USING UNIFICATION WHEN BUDGETING THE CONSTITUENT ENTITY OF RF

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The article deals with the problem of using budget classification while budgeting the constituent entity of the RF, and gives the definitions and examples of different types of classifications, which are formed according to the unification principles.

The budget of the constituent entity is a financial plan of costs and revenues of the region for the forthcoming fiscal and calendar year. Most of all, the budget should be regarded as a financial document, with the help of which the authorities fulfill their distributing and stabilizing functions.

The questions of budgeting, adjusting and confirming the project of the budget, including documentation of the information, are strictly regulated by the federal as well as by the regional legislature.

Budget classification, which is used to structure the indices, forming the foundation of the main financial document of the region, is the most notable feature of the budget. The current world-wide tendency to unify the information makes this feature especially interesting. This unified structure helps to arrange financial indices at all levels of the budget system: at the federal, regional and local ones.

According to the Fiscal Code of the RF, budget classification of the Russian Federation is a group classification of revenues, costs and sources of financing of the budget deficit at all levels of the budget system of the Russian Federation. It is used to prepare and perform federal, regional and local budgets and to provide the comparability of their indices.

In fact, budget classification allows:

1) to use common indices (elements) and universal approaches when preparing and performing budgets at all levels;

2) to control budget performance and to make administrative decisions based on the corresponding analysis;

3) to compare single indices (elements) of the budgets;

4) to analytically consolidate different types of budgets of certain territory (for example, regional and local).

Article 7 of the Fiscal Code of the RF states that the budget classification and its common usage are within the competence of the federal authorities. The work itself is done by the Ministry of Finance of the RF and is fixed by the decrees of this executive authority. Thus, in 2009 the budget classification is set up by the decree of the Ministry of Finance of the RF № 145н of 25.12.2008.

According to Art. 19 of the Fiscal Code the budget classification of the Russian Federation includes:

1) in the part of fiscal revenues - the classification of fiscal revenues;

2) in the part of budget costs - the classification of budget costs;

3) in the part of budget deficit - the classification of the sources of financing budget deficits;

4) in the part of state debt - the classification of the operations of the patent public establishments (or classification of the operations of the public administration sector).

All types of classifications are coded with special numbers, followed by code explanation.

The form of the code is unified - it should be composed of 20 digits, which are segmented in several positions. Each position has its own number of digits. Thus, the structure of the 20-digit code of the classification of fiscal revenues consists of 4 parts:

Table 1

Example of explanation

Code example	Code explanation
000 1 06 01030 10 0000 110	Individual property tax, paid to the budgets of settlements

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Table 2

Explanation of the categories of codes in revenues classification

1	2					3	4
Chief administrator of fiscal revenues	Types of revenues					Subtype of revenues	Item (sub item) of the classification of operations of the administration sector, referring to fiscal revenues
	Group	Subgroup	Item	Subentry	Element		
1 · 2 · 3	4	5 · 6	7 · 8	9 · 10 · 11	12 · 13	14 · 15 · 16 · 17	18 · 19 · 20

Table 3

Code	Source name	Sum, thousands of rubles, 2009	Sum, thousands of rubles, 2010	Sum, thousands of rubles, 2011
2 02 02005 02 0000 151	Subsidies to the subjects of the Russian Federation for the improvement children's health			

Table 4

Explanation of the codes in costs classification

1	2	3	Special purpose item			Type of costs	Item (sub item) of the classification of operations of the administration sector, referring to budget costs
Chief controller of budgetary funds	Section	Subsection		Program	Subprogram		
1 · 2 · 3	4 · 5	6 · 7	8 · 9 · 10	11 · 12	13 · 14	15 · 16 · 17	18 · 19 · 20

Codes in the budget are always presented with explanation, as in the example.

The code of costs classification also consists of 20 digits, though its structure is a bit different.

Budget costs may be presented in 3 classifications - functional, departmental and economical. These classifications in fact show the same budget costs from different points of view, i.e., any budget costs may be presented in any of these three classifications.

The functional classification of the budget expenses of the constituent entity is a grouping of budget costs, showing the distribution of the budget funds to fulfill the main functions of the state and to solve the questions of local character.

Law-enforcement activities, healthcare, education and others can be related to this sector of the budget costs. Thus the functional classification shows how much funds were spent from the budget of this or that level on a particular sphere of authority activities.

The functional classification consists of 4 levels.

Departmental classification of the regional budget costs shows the distribution of budget funds to the chief controllers of the budgetary funds - institutions (or establishments) which have the right to distribute budget funds among the inspectorate distributional centers and the recipients of the budget funds. The chief controller of the budgetary funds can be:

1) the public authority (for the federal budget and the budget of the constituent entity);

2) budgetary institution.

Departmental structure of budget expenses is approved by the decrees (resolutions) of the corresponding budget for the coming fiscal year. Each budget has its own list of chief controllers of budget funds.

Departmental classification of the costs allows realizing budget implementation, for according to the Budget Code of the RF it is chief controllers who bear in full the responsibility to fulfill the corresponding inspectorate part of the budget.

Categories, example and code explanation of functional classification

Level name	Section	Subsection	Special-purpose item	Type of expenses	Explanation of the code in a conventional example	Sum, thousands of rubles, 2009
Category	00	00	000 00 00	000		
Conventional example	04				National economy	
	04	08			Transportation	
	04	08	317 00 00		Other means of transport	
	04	08	317 00 00	366	Certain activities on other means of transport	

Categories and code examples of the departmental classification of costs

Level name	Code of chief controller of budgetary funds	Section	Subsection	Special-purpose item	Type of cost
Conventional example	701				
	701	01			
	701	01	03		
	701	01	03	001 00 00	
	701	01	03	001 00 00	027

Division of budget assignments in the departmental structure of costs in the budget of Samara region in 2009

Code of the chief collector of budgetary funds	Name of the chief collector of regional budget funds, section, subsection, special-purpose item, type of costs	Section	Subsection	Special-purpose item of expenses	Type of expenses	Sum, thousands of rubles
701	**Samara Regional Duma**					
701	Functioning of the legislative (representative) authorities and representative municipal institutions	01	03			
701	Administrating and controlling in the sphere of fixed functions of the authorities in constituent entities and local authorities	01	03	002 00 00		
701	Performing functions by the authorities	01	03	002 00 00	012	

The economic classification of the budgets of the RF is grouping the costs of all levels of the budget system of the Russian Federation according to their economic contents (e.g. wages, rent for using property, etc.).

The economic classification in its structure reminds the system of accounts in book keeping of a commercial organization.

The process of changing budget classification in 2005 affected the economic classification as well. The changes made in it allowed not only to make it closer to international standards, but to make it closer to accounting, perfecting the latter at the same time.

Classification of the sources of deficit financing of the budgets of the RF is a grouping of borrowed funds drawn by the Russian Federation, constituent entities, and municipalities to cover the deficit of the corresponding budgets.

The code of the classification of sources of financing of the budget deficits of the Russian Federation has a 20-digit structure, which is segmented in 8 positions.

Thus, the budget classification allows unifying the main characteristics of the budget, carrying out informational and analytical work, comparing not only the single elements of the budget, but the budgets of different regions

Table 8

Structure of the economic classification of budget costs

Code			Explanation of the code
200			Costs
	210		Labor compensation and accrued charges
		211	Wages
		212	Other payments
		213	Accrued charges for labor compensation

Table 9

Explanation of the codes of revenues classification

Category of the code	000	00	00	00	00	00	0000	000
Explanation of the code	Administrator	Group	Subgroup	Item	Subitem	Element	Program (subprogram)	Item (sub item) of the classification of operations of the state government sector

from different points of view. It is notable that forming the methodology of the budget registration is given to the federal institution - the Ministry of Finance of the Russian Federation.

The Budget Code of Russian federation (edited on 30.12.2008, changes fromт 09.02.2009)// Collection of laws. 1998. № 31. Art. 3823.

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