



Appropriation Transfers

INTRODUCTION:

This policy sets forth internal procedures for appropriation transfers in compliance with MGL Chapter 44 §33B. The amendments to Chapter 44 in 2016 granted municipalities more flexibility to execute year-end budget transfers during the last two months of the fiscal year, (i.e., May and June, and the first 15 days of July of the new fiscal year), the statutory period for closing municipal financial records. G.L. c. 44, §§ 56 and 56A. These changes were made by the Municipal Modernization Act, which took effect on November 7, 2016. St. 2016, c. 218, §§ 75 and 76.

APPLICABILITY:

This policy applies to the financial procedures of the Town as ratified by the Select Board

DEFINITION(S):

“Available Amount” - The amount of any appropriation available to be used as a financing source for another appropriation is the unspent and unencumbered balance, i.e., the amount after all potential liabilities to be charged to the appropriation are considered. The Finance Director and/or the Town Accountant must ascertain this amount prior to the approval of any appropriation transfer.

“Available Use” Limits - Transfers from surplus bond proceeds after a project that was financed by borrowing has been completed or abandoned may only be made in the manner and for the purposes set forth in G.L. c. 44, § 20. Transfers from appropriations financed by other restricted sources, e.g., stabilization, enterprise, water surplus, or community preservation funds, are subject to the same statutory restrictions as the original appropriations. The procedures outlined in this policy govern appropriation transfers except as may be specified in the charter or a by a special act of the Legislature.

APPROPRIATION TRANSFERS

1. General Procedure: During the fiscal year, any amount may be transferred from any appropriation to any other legally authorized municipal use by a majority vote of a town meeting.
2. Year-end Procedure Option: From May to June, and during the first 15 days of July of the new fiscal year, the Select Board, with the agreement of the Finance Committee, may transfer any amount from an available appropriation to any other appropriation. This procedure may not be used, however, to transfer funds from a school department budget.



Appropriation Transfers

An end-of-year transfer using this procedure requires a majority vote of the Select Board and a majority vote of the Finance Committee.

The Finance Director or the Town Administrator in the absence of the Finance Director will prepare a Transfer Request Document. This document, outlining the purpose of the transfer, the account with available funds and the account requiring funds will serve as the agenda item in both the Select Board public meeting and the Finance Committee.

Planning for End-of-Year Transfers

Throughout the year, the anticipation of possible year-end transfers is both normal and expected due to changing operating conditions, unforeseen or expanded town needs, emergencies, and fluctuations in financial conditions. Most changes will be minor and handled by the Finance Director, Town Administrator, and relevant Department Heads without additional process. However, "significant" changes meeting one of the following criteria require public agreement from the Select Board and Finance Committee:

1. Support a permanent increase in the town's employee full or part-time FTE headcount (not including seasonal or temporary), or
2. Create a new department of the town, or
3. The addition of new service contracts who's net expense is greater than \$50,000, or
4. Involve a transfer of more than \$50,000.¹

For any transfer deemed "significant", the Finance Committee and Select Board must both approve, by majority vote, the intent in an open meeting before the funds are expended. The "intent" authorizes the expenditure and signals the intention of both boards to approve the final budget reconciliation transfers during the budget reconciliation period. Note that in the circumstance that the Finance Committee is unable to raise a quorum in a reasonable amount of time, the affirmative vote of the Select Board will be sufficient for agreeing with the intent.

First Reading: Date: June 26, 2023

Second Reading: Date: July 24, 2023

Final Reading: Date: September 25, 2023

Adopted by the Select Board: Date: September 25, 2023

¹ MCPPO