines the procedures to be followed.

The adopted budget includes contingencies. Contingencies are amounts appropriated in anticipation that some operating expenditures will become necessary which cannot be foreseen and planned in the budget. A general operating fund may contain one line for operating contingency.

Oregon Local Budget Law provides that certain budget changes may be made by the governing body without Budget Committee action. Such changes include:

- Award of a grant for a specific purpose
- Refunds of prior expenditures
- Voter approved bond sales
- Expenditures of special assessments
- Expenditures of insurance proceeds
- Transfers of appropriations in a fund

Most other budget changes, after budget adoption, require a supplemental budget. A supplemental budget can be acted on by the City Council at a regularly scheduled meeting. If, however, the supplemental budget results in changes greater than 15% in any fund, the supplemental budget must be published prior to the meeting. If at least ten taxpayers request in writing, within ten days of the notice, the Council must refer the supplemental budget to the Budget Committee prior to consideration and action.

Budget Calendar

Date	Time	Meeting	Location
Monday, April 8, 2019	6 p.m.	Preliminary Budget Distributed	Prescott Room
Monday, April 29, 2019	6 p.m.	Budget Committee – 1 st Mtg	Prescott Room
Wednesday, May 1, 2019	6 p.m.	Budget Committee - 2 nd Mtg	Prescott Room
Monday, May 6, 2019	6 p.m.	Budget Committee-3 rd Mtg	Prescott Room
Wednesday, May 8, 2019	6 p.m.	Budget Committee-4 th Mtg	Prescott Room
Thursday, June 6, 2019	6 p.m.	City Council Budget Adoption	Council Chambers

Basis of Budgeting

The basis of budgeting is largely the same as the basis of accounting with a few exceptions. Budgets are prepared in accordance with the modified accrual basis of accounting for Governmental Fund Types. Proprietary Fund Type budgets follow the accrual basis of accounting except capital outlay, shown as an expense on budgetary basis and capitalized for accounting purposes, and depreciation which is not shown as a budgetary expense. Proprietary Funds also accrue compensated absences when incurred and become a fund liability. In the Governmental Funds, compensated absences are paid with current resources and reported as expenditures.

Activities of the general fund, special revenue funds, debt service funds, enterprise funds, internal service funds and reserve funds are included in the biennial appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the program level within each individual fund. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. All encumbered amounts lapse at the end of the biennium.

Account Structure

The City's account structure is comprised of two main components: ORG KEY & OBJECT CODE. Budget amounts are entered and tracked at the KEY OBJECT level detail.

Org Key

The 7 digit ORG KEY is the combination of the 3 digit Fund Number and the 4 digit Division Code. The Division Code is a summary of the Department and Division. The ORG KEY describes **WHO** is receiving the revenue or making the expense and where the revenue or expenditure should be recorded.

FUNDS are organized by major programs:

- General: 1XX
- Police: 2XX
- Fire: 3XX

- Building Safety: 400
- Public Works: 5XX
- Parks: 6XX
- Other: 7XX

Object Code

The 7 digit OBJECT CODE is the combination of the 3 digit Transaction Type and the 4 digit Account Code. The OBJECT CODE describes **WHAT** type of item is being purchased or the type of revenue being received.

TRANSACTION TYPES are broken down as follows, with the first digit identifying the financial component:

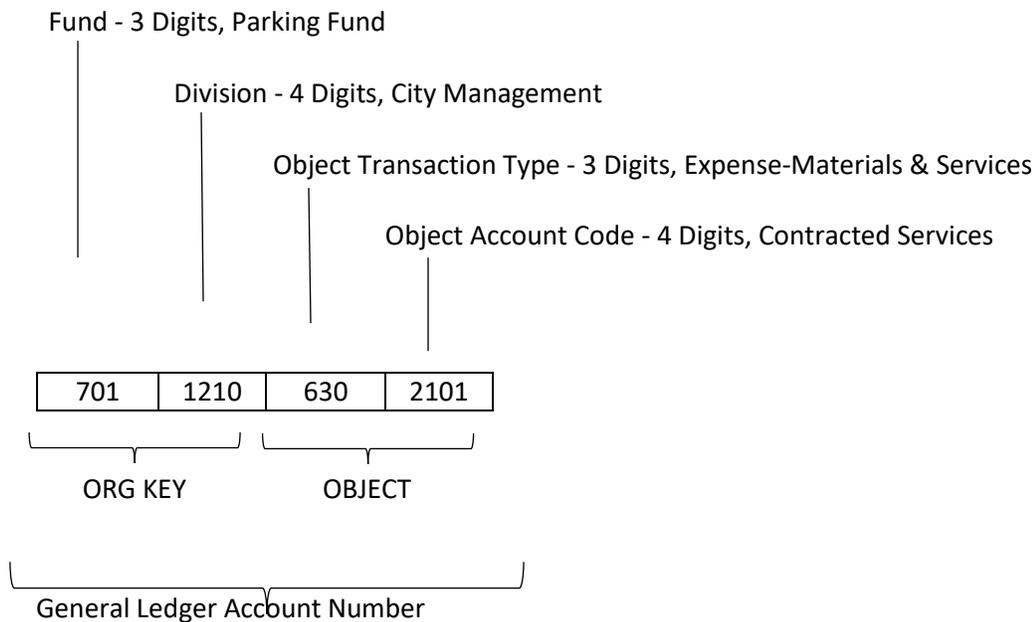
- Asset: 1XX
- Liability: 2XX
- Revenue: 4XX
- Expense: 6XX

Project Number

The 7 digit PROJECT NUMBER is an optional field and will not be used for most transactions. When it is used, it is an additional piece of information that allows users to view project budgets as well as actual revenues and expenditures across organizational boundaries (both departmental and fund).

Example: General Ledger Account: 7011210 6302101 AAA0102701

ORG KEY	Description	OBJECT CODE	Description	PROJECT	Description
7011210	Downtown Parking	6302101	Contracted Services	AAA0102701	Garage restroom renovation



Page intentionally left blank