APPROPRIATION TRANSFERS

Chapter 77 of the Acts of 2006
(G.L. Ch. 44 §33B)

This Informational Guideline Release (IGR) informs local officials about new legislation that gives cities and towns greater flexibility to make end of year budget transfers.

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Budgets
Town Meetings

Distribution:
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Mayors/Selectmen
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SUMMARY:

These guidelines explain recent legislation that amends G.L. Ch. 44 §33B, which governs appropriation transfers in cities and towns. The amendment gives cities and towns greater flexibility to make end of year budget transfers in order to avoid appropriation deficits. A provision of the 2003 Municipal Relief Act that provided similar flexibility was in effect for fiscal year 2004 and 2005 only. Ch. 46 §123 of the Acts of 2003.

The alternative year-end transfer procedures apply for the last two months of the fiscal year, i.e., May and June, and the first 15 days of July, which is the statutory period for closing the municipality’s financial records for the fiscal year. G.L. Ch. 44 §§56 and 56A.

This legislation took effect on May 4, 2006.

GUIDELINES:

A. Appropriation Transfers in General

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. Accounting officers should determine this amount before any transfer from an appropriation is approved.

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. Ch. 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.
B. **Appropriation Transfers in Towns**

1. **General Procedure**

   Any town meeting may by majority vote transfer any appropriation to any other municipal use.

2. **Alternative Year-end Procedure**

   During May and June, and the first fifteen days of July, the selectmen, with the agreement of the finance committee, may transfer any departmental appropriation to another appropriation within the same or other department. This procedure may **not** be used, however, to transfer:

   a. From a municipal light or school department budget.

   b. More than three percent of a department’s annual budget, or $5,000, whichever is greater.

   An end of year transfer using this alternative procedure requires a majority vote of the board of selectmen and a majority vote of the finance committee.

   Any end of year transfer from the light or school department, or involving more than three percent (or $5,000 if greater) of a department’s budget, requires town meeting approval. See Section B-1 above.

C. **Appropriation Transfers in Cities**

1. **General Procedure**

   a. **Intra-departmental Transfers**

   At any time during the fiscal year, the city council, upon recommendation of the mayor, may transfer any departmental appropriation to another appropriation within the same department. Intra-departmental transfers require a majority vote of the council.
b. **Inter-departmental Transfers**

At any time during the fiscal year, the city council, upon recommendation of the mayor, may transfer any departmental appropriation to an appropriation within another department. Inter-departmental transfers require the prior written approval of the amount by the department from which the transfer is being made and a two-thirds vote of the council. If the transfer is being made from a municipal light or school department appropriation, the light board or school committee must approve the amount by majority vote.

2. **Alternative Year-end Procedure**

During May and June, and the first fifteen days of July, the city council, upon the recommendation of the mayor, may transfer any departmental appropriation to another appropriation within the same or other department. This procedure may **not** be used, however, to transfer:

a. From a municipal light or school department budget.

b. More than three percent of a department’s annual budget.

An end of year transfer using this alternative procedure requires only a majority vote of the council.

Any end of year transfer from the light or school department, or involving more than three percent of a department’s budget, requires approval under the applicable general transfer procedure. See Section C-1-a and C-1-b above.