

		Policy 501.04.15 Budget Amendment			
Owner:	Finance Director	Approving Position:	Common Council	Pages:	2
Issue Date:	##/##/####	Revision Date:		Review Date:	
Special Instructions:					

I. PURPOSE

The municipality is committed to maintaining a balanced budget that reflects the priorities and needs of the community. Amendments to the budget shall only be made in accordance with this policy and subject to the approval processes herein described.

The purpose of this policy is to establish a systematic procedure and set forth divisions of responsibility for the amendment of the municipal budget to ensure fiscal responsibility, transparency, and adherence to legal requirements. This policy is designed to guide the process of adjusting the approved budget in response to unforeseen financial circumstances or to reallocate resources in alignment with municipal priorities.

II. SCOPE

This policy applies to all departments, agencies, and entities within the municipality. It covers all forms of budget amendments, including increases or decreases in budget allocations, transfers of funds between accounts, and changes resulting from revised revenue forecasts.

III. GUIDELINES

It shall be policy that budget amendments/adjustments require approval at the following levels:

- A. Level 1 adjustments of operating appropriations up to \$5,000 from one account to another within the department's budget. Level 1 adjustments may be made at the discretion of the Department Head.
- B. Level 2 (a) adjustments of operating appropriations \$5,001 and over from one account to another within the department's budget. Level 2 (b) adjustments are for substitutions of capital items or adjustments of operating to capital appropriations up to \$25,000 from one account to another within a department's budget. Level 2(c) adjustments are transfers up to \$25,000 between departments. Level 2 (a) (b), and (c) adjustments shall require the approval of the City Manager.

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- C. Level 3 amendments are for adjustments of operating or capital appropriations needing additional funding from contingency funds that are under 10% of the total funds originally appropriated for an individual department. Level 3 amendments shall require the approval of the City Manager and the Finance Committee.
- D. Level 4(a) amendments are for adjustments of operating or capital appropriations needing additional funding from contingency funds that are over 10% of the funds originally appropriated for an individual department. Level 4(b) amendments are for new programs in a department that were not originally budgeted through an increase in expenditures with an offsetting increase in revenue for that program (such as grant funding or donations). Level 4 (c) amendments are for substitutions of capital items or adjustments of operating to capital appropriations \$50,001 and over from one account to another within a department's budget. Level 4 (d) amendments are for adjustments of operating or capital appropriations needing funding from the general fund balance. All level 4 amendments shall require approval of the City Manager, respective department's standing committees and Common Council.

IV. PROCEDURE

Initiation of Amendment: A budget amendment (Level 4) may be initiated by department heads, the City Manager, or the Common Council. A detailed proposal, including the justification for the amendment, its financial impact, and how it aligns with municipal priorities, must be submitted.

- A. **Review and Analysis:** The proposal will undergo a thorough review and analysis by the Finance Department to ensure its accuracy, compliance with legal requirements, and alignment with fiscal policies.
- B. **Public Notification and Input:** Prior to approval, the proposed amendment will be made available to the public. A period for public comment will be provided to ensure transparency and community involvement in the budgetary process.
- C. **Approval Process:** The final approval of any budget amendment requires a majority vote by the Common Council. Certain amendments may also require the City Manager's approval, in accordance with municipal law.
- D. **Implementation:** Upon approval, the amendment will be formally incorporated into the municipal budget. The Finance Department will make the necessary adjustments to financial records and inform all affected departments.

V. REPORTING

All approved budget amendments will be documented and reported in the municipality's annual financial report. The municipality will ensure that information regarding budget amendments is accessible to the public to promote transparency and accountability.