



CITY OF SIGNAL HILL

2175 Cherry Avenue ♦ Signal Hill, CA 90755-3799

BUDGET MANAGEMENT POLICY

DATE: February 24, 2026

REVISION NO: 003

APPROVED:

DEPARTMENT: Finance

PURPOSE:

The purpose of this policy is to establish guidelines and procedures necessary for making adjustments to the originally adopted budget. The objective is to standardize procedures for determining the need for budget adjustments and the steps necessary to accomplish such tasks.

DEFINITIONS:

- **Budget Transfer:** A request from departments to move budgeted funds from one account to another account or from one department to another within the same fund, after the original budget has been adopted.
- **Budget Adjustment/Amendment:** A process for revising the total current year's adopted budget.

POLICY:

The annual budget of the City of Signal Hill is adopted each year by resolution with budgetary control at the fund level. To ensure costs are expensed to the proper account, budget adjustments may be necessary due to unanticipated activities.

This policy establishes clear, standardized guidelines for making adjustments to the annual budget and aims to improve financial controls and transparency. The policy and forms have been developed to align with best practices and to provide a structured process for budget modifications.

ESTIMATED REVENUES:

Changes in revenue estimates that could significantly impact the current year's adopted budget will be presented to the City Council for discussion as they become known. A significant impact is defined as any change in revenue that represents \$100,000 or greater variance from the adopted budget.

Amendments/adjustments to revenue estimates will be included in the mid-year budget review presentation to the City Council.

BUDGET ADJUSTMENTS & APPROPRIATIONS:

Should an event arise that increases or decreases the total appropriation of a fund, a budget amendment resolution should be presented for City Council approval in an official meeting. Under no circumstances should a budget transfer increase or decrease the total appropriation of a fund without the approval of the City Council.

Appropriations for non-personnel expenditures within a fund may be increased or decreased by means of a transfer without requiring City Council approval, provided that the total appropriation for the fund remains unchanged. Transfers involving personnel costs must have prior approval from the City Manager.

Supplemental appropriations will be presented to the City Council for consideration and approval prior to the commitment of funds. Potential appropriation adjustments that may result in program or policy changes will be presented to the City Council for discussion and approval. During the year-end closing process, the Administrative Services Officer/Finance Director will present proposed appropriations for year-end reserves or recommend adjustments to appropriations in the current fiscal year. Every effort will be made to include all appropriation amendments in the mid-year budget review presentation to the City Council.

BUDGET TRANSFERS:

Budget transfers must remain within the same fund. Departments may request a line-item budget transfer utilizing the budget transfer request form. These requests do not result in a new program or a change in policy. Transfer requests will be approved according to the following three levels:

Level I - Department Head and Finance Director:

- Budget transfers between \$0 and \$20,000, and it nets to \$0.
- Budget transfer is within the same department.
- Budget transfer is within the Maintenance and Operation expenditure category.
- Final discretion will be with the Finance Director.

Level II - Department Head, Finance Director and City Manager:

- Budget transfer greater than \$20,000 and equal to or less than \$100,000, and it nets to \$0.
- Budget can be between departments but must be within the same fund.
- Budget transfer is within the Personnel expenditure category.
- Budget transfer is within the Capital Outlay expenditure category.
- Budget transfer is within the Maintenance and Operation expenditure category and over \$20,000.
- Final discretion will be with the City Manager.

Level III - City Council Approval (Budget Resolution):

- Any budget adjustment that results in an overall increase or decrease to the adopted budget.

- This includes transfers exceeding \$100,000, or those that cross major expenditure categories (personnel, operating, capital outlay), as well as the utilization of reserve funds and/or designated funding sources.

REPORTING:

The Director of Finance will submit a report to the City Council for adjustments twice a year, at mid-year and at budget adoption. This report will provide comparisons of actuals versus budgets by department, as well as projections for the fiscal year. It will also include a listing of any transfers within departments.

Decision Workflow

Is the Budget Adjustment . . .

