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AM-420-4

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Operating Budget

SCOPE

The operating budget is a plan approved by the Board of Estimates and the City Council for appropriating funds to agencies for operating costs during a fiscal year. This plan establishes legal expenditure limits and reflects appropriations budgeted according to programs and sources of funding.

TERMS

The following is a listing of frequently used terms with definitions specific to the operating budget.

ACTIVITY: A subdivision of a program that specifies a specific function of the program. Some programs may be accomplished through the performance of only one activity, while other programs may require the performance of two or more activities.

AGENCY: An organization authorized by the Mayor and City Council to operate in the best interest of the public. Each agency is responsible for submitting a budget request outlining projected costs of operation for the upcoming fiscal year to the Director of Finance and/or Planning Commission, as applicable.

APPROPRIATION: An authorization granted by City Ordinance to make expenditures and incur obligations in a specified amount from a designated fund account for a specific project.

FISCAL YEAR: The year from July 1 through June 30, designated by the calendar year in which June 30 occurs.

FUND: A sum of money segregated for specific purposes. Use of this money requires adherence to special regulations established for each type of fund. The various funds are:

1001 General – A fund comprised primarily of City tax revenues; used to support many City operations.

2000 Internal Service – A fund to provide for the cost of goods and services furnished by certain agencies to other agencies.

2022 Convention Center Bond Fund – Established in Fiscal 1995 to budget and account for hotel tax revenues to be dedicated to support the payment of principal and interest associated with City indebtedness to finance one-third of the \$151 million cost of the joint city-state expansion of the Baltimore Convention Center.

2024 Conduit Enterprise Fund – Established to budget for revenue charged to non-City entities renting space in the City owned and operated underground conduit system and for operating and

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capital expenses and Maintaining the system.

2070 Waste Water Utility – A fund comprised of payments received for sewage service; used to support operations of the sewage system.

2071 Water Utility – A fund comprised of payments received for water; used to support operations of the water supply system.

2073 Loan & Guarantee Enterprise – A fund established to budget for the self-supporting of program of loans and guarantees administered by the Department of Finance pursuant to policies and procedures approved by the Board of Estimates.

2075 Parking Enterprise – A fund comprised of revenues from garage operations, installment purchase payments, and various parking related revenues; used to support the development of off street parking facilities.

2076 Parking Management Fund – A fund comprised of monies transferred from the Parking Enterprise Fund and of certain parking related revenues; used to budget for fund transfers from the Parking Enterprise Fund and to the General Fund and to support certain parking activities.

4000 Federal – A fund comprised of federal grants; used to support specific purposes.

5000 State – A fund comprised of State grants; used to support specific purposes.

6000 Special – A fund comprised of grants from private sources; used to support specific purposes.

GRANT: Revenue received from the private sector or from another government to support a specific function.

OBJECT OF EXPENDITURE: A grouping of similar goods, services, or other expenses used to categorize spending. The Objects of Expenditure are listed below.

Object 0 – Transfers

Object 1 – Salaries

Object 2 – Other Personnel Costs

Object 3 – Contractual Services

Object 4 – Materials and Supplies

Object 5 – Equipment - \$4,999 or less

Object 6 – Equipment - \$5,000 or more

Object 7 – Grants, Subsidies, and Contributions

Object 8 – Debt Service

Object 9 – Capital Improvements

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OPERATING BUDGET: A plan for appropriating funds to agencies for operating costs during a fiscal year. This plan establishes legal expenditure limits and reflects appropriations according to programs and sources of funding. Included are capital improvements under \$50,000, items of repairs, maintenance or emergency nature under \$100,000, and Bureau of Water and Waste Water items of repair, maintenance or emergency nature costing less than \$250,000.

PROGRAM: A subdivision of an agency's operating budget. Some agencies require only one program, while other agencies require two or more programs.

REVENUE: Income generated by taxes, fines, licenses, notes, bonds, penalties, investment income, property rental, user charges, grants, and other sources.

SALARY/WAGE SAVINGS: Unexpended or unappropriated part of the gross salaries and wages approved for permanent full-time positions. These savings result from positions which are vacant or filled by employees in lower pay classifications.

SUB-OBJECT OF EXPENDITURE: A sub-division of an object of expenditure to identify specific commodities and/or services. A listing of common sub-objects and their descriptions is in the Operating Budget Instructions, which are issued annually by the Bureau of the Budget and Management Research.

RELATED POLICIES

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| AM-419-1 | BUDGET ACCOUNT NUMBER |
| AM-420-1 | BUDGET PREPARATION OVERVIEW |
| AM-420-3 | OPERATING BUDGET PREPARATION |