

What's up with those “org unit” things?

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January, 2017

Why do we have budget laws?

- Accountability: Districts are spending OPM
- Input: Districts must listen to taxpayers
- Standardization: Every district budget and appropriations should be formatted the same

The Holy Grail of Budget Law Is the Appropriation

- Districts DO things
- Doing things costs money
- Districts can't spend public money without legal authority
- District gives itself legal authority to spend money through appropriations
- Appropriation is legal permission to spend
- Appropriation is also legal limit on spending
- After budget adoption, all that matters is appropriations

Your **budget** justifies your **appropriations**

Appropriations

Administration

Operations

Debt service

Transfers

Personnel services
Materials & services
Capital outlay

Personnel services
Materials & services
Capital outlay

Budget law's cohesive scheme

- Budget estimates must be made by organizational unit or by program/activity
- Published budget summaries are presented by organizational unit or program
- Appropriations must be made by organizational unit or by program
- Changes after made after adoption are driven by appropriations

In order to appropriate right you have to budget right

ORS 294.388:

(1) Each municipal corporation shall prepare estimates of expenditures and other requirements for the ensuing year or budget period. The estimates must be reconciled so that the total amount of expenditures and other requirements in each fund equals the total amount of resources in the fund for the same period.

(2) Estimates required under subsection (1) of this section **must be prepared by organizational unit or by program**. For purposes of preparing the estimates, “organizational unit” does not apply to hospitals, school districts or education service districts.

(3) Estimates prepared by **organizational unit** pursuant to subsection (2) of this section must be detailed under separate object classifications of personnel services, materials and services and capital outlay. Separate estimates must be made for operating expenses and general capital outlays that cannot reasonably be allocated to an organizational unit and for special payments, debt service and interfund revenue transfers.

(4) Estimates prepared by **program** pursuant to subsection (2) of this section must be arranged for **each activity** of a program. Estimates under each activity must be detailed under separate object classifications of personnel services, materials and services and capital outlay. Separate estimates must be made for operating expenses and general capital outlays that cannot reasonably be allocated to an activity within a program and for special payments, debt service and interfund revenue transfers.

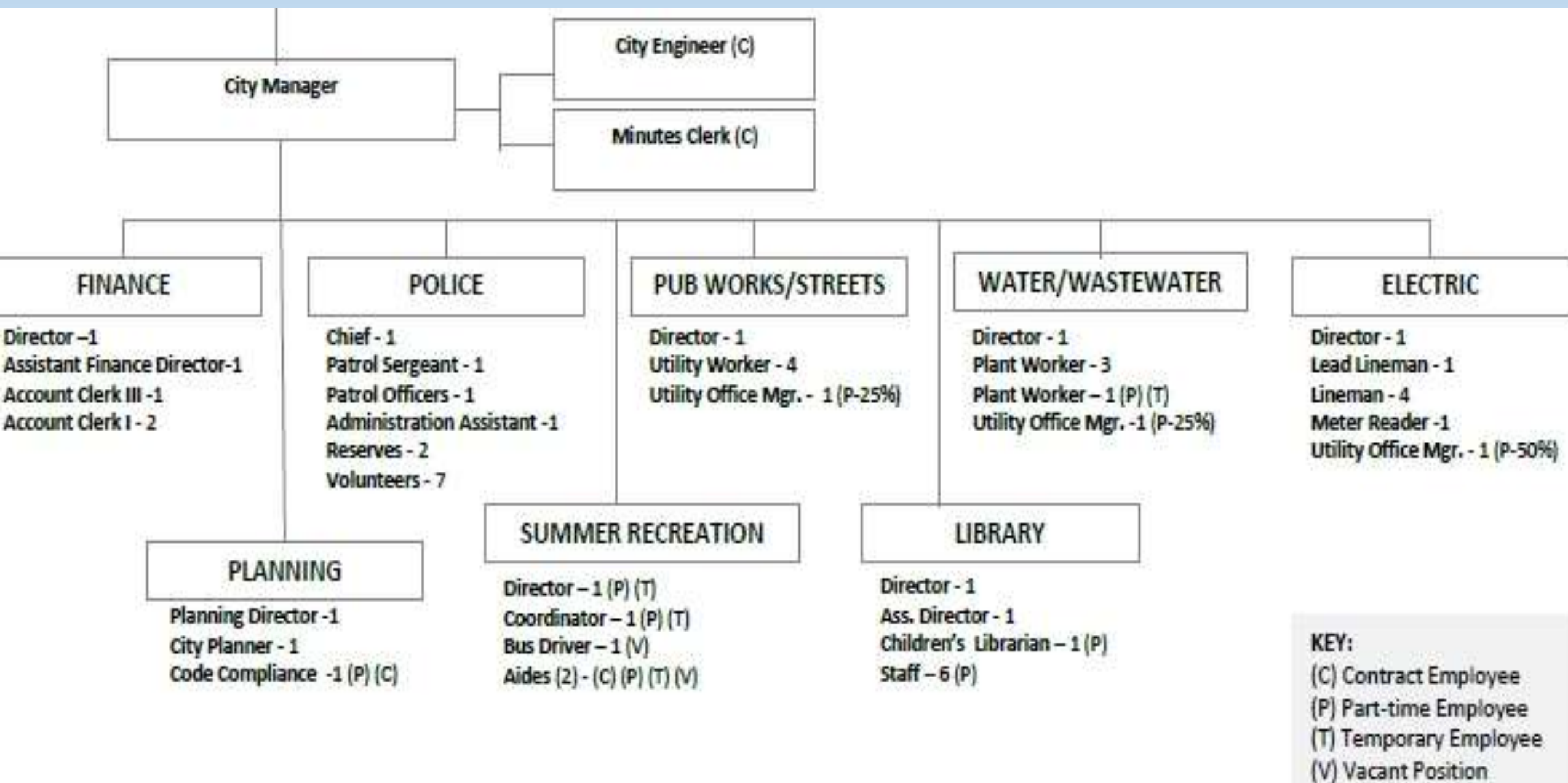
Definitions

➤ Organizational unit:

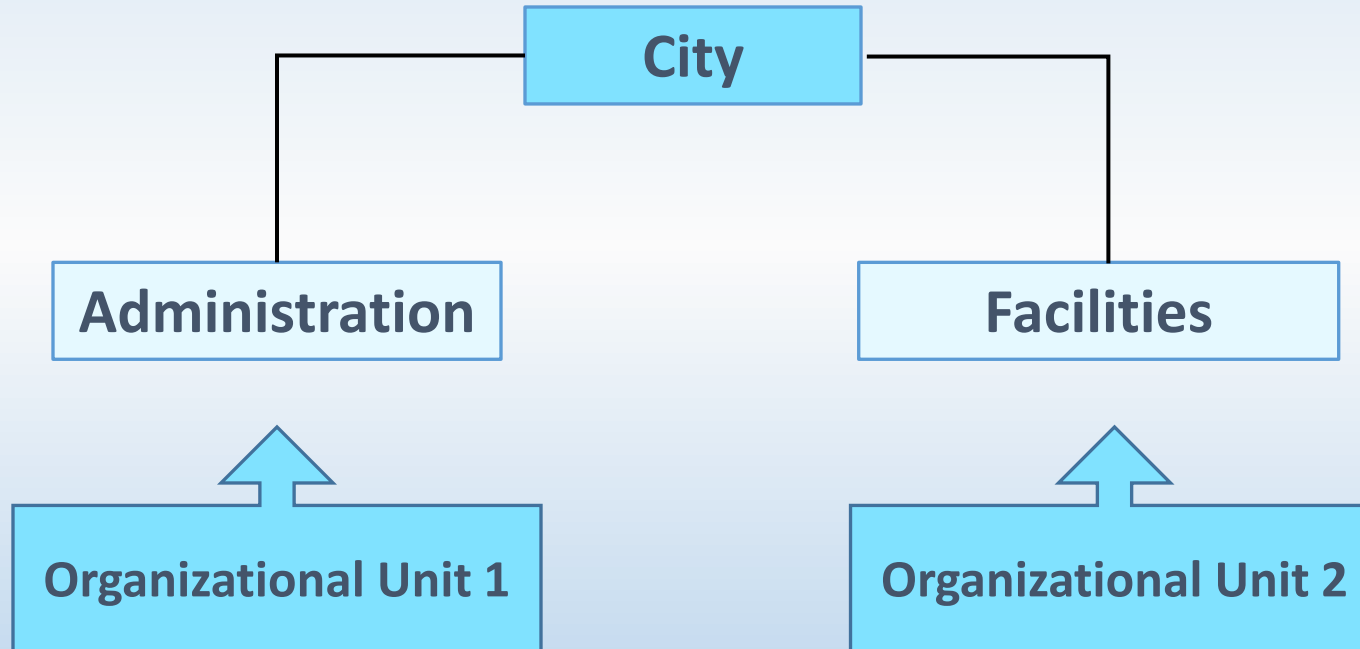
Any administrative subdivision of a municipal corporation, especially one charged with carrying on one or more functions or activities

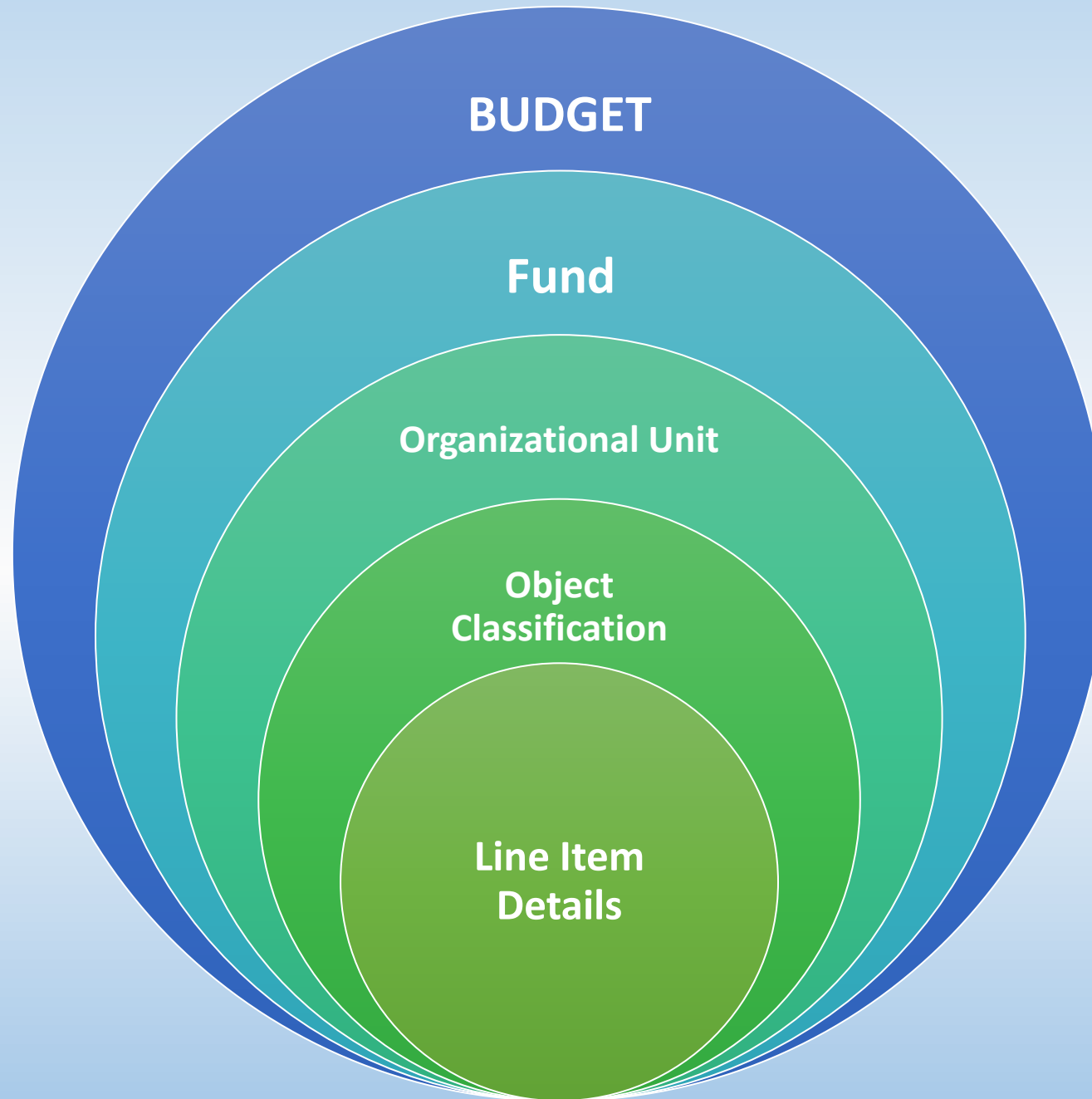
➤ Program and Activities:

A group of related activities aimed at accomplishing a major service or function for which the municipality is responsible

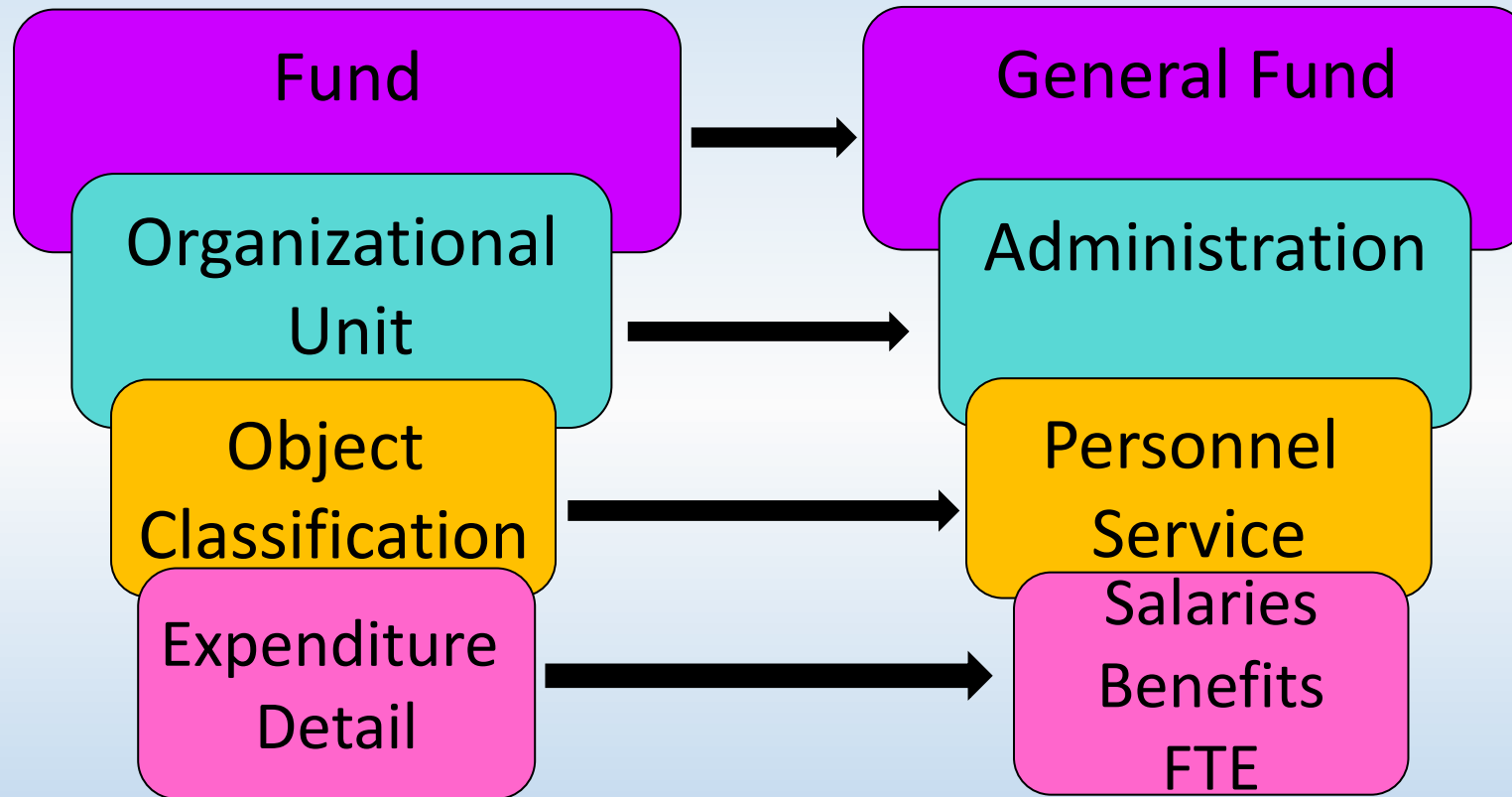


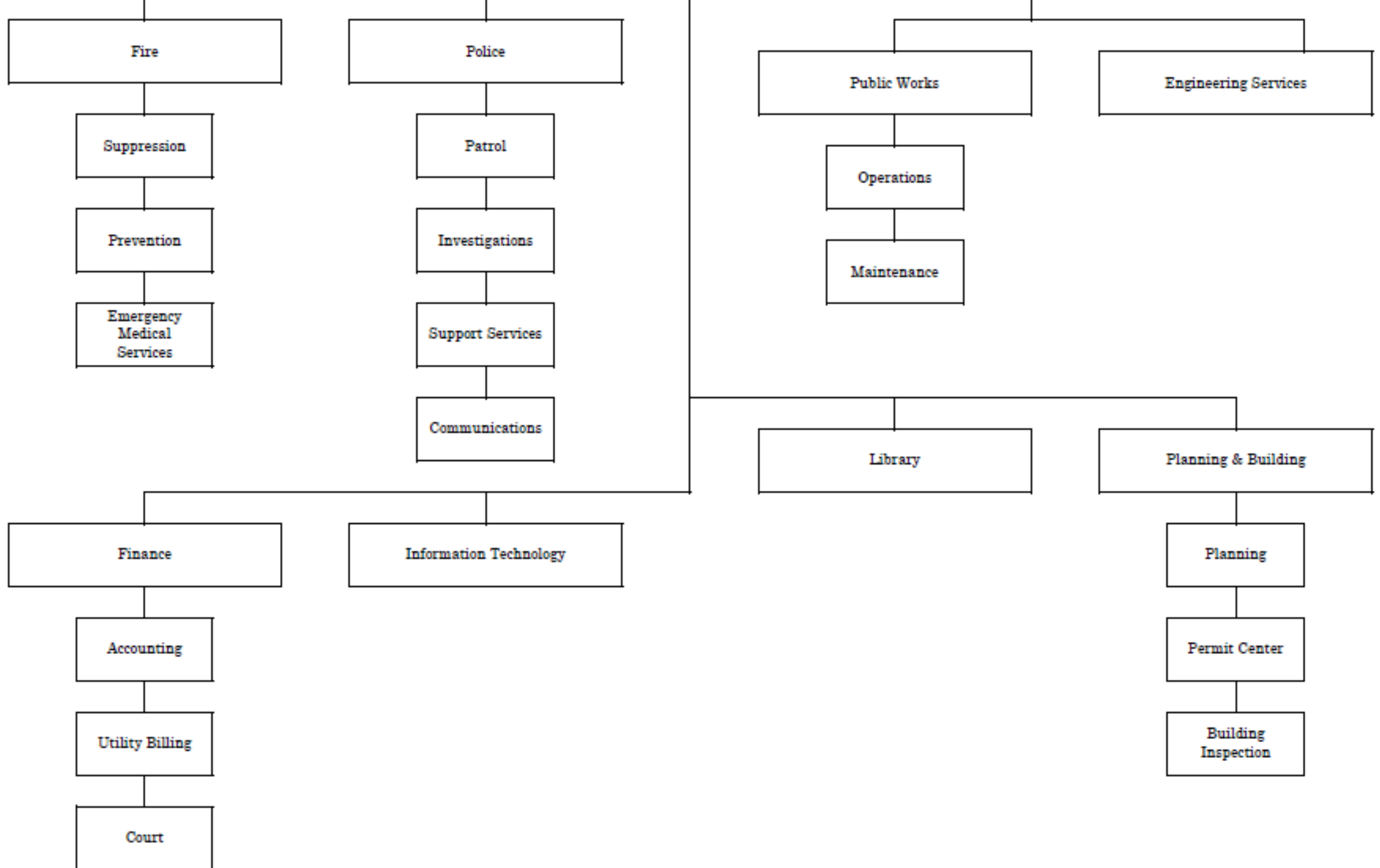
Simple Organizational Unit Example



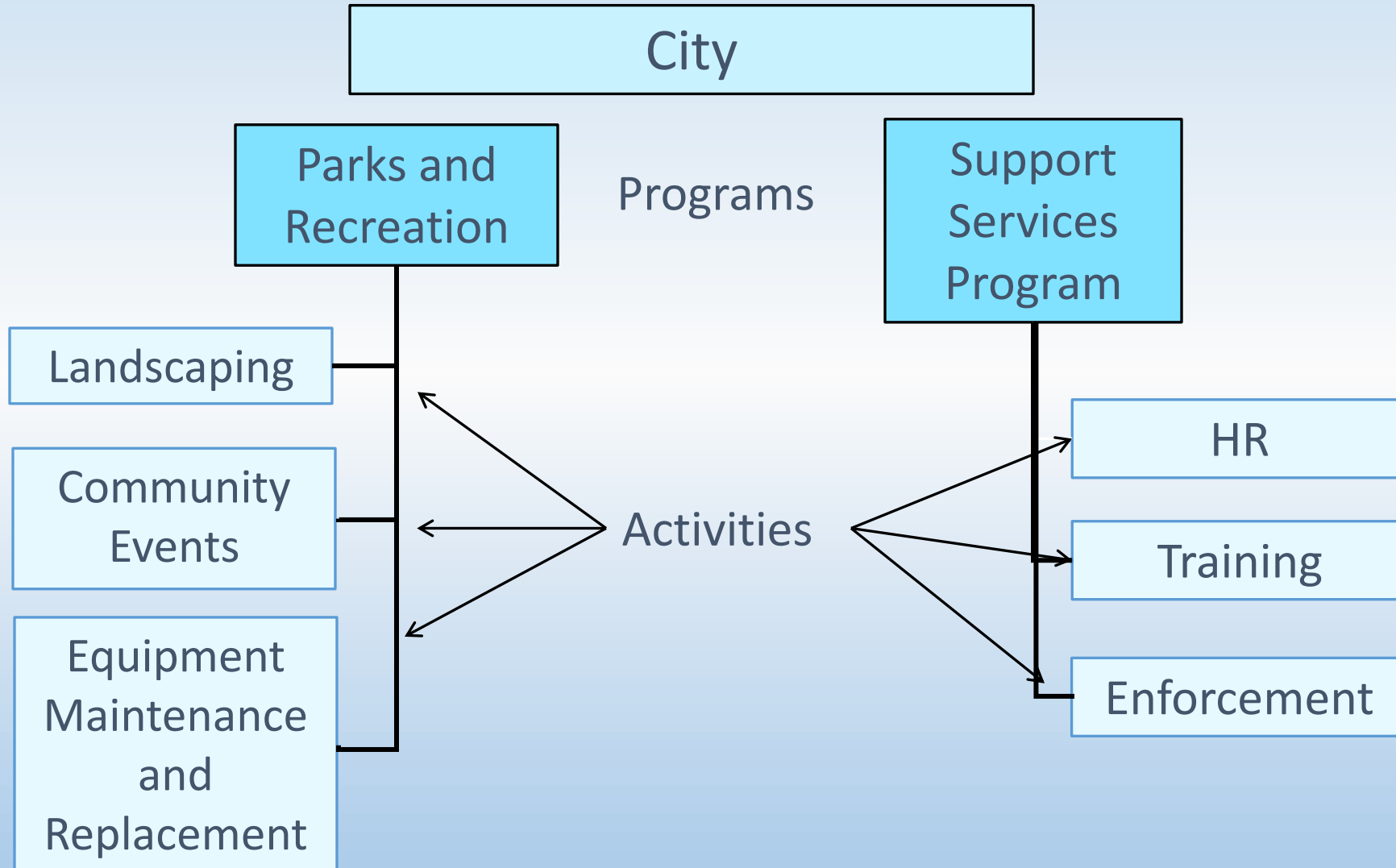


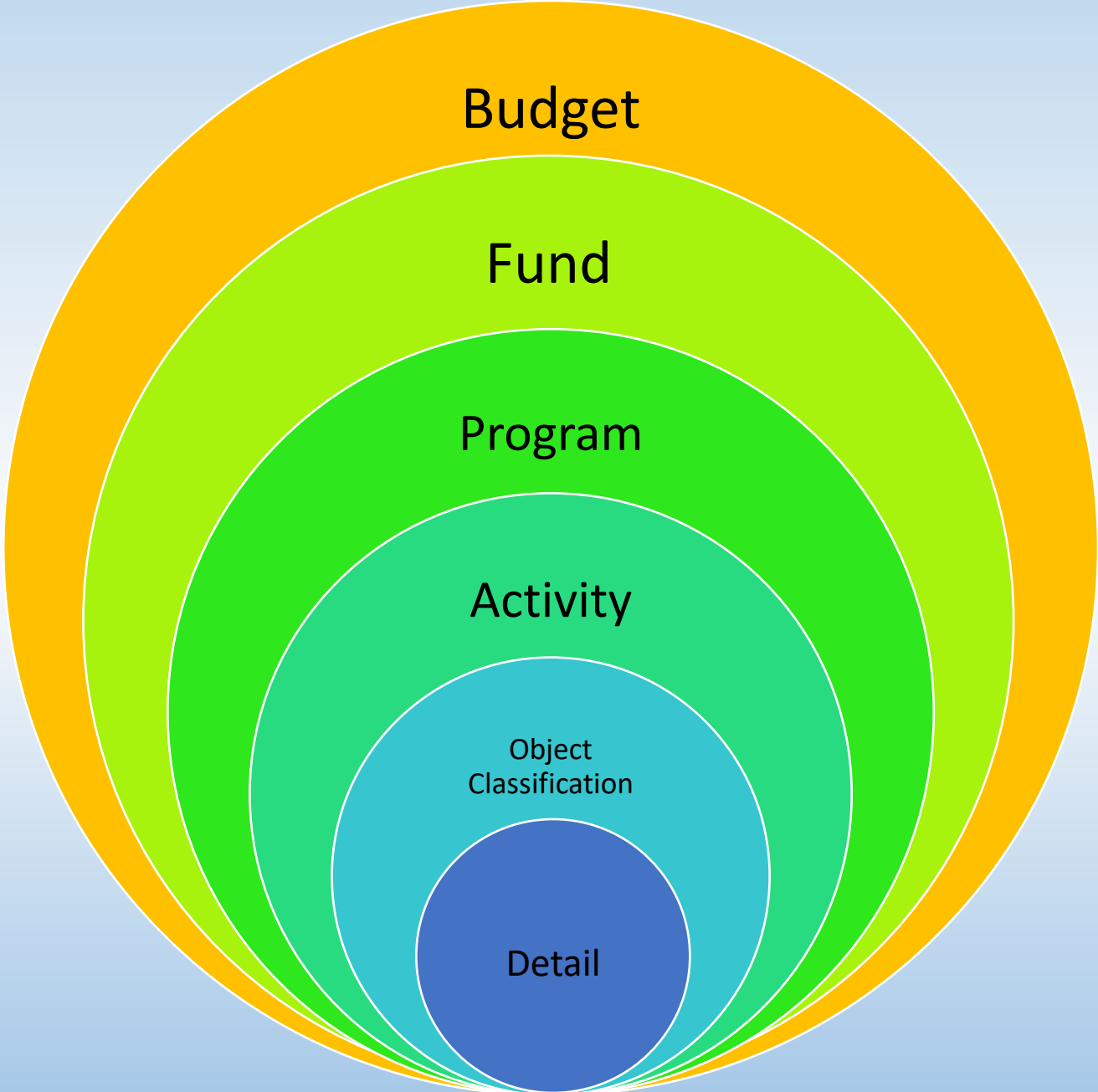
Budget Organization – Organizational Units





Program Example





Budget

Fund

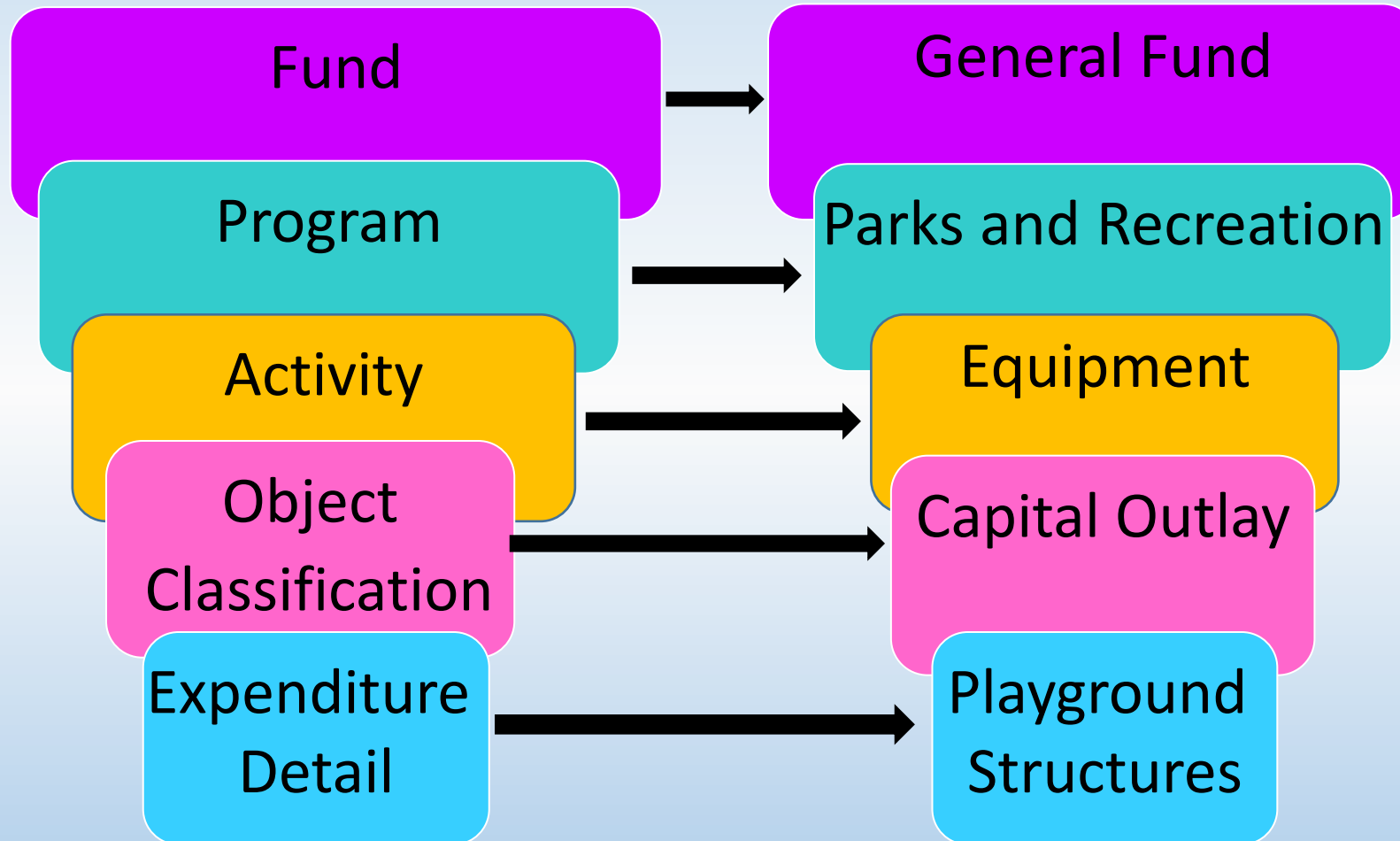
Program

Activity

Object
Classification

Detail

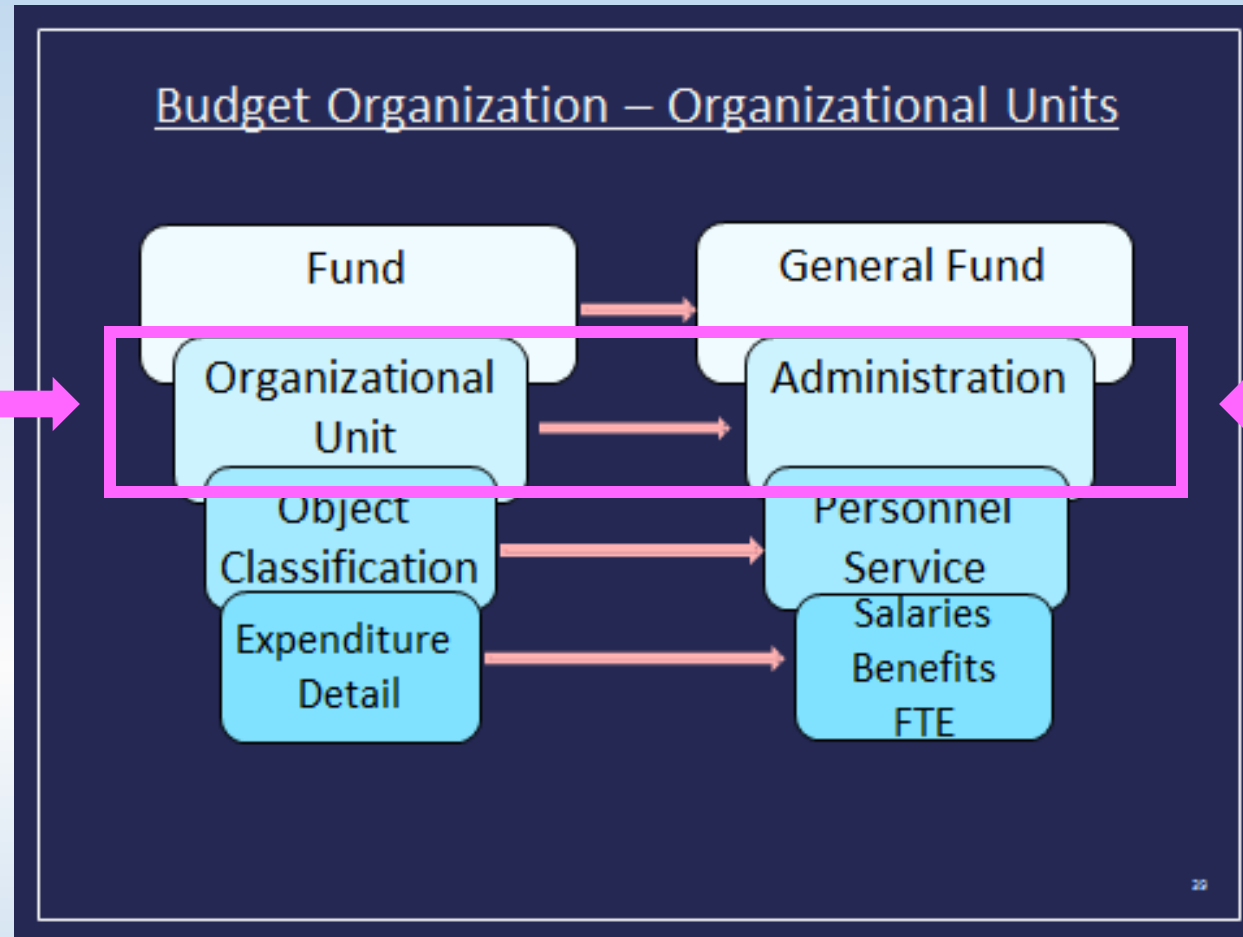
Budget Organization – Programs



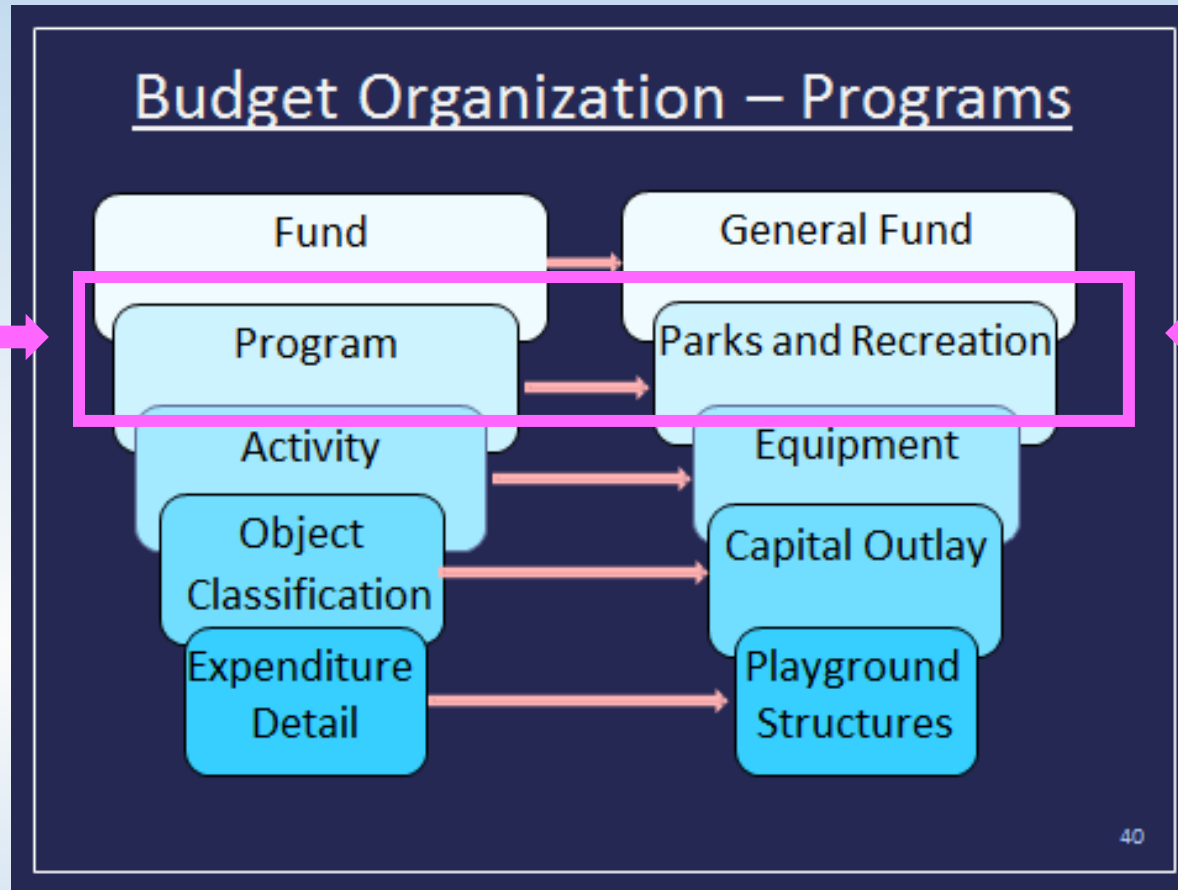
Budget Requirements

Object Classification	Expenditure or Requirement?	Allocated or Not Allocated to an Organizational Unit or Activity?
Personnel Services	Expenditure	Usually Allocated
Materials & Service		
Capital Outlay		
Special Payments		
Debt Service		
Transfers (Out)	Requirement	Not Allocated
Operating Contingency		
Reserved for future expenditure		
Unappropriated Ending fund Balance		

ORS 294.388



Appropriate **one amount** at this level for Personnel Services + Materials and Services + Capital Outlay



Appropriate one amount at this level for Personnel Services + Materials and Services + Capital Outlay

Statutory Appropriations

Fund

Organizational Unit Or Program #1 ...\$\$\$

Organizational Unit Or Program #2 ...\$\$\$

(Not allocated to Organizational Unit or Program)

Personnel services	\$\$\$
Materials & services	\$\$\$
Capital outlay	\$\$\$
Debt Service	\$\$\$
Special Payments	\$\$\$
Interfund transfers	\$\$\$
Operating contingency	\$\$\$

One amount for each organizational unit that is **the total of:**

- + Personnel Services
- + Materials & Services
- + Capital outlay.

Object classifications not allocated to an Organizational Unit or Program

If you budget correctly . . .

- General Fund

- Administration Department
 - Personnel Services - \$5,000
 - Materials & Services - \$5,000
 - Capital Outlay - \$10,000
- Fire Department
 - Personnel Services - \$10,000
 - Materials & Services – \$10,000
 - Capital Outlay - \$15,000
- Library
 - Personnel Services - \$5,000
 - Materials & Services - \$5,000
 - Capital Outlay - \$2,000
- Contingency - \$5,000
- Transfers - \$20,000

- Public Works Fund

- Street Department
 - Personnel Services - \$20,000
 - Materials & Services - \$15,000
 - Capital Outlay - \$20,000
- Parks Department
 - Personnel Services - \$15,000
 - Materials & Services - \$10,000
 - Capital Outlay - \$5,000
- Contingency - \$5,000
- Debt Service - \$5,000

Appropriations are easy . . .

- General Fund Appropriations

- Administration Department - \$20,000
- Fire Department - \$35,000
- Library - \$12,000
- Contingency - \$5,000
- Transfers - \$20,000

- Public Works Fund Appropriations

- Street Department - \$55,000
- Parks Department - \$30,000
- Contingency - \$5,000
- Debt Service - \$5,000

Schools Appropriate by ODE Function

For each fund:

1000 Instruction

2000 Support Services

3000 Enterprise & Community Services

4000 Facilities Acquisition and Construction

5000 Other Uses

5100 Debt Service

5200 Transfers

6000 Contingency

ORS 294.393

Community Colleges Appropriate:

- by CCWD Function,
- by ODE Function,
- as required for other municipal corporations (but not by organizational unit)

Common Appropriation Errors

- No organizational units or programs, or only in general fund
- “Non-departmental” identified as a “department”
- Contingency appropriated in a non-operating fund
- Reserves and unappropriated ending balances appear to be appropriated