

Budget Changes after Adoption

Oregon Revised Statutes (ORS) 294.100: It is unlawful for any public official to spend money in excess of the amounts provided by law, or for any different purpose.

ORS 294.338: It is unlawful to expend money unless authorized by Local Budget Law.

ORS 294.456(6): After the governing body has enacted the resolutions necessary to adopt the budget as required, an expenditure of public money may not be made for any purpose in an amount greater than the amount appropriated, except as provided in ORS 294.338 [exceptions to the budget process], 294.478 [emergency educational expenditures], 294.463 [appropriation transfers], 294.471 and 294.473 [supplemental budgets].

Appropriation Transfers (ORS 294.463)

Intra- and Inter-fund transfers between appropriation categories:

- Transfer by resolution
- State the need for the transfer, purpose of the expenditure, and the amount
- Can't be used to create appropriation categories

Contingency transfers:

- Transfer by resolution if 15 percent or less of the total fund appropriations
- State the need for the transfer, purpose of the expenditure, and the amount
- Use a supplemental budget for transfers over 15 percent

Supplemental Budgets (ORS 294.471 and ORS 294.473)

Supplemental budget to increase or decrease appropriation amounts allowed if:

- Condition was not ascertained when budget was prepared, or
- Unforeseen pressing necessity arises, or
- Unknown state, federal or local funds made available, or
- Unknown funded request for services received, or
- Insurance or property sale proceeds are used to replace facility, or
- Significantly more tax money received than budgeted, or
- Significantly less tax money received than budgeted, or
- Bonds approved at May election in the current calendar year. (see ORS 294.477)

Supplemental budget must:

- Be adopted before any expenditure exceeds existing appropriation.
- Be only for current fiscal year.
- Not increase tax levy.

If supplemental budget changes any fund expenditures by **10 percent or less:**

- No public hearing required; consideration and adoption take place during regular meeting.
- Meeting notice required not less than five days prior to regular meeting.
- Meeting notice includes statement that a supplemental budget will be considered.
- Governing body makes appropriations at its regular meeting.
- Appropriation resolutions state the need for, purpose, and amount of the appropriation.

If supplemental budget changes any fund expenditures by **more than 10 percent:**

- Public hearing required.
- Hearing notice required not less than five days prior to hearing.
- Notice published by newspaper, mail or hand delivery.
- Notice includes summary of changes in funds that will change by more than 10 percent.
- Governing body holds public hearing before making appropriations.
- Appropriation resolutions state the need for, purpose, and amount of the appropriation.

Budget Exceptions and Amendments

Situation		Resolution Transfer Allowed	Supplemental Budget Required	No Official Action Required
Exceptions to Local Budget Process				
Unforeseen Grant - unknown at time of regular budget (294.338(2))	• Specific purpose	✓		
	• General purpose		✓	
Funded Unforeseen Condition or Pressing Necessity (294.338(3))	• Cost paid with non-tax money, or	✓		
	• Cost paid by outside source requesting service.	✓		
Bond Proceeds or Debt Service (294.338(4))	• If 60-day period in ORS 287A.150 expired after budget adopted, or			✓ ***
	• If bonds approved by voters during current year, or			✓ ***
	• If the bonds are to refund previous bonds.			✓ ***
Expenditure of Bond Proceeds (294.338(5)):	• From conduit revenue bonds or their debt service, or			✓ ***
	• Money escrowed for defeasing bonds, or			✓ ***
	• From prepayments of bond redemption assessments.			✓ ***
Local Improvement Assessments (294.338(6))				✓ ***
Deferred Employee Compensation (294.338(7))				✓
Purchase Refund (294.338(9))		✓		
New District (294.338(10))	• No budget required in year formed. • If formed between March 1 and June 30, no budget required the following year either.			✓ ***

*** Board resolution strongly encouraged

Appropriation Transfers

Intra-Fund Transfers (294.463(1)) - From one existing appropriation category to another		✓		
Inter-Fund Transfers (294.463(3)) - to transfer equal appropriations and resources between funds	• Limitations on "specific purpose" funds apply (e.g., GO debt service, special purpose grants, reserves, gas tax revenues, etc.).	✓		
Contingencies (294.463(2))	• Up to 15 percent of fund total appropriations.	✓		
	• Over 15 percent of fund total appropriations.		✓	

Budget Exceptions and Amendments, continued

Situation		Resolution Transfer Allowed	Supplemental Budget Required	No Official Action Required
Inter-Fund Loans				
Inter-Fund Loans (294.468)	<ul style="list-style-type: none"> • May not be from debt service or debt service reserve. • May not be constitutionally dedicated money. • Operating loan limited to current year and next year. • Capital loan limited to 10 years. • Capital loan must specify interest rate. 	✓		

Other Exceptions

Involuntary Conversion / Natural Disaster (294.481)	<ul style="list-style-type: none"> • Any available funds may be spent, including unappropriated ending fund balance. • If public health/safety requires prompt action, executive officer may authorize expenditure by written order. 	✓		
Unnecessary Fund Elimination (294.353)	<ul style="list-style-type: none"> • Fund balance goes to General Fund unless otherwise provided when fund established. 	✓		
Reducing Appropriations (294.471(1)(h))	<ul style="list-style-type: none"> • Optional - may choose just to spend less than appropriated. 			✓
	<ul style="list-style-type: none"> • Adopt supplemental at regular meeting if change is equal to or less than 10 percent. 		✓	
	<ul style="list-style-type: none"> • Public hearing required before supplemental if budget changes more than 10 percent. 		✓	
School/Community College Emergency (294.478)	<ul style="list-style-type: none"> • To spend additional money from Federal Government or ESD under ORS 334.370. • Must declare emergency. 	✓		
Pass-through Adjustment (294.466)	<ul style="list-style-type: none"> • Use when taxes, fees or charges imposed and passed through by a different entity are more than anticipated. 	✓		
Emergency Situation (294.481) <ul style="list-style-type: none"> • Involuntary Conversion or destruction of property • Civil Disturbance • Natural disaster • Public calamity 	<ul style="list-style-type: none"> • Any available funds may be spent, including unappropriated ending fund balance. 	✓		
	<ul style="list-style-type: none"> • If public health/safety requires prompt action, executive officer may authorize expenditure by written order. 			✓
Unnecessary Fund Elimination (294.353)	<ul style="list-style-type: none"> • Balance to General Fund unless otherwise provided when fund set up. 	✓		

