



FINANCE DEPARTMENT
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CITY OF MEDFORD
411 WEST 8TH STREET, ROOM 358
MEDFORD, OREGON 97501

June 2015

Comprehensive Financial Policy:

The City of Medford's budget document has been prepared in the format of a program-based budget. All costs have been assigned to program account codes and consolidated into standard expenditure categories. This format does not affect the fund accounting procedures, as appropriations will be by department by fund.

The City of Medford uses the modified accrual basis of accounting for governmental and fiduciary fund types and the accrual basis of accounting for the proprietary fund types, including full encumbrances, in accordance with generally accepted accounting principles.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. The exception to this general rule is interest on general long-term debt which is recognized when due. Under the accrual basis of accounting, revenues are recognized when earned and expenditures are recognized, when liabilities are incurred. Service revenues are recognized as billed.

The City of Medford shall follow the Contingency Policy. The City shall maintain fund balance reserves that are appropriate to the needs of each fund.

1. *The City of Medford's target contingency will be 25% of annual operating budgets or 12.5% of a biennial operating budget (excluding capital and CIPS expenditures):*

a. *The City will maintain General Fund undesignated reserves of at 12.5% of the biennial operating budget of the General Fund.*

b. *All other operating funds – The City will maintain undesignated reserves of at least 12.5% of the biennial operating budget unless it can be demonstrated that less than 12.5% is adequate to meet the needs of the operation for the biennium.*

c. *Use of fund balance to support budgeted operations in the General or other funds shall be explained in the annual budget document; such explanation shall describe the nature of the budgeted reduction in the fund balance and its expected future impact. Fund balances in excess of future needs shall be evaluated for alternative uses.*

2. *The City Council delegates to the Finance Director, the authority to assign (and un-assign) additional amounts intended to be used for specific purposes more narrow than the overall purpose of the funds established by Council. A schedule of such assignments shall be included within the adopted budget document.*

The City of Medford considers restricted amounts to have been spent prior to unrestricted (committed, assigned, or unassigned) amounts when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. Within unrestricted amounts, committed amounts are considered to have

been spent first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following information shall be specified by Council in the establishment of Stabilization Arrangements as defined in GASB Statement No. 54:

- a) the authority for establishing the arrangement (resolution or ordinance),*
- b) the requirements, if any, for additions to the stabilization amount,*
- c) the specific conditions under which stabilization amounts may be spent, and*
- d) the intended stabilization balance*



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Contingency Policy
May 2015

- 1. The City will maintain sufficient contingency/reserves in each operating fund for the ability to:**
 - a. Mitigate short-term volatility in revenues**
 - b. Mitigate short-term economic downturns (2 years or less)**
 - c. Absorb unanticipated operating needs that arise during the fiscal year but were not anticipated during the budget process.**
 - d. Sustain city services in the event of an emergency**
 - e. Meet operating cash flow requirements before the collection of property taxes, grant proceeds and other operating revenues.**
 - f. Absorb unexpected claim or litigation settlements**
 - g. Purchase vehicle and equipment with the need to finance such purchases.**
 - h. Meet major facility and equipment repair and replacement needs.**
 - i. Meet future capital project needs so as to minimize future debt obligations and burden on future citizens.**
 - j. Meet requirements for debt reserves**

- 2. The targeted reserve or contingency amount will be 25% of annual operating budgets or 12.5% of a biennial operating budget (excluding capital and CIPS expenditures):**
 - a. The City will maintain General Fund undesignated reserves of at 12.5% of the biennial operating budget of the General Fund.**
 - b. All other operating funds – The City will maintain undesignated reserves of at least 12.5% of the operating budget (per the biennium) unless it can be demonstrated that less than 12.5% is adequate to meet the needs of the operation for the biennium.**
 - c. Use of fund balance to support budgeted operations in the General or other funds shall be explained in the annual budget document; such explanation shall describe the nature of the budgeted reduction in the fund balance and its expected future impact. Fund balances in excess of future needs shall be evaluated for alternative uses.**

- 3. The City will use these reserves or contingency amounts on a one-time, temporary or emergency basis for purposes described above. In the event that these contingency/reserve funds decrease to levels below the levels established by this policy, the City will develop a plan to restore the reserves to the required levels.**