



Informational Guideline Release

Bureau of Municipal Finance Law
Informational Guideline Release (IGR) No. 17-13
May 2017

Supersedes IGR 06-209 and Inconsistent Prior Written Statements

APPROPRIATION TRANSFERS

(G.L. c. 44, § 33B)

This Informational Guideline Release (IGR) informs local officials of changes made by the recent Municipal Modernization Act to the alternative end-of-year budget transfer procedure.

Topical Index Key:

Accounting Policies and Procedures
Appropriations
Budgets
Town Meetings

Distribution:

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Supersedes IGR 06-209 and Inconsistent Prior Written Statements

APPROPRIATION TRANSFERS

(G.L. c. 44, § 33B)

SUMMARY:

These guidelines explain amendments to the alternative end-of-year budget transfer procedure under [G.L. c. 44, § 33B](#). The changes give cities and towns greater flexibility to make year-end budget transfers for 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, which is the statutory period for closing municipal financial records for the fiscal year. [G.L. c. 44, §§ 56 and 56A](#). These amendments were made by the Municipal Modernization Act, which took effect on November 7, 2016. [St. 2016, c. 218, §§ 75 and 76](#).

The amendments eliminate the limits on types and amounts of end-of-year appropriation transfers that can be made under the alternative procedure. End-of-fiscal-year transfers may now be made from health insurance, debt service or other unclassified or non-departmental line item appropriations. In addition, the amount that may be transferred from any department under this procedure is no longer limited to three percent of the department's budget. The school and light departments remain exempt from this procedure.

These guidelines are in effect and supersede Informational Guideline Release (IGR) No. 06-209, *Appropriation Transfers*, and any inconsistent prior written statements or documents.

GUIDELINES:

A. APPROPRIATION TRANSFERS IN GENERAL

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

2. Available Use

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.

3. Governing Law

The procedures explained in these guidelines govern appropriation transfers unless a charter or special act provides otherwise. Officials should consult with municipal counsel about any applicable charter or other provisions.

B. APPROPRIATION TRANSFERS IN TOWNS

1. General Procedure

At any time during the fiscal year, a town meeting may by majority vote transfer any amount from any appropriation to any other municipal use authorized by law.

2. Alternative Year-end Procedure

During May and June, and the first 15 days of July of the new fiscal year, the selectboard, with the agreement of the finance committee, may transfer any amount from a departmental or other appropriation to any other appropriation. This procedure may not be used, however, to transfer funds from a municipal light or school department budget.

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

Any end-of-year transfer from the municipal light or school department 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 amount from a 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 amount from a departmental or other appropriation to any other appropriation. Inter-departmental transfers require the prior written approval of the amount by the department from which the transfer is being made, if applicable, and a two-thirds vote of the city 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 15 days of July in the new fiscal year, the city council, upon the recommendation of the mayor, may transfer any amount from a departmental or other appropriation to any another appropriation. This procedure may not be used, however, to transfer from a municipal light or school department budget.

An end-of-year transfer using this alternative procedure requires only a majority vote of the council. Approval of the department from which the transfer is being made is not required.

Any end-of-year transfer from the municipal light or school department budget requires approval under the applicable general transfer procedure. See Section C-1-a and C-1-b above.